

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

MEMORANDUM

DATE: May 19, 2014

TO: Mayor Gregory Hull
Council Members: Chuck Wilkins, Dawnn Robinson, Cheryl Everett, Mark Scott,
Shelby Smith, and Lonnie Clayton
Keith Riesberg, City Manager and Laura Fitzpatrick, Assistant City Manager

FROM: Marta Ortiz, Interim Financial Services Director

SUBJECT: **May 2014 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for May, which is based on March economic activity, was \$2,015,805 after adjustments, \$158,473 or 12.1 percent below the monthly estimate. The reason for the decrease is primarily related to Construction, Finance and Insurance, and Retail sectors showing 12.2, 39.3 and 4.7 percent, respectively, decrease from last May.

Fiscal year to date, GRT distributions are 1.2 percent or (\$283,902) below the annual estimate; which results in the budget projection variance of 1.1 percent. Still, the comparison fiscal year to date actual is 0.7 percent above FY13 actual. Below are highlights of the month's distribution and attached is the Gross Receipts Tax Dashboard showing notable GRT trends.

- This month's total Construction sector distribution was \$536,929, or 12.2 percent lower than fiscal year to date through May of 2013 and lower than the FY13 monthly average of \$126,478 or 30.3 percent.
- The Manufacturing distribution grew substantially from last May fiscal year to date, growing \$536,929 or 84.2 percent; on the other hand, the utilities distribution declined \$567,313 or 16.2 percent. The net effect of these two sectors shows a slight decline of \$61,797 from one year ago. Manufacturing companies are continuing to remit GRT on various utility expenditures, including electricity, instead of the utility companies. This change in reporting of the manufacturing distribution has lapsed one year; therefore, the month over month comparison shows a modest variance.
- The other two major sectors, Retail and Services, show a slight change compared to one year ago. Retail is 1.2 percent lower, fiscal year to date, while Services are higher by 3.5 percent. Within the Retail sectors, food related sales are slightly higher or 3.7 percent compared to the same period last year. Within the Services sector, the Admin and Support and Educational sectors are 20.1 and 26.8 percent, respectively, higher compared to the same time last year.

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Total Monthly GRT Distribution

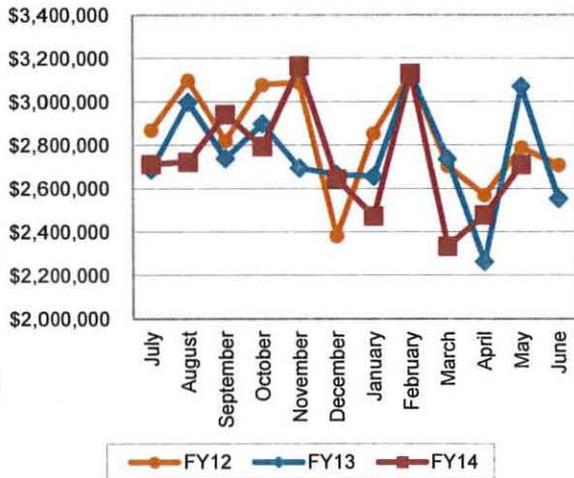


Chart 2: FY14 Gross Receipts Tax Monthly Revenue General Fund Estimate vs. Actual

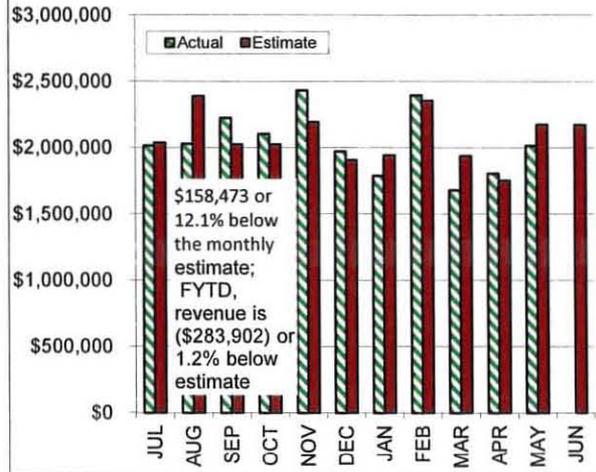


Chart 3: FY14 YTD Total GRT Distribution compared to FY13 YTD through May

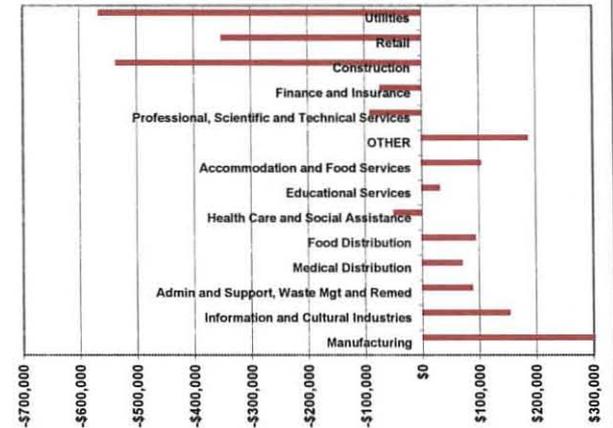


Chart 4: Health Care and Social Assistance and Medical Hold Harmless Distribution

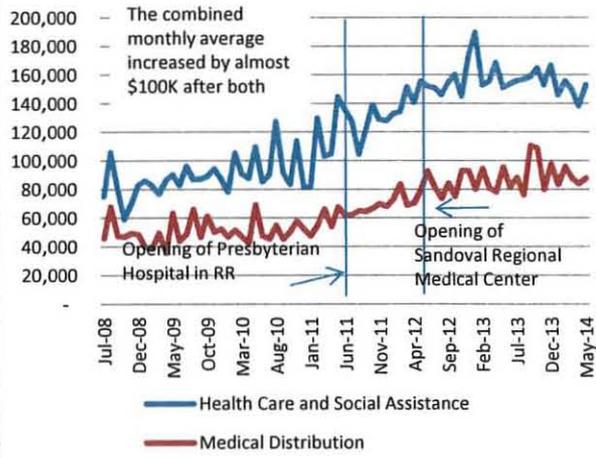


Chart 5: Accommodation and Food Services and Food Hold Harmless Distribution

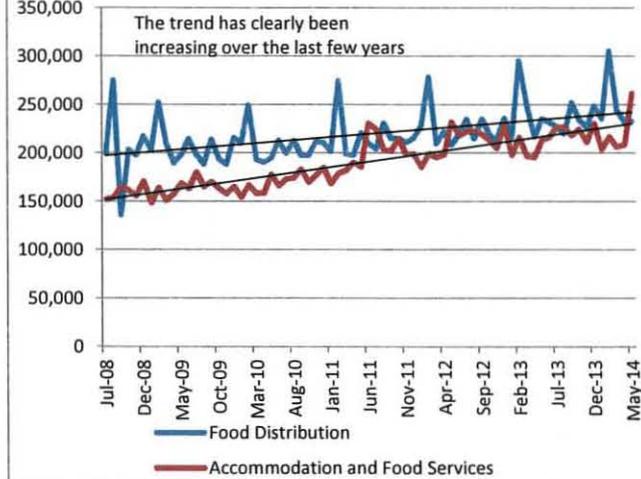


Chart 6: Manufacturing and Utilities GRT Distribution

