

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

MEMORANDUM

DATE: February 22, 2016

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: **February Gross Receipts Tax and Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for February GRT collections. For the month, the City’s GRT distribution to the General Fund totaled \$2,375,917, which was \$346,000 or 12.7% below the budget estimate for the month and 13.5% below the amount received in February last year.

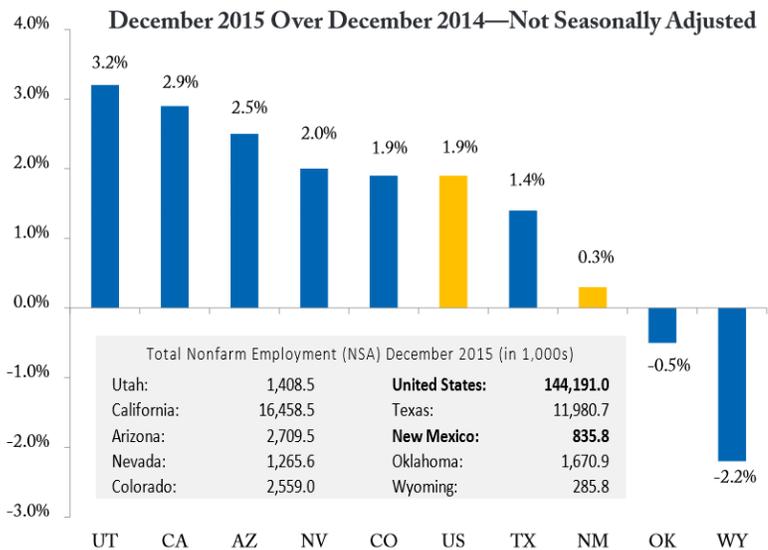
Historically, the February distribution is the largest of the year as it represents activity from the December holiday shopping season. This year’s February allocation was disappointing, but without additional information from the state we are uncertain whether it represents a new trend in the underlying economic activity or simply a delay in disbursements that will be offset in the coming months. Year-to-date collections remain \$632,000 or 3.4% above the FY2016 budget and 6.6% above GRT revenue at this time last year.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page. Note that all but three industries have positive year-to-date growth trends.

Labor Market Indicators

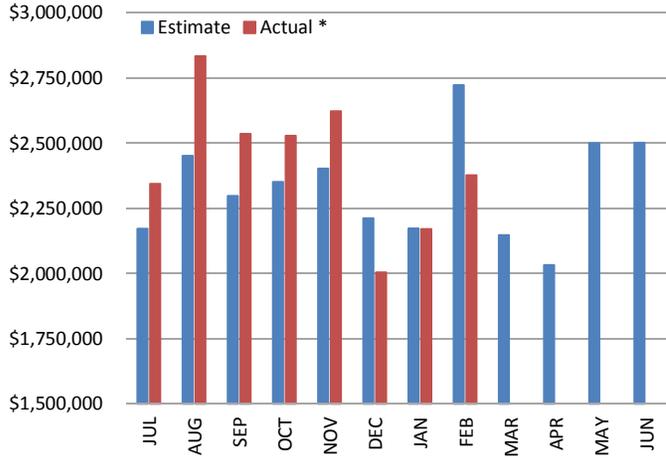
The Department of Workforce Solutions *Labor Market Review* for January 2016 will not be available until the end of March; therefore, updated employment information is not available at this time. To the right is a chart from the December 2015 report comparing job growth in New Mexico to surrounding western states and the U.S. State economists attribute New Mexico’s flagging job growth mainly to falling global oil prices that have contracted employment in mining and related industries throughout the state.

