

CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: May 18, 2012

TO: Mayor Thomas Swisstack
Chuck Wilkins, Council Member
Patricia Thomas, Council Member
Tamara L. Gutierrez, Council Member
Mark Scott, Council Member
Timothy C. Crum, Council Member
Lonnie Clayton, Council Member
James Jimenez, City Manager
Laura Fitzpatrick, Assistant City Manager

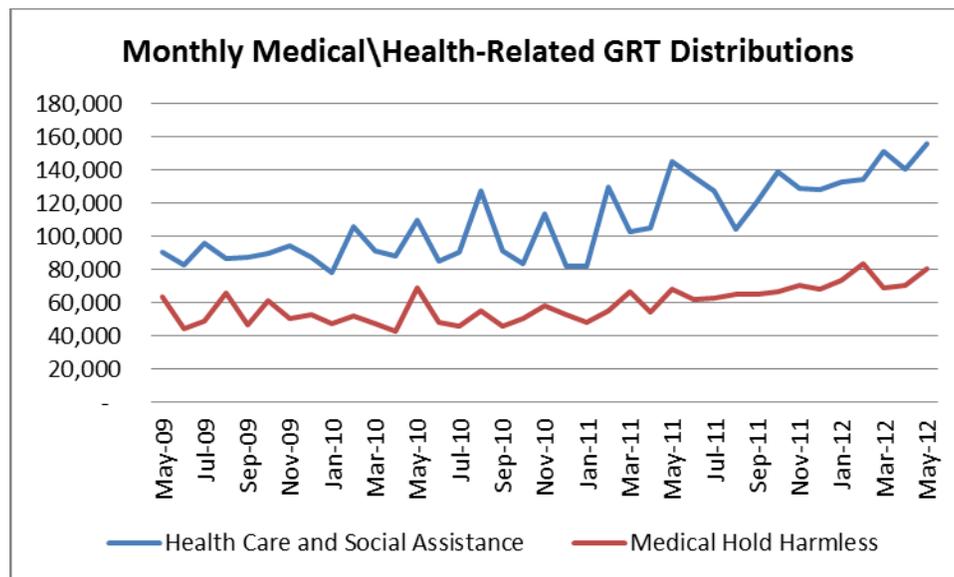
FROM: Olivia Padilla-Jackson, Financial Services Director

SUBJECT: **May 2012 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of May, which is based on March economic activity, was \$2,113,112 after adjustments, \$254,736 or 10.8 percent below the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$631,208 or 2.7 percent above the annual estimate (see Attachment 1, FY12 Gross Receipts Tax Revenue Estimate vs. Actual). Below are some highlights of this month's distribution.

- The May GRT distribution was approximately 11.6 percent lower than the General Fund distribution in May of 2011. Construction GRT revenue remained near 2-year lows, while Retail, Services and Utility sector revenue grew steadily, partially offsetting some of the over-the-year losses in construction.
- Construction GRT revenue saw the largest decline compared to last year, falling \$433,538 or 59 percent to \$300,279 before adjustments. As we have been noting, we anticipated that the construction revenue associated with the UNM hospital could fall sharply toward the end of the project, particularly as UNM started netting out the tax payments associated with tax exempt project expenditures (a common feature with public and non-profits construction projects referred to as cost segregation).
- Retail sector revenue, the largest revenue category, grew seven percent from May of 2011 to \$1,112,354. Within the Retail sector, the main "Retail Trade" category increased along with the "Accommodation and Food Services" subsector. The overall Retail sector has grown almost eight percent fiscal year to date.

- The Services sector revenue also increased seven percent from May of 2011 to \$750,986 and has grown 18 percent fiscal year to date compared to 2011. Specifically, the “Information and Cultural Industries” subsector has performed exceptionally well year to date, up 39 percent through same period last year fiscal year. The Healthcare and Social Assistance subsector revenue rose 7.5 percent from last May and has grown 27 percent fiscal year to date compared to the same period in Fiscal Year 2011. Similarly, the May Medical Hold Harmless Distribution¹ grew 18 percent versus May 2011 and has grown 29 percent compared to the same period last fiscal year. Combined, these two sectors have grown by a total of \$487,611 (including all increments and before adjustments) fiscal year to date through May compared to the same period last fiscal year.

