

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

**MEMORANDUM**

**DATE:** October 27, 2015

**TO:** Mayor Gregory Hull  
Council Members: Chuck Wilkins, Dawnn Robinson, Cheryl Everett, Mark Scott, Shelby Smith, and Lonnie Clayton  
Keith Riesberg, City Manager  
John Craig, Deputy City Manager

**FROM:** Dan Olsen, Financial Services Director

**SUBJECT: October Gross Receipts Tax and Latest Labor Market Indicators**

**Gross Receipts Tax**

Attached please find the monthly dashboard for October GRT collections.

The City’s October GRT distribution to the General Fund totaled \$2,527,661, which is \$177,000 or 7.5 percent above the budget estimate for the month and 8.0 percent above the amount received in October 2014. Year-to-date collections are 16.3 percent above the same period last year, compared to the 3.4 percent baseline growth estimate included in the fiscal year 2016 budget. While the trend continues to be positive, the Finance Department reiterates its position that any excess GRT revenue above budget should be considered *one-time* funds and should not be used to fund *ongoing* expenditures.

Recently, one local group suggested that the City may have an extra \$5 million in GRT revenue above budget, based on its analysis of first quarter collections. For that to happen, GRT would have to grow 22.5 percent *each month* for the next eight months. The Finance Department believes this is not a realistic expectation, especially given that the rate of GRT growth has slowed in the last two months. The Finance Department will incorporate next month’s UNM updated economic forecast into our revenue models to produce a revised GRT revenue estimate for fiscal year 2016. That revision will be included in the City’s mid-year budget adjustments.

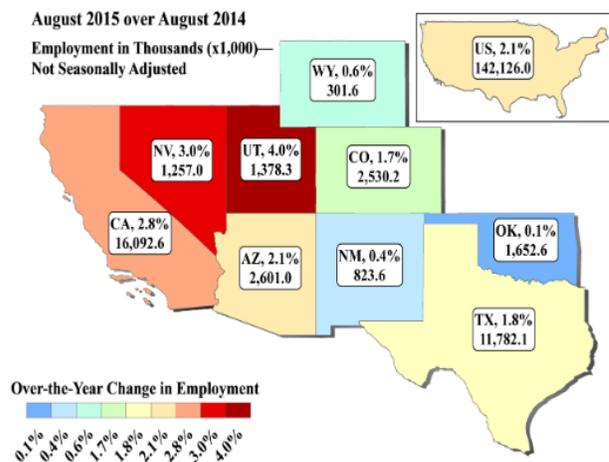
GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page.

**Labor Market Indicators**

The seasonally adjusted unemployment rate for August in the Albuquerque MSA was 6.2 percent, up from 6.1 percent in July. New Mexico’s seasonally adjusted unemployment rate was 6.7 percent in August, up from 6.5 percent in July and up from 6.4 percent a year ago. In contrast, the national unemployment rate was 5.1 percent, down from 5.3 percent in July and down from 6.1 percent in August 2014.

The chart at the right displays August job growth rates for selected western states.

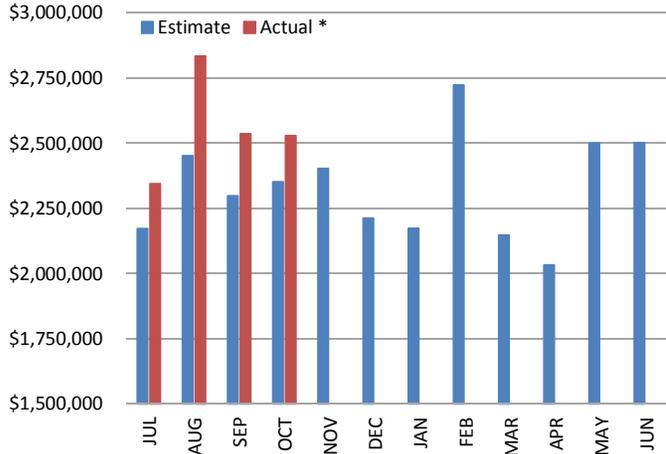
**Current Regional Nonfarm Employment Growth**



