

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

MEMORANDUM

DATE: September 27, 2019

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

FROM: Carole 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 September GRT collections. This month, the City received a large favorable adjustment to its food hold harmless payment. This favorable adjustment was the result of a large food retailer amending their CRS reports all the way back to 2016. The amendments resulted in a large, one-time positive adjustment to the City's food hold harmless distribution of approximately \$1.75 million. As a result, the City's GRT revenue in the General Fund totaled \$4,719,594 for the month, which was \$2,134,012 above the adopted revenue estimate. The spike in the City's revenue resulted in a year-to-date budget to actual gross receipts tax variance of 33.8 percent. Compared to the prior fiscal year actuals, the positive variance is \$2,850,707 or 37.0 percent for the General Fund. It is important to note that, absent the one-time adjustment to the food hold harmless distribution, GRTs are still positively trending this fiscal year, and the City would still be above budget by approximately \$385,000 year-to-date through September.

GRT trends for each major industry are shown in Chart 4 of the Dashboard on the next page. Year-to-date, sectors with positive growth compared to the same period in FY 2019 are finance, insurance and real estate at 28.2 percent, "other" industries at 23.1 percent, health care and social assistance at 17.2 percent, retail trade at 14.0 percent, utilities, transportation and warehousing at 11.1 percent, professional, education & other services at 9.9 percent, information and cultural industries at 6.7 percent and accommodation and food services at 6.3 percent. The key sector of construction continues to show positive growth with 21.8 percent growth compared to FY19. Year-to-date sectors with negative growth compared to same period in FY19 are manufacturing at 17.3 percent, and the medical hold harmless distribution at 13.8 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.9 percent in August 2019, unchanged from July 2019 and up from 4.8 percent in the previous year. In contrast, the national unemployment rate in August was 3.7 percent, unchanged from July 2019 and down from 3.8 percent in August 2018. For more employment news, follow the link below.

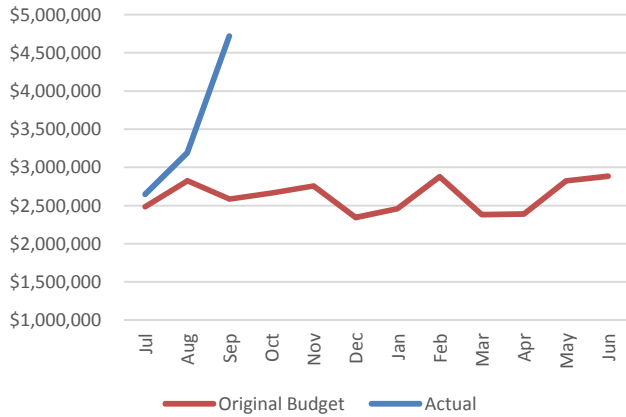
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_0819.pdf

Employment for the Albuquerque MSA for the month of August 2019 increased by 2,400 jobs, or 0.6 percent year-over-year. 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_19.pdf

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY20 Original and Revised vs. Actual



Y-T-D September 2019 is \$2.7 million or 33.8% above the FY20 Original estimate

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

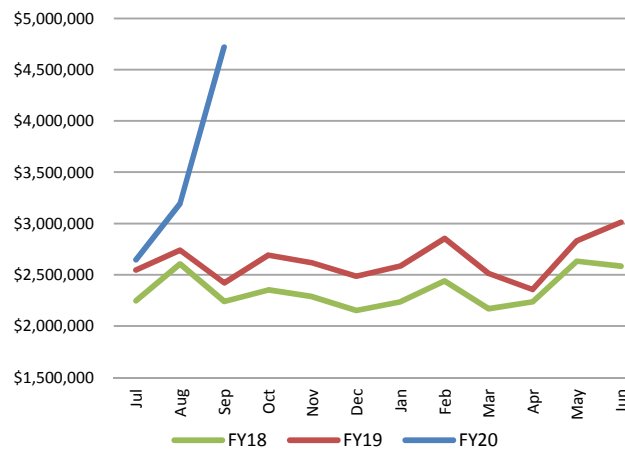


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

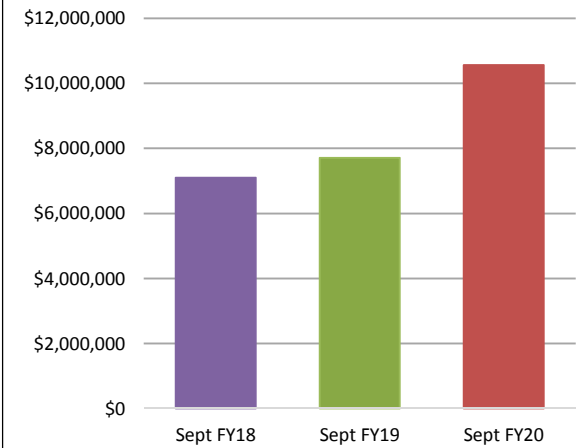


Chart 4: GRT Distribution by Industry % Change FY20 YTD compared to FY19 YTD

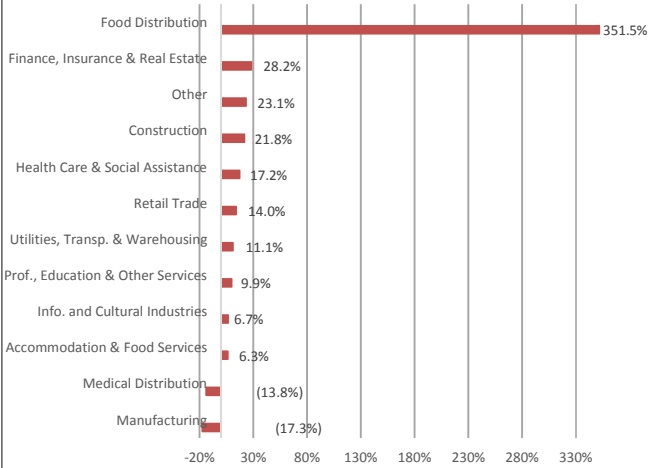


Chart 5: GRT Distribution by Industry FY20 YTD

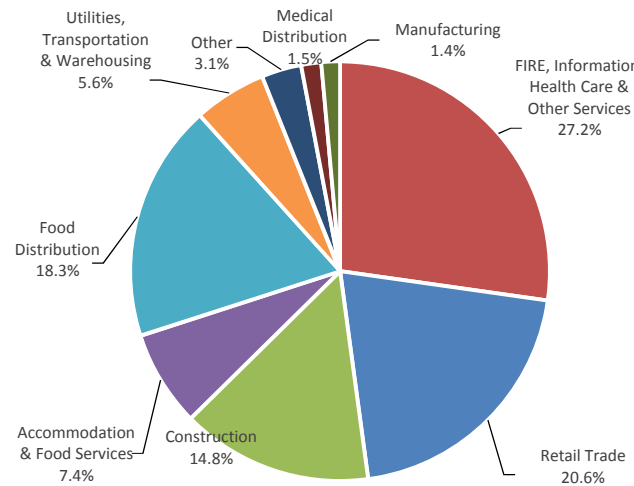


Chart 6: Changing Composition of GRT

