DATE: October 27, 2015

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

FROM: Dan Olsen, Financial Services Director

SUBJECT: October Gross Receipts Tax and Latest Labor Market Indicators

Gross Receipts Tax
Attached please find the monthly dashboard for October GRT collections.

The City’s October GRT distribution to the General Fund totaled $2,527,661, which is $177,000 or 7.5 percent above the budget estimate for the month and 8.0 percent above the amount received in October 2014. Year-to-date collections are 16.3 percent above the amount received in the same period last year, compared to the 3.4 percent baseline growth estimate included in the fiscal year 2016 budget. While the trend continues to be positive, the Finance Department reiterates its position that any excess GRT revenue above budget should be considered one-time funds and should not be used to fund ongoing expenditures.

Recently, one local group suggested that the City may have an extra $5 million in GRT revenue above budget, based on its analysis of first quarter collections. For that to happen, GRT would have to grow 22.5 percent each month for the next eight months. The Finance Department believes this is not a realistic expectation, especially given that the rate of GRT growth has slowed in the last two months. The Finance Department will incorporate next month’s UNM updated economic forecast into our revenue models to produce a revised GRT revenue estimate for fiscal year 2016. That revision will be included in the City’s mid-year budget adjustments.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page.

Labor Market Indicators
The seasonally adjusted unemployment rate for August in the Albuquerque MSA was 6.2 percent, up from 6.1 percent in July. New Mexico’s seasonally adjusted unemployment rate was 6.7 percent in August, up from 6.5 percent in July and up from 6.4 percent a year ago. In contrast, the national unemployment rate was 5.1 percent, down from 5.3 percent in July and down from 6.1 percent in August 2014.

The chart at the right displays August job growth rates for selected western states.

Source: NM Dept. of Workforce Solutions
Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue**
General Fund FY16 Estimate vs. Actual

*YTD through October is $969,000 or 10.4% above the FY16 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

*Through October, YTD collections are $1,437,000 or 16.3% above October of last year and 22.3% higher than two years ago.*

**Chart 4: GRT Distribution by Industry**
FY16 YTD compared to FY15 YTD

**Chart 5: GRT Distribution by Industry FY16 YTD**

**Chart 6: Changing Composition of GRT**