CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: March 18, 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: March 2011 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of March, which is based on January activity, was \$2,078,236.40 after deductions, \$183,957 above the monthly estimate (see Attachment 1, FY11 Gross Receipts Tax Revenue Estimate vs. Actual). Year-to-date Fiscal Year 2011 (FY11), GRT revenue is \$815,603 or 4.86 percent higher than the annual estimate and approximately 2.68 percent higher than FY10 through the same period. March marks the first distribution month for the newly enacted 0.25 percent municipal GRT tax increment. This new rate was factored into the monthly estimate and is estimated to have contributed about \$156,000 to the monthly estimate.

Attachments 3 and 4 illustrate the trends in Gross Receipts Tax revenues by monthly totals and major sector activity. Below are some highlights of these graphs.

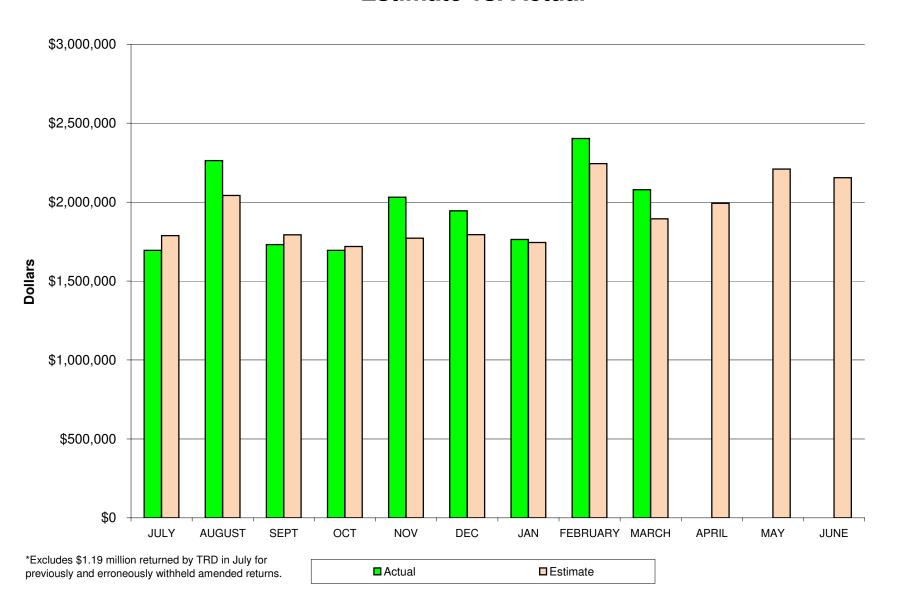
- The March GRT distribution was 36 percent above the March 2010 amount and the highest March distribution since March of 2007. YTD, construction and retail activity continue to be the most significant drag, though both sectors continue to improve. Utilities, telecom, and services are significantly higher compared to FY10.
- Construction GRT revenue increased over 102 percent from March 2010, which is attributed to the two hospital construction projects and other commercial projects underway. As noted recently, the strength of these commercial projects has greatly improved the overall GRT revenue since the low of October. As of March, GRT revenue from construction activity is down 9.54 percent compared to the same period last year, or

\$455,399 lower. This is a significant improvement from the low in October when construction was down 41.6% YTD compared to FY10.

- Retail revenue was about 5 percent higher than the amount in March 2010. Revenue from retail activity is about 2.1 percent lower than FY10, improving each month.
- The Services sector revenue was 24.6 percent higher than March 2010. Compared to FY10 YTD, this revenue is 5 percent higher.
- The Transportation, Communications, and Utilities (TCU) sector revenue is 3.6 percent higher compared to last March. This sector is about 7.3 percent higher compared to the same period in FY10, which appears to be related to higher electricity prices.
- Manufacturing GRT was about \$2,347.70, or about 12 percent lower than last March. Fiscal year to date, Manufacturing is about 17 percent lower compared with the same period last fiscal year.

Please see Attachment 2 that shows the amounts of GRT collected by industry and compares YTD revenue and percent of total to the prior fiscal year.

FY11 Gross Receipts Tax Revenue Estimate vs. Actual



FY11 GROSS RECEIPTS REVENUES

| | <u>March</u> | FY11 Y-T-D | FY10 Y-T-D | Y-T-D | Y-T-D |
|---------------------|--------------------|---------------|---------------|-----------------------|------------------------|
| | (January Activity) | | | % Change Over FY10 | \$ Change Over FY10 |
| Construction | \$636,256 | \$4,316,889 | \$4,772,288 | | |
| | 23.11% | 18.61% | 20.66% | -9.54% | (\$455,399) |
| Manufacturing | \$16,704 | \$154,980 | \$186,511 | | |
| | 0.61% | 0.67% | 0.81% | -16.91% | (\$31,531) |
| Trans/Comm/Util | \$282,900 | \$2,246,350 | \$2,093,902 | | |
| | 10.28% | 9.69% | 9.07% | 7.28% | \$152,448 |
| Wholesale Trade | \$19,837 | \$179,213 | \$211,317 | | |
| | 0.72% | 0.77% | 0.91% | -15.19% | (\$32,104) |
| Retail Trade | \$878,907 | \$8,439,385 | \$8,623,462 | | |
| | 31.93% | 36.39% | 37.34% | -2.13% | (\$184,077) |
| Fin/Ins/Real Estate | \$81,491 | \$537,031 | \$549,588 | | |
| | 2.96% | 2.32% | 2.38% | -2.28% | (\$12,556) |
| Services | \$612,524 | \$5,257,315 | \$5,005,098 | | |
| | 22.25% | 22.67% | 21.67% | 5.04% | \$252,216 |
| Other | \$224,002 | \$2,062,473 | \$1,655,221 | | |
| | 8.14% | 8.89% | 7.17% | 24.60% | \$407,252 |
| Total GRT Receipts | \$2,752,621 | \$23,193,634 | \$23,097,386 | 0.42% | \$96,248 |
| Adjustment/Reclass | (\$674,385) | (\$5,610,860) | (\$5,952,423) | | |
| General Fund | \$2,078,236 | \$17,582,775 | \$17,144,963 | 2.55% | \$437,812 |

