

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

MEMORANDUM

DATE: September 28, 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: **September Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for September GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,242,423 which was \$238,082 below the projection. September is typically a lower month, however, this is significantly lower than was expected and widens the negative year-to-date budget to actual variance to \$313,256 or 4.2 percent. Compared to the prior fiscal year, there is a negative cumulative variance is \$422,986 or 5.6 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 the same period in FY 2017 are the "other" category at 37.0 percent, utilities, transportation and warehousing at 14.6 percent, health care and social assistance at 12.7 percent, professional, education and other services at 7.5 percent, finance, insurance and real estate at 5.2 percent, accommodation and food services at 4.3 percent, information and cultural industries at 1.9 percent, and retail trade at 0.9 percent. There is significant negative growth in the key sector of construction at 22.8 percent as well as manufacturing at 39.1 percent. The food distribution is down by 26.1 percent when compared to FY 2017 and the medical distribution is down by 3.9 percent.

Labor Market Indicators

Employment for the Albuquerque MSA for the month of August grew 1.1 percent over the year, gaining 4,200 jobs. Following is the link to the state's monthly *Labor Market Review* reporting web page:

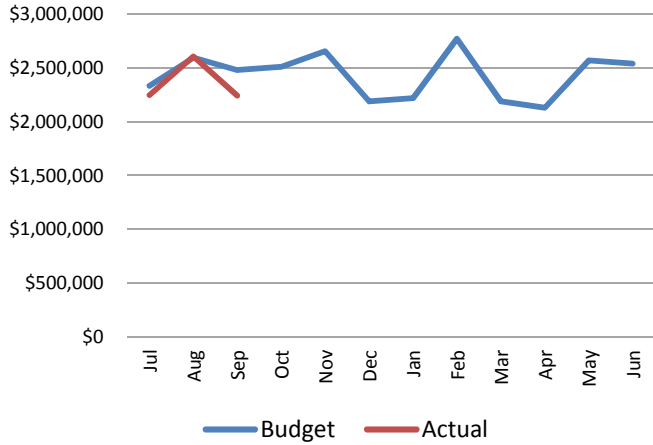
<https://www.dws.state.nm.us/Portals/0/DM/LMI/lmrAug17.pdf>

For the state as a whole, New Mexico's seasonally adjusted unemployment rate was 6.3 percent in August 2017, unchanged from the rate in July and down from 6.8 percent in August 2016. In contrast, the national unemployment rate was 4.4 percent, up from 4.3 percent in July and down from 4.9 percent in August 2016. The full August *Employment News Release* (statewide numbers only) can be found here:

https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0817.pdf

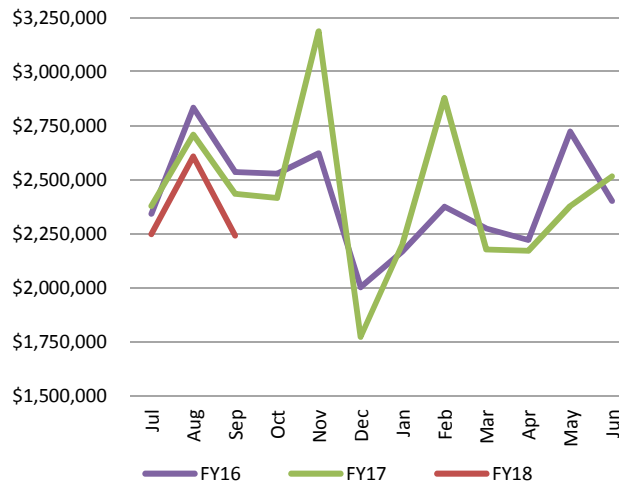
Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue
General Fund FY18 Estimate vs. Actual**

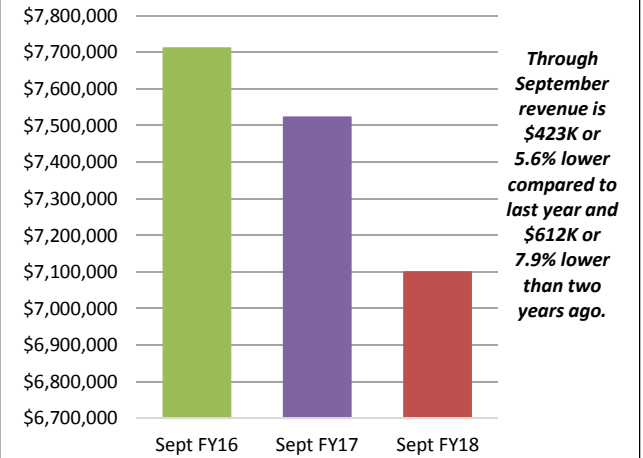


**YTD through September is \$313K or 4.2% below the FY18 estimate*

**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**



Through September revenue is \$423K or 5.6% lower compared to last year and \$612K or 7.9% lower than two years ago.

**Chart 4: GRT Distribution by Industry
% Change FY18 YTD compared to FY17 YTD**

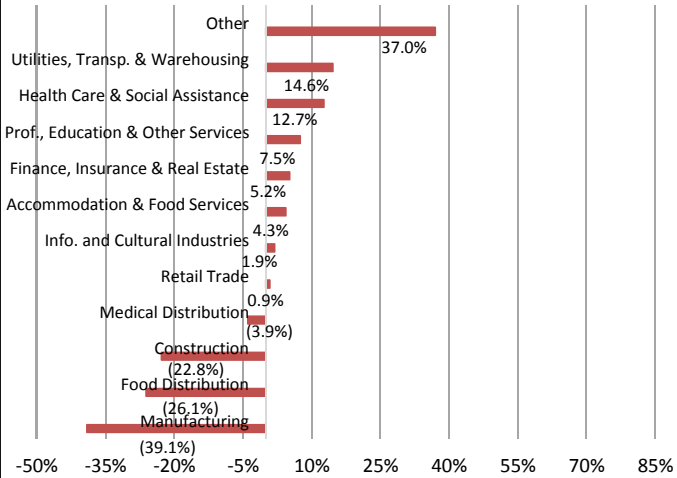


Chart 5: GRT Distribution by Industry FY18 YTD

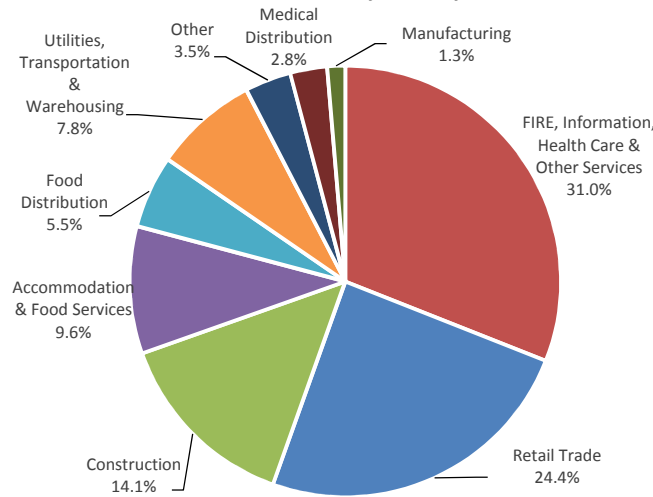


Chart 6: Changing Composition of GRT

