DATE: April 28, 2016

TO: Mayor Greggory Hull, Council Members Jim Owen, Dawnn Robinson, Cheryl Everett, Marlene Feuer, Shelby Smith, and Dave Bency
Keith Riesberg, City Manager
John Craig, Deputy City Manager

FROM: Dan Olsen, Financial Services Director

SUBJECT: April Gross Receipts Tax and Recent Labor Market Indicators

Gross Receipts Tax
Attached please find the monthly dashboard for April GRT collections. For the month, the City’s GRT distribution to the General Fund totaled $2,221,469, which was $190,000 or 9.3% above the budget estimate for the month and 7.7% above the amount received in April last year. Year-to-date collections remain $950,000 or 4.1% above the FY2016 budget and 7.9% above GRT revenue at this time last year.

The April distribution was accompanied by a letter from the State Tax and Revenue Department (TRD) explaining several corrections to prior months’ hold-harmless distribution amounts. Although the net effect of the corrections had minimal impact on the April distribution amount, TRD has fixed its formulae for calculating the City’s future hold-harmless distributions. Going forward, we expect to see a bigger impact of the required 6% annual reductions in food and medical hold-harmless amounts. Although we account for these reductions in our budget projections, over time the compounding effect of this lost revenue will have a significant impact on the General Fund.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page. Note that all but two industries have positive year-to-date growth trends.

Labor Market Indicators
In March, employment in the Albuquerque MSA increased 0.8%, adding 2,900 jobs. The seasonally adjusted unemployment rate for March was 5.6%, down from 5.7% in February and down from 6.3% a year earlier.

New Mexico’s seasonally adjusted unemployment rate was 6.2% in March, down from 6.4% in February and down from 6.5% a year ago. In contrast, the national unemployment rate was 5.0%, up from 4.9% in February and down from 5.5% in March 2015.

The chart above displays job growth in New Mexico compared to other western states over the past twelve months. As the chart demonstrates, oil-producing states such as Texas, New Mexico, Oklahoma, and Wyoming have seen slow or falling job numbers due to the continued decline in the price of oil. The latest copy of the state’s monthly Labor Market Review can be found here.
Rio Rancho Gross Receipts Tax Dashboard

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

*YTD through April is $950,000 or 9.3% 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 April, YTD collections are $1.7 million or 7.9% above April of last year and $3.5 million or 16.9% 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

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