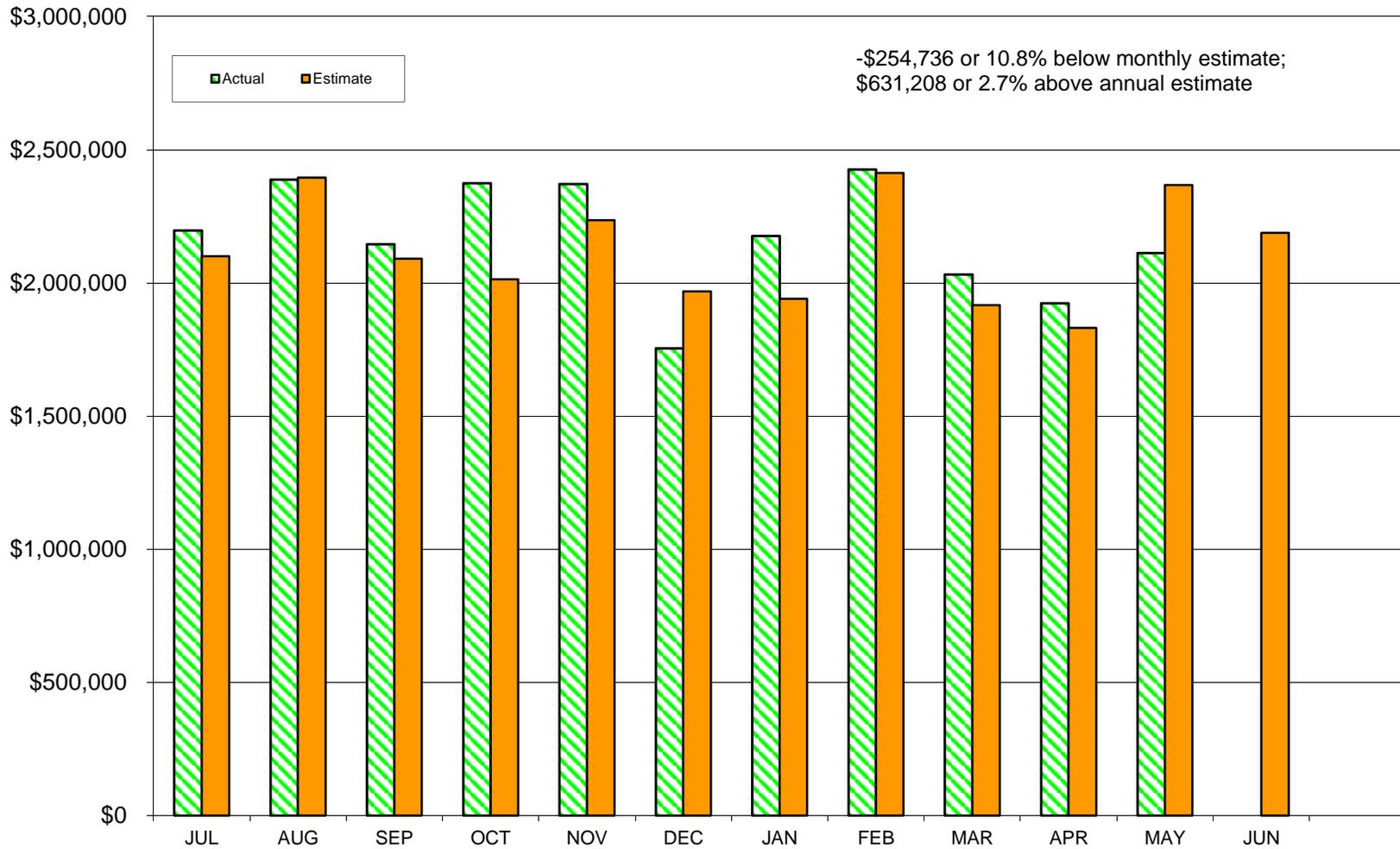


- The Utilities, Transportation and Warehousing sector increased 13 percent compared to last May, to \$289,394, slightly above the two-year monthly average. Fiscal year to date, Utilities, Transportation and Warehousing has grown about 27 percent compared to FY11, with the primary growth coming from the Utilities sector.

Attachment 2 shows the amounts of GRT collected by NAICS category and compares YTD revenue and percent of total to the prior fiscal year. Attachments 3 and 4 illustrate the trends in Gross Receipts Tax revenues by monthly totals and major sector activity.

¹ Receipts subject to the Medical Hold Harmless are detailed in State statute 7-9-93 and generally include: Receipts from payments by a managed health care provider or health care insurer for commercial contract services or medicare part C services provided by a health care practitioner that are not otherwise deductible pursuant to another provision of the Gross Receipts and Compensating Tax Act may be deducted from gross receipts, provided that the services are within the scope of practice of the person providing the service. Receipts from fee-for-service payments by a health care insurer may not be deducted from gross receipts. The deduction provided by this section shall be separately stated by the taxpayer.

FY12 Gross Receipts Tax Revenue Estimate vs. Actual



Monthly GRT Distribution Amounts by Sector

ATTACHMENT 2

	<u>May</u> (March Activity)	<u>FY12 Y-T-D</u>	<u>FY11 Y-T-D</u>	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$300,279 10.90%	\$5,166,849 16.70%	\$5,519,507 19.30%	-6.39%	(\$352,658)
Manufacturing	\$18,920 0.69%	\$260,114 0.84%	\$207,325 0.73%	25.46%	\$52,789
Util/Trans/Warehousing	\$289,394 10.51%	\$3,515,321 11.36%	\$2,798,872 9.79%	25.60%	\$716,448
Wholesale Trade	\$22,001 0.80%	\$301,000 0.97%	\$229,264 0.80%	31.29%	\$71,735
Retail Trade	\$1,112,354 40.39%	\$11,403,260 36.86%	\$10,565,818 36.95%	7.93%	\$837,442
Fin/Ins/Real Estate	\$60,612 2.20%	\$685,455 2.22%	\$665,670 2.33%	2.97%	\$19,785
Services	\$750,986 27.27%	\$7,590,310 24.53%	\$6,437,046 22.51%	17.92%	\$1,153,263
Other	\$227,171 8.25%	\$2,337,690 7.56%	\$2,386,168 8.35%	-2.03%	(\$48,477)
Admin, Penalty, & Interest	(\$27,864)	(\$320,313)	(\$217,124)		
Total GRT Receipts	<u>\$2,753,853</u>	<u>\$30,939,686</u>	<u>\$28,592,548</u>	8.21%	<u>\$2,347,138</u>
Adjustment/Reclass*	(\$640,742)	(\$7,020,406)	(\$6,764,512)		
General Fund	<u>\$2,113,112</u>	<u>\$23,919,280</u>	<u>\$21,828,036</u>	9.58%	<u>\$2,091,244</u>

*Includes Environmental and Higher Education GRT distributions, which are deposited into the respective special funds for a dedicated purpose as required in State statute, amounts set aside for GRT bond/loan payments, and GRIP reimbursements.

Monthly Gross Receipts Tax Revenue by Sector FY08 to FY12 YTD

