CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: November 15, 2019

TO: Mayor Greggory 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: **October Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for October GRT collections. In September, 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 spiked to $4,719,594 for the month. You will see that spike on the dashboard reflected on charts 1 and 2. In October, GRT revenue returned to a more normal level at $3,083,889. This is still well above the estimate for the month of $2,666,204. Compared to FY19 actuals, the positive variance is $3,240,993 or 31.2 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals $160,670 through October.

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 health care and social assistance at 24.7 percent, finance, insurance and real estate at 21.6 percent, "other" industries at 19.4 percent, retail trade at 13.2 percent, utilities, transportation and warehousing at 11.6 percent, professional, education & other services at 8.2 percent, accommodation and food services at 7.0 percent and information and cultural industries at 6.8 percent. The key sector of construction continues to show positive growth at 16.5 percent compared to FY19. Year-to-date sectors with negative growth compared to same period in FY19 are manufacturing at 17.6 percent, and the medical hold harmless distribution at 6.8 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.9 percent in September 2019, unchanged from August 2019 and as well as the previous year. In contrast, the national unemployment rate in September was 3.5 percent, down from 3.7 in August 2019 and down from 3.7 percent in September 2018. For more employment news, follow the link below.

https://www.dws.state.nm.us/Portals/0/DM/LMI/Monthly%20Employment%20Release-09-2019.pdf

Employment for the Albuquerque MSA for the month of September 2019 increased by 4,100 jobs, or 1.0 percent year-over-year. Following is the link to the *Labor Market Review* for the month of September.

https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Sept_19.pdf

Rio Rancho Gross Receipts Tax Dashboard

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

Legend: Original Budget, Actual
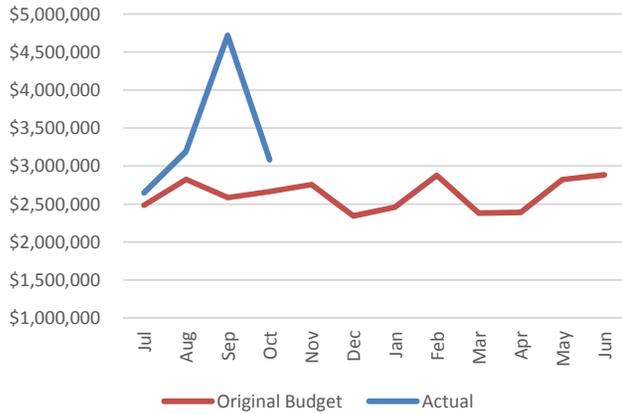
Y-T-D October 2019 is $3.1 million or 29.2% above the FY20 Original estimate

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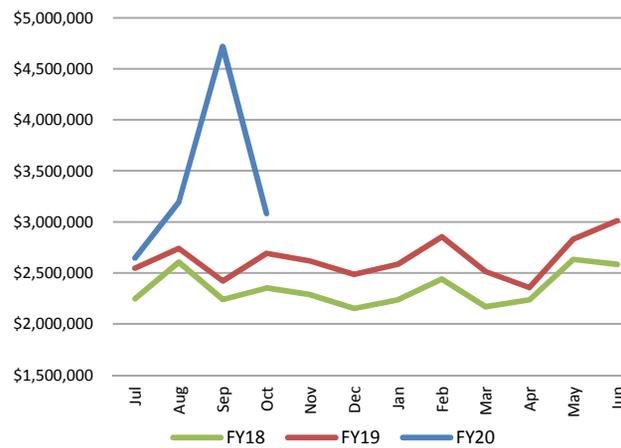### General Fund Current Year vs. Prior Years

