

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

**MEMORANDUM**

DATE: May 22, 2020

TO: Mayor Gregory Hull, Council Members Jim Owen, Jeremy Lenentine, Bob Tyler,  
Paul Wymer, Jennifer Flor, and Dan Stoddard  
Peter Wells, Acting City Manager

FROM: Carole Jaramillo, Director of Financial Services

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

**Gross Receipts Tax**

Attached please find the monthly dashboard for May GRT collections. Through May (March business activity), the City has experienced a very positive trend in its gross receipts collections which can be seen on charts 1 and 2 of the dashboard. As you know, GRT distributions are two months after taxable business activity takes place. May is the first month that reflects business activity in light of the COVID-19 pandemic. However, closures resulting from the Governor's orders did not occur until March 24, thus normal business activity was not restricted for most of the month of March. We had anticipated that the May distribution would reflect a decline with declines in the June distribution even more significant. Fortunately, the anticipated decline in May did not occur, thus adding to the positive year-to-date variance in GRT collections. The positive variance will help the City to weather declines in June as well as assist its effort to increase the reserves to 25 percent for FY21. GRT revenue for May was \$3,242,013 for the General Fund. This is above the *revised* estimate for the month of \$3,137,373. Compared to FY19 actuals, the positive variance year-to-date is \$6,909,021 or 24.1 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$723,013 through May.

Economists are currently predicting a recession resulting from the COVID 19 pandemic but disagree on how quickly the economy will recover. The Financial Services Department receives updates from UNM's Bureau of Business and Economic Research (BBER) which it uses to make revenue estimates. The Department will continue to monitor the data received and will propose budget changes as necessary.

GRT trends for each major industry are shown in chart 4 of the Dashboard on the next page. Year-to-date all industry sectors show positive growth compared to the same period in FY 2019. This includes "other" industries at 16.9 percent, finance, insurance and real estate at 12.3 percent, manufacturing at 11.6 percent, retail trade at 11.0 percent, utilities, transportation and warehousing at 8.5 percent, health care and social assistance at 8.5 percent, accommodation and food services at 8.1 percent, professional, education & other services at 6.9 percent, and information and cultural industries at 5.2 percent. The key sector of construction continues to show strong growth at 22.5 percent compared to FY19. Year-to-date only the medical hold harmless distribution is showing negative growth compared to same period in FY19 at -10.6 percent.

**Labor Market Indicators**

Employment data for the State as a whole shows the seasonally adjusted unemployment rate climbed to 11.3 percent in April 2020, up from 6.3 in March and up from 5.0 percent in the previous year. The national unemployment rate in April, however, was 14.7 percent, up from 4.4 percent in March and up from 3.6 percent in April 2019. This data clearly reflects the effects of the COVID-19 pandemic. For more employment news, follow the link below.

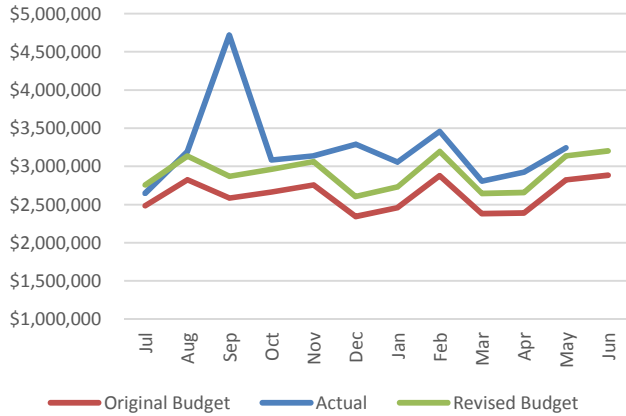
<https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf-0420.pdf>

Employment for the Albuquerque MSA for the month of April 2020 has not yet been released. Information should be available in near future in the *Labor Market Review* for April at the link below.

