CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: July 18, 2011

TO: Mayor Thomas Swisstack
Michael J. Williams, Council Member
Patricia Thomas, Council Member
Tamara L. Gutierrez, Council Member
Steven L. Shaw, Council Member
Timothy C. Crum, Council Member
Kathleen Colley, Council Member
James Jimenez, City Manager
Laura Fitzpatrick, Assistant City Manager

FROM: Olivia Padilla-Jackson, Financial Services Director

SUBJECT: **July 2011 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of July, which is based on May economic activity, was $2,197,582 after adjustments, $103,788 or 4.96 percent above the monthly estimate (see Attachment 1, FY12 Gross Receipts Tax Revenue Estimate vs. Actual). Below are some highlights of this month's distribution.

- The July GRT distribution increased almost 20 percent from the July 2010 distribution. The primary sectors contributing to this strength were Services, Transportation and Communications (unusually low July 2010 distribution due to timing of filing), and Construction.

- The Services sector increased 55 percent from July of 2010 to $735,0491, the highest monthly distribution on record (with the exception of last month due to an unusual spike in the Healthcare and Social Assistance subsector. The Services Sector is one of the key indicators for Rio Rancho economic activity and overall health. GRT from Services was fairly stable through the worst of the recession, and has begun to trend upward over the past year and half. Last month, if you recall, showed an unusual spike due to what appeared to be amended returns in the Healthcare and Social Assistance sector. This month, this sector was about 28,000 above the long-term average.

- Retail revenue, the largest single sector in terms of revenue, was basically unchanged

1 Individual sector amounts do not add to the total General Fund distribution, as the TRD sector data includes TRD admin fees, GRIP and TIDD distribution amounts, and does not reflect the adjustments for GRT bond debt service.

from one year ago. This revenue has been fairly steady, occasionally experiencing $1 million plus spikes related to Christmas sales and occasionally in certain summer months. That said, revenue from this sector saw its third consecutive $1 million plus distribution (there has never been more than two consecutive $1 million plus months).

- Construction GRT revenue increased about 30 percent from July of 2010. After increasing steadily from a recession low in October of 2010, revenue from construction has appeared to have stabilized settling into the $500,000 average range. Monthly revenue from the UNM Sandoval County Regional Medical Center is expected to slow toward the end of calendar year 2011.

