CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: October 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: **October 2011 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of October, which is based on August economic activity, was $2,375,031 after adjustments, $384,887 or 19.3 percent above the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is $605,841, or 7.1 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 October GRT distribution increased approximately 40 percent from the October 2010 distribution, with about 12 percent of the growth stemming from the increase in the GRT rate. In addition to the increased GRT rate, the primary sectors contributing to this year-over-year strength are Construction, Retail, and Services.

- Construction GRT revenue increased 132 percent from October of 2010 to $686,088 before adjustments. Commercial construction activity continues to provide the primary support for the Construction GRT revenue. Monthly revenue from the Sandoval County Regional Medical Center is currently very strong, but is expected to slow toward the end of calendar year 2011.

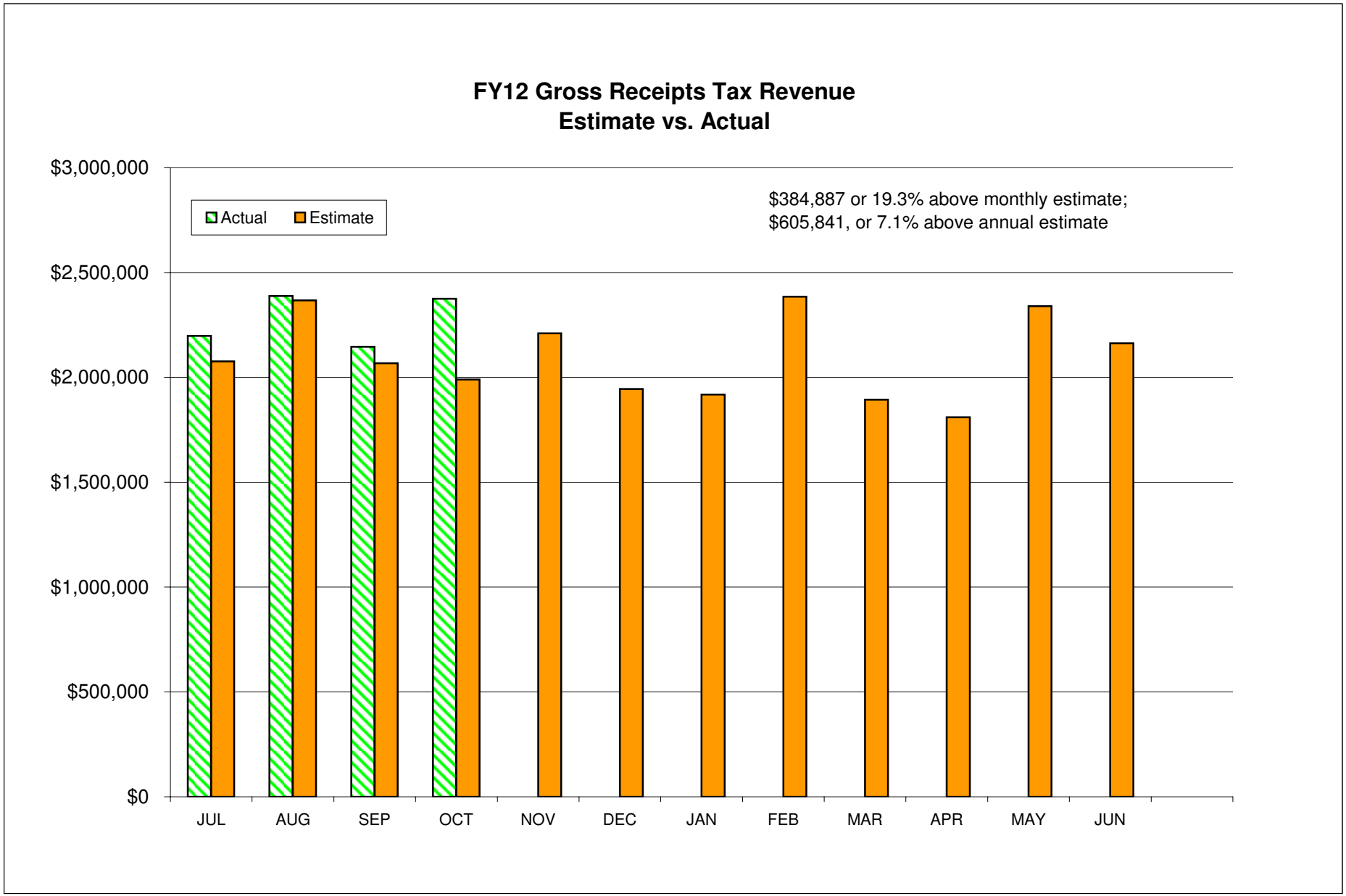
- Retail sector revenue, the largest revenue category, grew 25 percent from October of 2010 to $1,066,840. After remaining stable through the recession, this revenue has been growing steadily over the past six months or so, and has been over $1 million each month since May of 2011 (previously, there had never been more than two consecutive months of distributions over $1 million).

