

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

MEMORANDUM

DATE: February 27, 2020

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

FROM: Carole Jaramillo, Director of Financial Services

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

Gross Receipts Tax

Attached please find the monthly dashboard for February GRT collections. The City continues to experience a very positive trend in its gross receipts collections for FY2020 which can be seen on charts 1 and 2 of the dashboard. You may recall the City received a large one-time adjustment to its GRT distribution for the food hold harmless in September. As a result, the City's GRT revenue in the General Fund spiked for that month. Since October, GRT revenue has returned to a more normal level but is still reflecting a positive variance. During the mid-year budget review, the GRT budget was revised upward to reflect the one-time food hold harmless correction and positive variance. Revenue for the month February (December's business activity) was \$3,456,515 for the General Fund. This is above the revised estimate for the month of \$3,197,205. Compared to FY19 actuals, the positive variance is \$5,635,592 or 26.9 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$482,009 through February.

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 "other" industries at 21.0 percent, finance, insurance and real estate at 20.0 percent, health care and social assistance at 15.1 percent, retail trade at 13.6 percent, accommodation and food services at 9.8 percent, utilities, transportation and warehousing at 9.8 percent, professional, education & other services at 9.4 percent, information and cultural industries at 8.2 percent, and manufacturing at 7.7 percent. The key sector of construction continues to show growth at 21.9 percent compared to FY19. Year-to-date only the medical hold harmless distribution is showing negative growth compared to same period in FY19 at -11.0 percent.

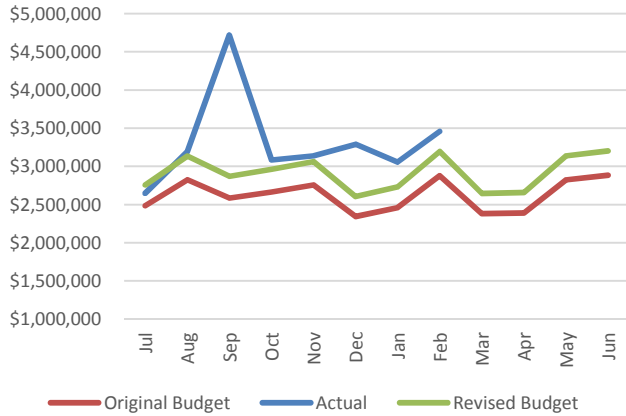
Labor Market Indicators

Employment data has not yet been released by the Department of Workforce Solutions. The *Employment News Release* and the *Labor Market Review* for the month of January 2020 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 February 2020 is \$3.3 million or 14.0% above the FY20 revised estimate

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

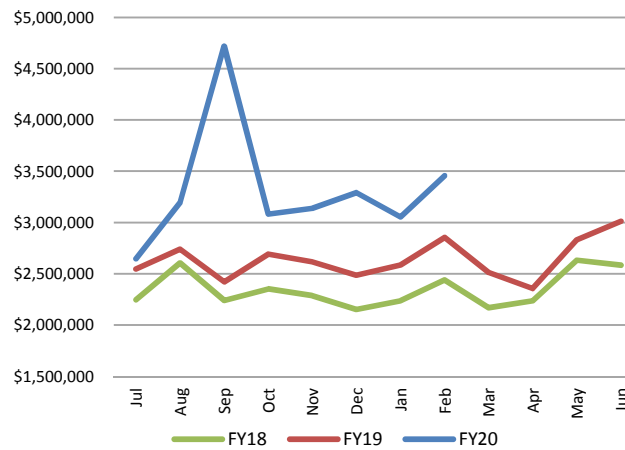


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

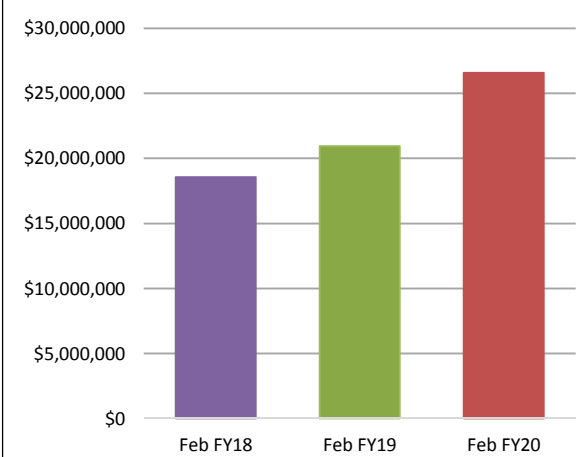


Chart 4: GRT Distribution by Industry % Change FY20 YTD compared to FY19 YTD

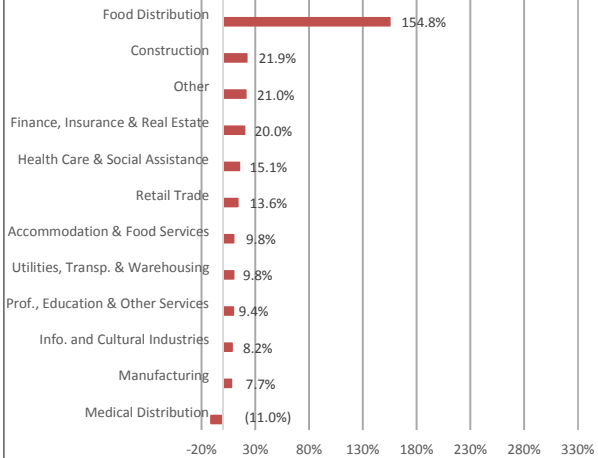


Chart 5: GRT Distribution by Industry FY20 YTD

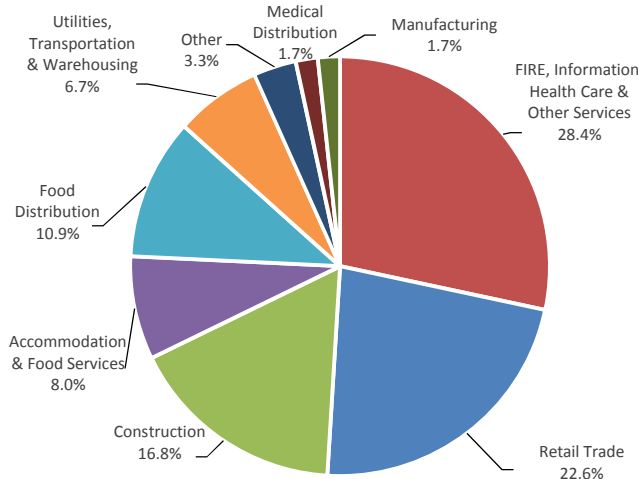


Chart 6: Changing Composition of GRT

