

**CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES**

MEMORANDUM

DATE: March 21, 2017

TO: Mayor Gregory Hull, Council Members Jim Owen, Dawnn Robinson, Cheryl Everett, Marlene Feuer, Jennifer Flor, and Dave Bency
Keith Riesberg, City Manager
John Craig, Deputy City Manager

FROM: Carole H. Jaramillo, Director of Financial Services

SUBJECT: **March Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for March GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,177,921 which was \$15,583 above the projection. Year-to-date there is a positive budget to actual variance of \$558,340 or 2.6 percent. Compared to the prior fiscal year, the cumulative variance is \$474,081 or 2.2 percent.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page. Sectors with positive growth compared to FY 2016 for the same period are accommodation and food services at 10.3 percent, health care and social assistance at 10.3 percent, retail trade at 5.4 percent, professional, education and other services at 4.3 percent, food distribution at 3.5 percent, and information and cultural industries at 3.1 percent. In contrast, and most significantly, finance, insurance and real estate and manufacturing sectors are contracting 31.9 percent and 24.5 percent respectively. Other industries that are contracting are medical distribution at 13.5 percent, and the "other" category at 1.4 percent. Construction, is still showing negative growth of 10.1 percent compared to the same period in fiscal year 2016. Utilities, transportation and warehousing experienced a large swing from the positive change year to date reported in February of 17.1 percent versus a 5.5 percent negative change year to date in March. The cause of this is likely due to some extreme fluctuations in utilities GRT in FY 2016 in the months of February and March which are skewing the comparative numbers.

Labor Market Indicators

Employment information for the Albuquerque MSA for the month of January grew 1.0 percent over the year, gaining 3,800 jobs. Following is the link to the state's monthly *Labor Market Review* reporting web page:

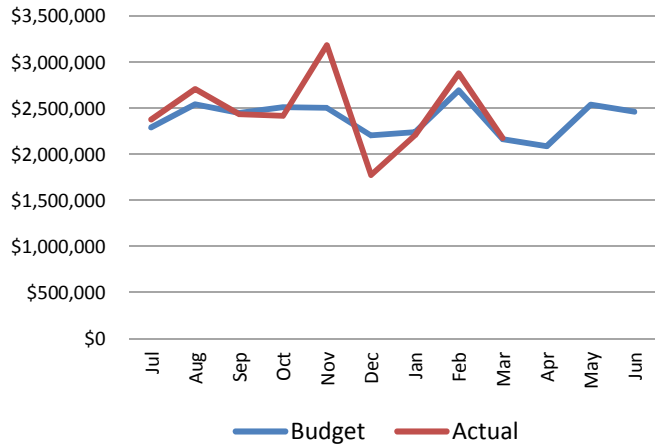
https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Jan_17.pdf

For the state as a whole, New Mexico's seasonally adjusted unemployment rate was 6.7 percent in January, unchanged from December and up from 6.5 percent a year ago. In contrast, the national unemployment rate was 4.8 percent, up from 4.7 percent in December, 2016 and down from 4.9 in January 2016. The full February *Employment News Release* (statewide numbers only) can be found here:

