

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

MEMORANDUM

DATE: April 30, 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: **April Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for April GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,239,002 which was \$205,887 above the revised estimate. Collections for April (which reflects February 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 \$23,526 or 0.1 percent. The retail sector is slightly higher for the month when compared to the same period in FY17 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 \$1.3 million or 5.5 percent for the General Fund. Staff faces a significant challenge in analyzing GRT revenues as we are unable to verify the information provided by the Taxation and Revenue Department (TRD). In the absence of verifiable information, staff cannot confirm that the City is receiving all of the revenue it is due.

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 28.1 percent, finance, insurance and real estate at 16.0 percent, professional, education and other services at 10.2 percent, health care and social assistance at 9.0 percent, medical distribution at 5.2 percent, accommodation and food services at 4.7 percent, utilities, transportation and warehousing at 2.8 percent, and retail trade at 1.9 percent. Information and cultural industries is essentially flat with slightly negative growth of 0.9 percent. There is significant negative growth in the key sector of construction at 26.7 percent as well as manufacturing at 14.8 percent. The food distribution is down by 25.2 percent when compared to FY 2017.

Labor Market Indicators

Employment data for the State as a whole the seasonally adjusted unemployment rate was 5.6 percent in March 2018, down from 5.8 percent in February and 6.3 percent in March 2017. In contrast, the national unemployment rate was 4.1 percent for the seventh consecutive month and down from 4.5 percent in March 2017. The full March *Employment News Release* (statewide numbers only) can be found here:

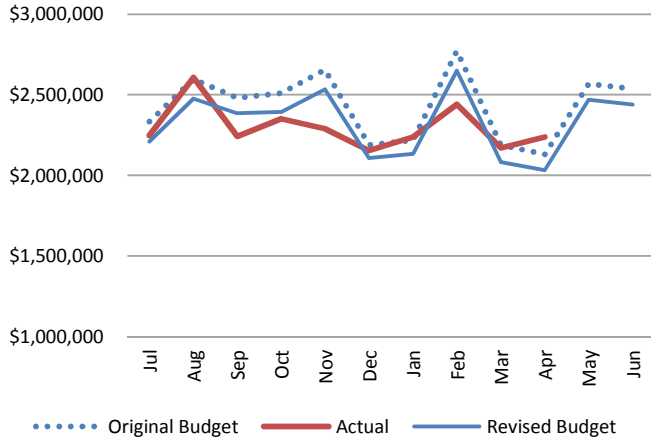
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0318.pdf

Employment for the Albuquerque MSA for the month of March, 2018 increased by 1.4 percent gaining 5,300 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/lmrMar_18.pdf

Rio Rancho Gross Receipts Tax Dashboard

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



*YTD through April is \$24K or 0.1% below the FY18 REVISED estimate

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

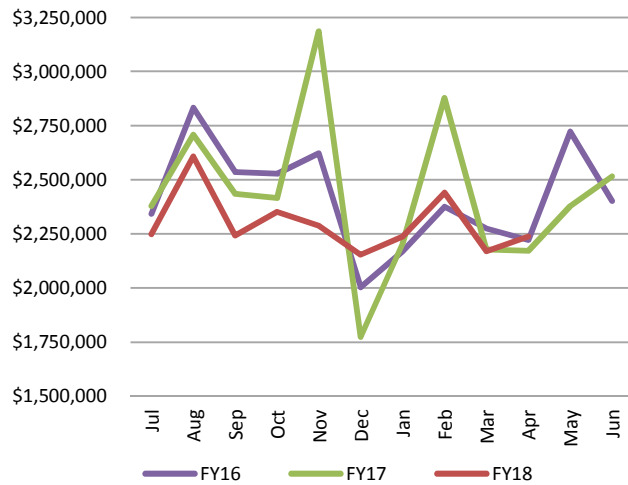


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years



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

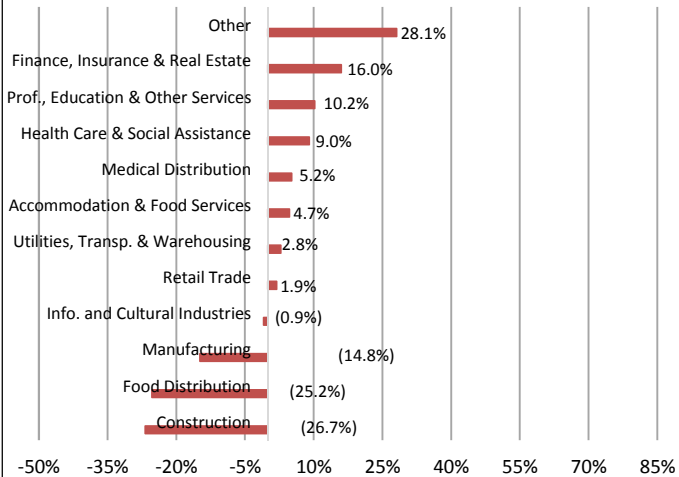


Chart 5: GRT Distribution by Industry FY18 YTD

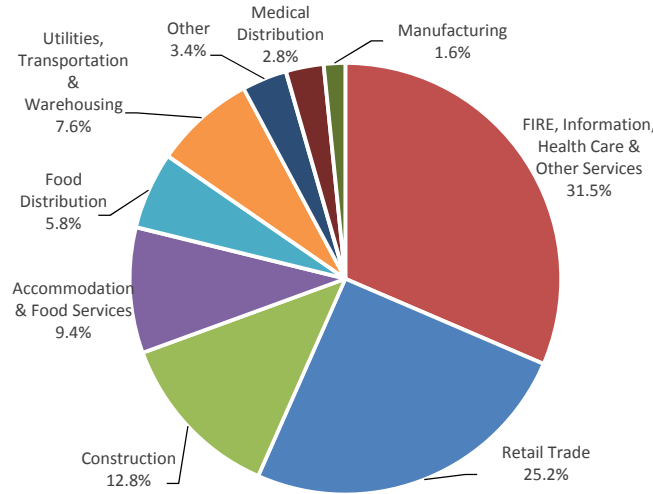


Chart 6: Changing Composition of GRT