Legend: FY18, FY19, FY20

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

Categories: Oct FY18, Oct FY19, Oct FY20
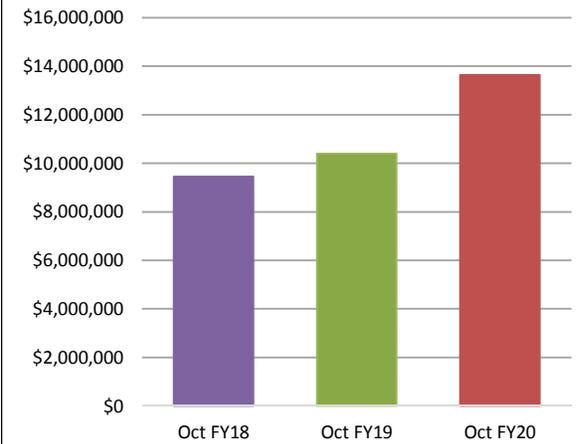
Chart 4: GRT Distribution by Industry
% Change FY20 YTD compared to FY19 YTD

Industry	% Change
Food Distribution	257.5%
Health Care & Social Assistance	24.7%
Finance, Insurance & Real Estate	21.6%
Other	19.4%
Construction	16.5%
Retail Trade	13.2%
Utilities, Transp. & Warehousing	11.6%
Prof., Education & Other Services	8.2%
Accommodation & Food Services	7.0%
Info. and Cultural Industries	6.8%
Medical Distribution	(3.6%)
Manufacturing	(17.6%)
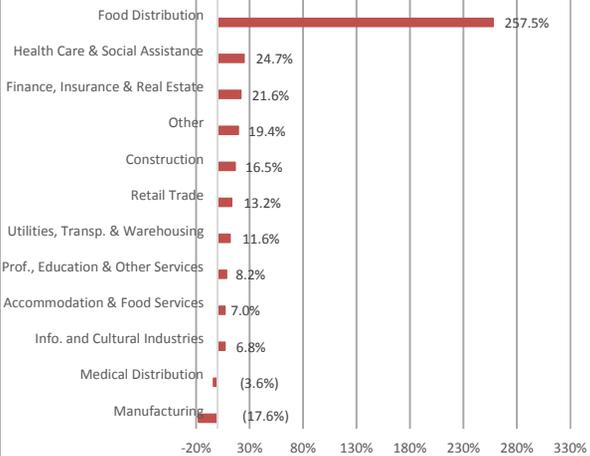
Chart 5: GRT Distribution by Industry FY20 YTD

- Utilities, Transportation & Warehousing 6.1%
- Other 3.1%
- Medical Distribution 1.6%
- Manufacturing 1.5%
- FIRE, Information, Health Care & Other Services 28.4%
- Retail Trade 21.1%
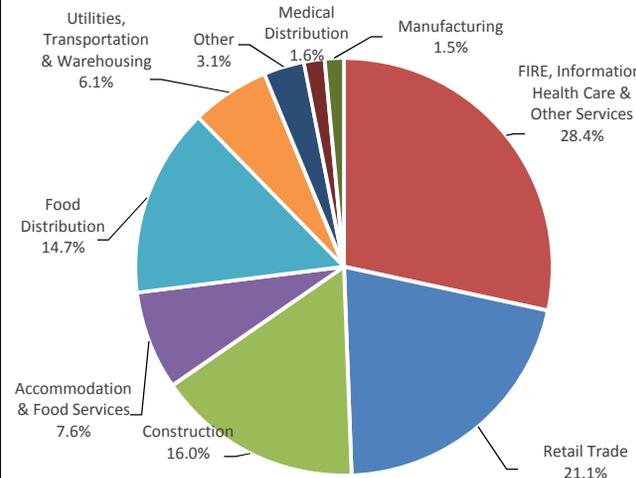- Construction 16.0%
- Accommodation & Food Services 7.6%
- Food Distribution 14.7%

Chart 6: Changing Composition of GRT

	FY15	FY20 YTD
Services	37.5%	37.6%
Retail & Food	31.5%	35.7%
Construction	17.2%	16.0%
Other	13.8%	10.7%

Categories: FY15, FY16, FY17, FY18, FY19, FY20 YTD

Legend: Construction, Retail & Food, Services, Other

11/15/2019