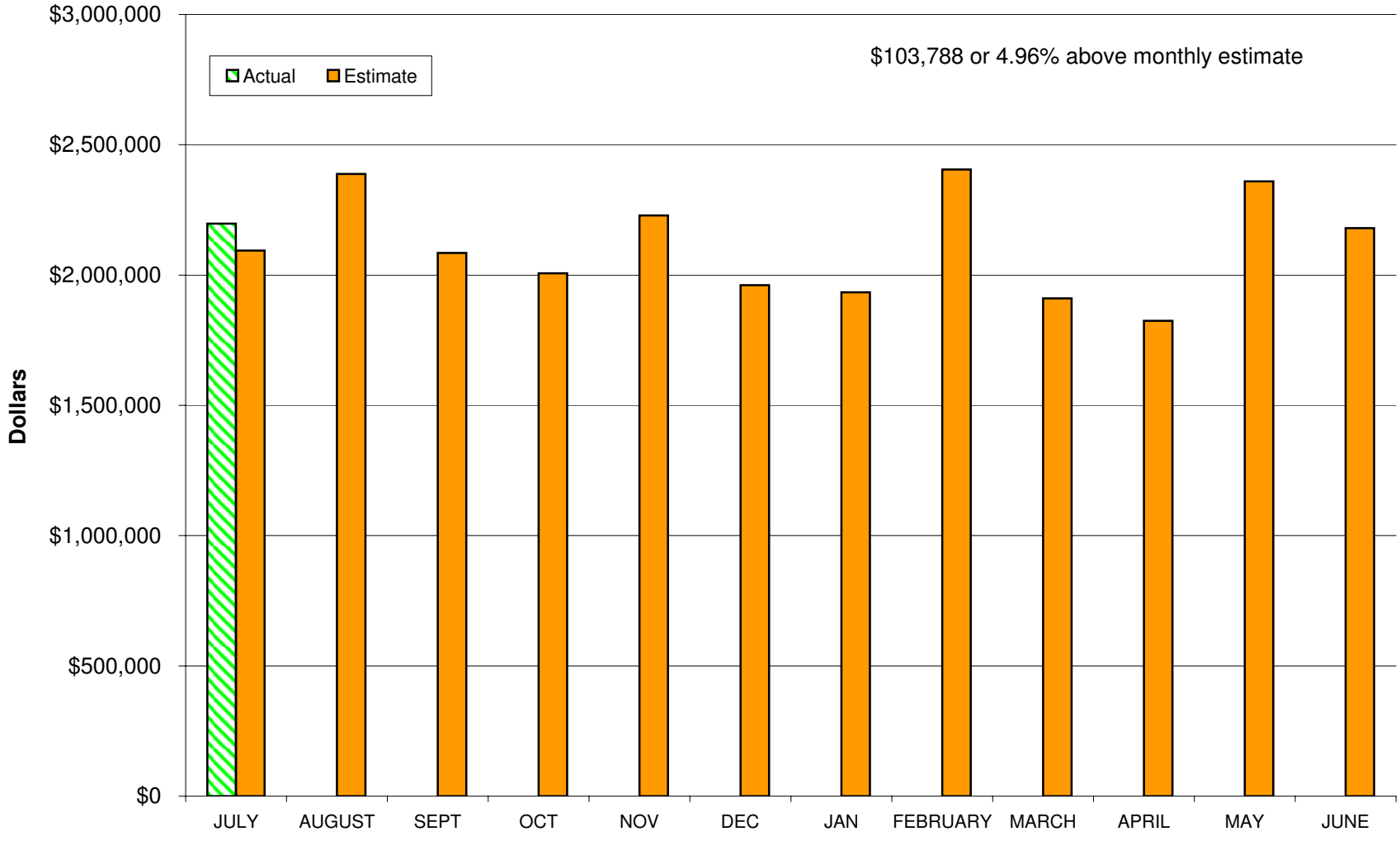
- The Transportation, Communications, and Utilities (TCU) sector saw a slightly above average monthly distribution this month, at $258,062. Comparisons to last July are difficult due to a timing issue whereby last July's amount was unusually low, at about 58,000 and then made up for it the following month.

- Manufacturing increased 168 percent from July of 2010 at $28,522.

