

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

MEMORANDUM

DATE: January 3, 2020

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: December Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax

Attached please find the monthly dashboard for December GRT collections. You may recall the City received a large adjustment to its GRT distribution for the food hold harmless in September. This favorable adjustment was the result of a large food retailer amending their CRS reports. 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 for the month. You will see that spike on the dashboard reflected on charts 1 and 2. Since October, GRT revenue returned to a more normal level. In December, revenue was \$3,291,474 in the General Fund. This is well above the estimate for the month of \$2,344,708. Compared to FY19 actuals, the positive variance is \$4,566,295 or 29.4 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$331,339 through December.

GRT trends for each major industry are shown in Chart 4 of the Dashboard on the next page. Year-to-date almost all sectors show positive growth compared to the same period in FY 2019. This includes finance, insurance and real estate at 23.4 percent, health care and social assistance at 17.7 percent, "other" industries at 16.4 percent, retail trade at 14.1 percent, manufacturing at 13.5 percent, utilities, transportation and warehousing at 13.3 percent, professional, education & other services at 10.3 percent, accommodation and food services at 8.7 percent, and information and cultural industries at 7.5 percent. The key sector of construction continues to show growth at 20.6 percent compared to FY19. Year-to-date only the medical hold harmless distribution is showing negative growth compared to same period in FY19 at 11.8 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.8 percent in November 2019, unchanged from October 2019 and down from 5.0 percent in the previous year. The national unemployment rate in November, however, was 3.5 percent, down from 3.6 in October 2019 and down from 3.7 percent in November 2018. For more employment news, follow the link below.

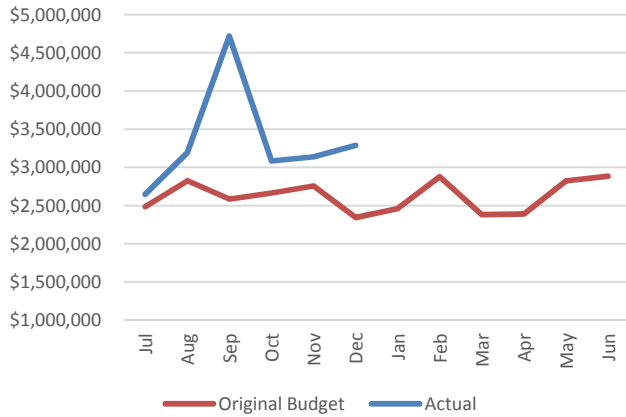
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_1119.pdf

Employment for the Albuquerque MSA for the month of November 2019 increased by 3,100 jobs, or 0.8 percent year-over-year. Following is the link to the *Labor Market Review* for the month of November.

https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Nov_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 December 2019 is \$4.4 million or 28.2% above the FY20 Original estimate

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

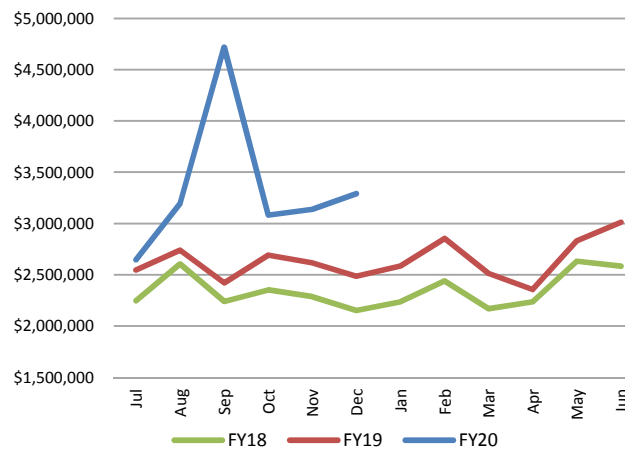


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

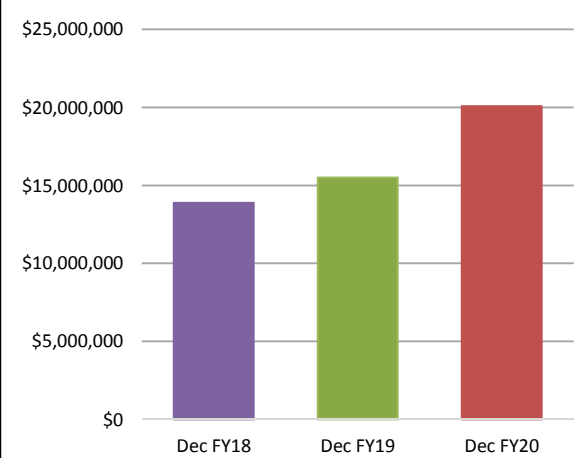


Chart 4: GRT Distribution by Industry % Change FY20 YTD compared to FY19 YTD

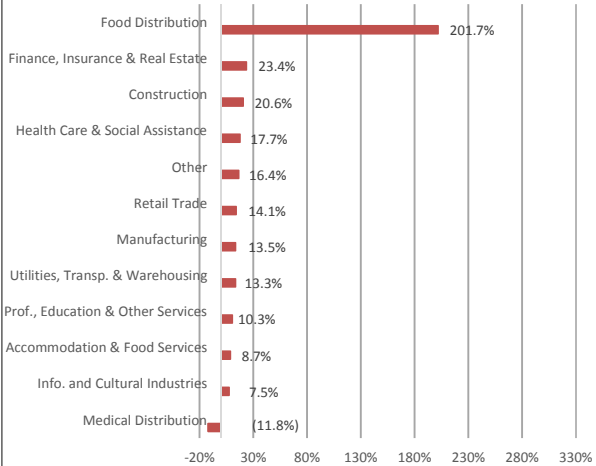


Chart 5: GRT Distribution by Industry FY20 YTD

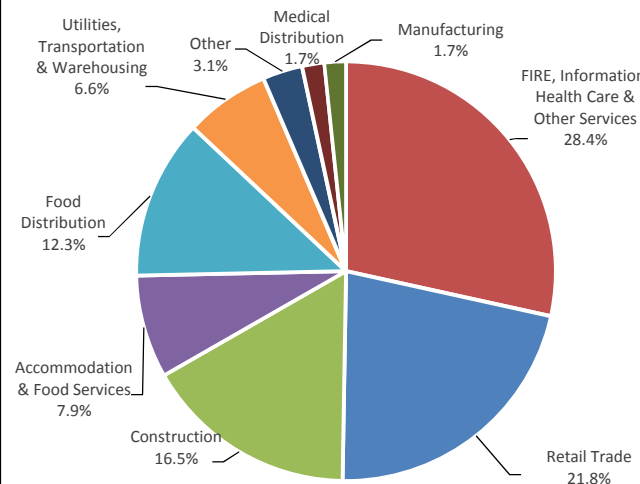


Chart 6: Changing Composition of GRT