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

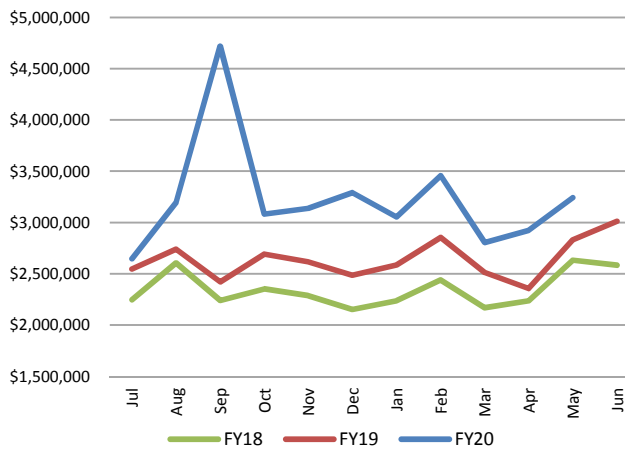
# Rio Rancho Gross Receipts Tax Dashboard

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

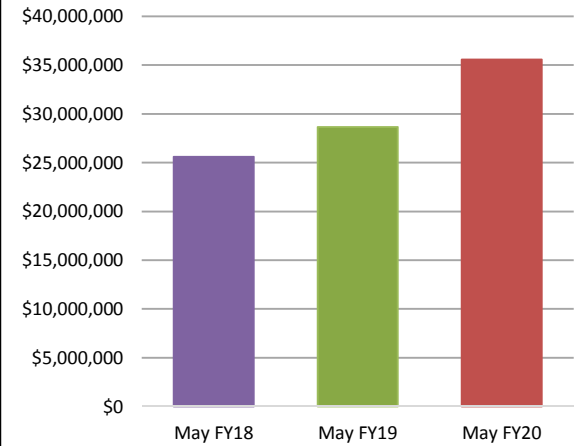


Y-T-D May 2020 is \$3.8 million or 11.9% above the FY20 revised estimate

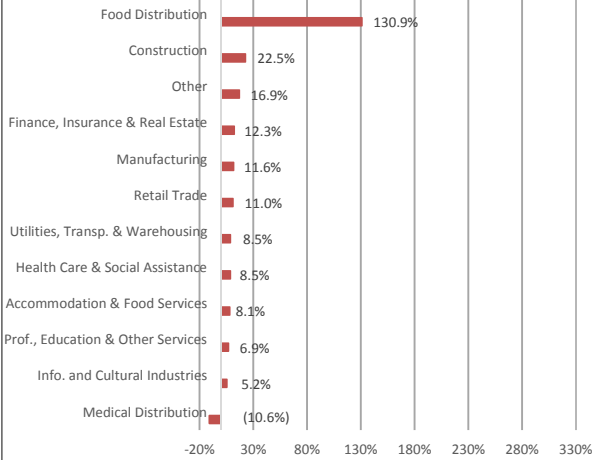
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



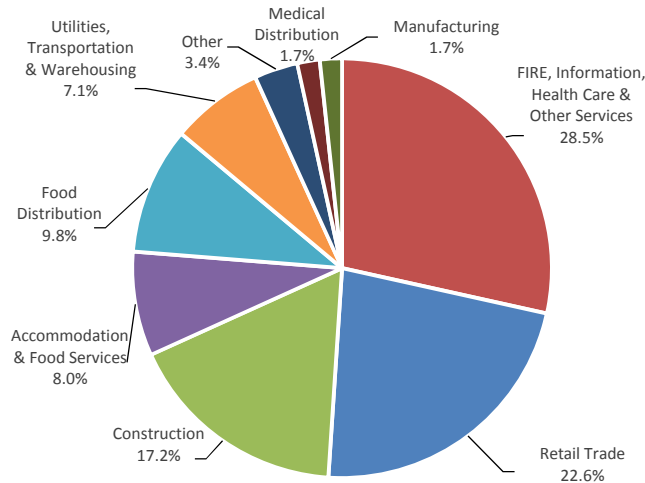
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**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**