https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0117.pdf

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY17 Estimate vs. Actual



*YTD through March is \$558K or 2.6% above the FY17 estimate

Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years

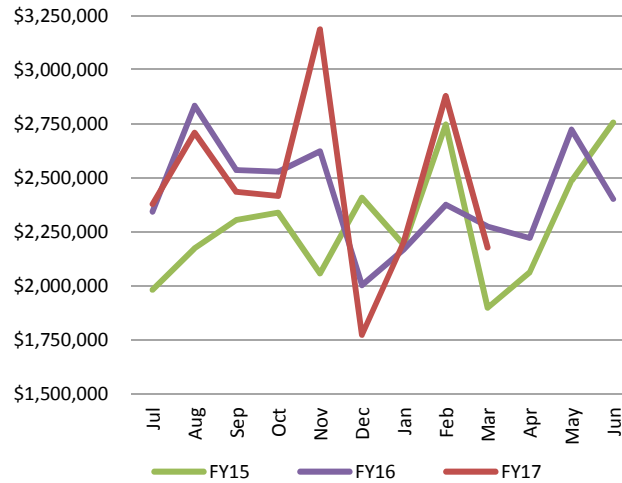


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

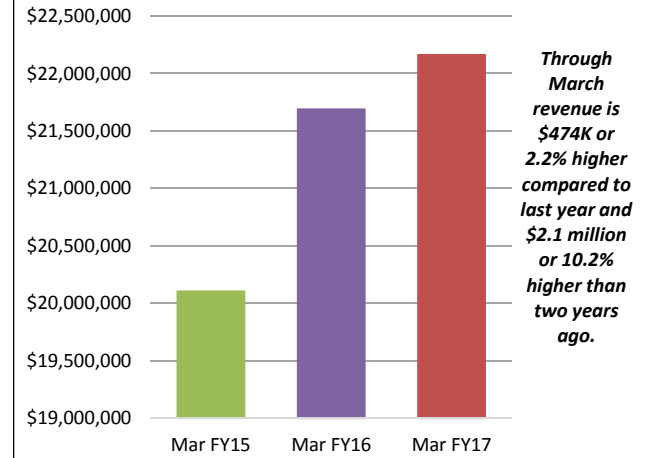


Chart 4: GRT Distribution by Industry % Change FY17 YTD compared to FY16 YTD

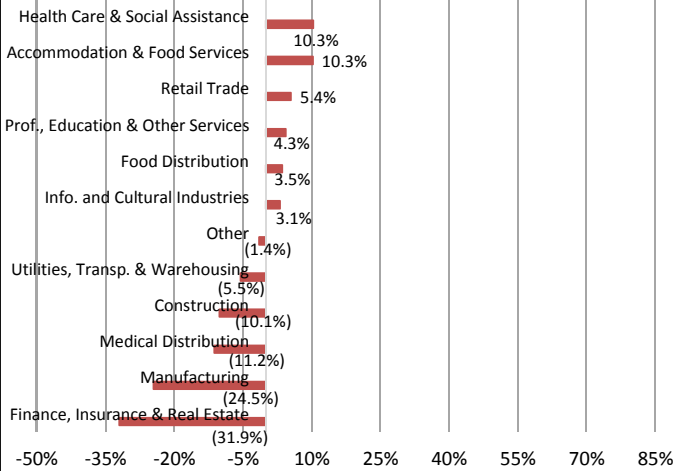


Chart 5: GRT Distribution by Industry FY17 YTD

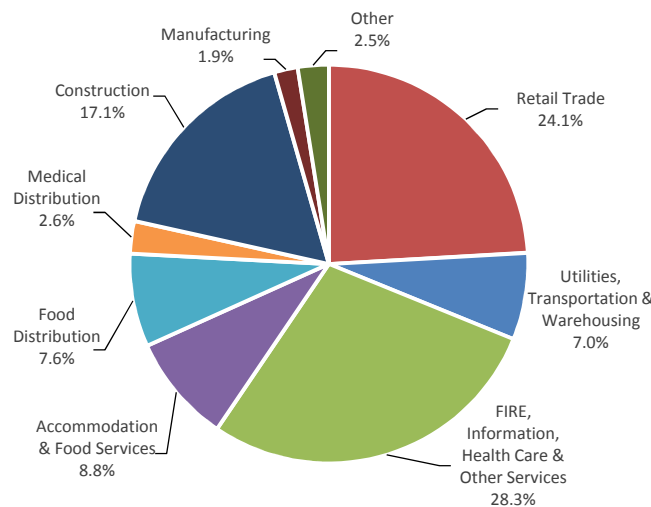


Chart 6: Changing Composition of GRT