- The Services sector revenue increased 25 percent from October of 2010 to $699,793. 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 remained consistently above the key $600,000 level since May of 2011. This month saw the first GRIP distribution to Rio Rancho Premiere Cinemas (for June activity only) which totaled approximately $5,400 to Premiere Cinemas and a net payment to the City of approximately $6,100.

- The Utilities, Transportation and Warehousing sector saw a 32 percent increase from the amount one year ago to $345,506. The majority of revenues from this sector stem from utility revenues.

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

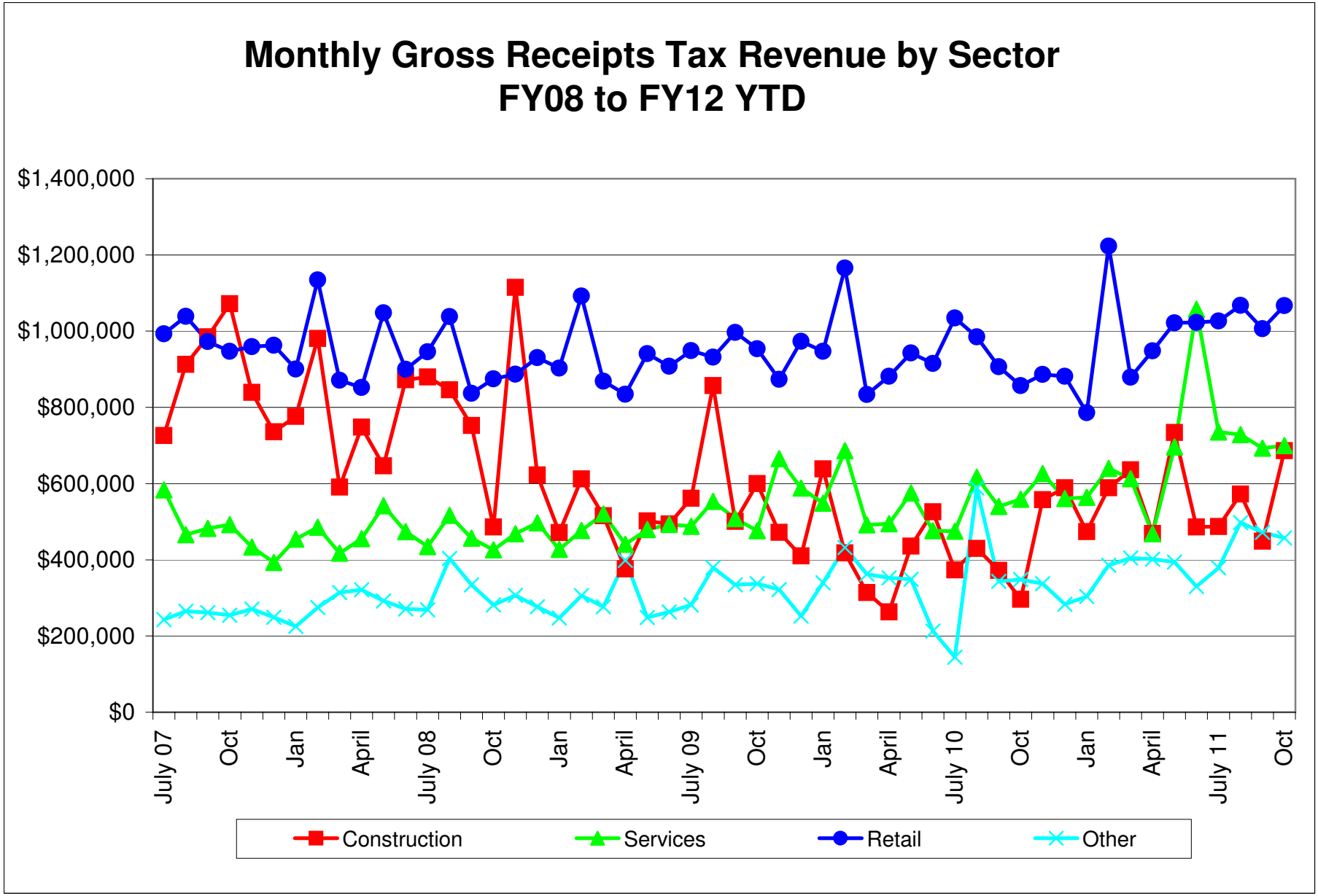
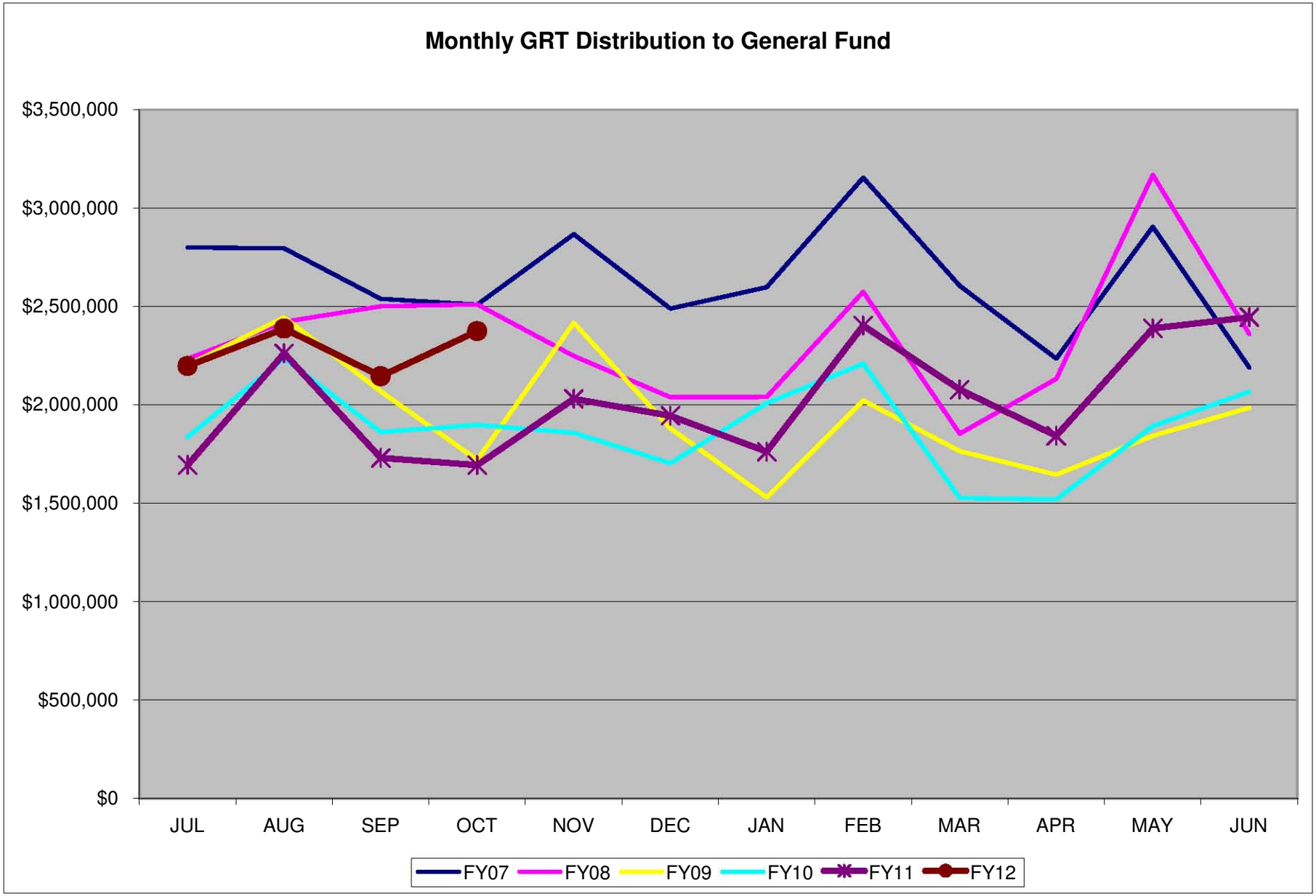


