

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

MEMORANDUM

DATE: December 26, 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: December Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax

Attached please find the monthly dashboard for December GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,154,436 which was \$34,245 below the projection. The year-to-date negative budget to actual variance continues to increase and has reached \$871,134 or 5.9 percent. Compared to the prior fiscal year, there is a negative cumulative variance is \$1,003,439 or 6.7% percent. Due to continuing declines in our gross receipts taxes, the Financial Services Department staff will be presenting a proposal to offset reductions in the GRT projections at mid-year.

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 27.6 percent, finance, insurance and real estate at 16.6 percent, health care and social assistance at 12.3 percent, professional, education and other services at 9.9 percent, utilities, transportation and warehousing at 9.4 percent, accommodation and food services at 2.2 percent, information and cultural industries at 1.3 percent. Retail trade is level with FY 2017. There is significant negative growth in the key sector of construction at 27.5 percent as well as manufacturing at 31.4 percent. The food distribution is down by 26.7 percent when compared to FY 2017 and the medical distribution is down by 2.4 percent. The Financial Services Department has requested assistance from the State of New Mexico Taxation and Revenue Department to determine the reason for the significant decline in the Hold Harmless distribution for food which is significantly greater than the anticipated 6 percent from the Hold Harmless phase out.

Labor Market Indicators

Employment for the Albuquerque MSA for the month of November is not yet available. It should be released later this week. Following is the link to the state's monthly *Labor Market Review* reporting web page:

<https://www.dws.state.nm.us/Labor-Market-Information/Publications/Monthly-News-Release>

For the state as a whole, New Mexico's seasonally adjusted unemployment rate was 6.1 percent in November, 2017, unchanged from October and down from 6.7 percent in November 2016. In contrast, the national unemployment rate was 4.1 percent, also unchanged from October but down from 4.6 percent in November 2016. The full November *Employment News Release* (statewide numbers only) can be found here:

https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_1117.pdf

Rio Rancho Gross Receipts Tax Dashboard

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

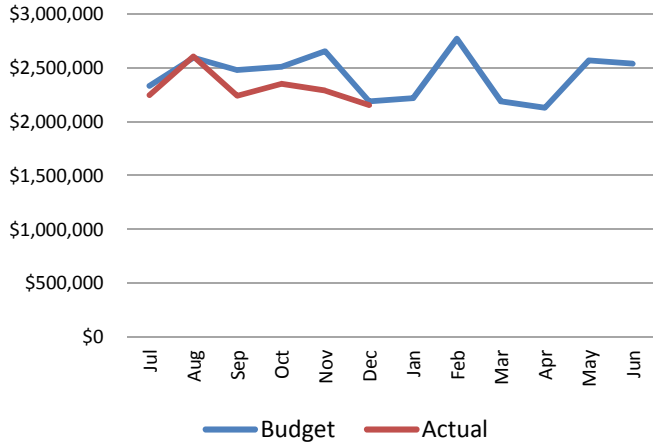


Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years

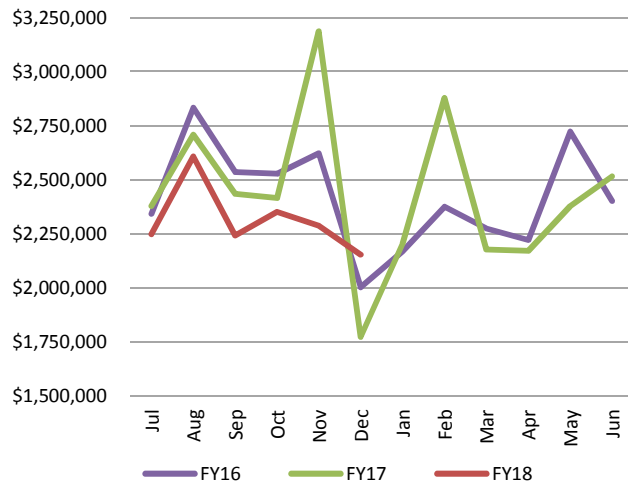


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

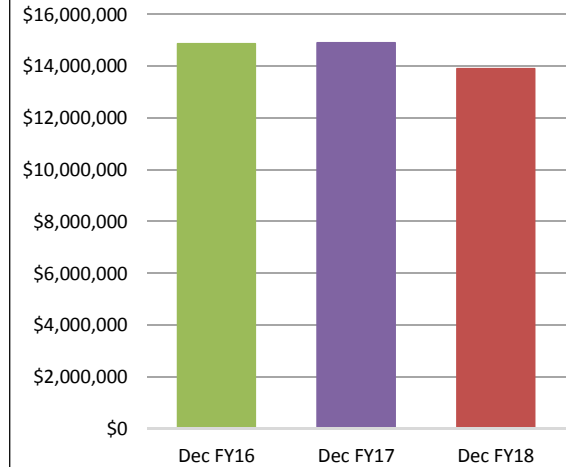


Chart 4: GRT Distribution by Industry % Change FY18 YTD compared to FY17 YTD

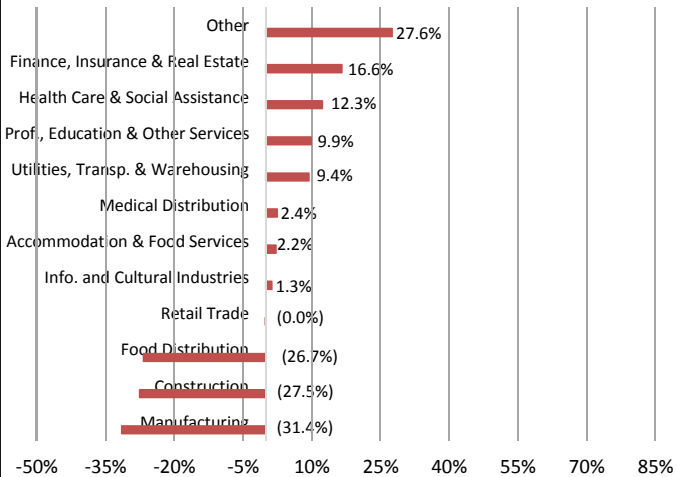


Chart 5: GRT Distribution by Industry FY18 YTD

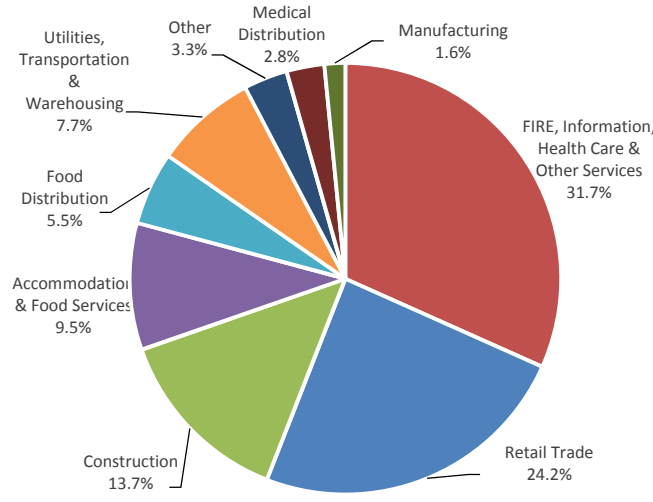


Chart 6: Changing Composition of GRT

