

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

MEMORANDUM

DATE: March 26, 2018

TO: Mayor Gregory Hull, Council Members Jim Owen, Dawnn Robinson, Bob Tyler,
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 \$2,170,607 which was \$88,200 above the revised estimate. Collections for March (which reflects January business activity) helped to reduce the negative variance in GRTs. Based on the *revised* budget, the year-to-date negative budget-to-actual variance is currently \$229,413 or 1.1 percent. The retail sector was comparable to FY17 for the month as was the construction sector, however, the construction sector year-to-date continues to be very low when compared to fiscal year 2017. Compared to the prior fiscal year, there is a negative cumulative variance of \$1.4 million or 6.4 percent for the General Fund. Staff is unable to verify the information provided by the Taxation and Revenue Department (TRD) and confirm that the City is receiving all of the GRT it is due. This creates a significant challenge for thorough review and analysis of GRT revenues.

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 29.9 percent, finance, insurance and real estate at 14.7 percent, professional, education and other services at 11.3 percent, health care and social assistance at 7.7 percent, utilities, transportation and warehousing at 3.6 percent, medical distribution at 3.4 percent, accommodation and food services at 3.3 percent, and retail trade at 1.8 percent. Information and cultural industries is essentially flat with slightly negative growth of 0.7 percent. There is significant negative growth in the key sector of construction at 29.5 percent as well as manufacturing at 20.1 percent. The food distribution is down by 25.7 percent when compared to FY 2017.

Labor Market Indicators

Employment data for the State as a whole the seasonally adjusted unemployment rate was 5.8 percent in February 2018, down from 5.9 percent in January and 6.4 percent in February 2017. In contrast, the national unemployment rate was 4.1 percent, unchanged from January and down from 4.7 percent in February 2017. The full February *Employment News Release* (statewide numbers only) can be found here:

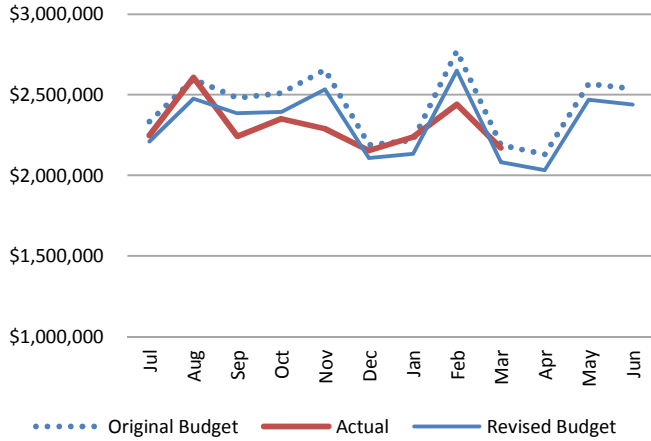
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0218.pdf

Employment for the Albuquerque MSA for the month of February 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>

Rio Rancho Gross Receipts Tax Dashboard

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



*YTD through March is \$229K or 1.1% below the FY18 REVISED estimate

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

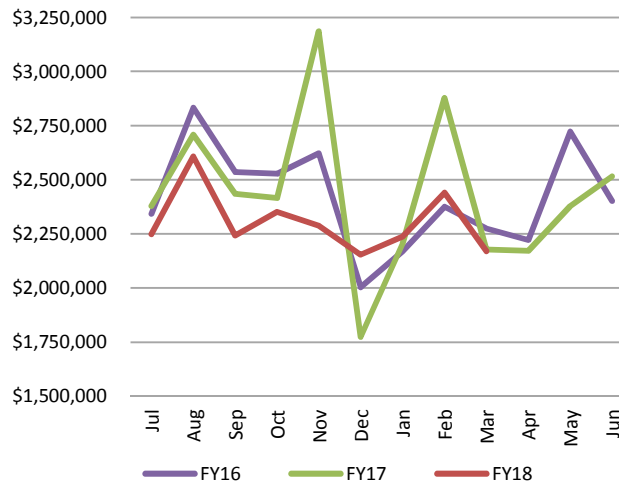


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

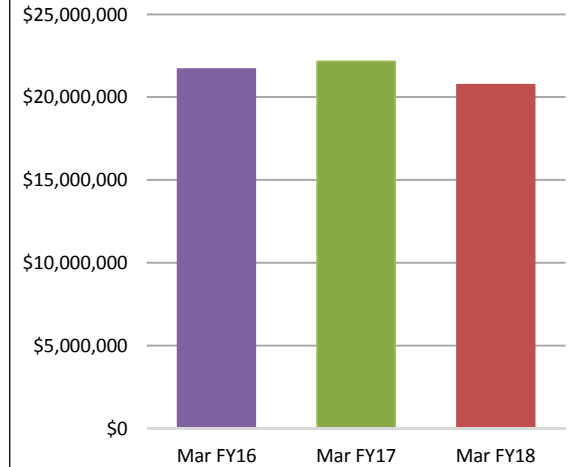


Chart 4: GRT Distribution by Industry % Change FY18 YTD compared to FY17 YTD

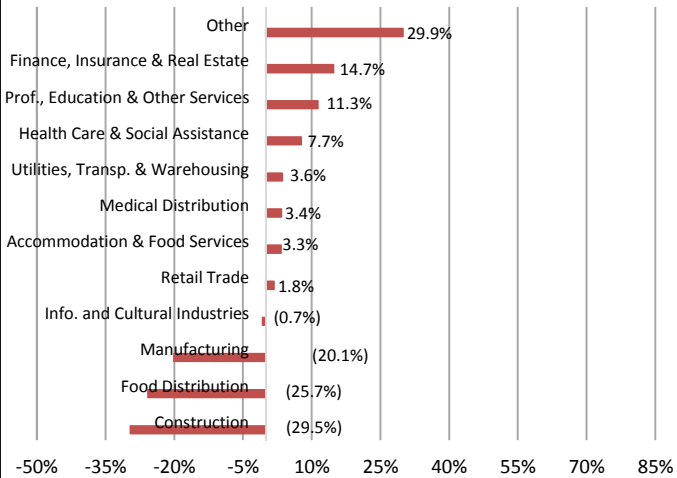


Chart 5: GRT Distribution by Industry FY18 YTD

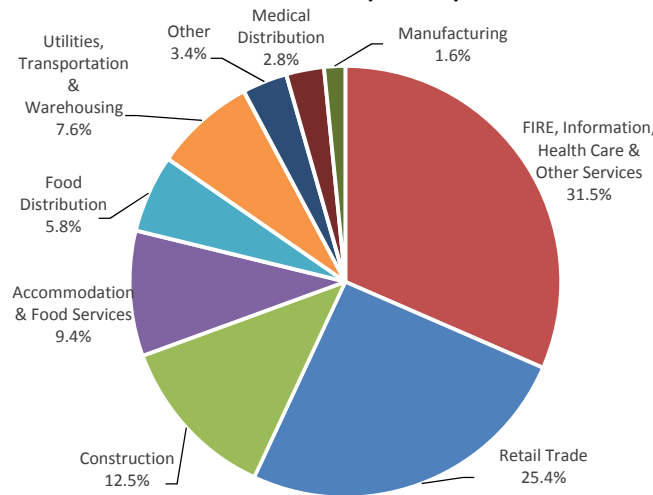


Chart 6: Changing Composition of GRT

