

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

**MEMORANDUM**

DATE: September 28, 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: **September 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 \$2,423,180 which was \$33,301 below the revenue estimate. Year-to-date the City has a positive budget to actual gross receipts tax variance of 5.5 percent. Compared to the prior fiscal year, there is a positive variance of \$611,553 or 8.6 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 and validating GRT revenue due to the limited information the Taxation and Revenue Department (TRD) provides and other challenges. You may have read the article in the *Albuquerque Journal* yesterday which reported that the City of Albuquerque received a large revenue adjustment due to issues with their food hold harmless distribution. The City of Rio Rancho has been experiencing the same issue with its food hold harmless distribution as was highlighted in this article. Staff brought this to the attention of the TRD a year ago. Thus far, they have not taken action. We continue to make efforts to resolve the issue. This highlights some of the challenges that we face with TRD. Although TRD is aware of the issue as well as the cause of the issue, we have been unable to resolve it for a 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 2018 are manufacturing at 72.6 percent, health care and social assistance at 20.3 percent, professional, education and other services at 15.9 percent, retail trade at 6.1 percent, the food distribution at 3.9 percent, accommodation and food services at 2.1 percent, and "other" industries at 0.8 percent. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing positive growth of 13.9 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 finance, insurance and real estate of 9.9 percent, utilities, transportation and warehousing of 8.8 percent, information and cultural industries of 6.9 percent, and the medical distribution of 5.7 percent.

**Labor Market Indicators**

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.6 percent in August 2018, down from 4.7 percent in July and 6.0 percent in August, 2017. In contrast, the national unemployment rate was 3.9 percent, unchanged from June and down from 4.4 percent in August 2017. The full August *Employment News Release* (statewide numbers only) can be found here:

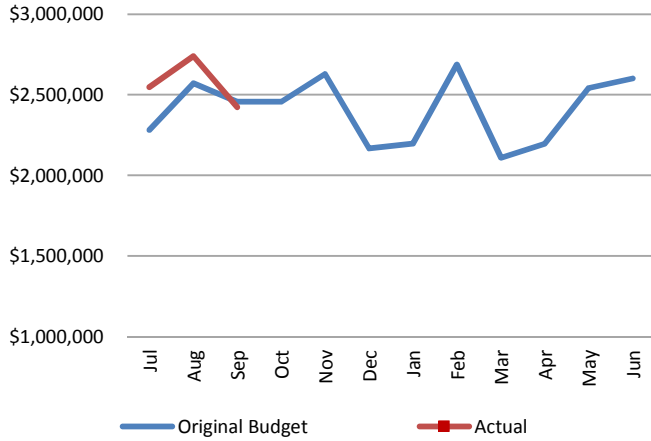
[https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf\\_0818.pdf](https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0818.pdf)

Employment for the Albuquerque MSA for the month of August, 2018 increased by 7,900 jobs, or 2.0 percent. Following is the link to the *Labor Market Review* for the month of August:

[https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr\\_Aug\\_18\\_.pdf](https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Aug_18_.pdf)

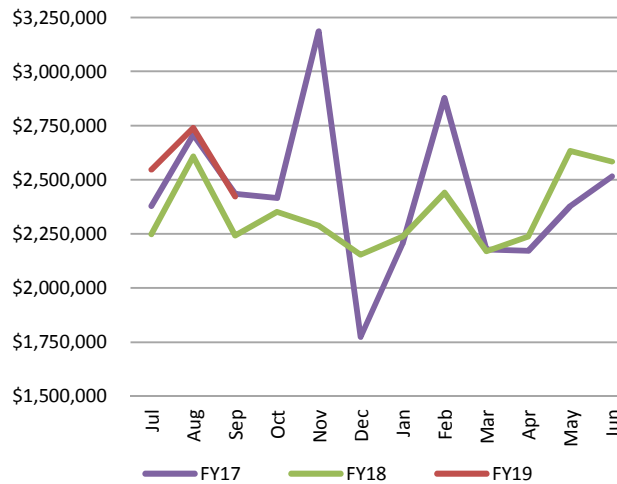
# Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY19 Original vs. Actual**

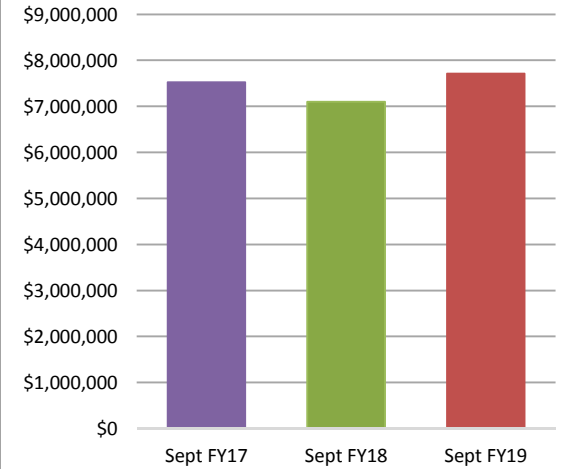


*\*September 2018 is \$399K or 5.5% above the FY19 estimate*

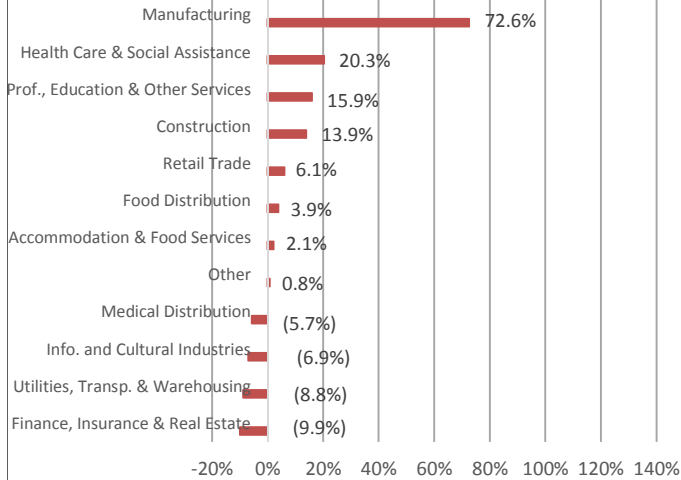
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



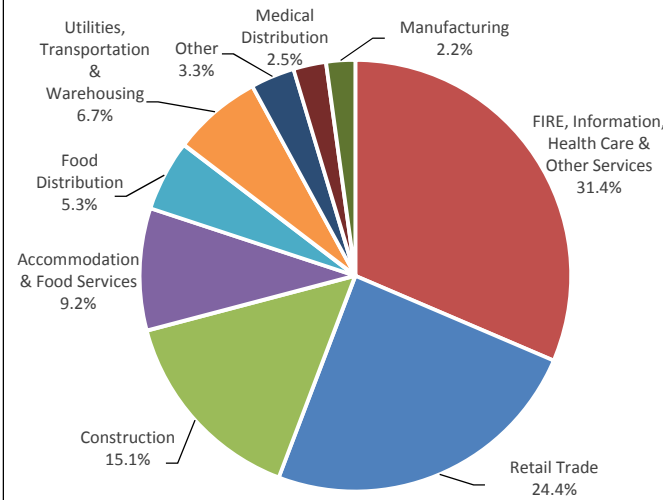
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**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**