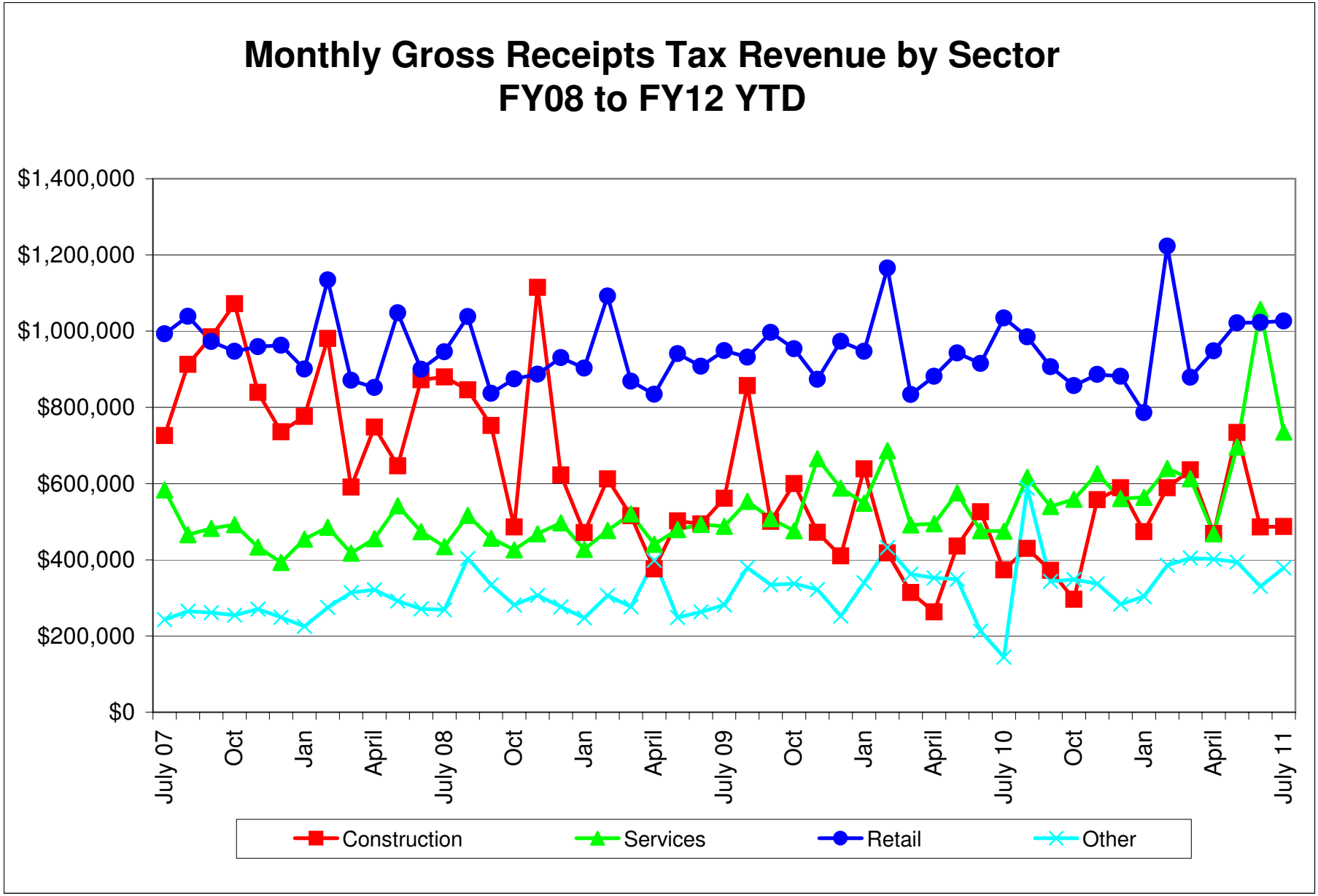
Attachment 2 shows the amounts of GRT collected by NAICS category and compares YTD revenue and percent of total to the prior fiscal year. Attachments 3 and 4 illustrate the trends in Gross Receipts Tax revenues by monthly totals and major sector activity.

