

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

MEMORANDUM

DATE: March 29, 2019

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

FROM: Carole H. Jaramillo, Director of Financial Services

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

Gross Receipts Tax

Attached please find the monthly dashboard for March GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,512,533, which was \$356,149 above the revised revenue estimate. Year-to-date the City has a positive revised budget to actual gross receipts tax variance of 6.5 percent. Compared to the prior fiscal year actuals, there is a positive variance of \$2.7 million or 13.1 percent for the General Fund. This is a significant year over year variance. Staff does not believe the increase is entirely related to business activity. Although there does seem to be increased business activity, staff believes GRT adjustments account for a significant portion of the increase. Staff is not able to validate this belief due to limitations on the information obtainable from 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 26.6 percent, professional, education and other services at 17.5 percent, health care and social assistance at 13.1 percent, utilities, transportation and warehousing at 9.3 percent, "other" industries at 7.3 percent, retail trade at 3.3 percent, and accommodation and food services at 2.7 percent. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing significant growth of 46.6 percent. This is a very positive sign, however the large swing and is likely due to adjustments as well as the increased construction activity. The food distribution is slightly down, 2.9 percent, when compared to fiscal year 2018. There is negative growth in the information and cultural industries sector of 3.7 percent, the finance, insurance and real estate sector of 4.2 percent, and the medical distribution of 10.0 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 5.1 percent in February 2019, unchanged from the rates in January 2019 and February 2018. In contrast, the national unemployment rate was 3.8 percent, down from 4.0 percent in January and down from 4.1 percent in February 2018.

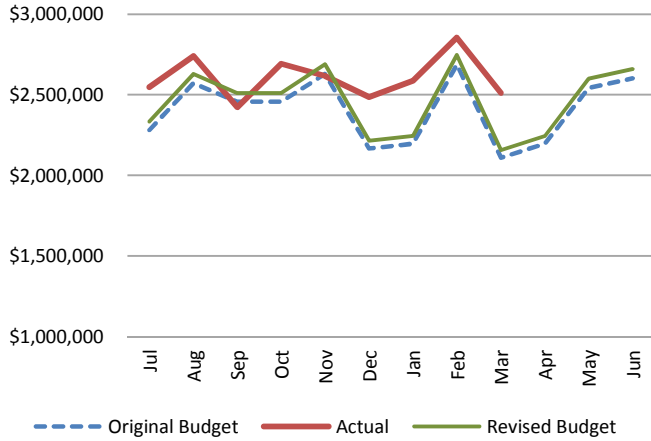
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0219.pdf

Employment for the Albuquerque MSA for the month of February 2019 increased by 2,100 jobs, or 0.5 percent year-over-year. Following is the link to the *Labor Market Review* for the month of February:

https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Feb_19.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 March 2019 is \$1.4 million or 6.5% above the FY19 revised*

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

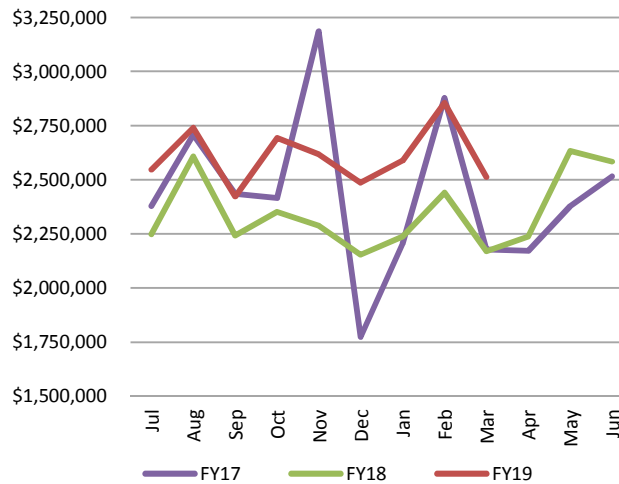


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

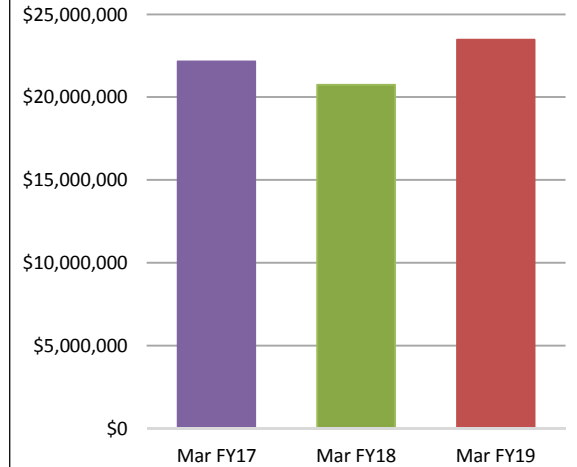


Chart 4: GRT Distribution by Industry % Change FY19 YTD compared to FY18 YTD

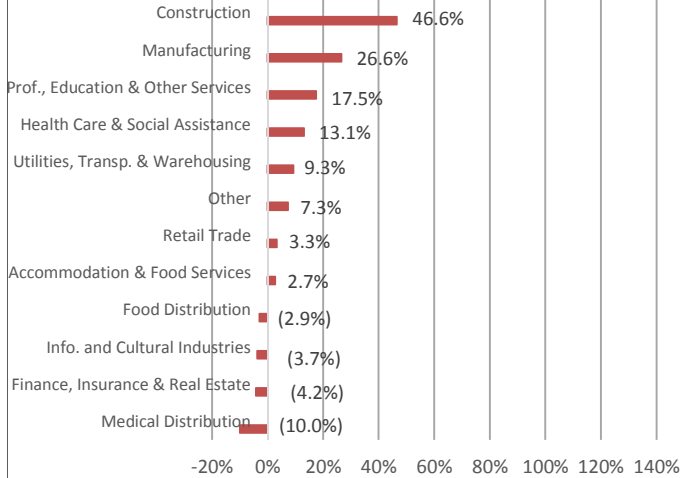


Chart 5: GRT Distribution by Industry FY19 YTD

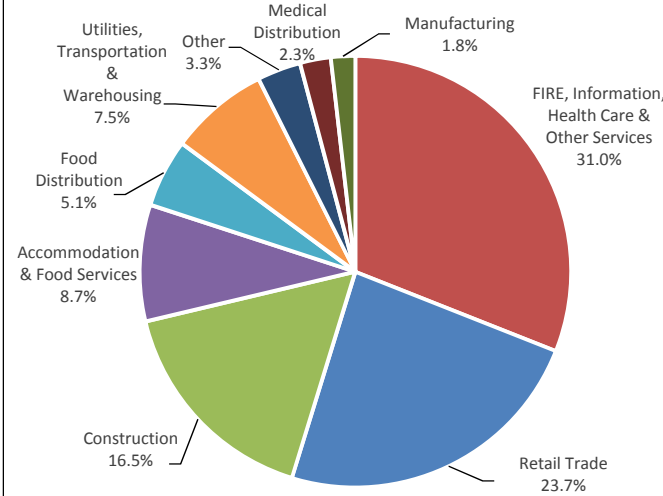


Chart 6: Changing Composition of GRT

