

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

MEMORANDUM

DATE: August 16, 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: **August 2011 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of August, which is based on June economic activity, was \$2,388,554 after adjustments, \$20,877 or 0.9 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.

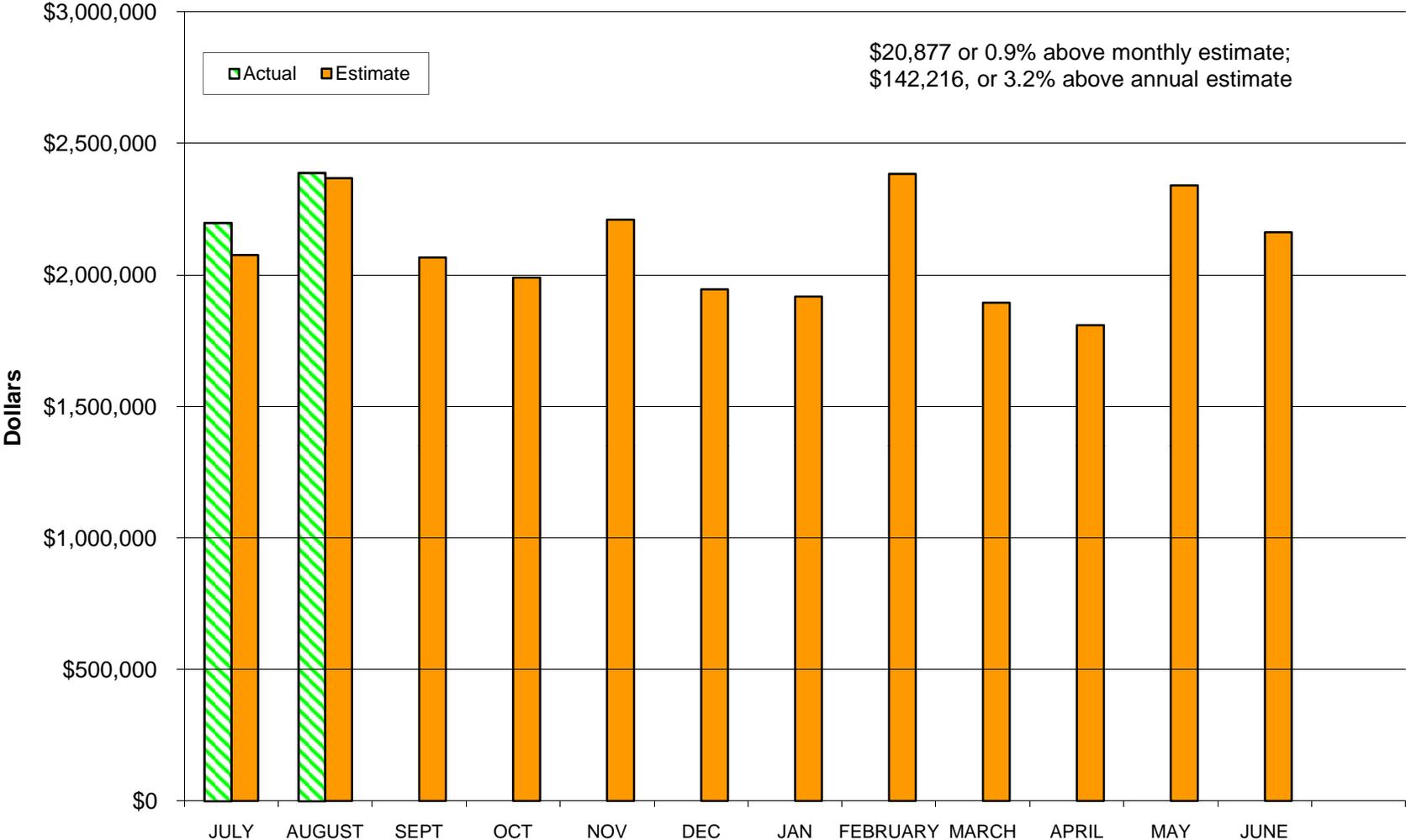
- The August GRT distribution increased almost 9 percent from the August 2010 distribution. The primary sectors contributing to this strength were Construction, Services, and Retail.
- Construction GRT revenue increased about 33 percent from August of 2010 to \$572,329. Commercial construction activity continues to provide the primary support for the Construction GRT revenue. According to UNM, monthly revenue from the Sandoval County Regional Medical Center is fairly strong currently, but is expected to slow toward the end of calendar year 2011.
- The Services sector revenue increased 18 percent from August of 2010 to \$728,232, just slightly below last month's record high level (with the exception of a one-time spike in June 2011 due to an amended return in the Healthcare Sector). 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.
- Retail sector revenue, the largest category type in terms of revenue, grew 8 percent from

August of 2010 to \$1,067,493. This revenue has been fairly steady, occasionally experiencing \$1 million plus spikes related to Christmas sales and occasionally in certain summer months. However, revenue from this sector has enjoyed its fourth consecutive \$1 million plus distribution (there has never been more than two consecutive \$1 million plus months).

- The Transportation, Communications, and Utilities (TCU) sector saw a 25 percent decline from the amount one year ago to \$340,130, but that was due to timing issues last year that saw a catch up in August from an extremely low distribution in July of 2010. In fact, aside from the August 2010 high, this month saw the highest monthly distribution since April of 2009.
- Wholesale Trade increased 55 percent from August of 2010 to \$56,300, more than double its long-term average amount.

