

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

**MEMORANDUM**

DATE: March 23, 2020

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

FROM: Carole Jaramillo, Director of Financial Services

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

**Gross Receipts Tax**

Attached please find the monthly dashboard for March GRT collections. Through March (January business activity), the City has experienced a very positive trend in its gross receipts collections for FY2020 which can be seen on charts 1 and 2 of the dashboard. A large one-time adjustment to the City's food hold harmless distribution was received in September. As a result, the City's GRT revenue in the General Fund spiked for that month. This spike is clearly visible on charts 1 and 2 of the dashboard. 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 March was \$2,807,363 for the General Fund. This is above the revised estimate for the month of \$2,646,789. Compared to FY19 actuals, the positive variance is \$5,930,402 or 25.3 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$562,343 through March.

As a note about the current economic situation, GRT will not be impacted by the current crisis until May, which covers March business activity. Economists are currently predicting a recession resulting from the COVID 19 outbreak to last two quarters before beginning to recover. These are very preliminary predictions and could change once there is a more complete picture of how businesses are responding to the pandemic.

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 20.8 percent, finance, insurance and real estate at 16.7 percent, retail trade at 13.0 percent, health care and social assistance at 11.8 percent, utilities, transportation and warehousing at 10.2 percent, manufacturing at 10.1 percent, accommodation and food services at 10.0 percent, professional, education & other services at 8.5 percent, and information and cultural industries at 6.3 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 -11.2 percent.

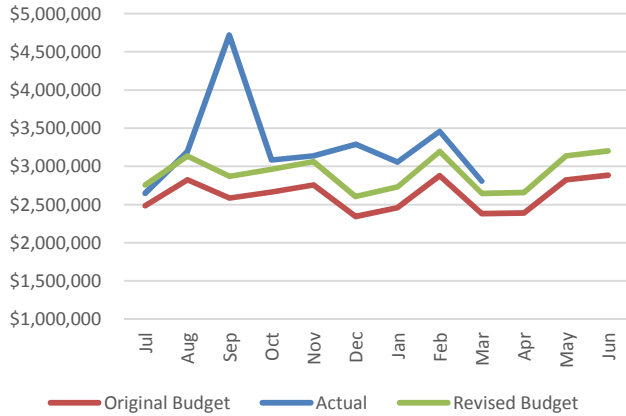
**Labor Market Indicators**

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 February 2020 will be available at the link below when it is released.

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

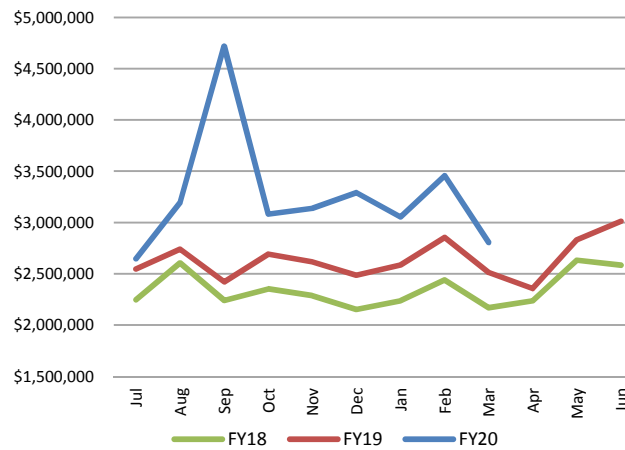
# Rio Rancho Gross Receipts Tax Dashboard

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

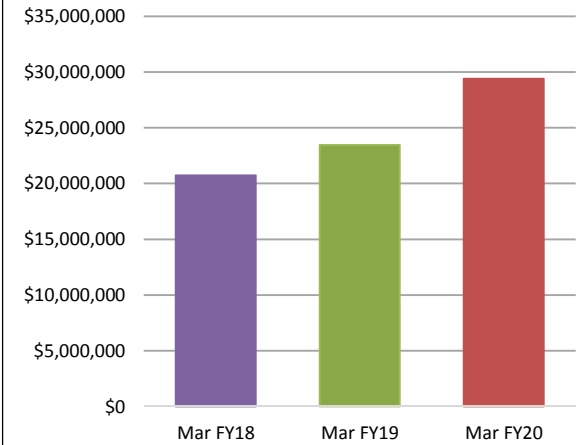


Y-T-D March 2020 is \$3.4 million or 13.2% above the FY20 revised estimate

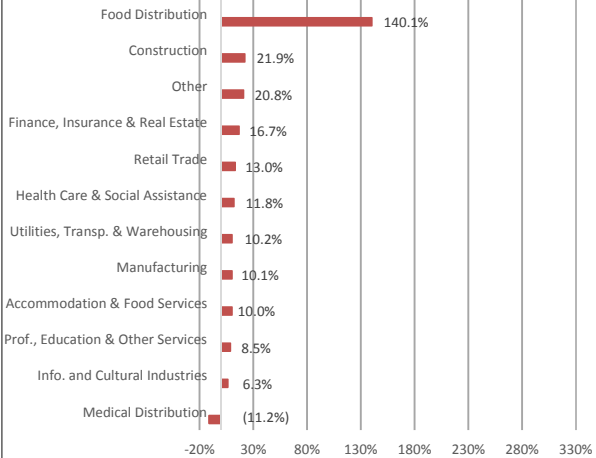
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



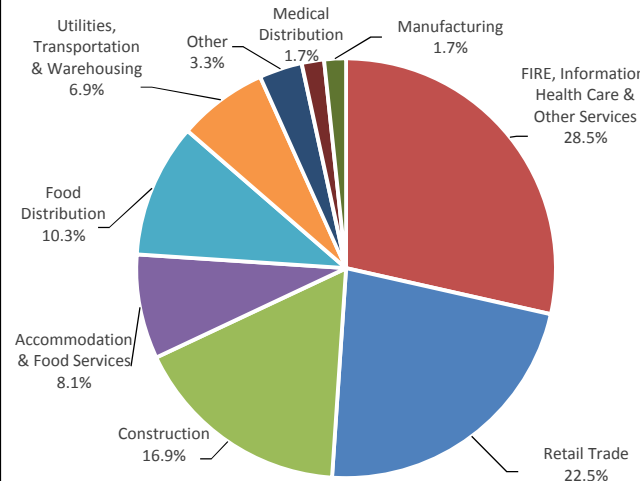
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**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**

