

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

MEMORANDUM

DATE: January 27, 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: January Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax

Attached please find the monthly dashboard for January GRT collections. You may recall the City received a large adjustment to its GRT distribution for the food hold harmless in September as a result of a large food retailer amending their CRS reports 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 for the month. You will see that spike on the dashboard reflected on charts 1 and 2. Since October, GRT revenue has returned to a more normal level but is still reflecting a positive variance. In January, the budget was revised upward to reflect the one-time food hold harmless correction and positive variance. Revenue for the month was \$3,056,663 in the General Fund. This is above the revised estimate for the month of \$2,734,978. Compared to FY19 actuals, the positive variance is \$5,034,595 or 27.8 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$401,674 through January.

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 21.4 percent, "other" industries at 18.5 percent, health care and social assistance at 15.5 percent, utilities, transportation and warehousing at 14.9 percent, retail trade at 12.7 percent, professional, education & other services at 11.1 percent, accommodation and food services at 9.2 percent, information and cultural industries at 7.5 percent, and manufacturing at 5.2 percent. The key sector of construction continues to show growth at 20.0 percent compared to FY19. Year-to-date only the medical hold harmless distribution is showing negative growth compared to same period in FY19 at -12.2 percent.

Labor Market Indicators

Employment data for the State as a whole shows the seasonally adjusted unemployment rate was 4.7 percent in December 2019, down from 4.8 percent in November 2019 and down from 5.0 percent in the previous year. The national unemployment rate in December, however, was 3.5 percent, unchanged from November 2019 and down from 3.9 percent in December 2018. For more employment news, follow the link below.

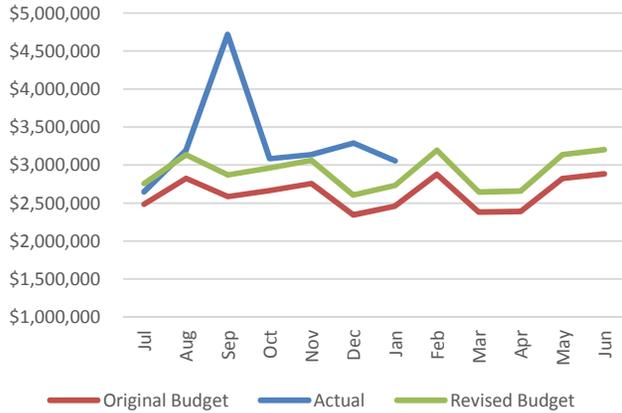
https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_1219.pdf

Employment for the Albuquerque MSA for the month of December 2019 has not yet been released. The *Labor Market Review* will be available at the link below when it is released.

<https://www.dws.state.nm.us/en-us/Researchers/Publications/Economic-News>

Rio Rancho Gross Receipts Tax Dashboard

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



Y-T-D January 2020 is \$3.0 million or 14.9% above the FY20 revised estimate

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

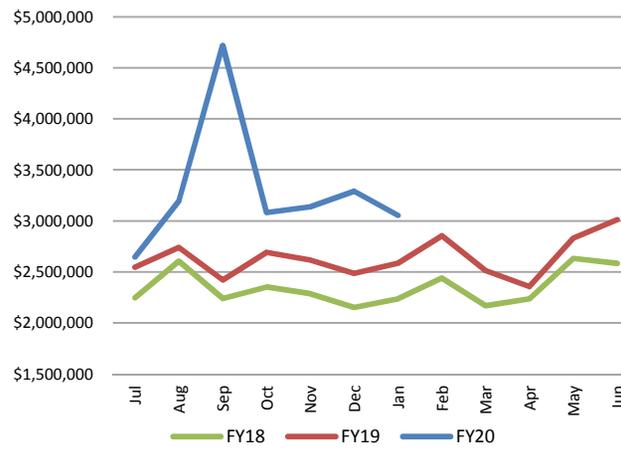


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

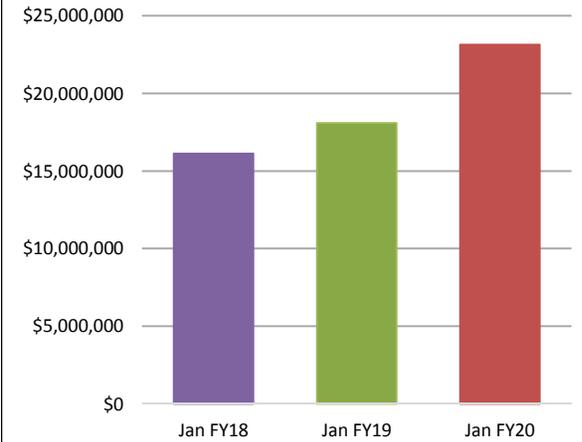


Chart 4: GRT Distribution by Industry % Change FY20 YTD compared to FY19 YTD

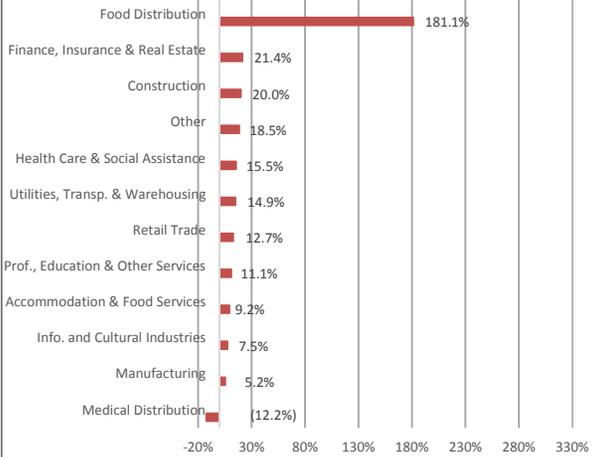


Chart 5: GRT Distribution by Industry FY20 YTD

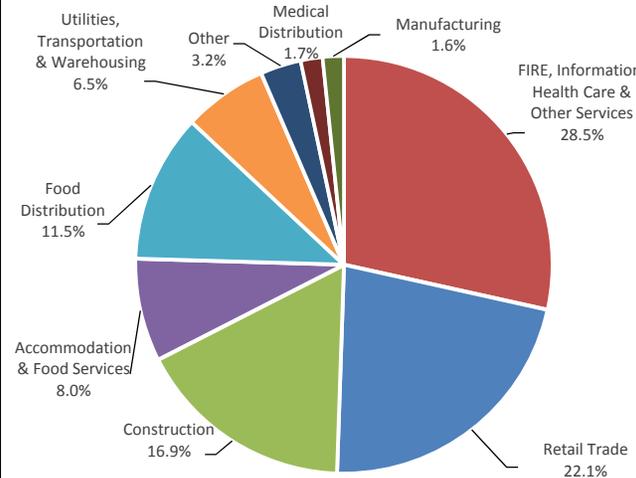


Chart 6: Changing Composition of GRT

