

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

MEMORANDUM

DATE: Jun 28, 2019

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

FROM: Juan C Mejia, Budget & Grants Division Manager

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

Gross Receipts Tax

Attached please find the monthly dashboard for June GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$3,013,648, which was \$153,813 above the revised revenue estimate. Year-to-date the City has a positive revised budget to actual gross receipts tax variance of 5.7 percent. Compared to the prior fiscal year actuals, there is a positive variance of \$3.4 million or 12.3 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 21.3 percent, professional, education and other services at 25.0 percent, health care and social assistance at 23.1 percent, utilities, transportation and warehousing at 11.8 percent, "other" industries at 8.3 percent, retail trade at 5.4 percent, and accommodation and food services at 2.5 percent. The key sector of construction, which reflected negative growth throughout fiscal year 2018, is now showing significant growth of 27.2 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 finance, insurance and real estate sector has a spike growth of 109.0 percent. The food distribution is negative, 9.0 percent, when compared to fiscal year 2018. There is negative growth in the information and cultural industries sector of 1.9 percent, and the medical distribution of 10.2 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 5.0 percent in May 2019, unchanged from the rates in April 2019 and up from 4.8 percent in the previous year. In contrast, the national unemployment rate in May was 3.6 percent, unchanged from April 2019 and down from 3.8 percent in May 2018. Employment news release

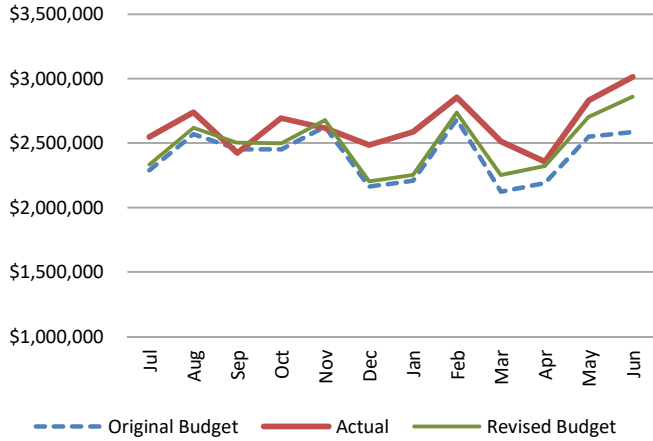
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0519.pdf

Employment for the Albuquerque MSA for the month of May 2019 increased by 5,100 jobs, or 1.3 percent year-over-year. Following is the link to the *Labor Market Review* for the month of May:
Labor market review

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

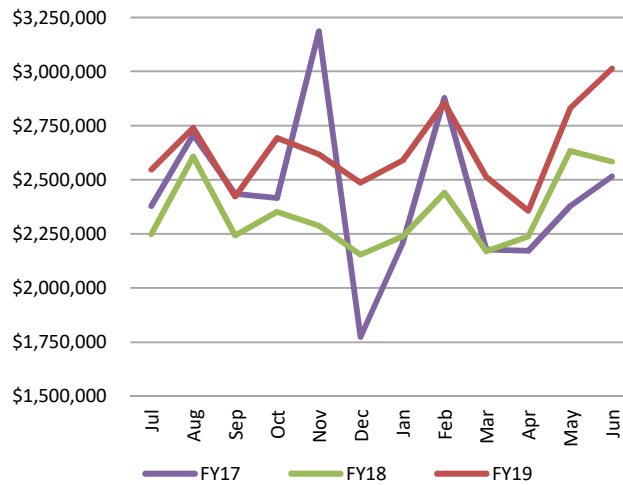


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

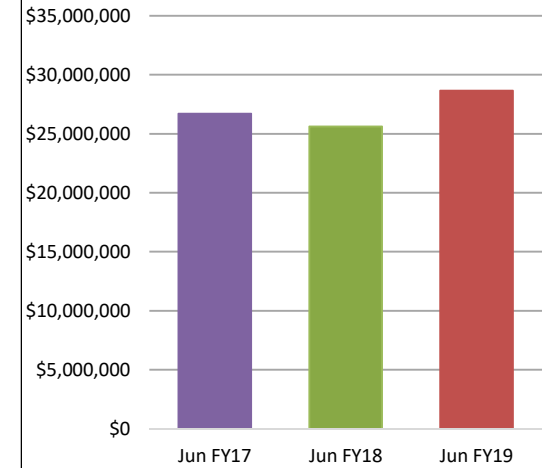


Chart 4: GRT Distribution by Industry % Change FY19 YTD compared to FY18 YTD

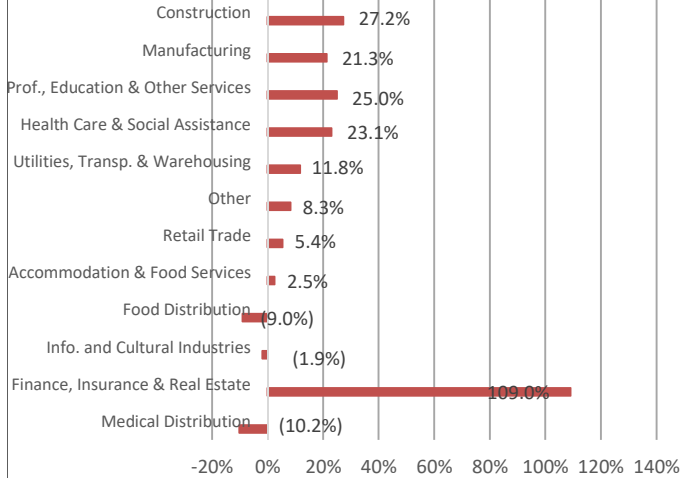


Chart 5: GRT Distribution by Industry FY19 YTD

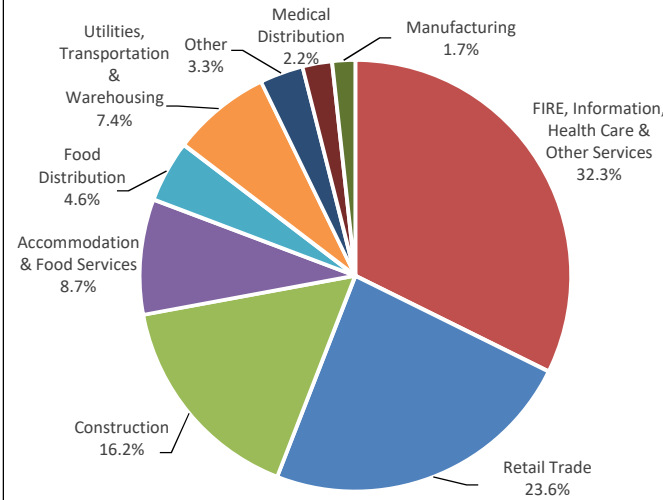


Chart 6: Changing Composition of GRT