Current Regional Nonfarm Employment Growth



Rio Rancho Gross Receipts Tax Dashboard

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



*YTD through February is \$632,000 or 3.4% above the FY16 estimate

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

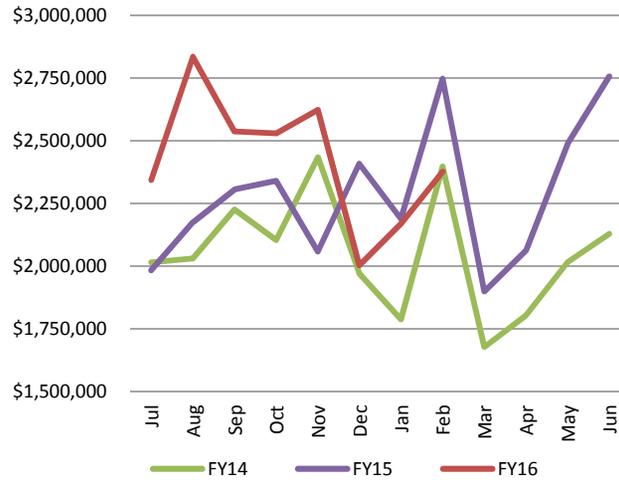


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

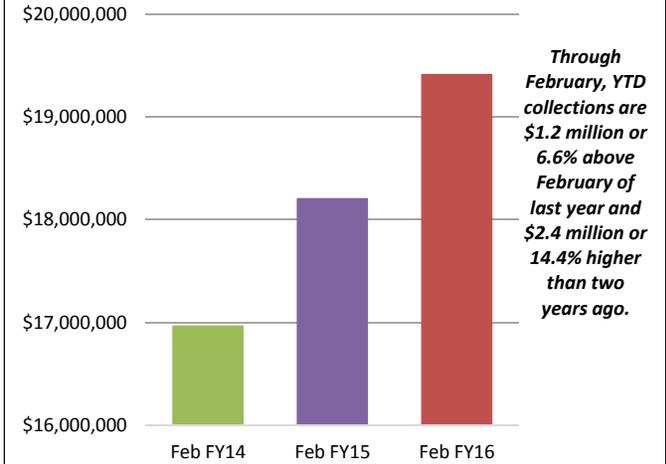


Chart 4: GRT Distribution by Industry FY16 YTD compared to FY15 YTD

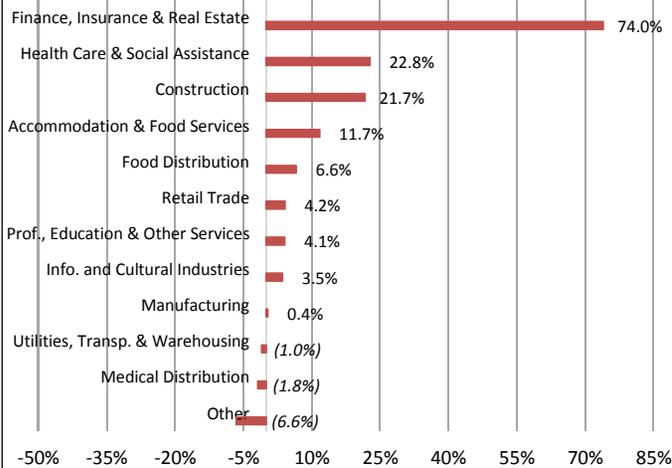


Chart 5: GRT Distribution by Industry FY16 YTD

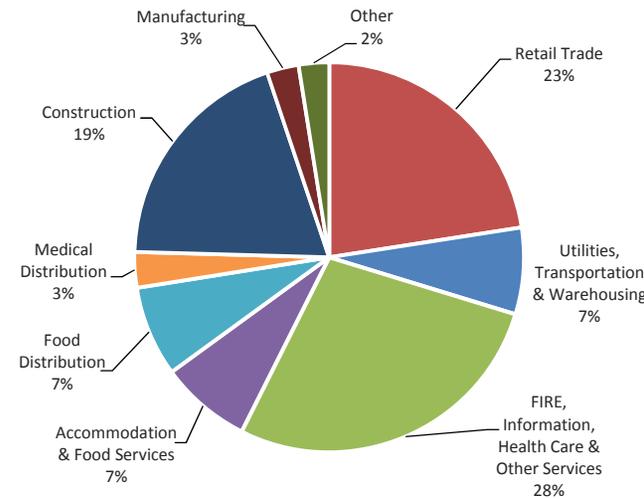


Chart 6: Changing Composition of GRT

