

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

MEMORANDUM

DATE: February 27, 2018

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: February Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax

Attached please find the monthly dashboard for February GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,440,703 which was \$209,153 below the revised estimate. Based on the *revised* budget, the year-to-date negative budget-to-actual variance currently sits at \$317,613 or 1.7 percent. Collections for February (which reflects December business activity) did not overcome the negative variance as was hoped despite the reduction in the budget estimate at mid-year. The retail sector was comparable to FY17 for the holiday season, however, the construction sector continues to be low. Compared to the prior fiscal year, there is a negative cumulative variance is \$1.4 million or 7.0 percent for the General Fund. Staff is faced with significant challenges analyzing gross receipts tax revenues due to the limited information the Taxation and Revenue Department (TRD) provides. Without taxpayer information, validating the information (and thus collections) received from the TRD is an impossibility. Ensuring the City is receiving all of the GRT it is due cannot be accomplished under the current system.

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 30.7 percent, finance, insurance and real estate at 15.5 percent, professional, education and other services at 9.7 percent, health care and social assistance at 7.2 percent, utilities, transportation and warehousing at 4.6 percent, medical distribution at 4.4 percent, accommodation and food services at 3.0 percent, and retail trade at 1.7 percent. Information and cultural industries is essentially flat with slightly negative growth of 0.3 percent. There is significant negative growth in the key sector of construction at 31.3 percent as well as manufacturing at 20.2 percent. The food distribution is down by 26.0 percent when compared to FY 2017.

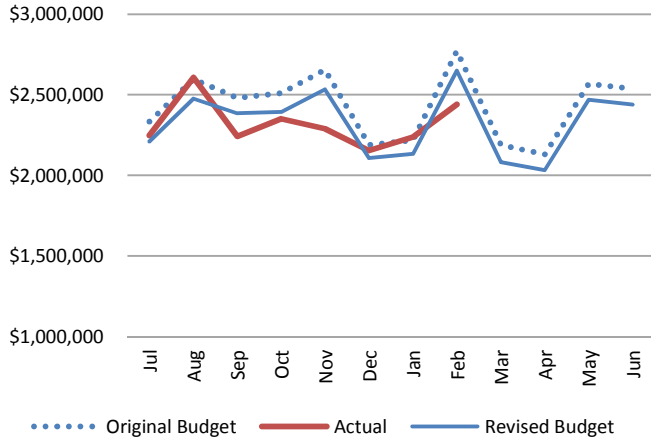
Labor Market Indicators

Employment data for the State as a whole as well as for the Albuquerque MSA for the month of January is not yet available. This information should be released later this week or early next week. Following is the link to the state's monthly reporting web page where both, the *Labor Market Review* and the *Employment New Release*, will be available:

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

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY18 Original and Revised Estimates vs. Actual



*YTD through February is \$318K or 1.1% below the FY18 REVISED estimate

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

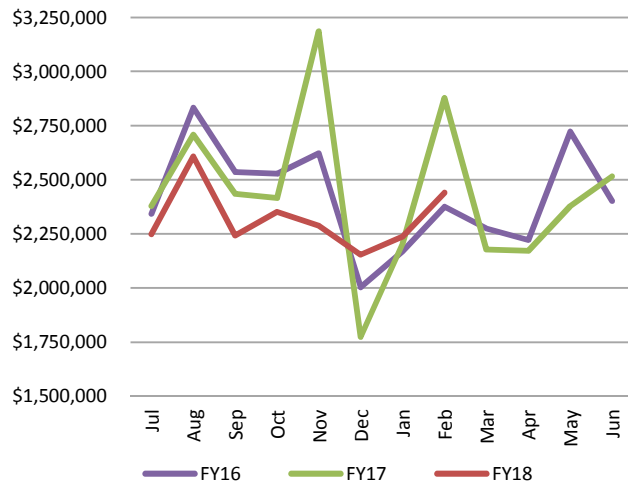


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years



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

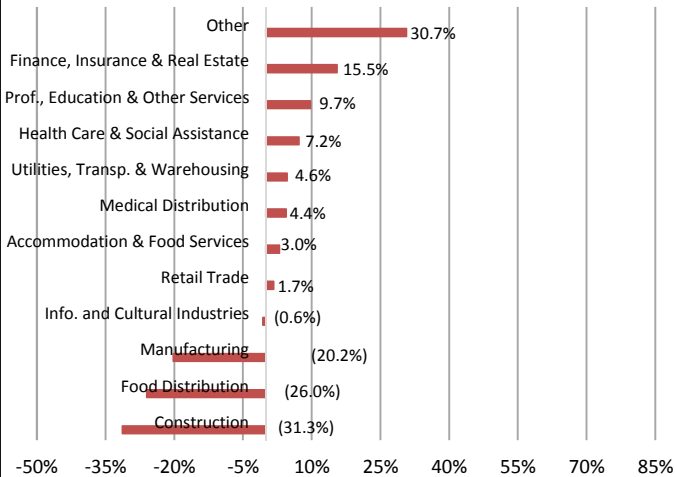


Chart 5: GRT Distribution by Industry FY18 YTD

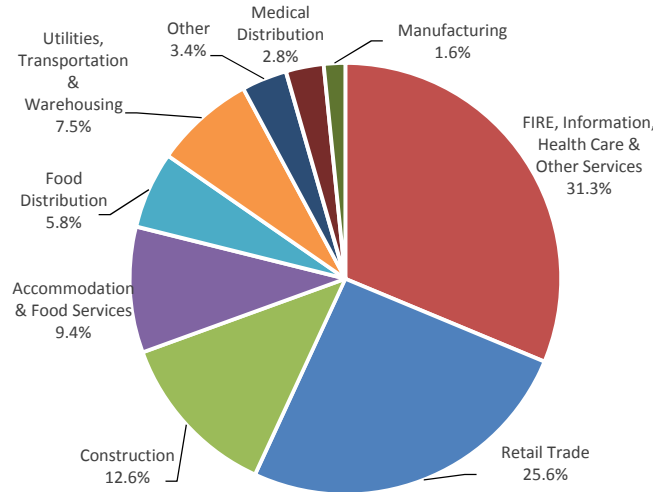


Chart 6: Changing Composition of GRT