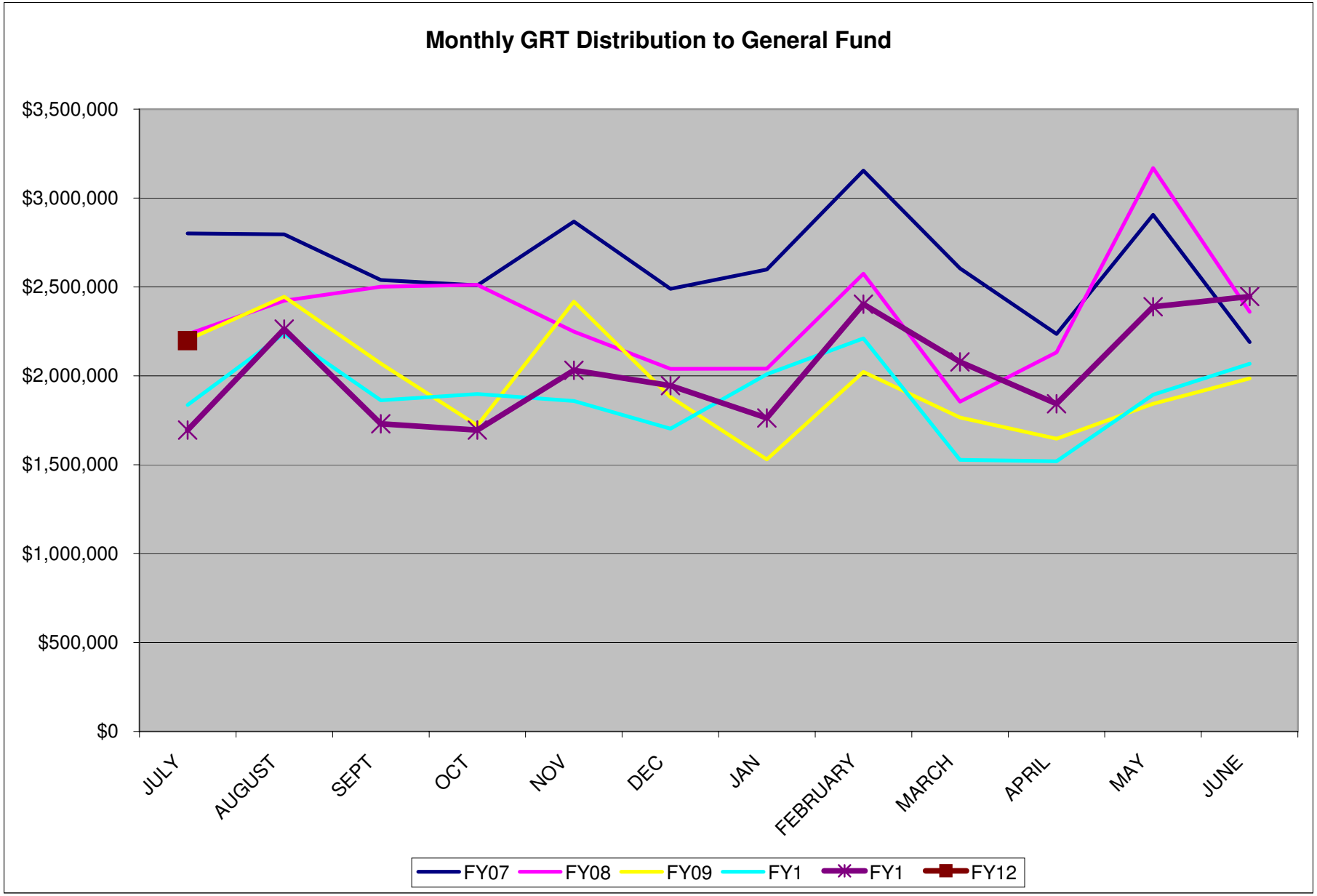
ATTACHMENT 1

FY12 Gross Receipts Tax Revenue
Estimate vs. Actual



	July (May Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D $ Change Over FY11
Construction	$487,430	$487,430	$373,614		
	17.05%	17.05%	16.43%	30.46%	$113,816
Manufacturing	$28,522	$28,522	$10,637		
	1.00%	1.00%	0.47%	168.14%	$17,885
Trans/Comm/Util	$258,062	$258,062	$59,411		
	9.03%	9.03%	2.61%	334.37%	$198,651
Wholesale Trade	$29,570	$29,570	$19,497		
	1.03%	1.03%	0.86%	51.67%	$10,073
Retail Trade	$1,026,480	$1,026,480	$1,034,831		
	35.90%	35.90%	45.49%	-0.81%	($8,351)
Fin/Ins/Real Estate	$62,203	$62,203	$54,175		
	2.18%	2.18%	2.38%	14.82%	$8,028
Services	$735,049	$735,049	$474,803		
	25.71%	25.71%	20.87%	54.81%	$260,246
Other	$232,058	$232,058	$247,690		
	8.12%	8.12%	10.89%	-6.31%	($15,632)
Total GRT Receipts	$2,859,373	$2,859,373	$2,274,656	25.71%	$584,717
Adjustment/Reclass	($661,791)	($661,791)	($580,088)		
General Fund	**$2,197,582**	**$2,197,582**	**$1,694,568**	**29.68%**	**$503,014**


Monthly Gross Receipts Tax Revenue by Sector
FY08 to FY12 YTD
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
July 07
Oct
Jan
April
July 08
Oct
Jan
April
July 09
Oct
Jan
April
July 10
Oct
Jan
April
July 11
Construction
Services
Retail
Other


Monthly GRT Distribution to General Fund
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
JULY
AUGUST
SEPT
OCT
NOV
DEC
JAN
FEBRUARY
MARCH
APRIL
MAY
JUNE
FY07
FY08
FY09
FY1
FY1
FY12