

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

MEMORANDUM

DATE: January 31, 2019

TO: Mayor Gregory Hull, Council Members Jim Owen, Dawnn Robinson, Bob Tyler,
Marlene Feuer, Jennifer Flor, and Dave Bency
John Craig, Acting City Manager

FROM: Carole H. Jaramillo, Director of Financial Services

SUBJECT: **January Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for January GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,588,363, which was \$343,339 above the revised revenue estimate. Year-to-date the City has a positive revised budget to actual gross receipts tax variance of 5.6 percent. Compared to the prior fiscal year actuals, there is a positive variance of \$2.0 million or 12.2 percent for the General Fund. This is a significant year over year variance that we do not believe is entirely related to increased business activity. This is a large swing from fiscal year 2018 and staff believes that the swing is not entirely attributable to increased business activity but also relates to adjustments to the distribution. Staff is not able to prove or disprove this theory given the limitations on the information provided by the Taxation and Revenue Department.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page. Year-to-date, sectors with positive growth compared to the same period in FY 2018 are manufacturing at 29.2 percent, professional, education and other services at 15.9 percent, health care and social assistance at 12.8 percent, "other" industries at 7.0 percent, retail trade at 4.7 percent, accommodation and food services at 2.7 percent, and utilities, transportation and warehousing at 2.3 percent. The food distribution is essentially level when compared to fiscal year 2018. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing positive growth of 41.1 percent. This is a large swing and is likely due to adjustments as well as the increased construction activity visible throughout the City. There is significant negative growth in the information and cultural industries sector of 4.6 percent, the finance, insurance and real estate sector of 7.4 percent, and the medical distribution of 9.9 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.7 percent in December 2018, up from 4.6 in November and down from 6.0 percent in December 2017. In contrast, the national unemployment rate was 3.9 percent, also up from November's 3.7 percent rate and down from 4.1 percent in December 2017. The full December *Employment News Release* (statewide numbers only) can be found here:

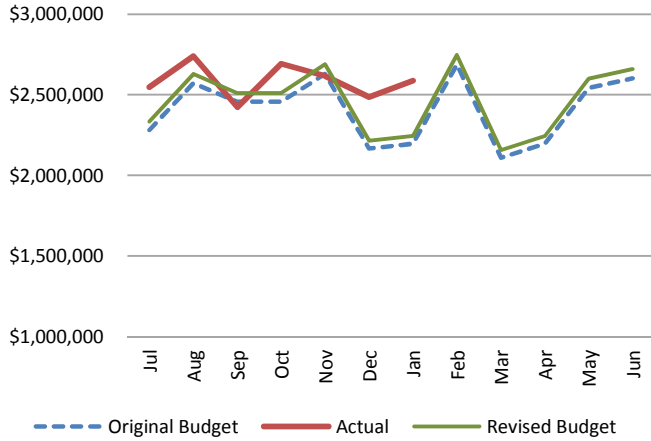
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_1218.pdf

Employment for the Albuquerque MSA for the month of December 2018 increased by 10,300 jobs, or 2.6 percent. Following is the link to the *Labor Market Review* for the month of December:

https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Dec_18.pdf

Rio Rancho Gross Receipts Tax Dashboard

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



**Y-T-D January 2019 is \$964K or 5.6% above the FY19 revised estimate*

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

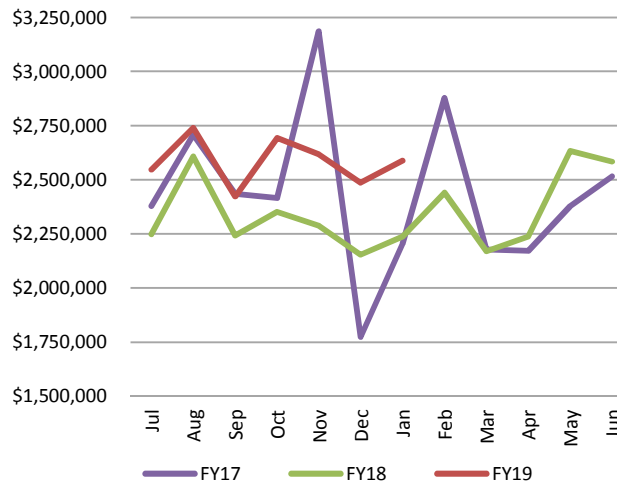


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

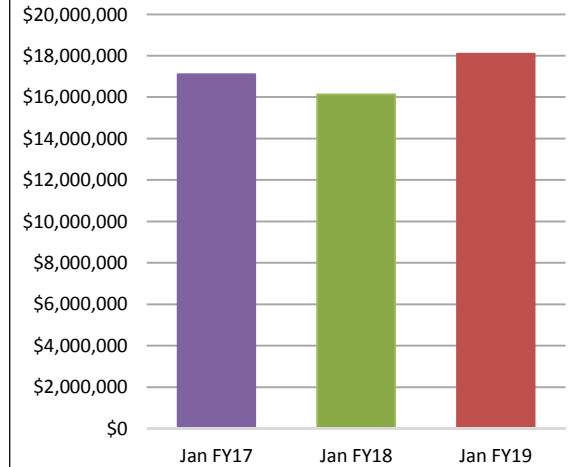


Chart 4: GRT Distribution by Industry % Change FY19 YTD compared to FY18 YTD

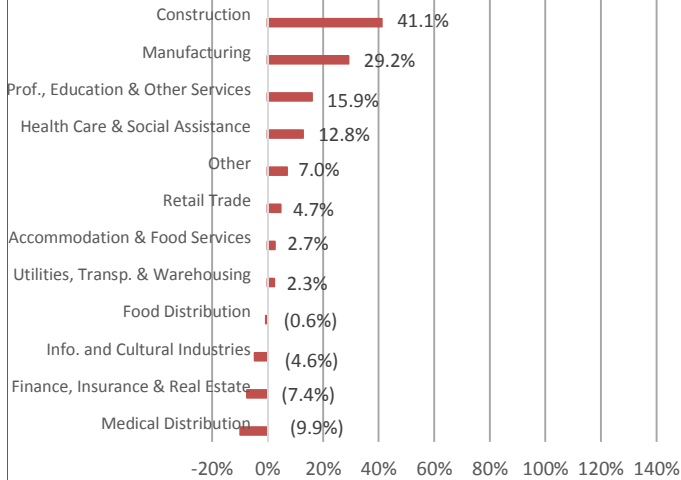


Chart 5: GRT Distribution by Industry FY19 YTD

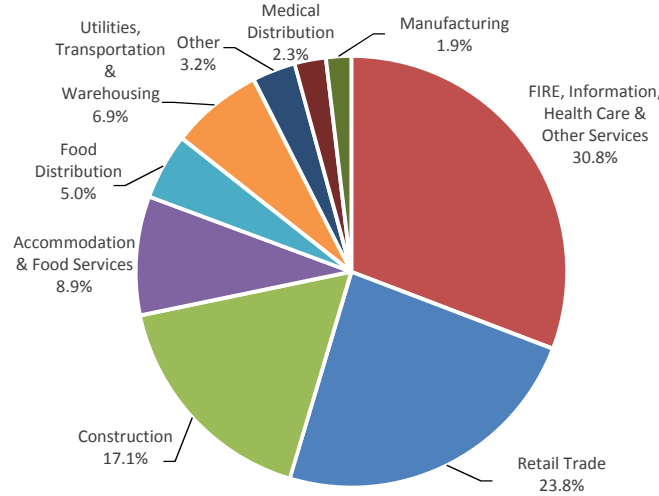


Chart 6: Changing Composition of GRT