ATTACHMENT 2

Monthly GRT Distribution Amounts by Sector

	October (August Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D $ Change Over FY11
Construction	$686,088	$2,194,782	$1,471,434		
	22.63%	18.78%	15.12%	49.16%	$723,347
Manufacturing	$27,214	$110,745	$71,989		
	0.90%	0.95%	0.74%	53.84%	$38,756
Util/Trans/Warehousing	$345,506	$1,289,139	$1,020,360		
	11.40%	11.03%	10.48%	26.34%	$268,779
Wholesale Trade	$25,044	$134,044	$96,171		
	0.83%	1.15%	0.99%	39.38%	$37,874
Retail Trade	$1,066,840	$4,167,381	$3,783,391		
	35.19%	35.65%	38.88%	10.15%	$383,990
Fin/Ins/Real Estate	$56,991	$261,955	$229,326		
	1.88%	2.24%	2.36%	14.23%	$32,628
Services	$699,793	$2,855,921	$2,190,302		
	23.09%	24.43%	22.51%	30.39%	$665,619
Other	$158,860	$794,643	$940,012		
	5.24%	6.80%	9.66%	-15.46%	($145,369)
Admin, Penalty, & Interest	($35,027)	($119,402)	($71,322)		
Total GRT Receipts	$3,031,309	$11,689,209	$9,731,664	20.12%	$1,957,545
Adjustment/Reclass*	($656,277)	($2,582,343)	($2,369,844)		
General Fund	**$2,375,032**	**$9,106,866**	**$7,361,820**	**23.70%**	**$1,745,046**

*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
$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
Oct
Construction
Services
Retail
Other

ATTACHMENT 4