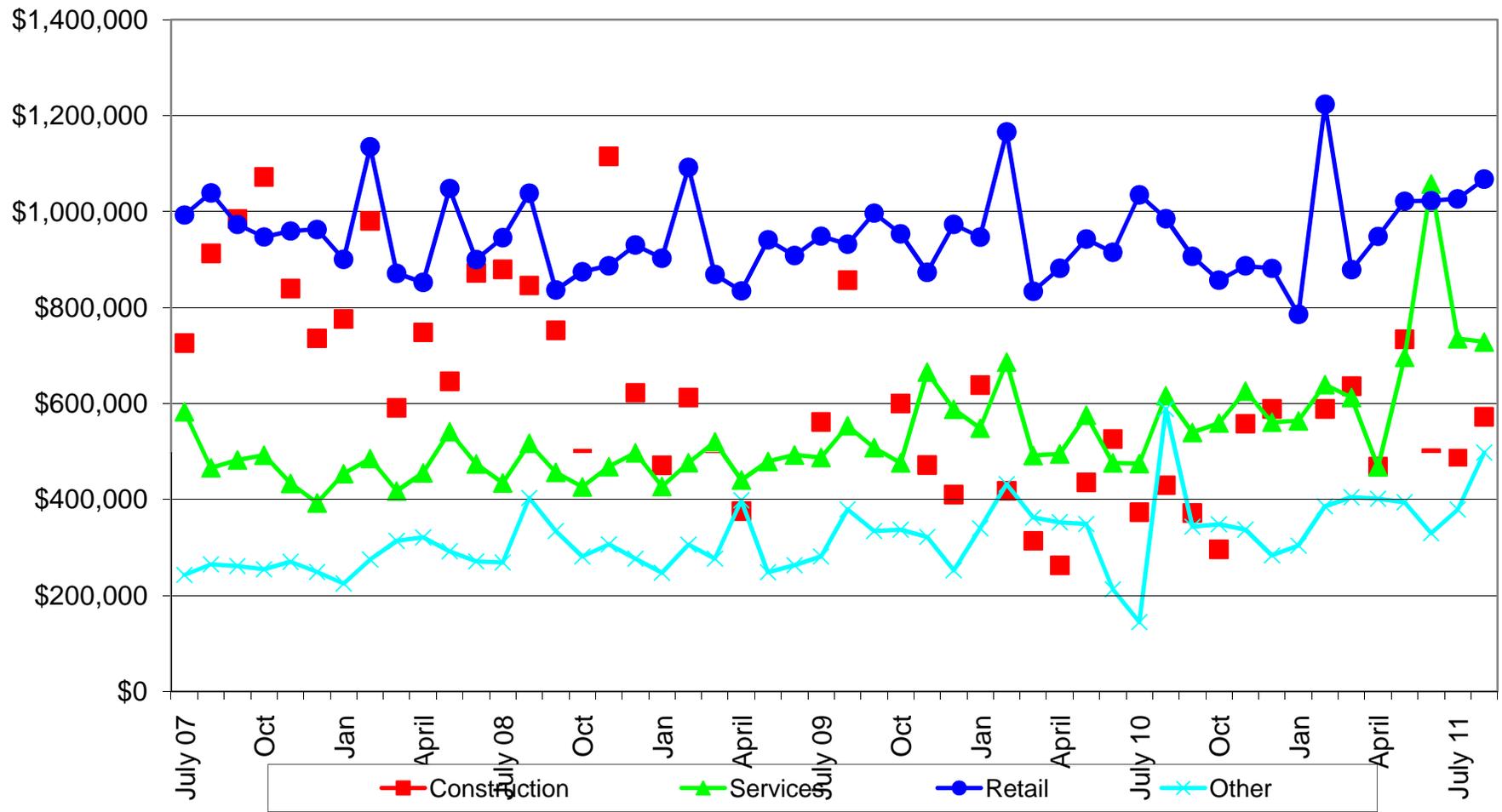
Attachment 2 shows the amounts of GRT collected by NAICS category and compares YTD revenue and percent of total to the prior fiscal year. Attachments 3 and 4 illustrate the trends in Gross Receipts Tax revenues by monthly totals and major sector activity.

# FY12 Gross Receipts Tax Revenue Estimate vs. Actual



	<u>August</u> (June Activity)	<u>FY12 Y-T-D</u>	<u>FY11 Y-T-D</u>	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$572,329 18.59%	\$1,059,759 17.85%	\$803,304 15.54%	31.92%	\$256,455
Manufacturing	\$25,720 0.84%	\$54,242 0.91%	\$38,569 0.75%	40.64%	\$15,673
Trans/Comm/Util	\$340,130 11.05%	\$598,192 10.08%	\$511,651 9.90%	16.91%	\$86,541
Wholesale Trade	\$56,300 1.83%	\$85,870 1.45%	\$55,931 1.08%	53.53%	\$29,939
Retail Trade	\$1,067,493 34.68%	\$2,093,973 35.27%	\$2,020,094 39.09%	3.66%	\$73,880
Fin/Ins/Real Estate	\$69,543 2.26%	\$131,746 2.22%	\$120,510 2.33%	9.32%	\$11,236
Services	\$728,232 23.66%	\$1,463,281 24.65%	\$1,091,361 21.12%	34.08%	\$371,920
Other	\$218,227 7.09%	\$450,285 7.58%	\$526,196 10.18%	-14.43%	(\$75,910)
Total GRT Receipts	<u>\$3,077,974</u>	<u>\$5,937,348</u>	<u>\$5,167,614</u>	14.90%	<u>\$769,734</u>
Adjustment/Reclass	(\$689,420)	(\$1,351,211)	(\$1,231,480)		
<b>General Fund</b>	<b>\$2,388,554</b>	<b>\$4,586,137</b>	<b>\$3,936,134</b>	<b>16.51%</b>	<b>\$650,002</b>

## Monthly Gross Receipts Tax Revenue by Sector FY08 to FY12 YTD



Monthly GRT Distribution to General Fund

