

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

**MEMORANDUM**

**DATE:** July 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: July Gross Receipts Tax and Recent Labor Market Indicators**

**Gross Receipts Tax**

Attached please find the monthly dashboard for July GRT collections. The July gross receipts tax distribution (May business activity) indicates that the City has not yet begun to experience significant reductions due to COVID-19. This 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. Thus, July reflects the second full month of business activity which took place in the new pandemic economy. We had anticipated that distributions in July would reflect much lower than normal business activity. While certain categories of business did decline, the City did not see significant declines and, in fact, saw a positive variance year over year. The positive variance will help weather future declines that will likely occur later in FY21 and help retain higher reserve levels going into FY22.

GRT revenue for July was \$3,300,344 for the General Fund. This is above the \$2,061,686 projected for July based on the economic data received from the UNM's Bureau of Business and Economic Research (BBER). Compared to FY20 actuals, the positive variance year-to-date is \$653,124 or 24.7 percent for the General Fund. The internet sales tax distribution is included in our positive variance and totals \$80,334. We do not anticipate the positive variance to continue as a trend and will carefully review revised economic data due to be released in August.

The Financial Services Department urges continued caution with respect to the budget and City spending. 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 regular updates from 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. In July many industry sectors show positive growth compared to the same period in FY 2020. This includes retail trade at 31.4 percent, "other" industries at 25.4 percent, manufacturing at 16.6 percent, and accommodation and food services at 1.6 percent. Sectors showing negative growth include utilities, transportation and warehousing at -2.0 percent, information and cultural industries at -3.1 percent, professional, education & other services at -9.5 percent, finance, insurance and real estate at -15.6 percent, and, and health care and social assistance at -25.4 percent. The medical hold harmless and declined 46.5 percent year-over-year while the food hold harmless was 485.3 percent better than July, 2019. The key sector of construction continues to show growth at 6.6 percent compared to FY20.

**Labor Market Indicators**

Employment data for the State as a whole shows the seasonally adjusted unemployment rate declined to 8.3 percent in June 2020, down from 9.2 in May and up from 4.9 percent in the previous year. The national unemployment rate in June, however, was 11.1 percent, down from 13.3 percent in May and

up from 3.7 percent in June 2020. This data clearly reflects the effects of the COVID-19 pandemic but did show improvement month over month for both the State and the U.S. For more employment news, follow the link below.

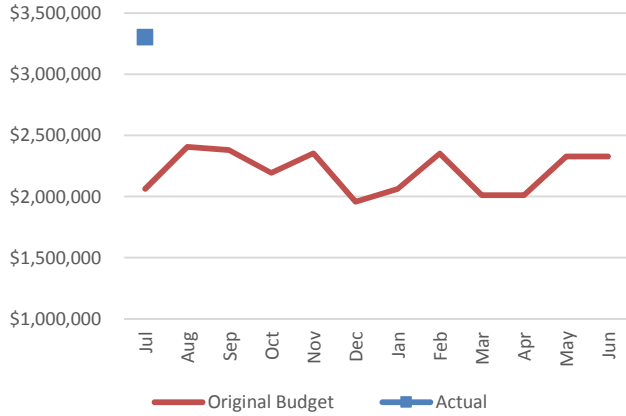
<https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf-0620.pdf>

Employment data for the Albuquerque MSA for the month of June 2020 has not yet been released, but will be available in the near future at the link below.

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

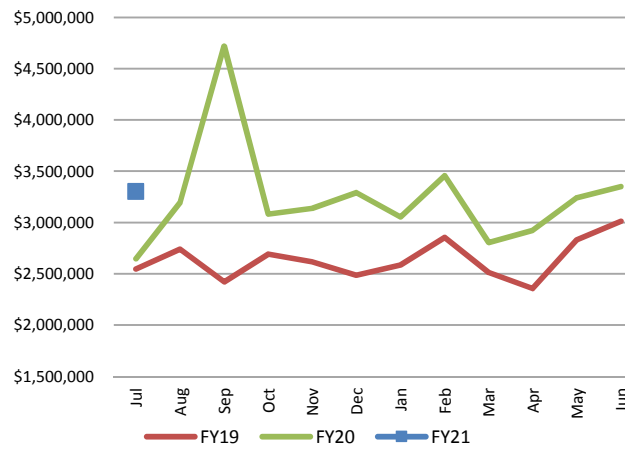
# Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY21 Original Budget vs. Actual**

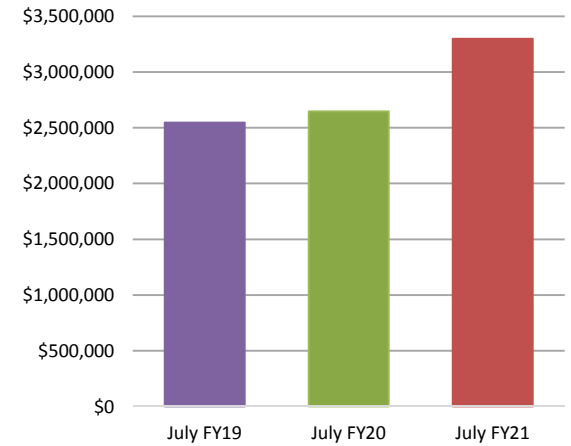


**Y-T-D July 2020 is \$1.2 million or 60.1% above the FY21 estimate**

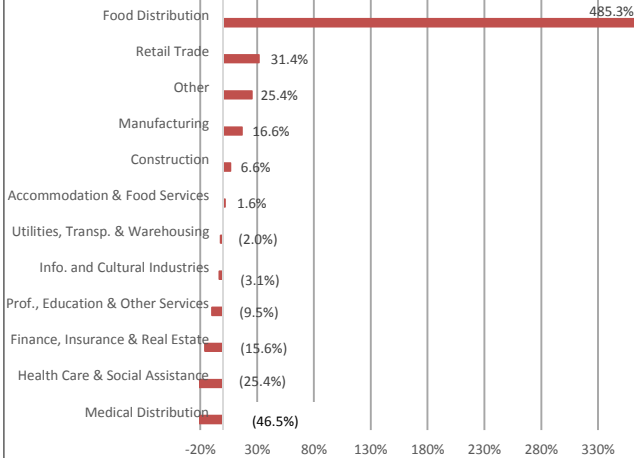
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



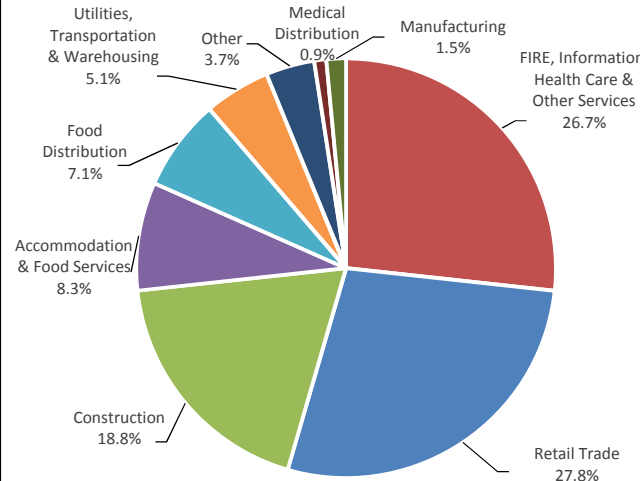
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**Chart 4: GRT Distribution by Industry % Change FY21 YTD compared to FY20 YTD**



**Chart 5: GRT Distribution by Industry FY21 YTD**



**Chart 6: Changing Composition of GRT**

