

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

MEMORANDUM

DATE: February 25, 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: February Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax

Attached please find the monthly dashboard for February GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,855,518, which was \$108,318 above the revised revenue estimate. Year-to-date the City has a positive revised budget to actual gross receipts tax variance of 5.4 percent. Compared to the prior fiscal year actuals, there is a positive variance of \$2.4 million or 12.8 percent for the General Fund. This is a significant year over year variance. While there does seem to be increased business activity in some sectors (chief among them Construction), staff does not believe the increase is entirely related to business activity. Staff believes GRT adjustments account for a significant portion of the increase. Just how significant is impossible to determine 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 29.5 percent, professional, education and other services at 17.4 percent, health care and social assistance at 14.5 percent, utilities, transportation and warehousing at 7.7 percent, "other" industries at 6.3 percent, retail trade at 3.4 percent, and accommodation and food services at 2.2 percent. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing positive growth of 46.1 percent. This is a large swing and is likely due to adjustments as well as the increased construction activity visible throughout the City. The food distribution is slightly down, 1.4 percent, when compared to fiscal year 2018. There is significant negative growth in the information and cultural industries sector of 5.1 percent, the finance, insurance and real estate sector of 7.5 percent, and the medical distribution of 9.4 percent.

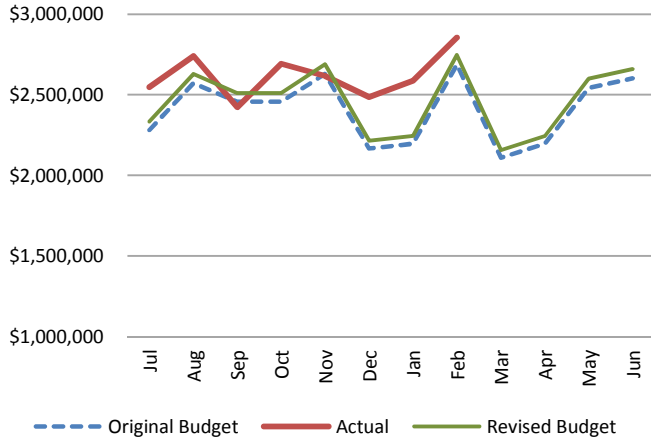
Labor Market Indicators

Employment data has not yet been published by the Department of Workforce Solutions. The data should be published within the next week. You will find it at the below link:

<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 and Revised vs. Actual



*Y-T-D February 2019 is \$1.1 million or 5.4% above the FY19 revised

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

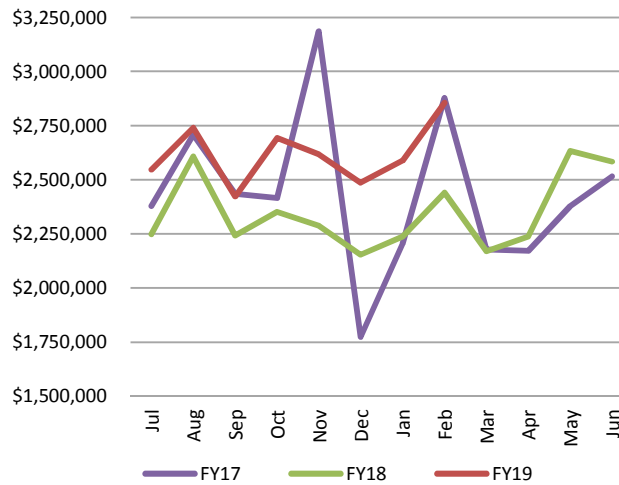


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

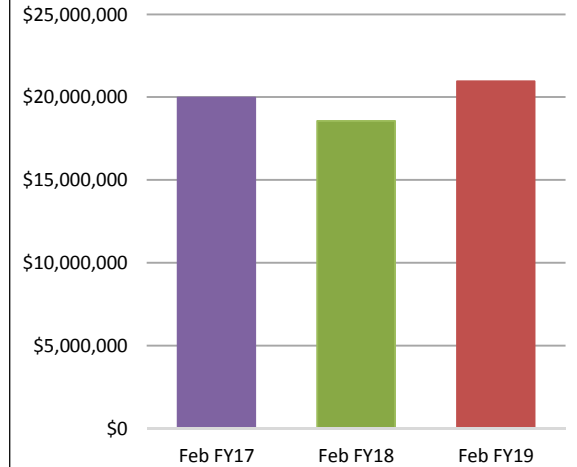


Chart 4: GRT Distribution by Industry % Change FY19 YTD compared to FY18 YTD

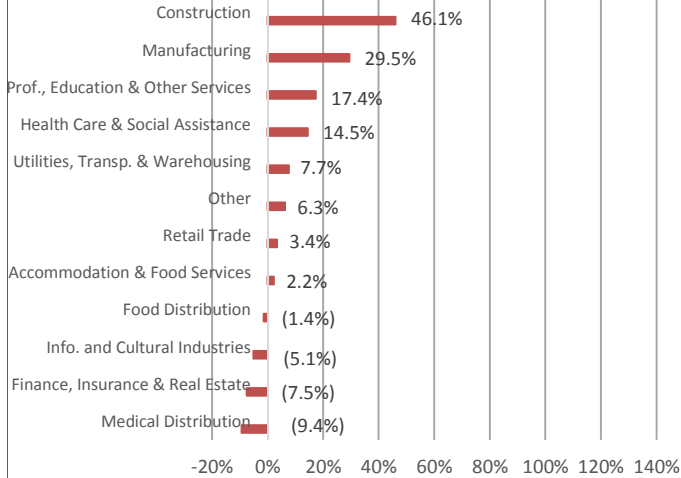


Chart 5: GRT Distribution by Industry FY19 YTD

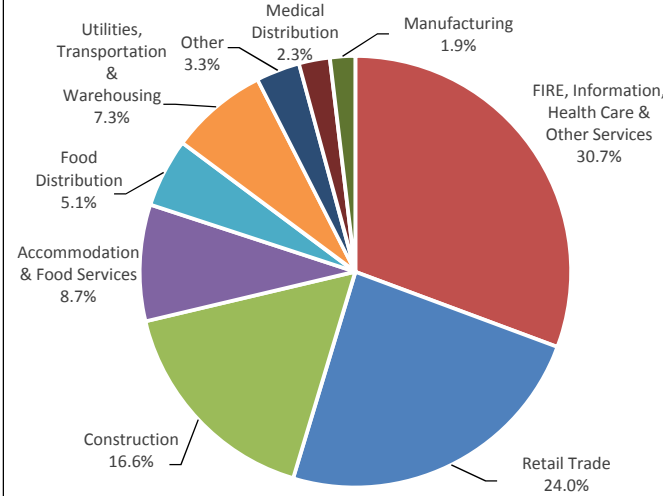


Chart 6: Changing Composition of GRT