Source: NM Dept. of Workforce Solutions

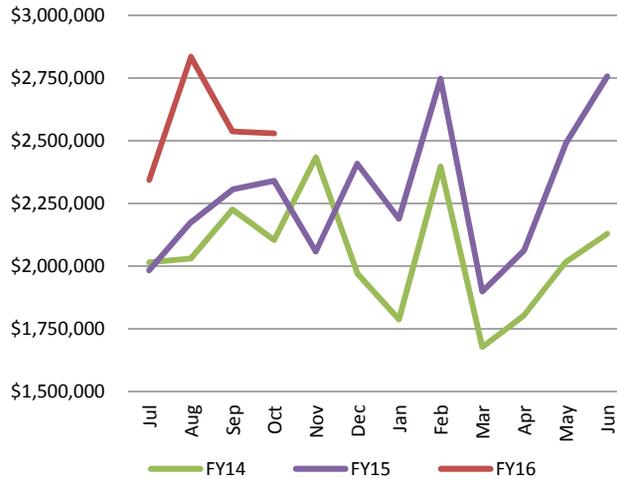
# Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY16 Estimate vs. Actual**

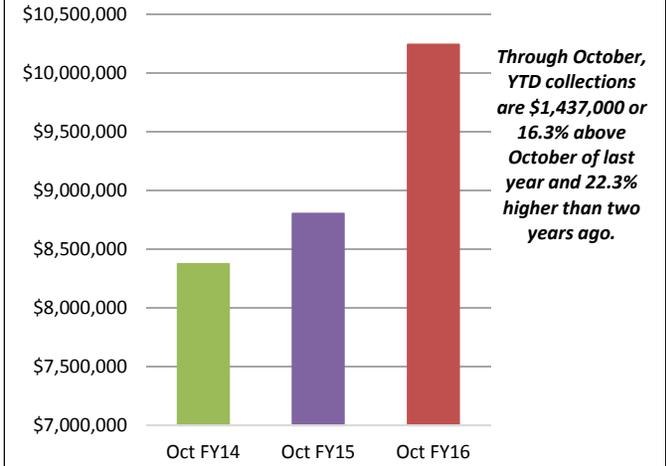


\*YTD through October is \$969,000 or 10.4% above the FY16 estimate

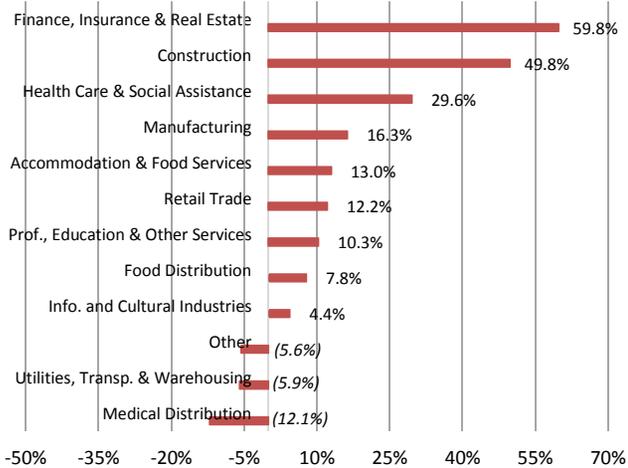
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



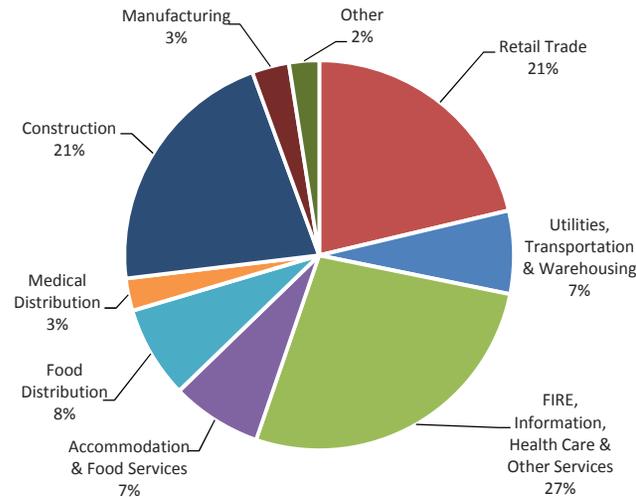
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**Chart 4: GRT Distribution by Industry FY16 YTD compared to FY15 YTD**



**Chart 5: GRT Distribution by Industry FY16 YTD**



**Chart 6: Changing Composition of GRT**

