

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

MEMORANDUM

DATE: November 24, 2014

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

FROM: Dan Olsen, Financial Services Director

SUBJECT: November Gross Receipts Tax and Latest Economic Data

Attached is the monthly dashboard for November GRT collections.

Gross Receipts Tax

The General Fund GRT distribution for November was \$2,057,868, which was \$350,000 or 14.5 percent below the budgeted monthly estimate. According to the State Tax and Revenue Department (TRD), November's distribution was lower than expected because a few large companies filed their GRT returns one day late. TRD expects the City's December distribution will include amounts from these late returns, which will improve the City's forecast for the remainder of FY15.

Still, year-to-date GRT revenue is \$827,000 or 7.1 percent below budget and is currently at the same level as this time last year. Combined with a revised economic forecast from UNM, the recent data necessitate an adjustment to the FY15 GRT revenue budget, which will be included in the mid-year adjustments. We will also propose reductions in certain expenditures to compensate for the lower GRT revenues.

Following are highlights from the November GRT data:

- The Retail sector was 5.4 percent higher than November last year, showing continued improvement over the declines during the first two months of this fiscal year. However, year-to-date distributions for this sector remain 0.9 percent lower than last year.
- The Construction sector continues to improve, with an increase of 38 percent over November 2013 and year-to-date growth of 21.1 percent.
- The Utilities/Transportation/Warehousing and Manufacturing sectors have fallen off sharply, posting year-to-date declines of 26 and 29 percent, respectively.

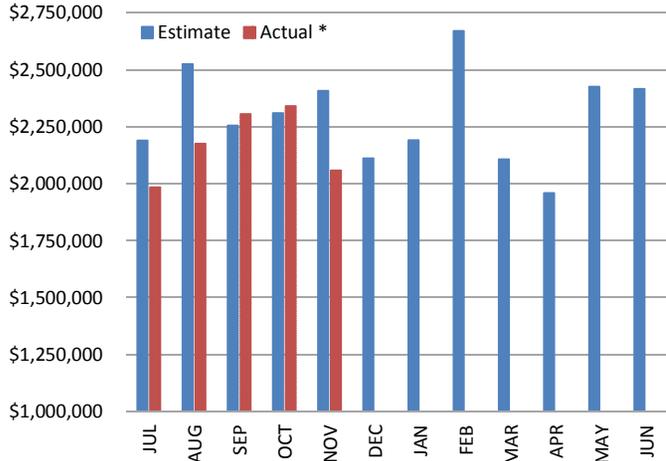
Unemployment and Jobs

The unemployment rate for the Albuquerque MSA was 6.3 percent in October, down from 6.4 percent in September and 7.0 percent last year (figures are not seasonally adjusted). Total employment in the area grew 0.9 percent over last year, adding a net 3,100 jobs.

New Mexico's statewide unemployment rate fell from 6.6 percent in September to 6.5 percent in October, and job growth was 1.1 percent, representing a net gain of 9,100 jobs statewide. In comparison, the national unemployment rate fell from 5.9 percent to 5.8 percent.

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY15 Estimate vs. Actual



*YTD through November is (\$827,000) or 7.1% below the FY15 estimate

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

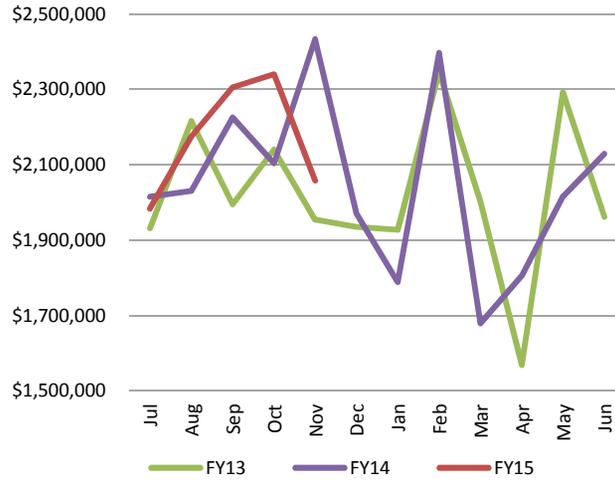


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years, as of November

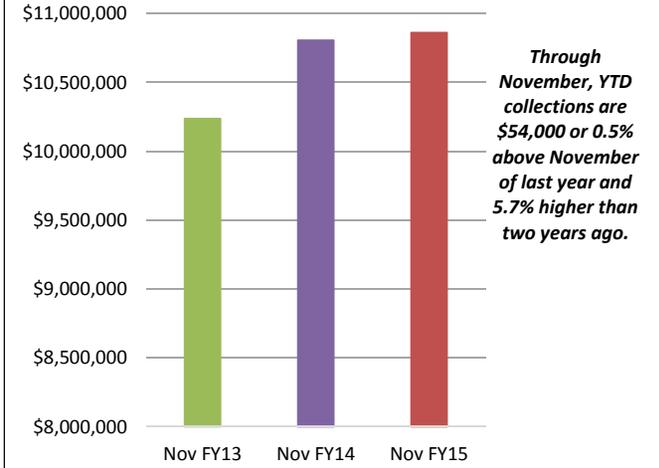


Chart 4: GRT Distribution by Industry FY15 YTD compared to FY14 YTD through November

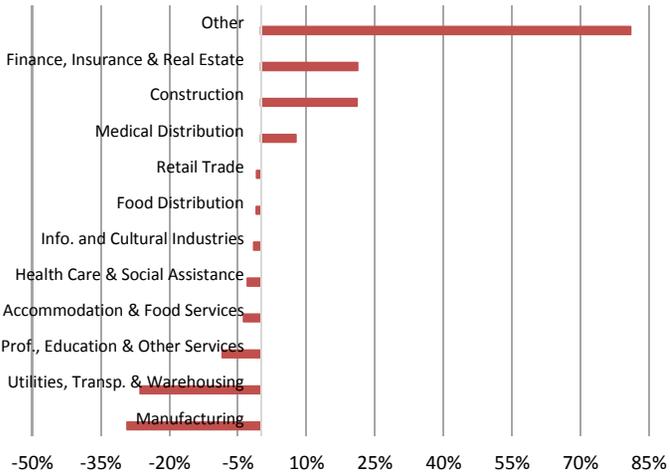


Chart 5: GRT Distribution by Industry FY15 YTD

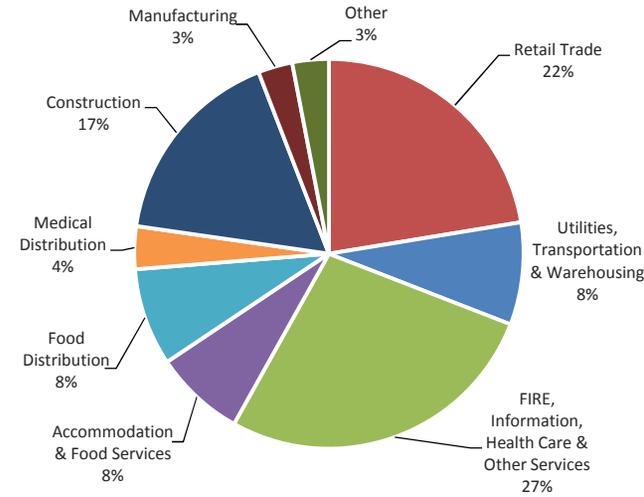


Chart 6: Changing Composition of GRT

