

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

MEMORANDUM

DATE: August 22, 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: **August Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for August GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,740,164 which was \$168,083 above the revenue estimate. Year-to-date the City has a positive budget to actual gross receipts tax variance of 6.5 percent. Compared to the prior fiscal year, there is a positive variance of \$430,796 or 8.9 percent for the General Fund. This is positive news after experiencing collections well below the original budget throughout fiscal year 2018. Staff is faced with significant challenges analyzing gross receipts tax revenues due to the limited information the Taxation and Revenue Department (TRD) provides, thus we cannot determine if the large fluctuations seen are attributable to business activity or adjustments being made by TRD or businesses. Under the current TRD system, we are not able to validate the information provided to ensure the City is receiving all of the GRT 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 2018 are health care and social assistance at 46.9 percent, manufacturing at 43.2 percent, professional, education and other services at 16.7 percent, the food distribution at 6.2 percent accommodation and food services at 6.0 percent, retail trade at 5.8 percent, and "other" industries at 2.8 percent. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing positive growth of 15.3 percent. This is a large swing and may be due to adjustments as well as increased construction activity which we see all over the City. There is significant negative growth in utilities, transportation and warehousing of 14.8 percent, finance, insurance and real estate of 13.5 percent, the medical distribution of 10.3 percent, and information and cultural industries of 7.2 percent.

Labor Market Indicators

Employment data for the State as a whole the seasonally adjusted unemployment rate was 4.7 percent in July 2018, down from 4.9 percent in June and 6.1 percent in July, 2017. In contrast, the national unemployment rate was 3.9 percent, down from 4.0 percent in June 7 and 4.3 percent in July 2017. The full June *Employment News Release* (statewide numbers only) can be found here:

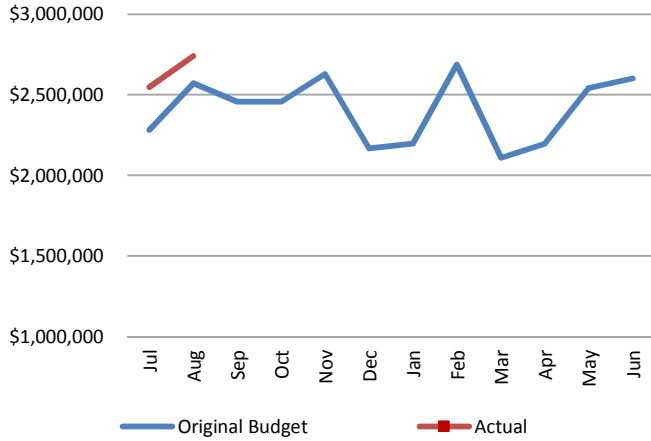
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0718.pdf

Employment for the Albuquerque MSA for the month of July, 2018 has not yet been released. Following is the link to the state's monthly news release web page where the information should be available next week:

<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 FY19 Original vs. Actual



***August 2018 is \$432K or 8.9% above the FY19 estimate**

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

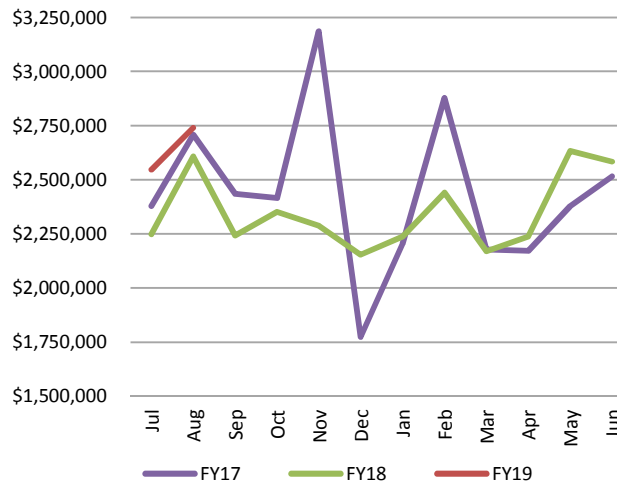


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

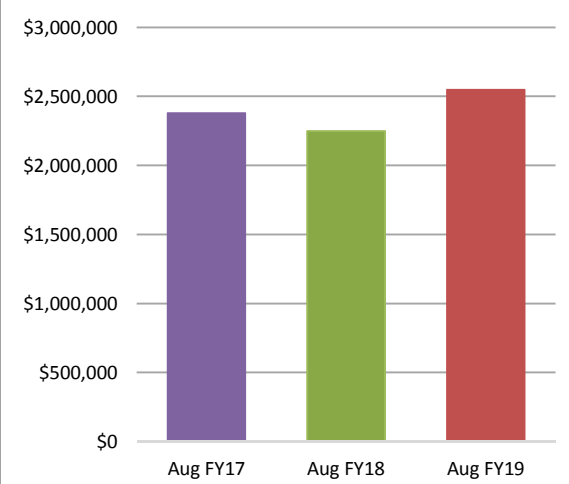


Chart 4: GRT Distribution by Industry % Change FY19 YTD compared to FY18 YTD

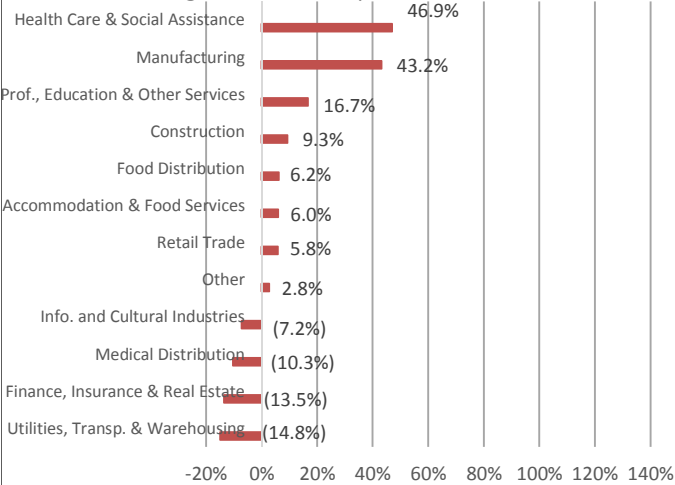


Chart 5: GRT Distribution by Industry FY19 YTD

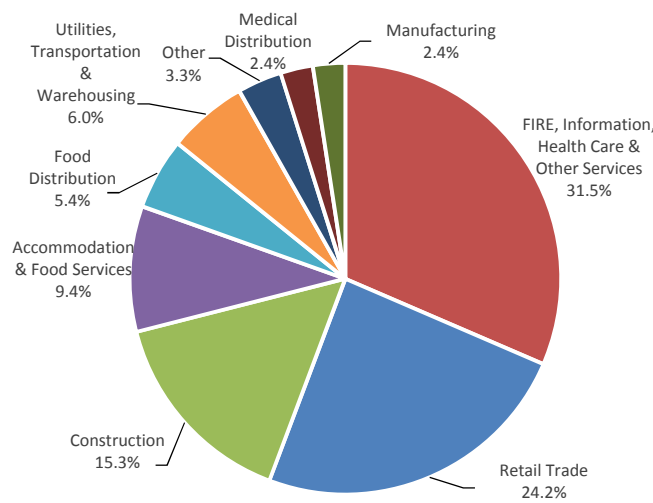


Chart 6: Changing Composition of GRT

