## CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

## **MEMORANDUM**

DATE: December 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:** December 2011 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of December, which is based on October economic activity, was \$1,755,069 after adjustments, \$190,122 or 9.8 percent below the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$578,176, or 4.6 percent above the annual estimate (see Attachment 1, FY12 Gross Receipts Tax Revenue Estimate vs. Actual). Below are some highlights of this month's distribution.

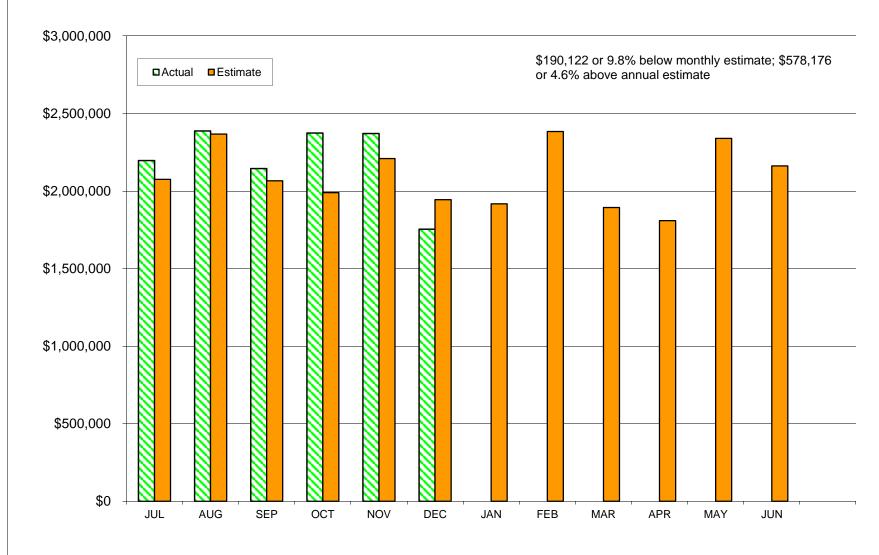
- The December GRT distribution fell 10 percent from December 2010. The primary sectors contributing to the year-over-year decline are Construction and Utility.
- Construction GRT revenue fell 35 percent from December of 2010 to \$383,529 before adjustments. Commercial construction activity, primarily from the Sandoval County Regional Medical Center, has continued to provide support for the Construction GRT revenue, however, it was anticipated that the monthly revenue for this project would slow by the end of calendar year 2011.
- Notably, the Utilities, Transportation and Warehousing sector saw a 72 percent decline from one year ago to \$57,488, well below the two-year monthly average of \$265,000. This is likely due to late reporting in the utility sector and is likely to increase next month.
- Retail sector revenue, the largest revenue category, grew 11 percent from December of 2010 to \$981,410. Retail sector revenue has remained stable through the recession and had remained above the \$1 million level for an unprecedented 6 consecutive months.

However, similar to last month, the revenue declined just below \$1 million.

• The Services sector revenue increased 18 percent from December of 2010 to \$661,755. Activity in the Services and Retail Sectors is a key indicator for Rio Rancho economic activity and overall health. GRT from Services was also fairly stable through the recession, and has remained consistently above the \$600,000 level since May of 2011.

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



	December (October Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$383,529 16.32%	\$3,344,976 19.58%	\$2,618,097 17.59%	27.76%	\$726,878
Manufacturing	\$28,095 1.20%	\$164,120 0.96%	\$108,472 0.73%	51.30%	\$55,648
Util/Trans/Warehousing	\$57,488 2.45%	\$1,703,795 9.97%	\$1,451,391 9.75%	17.39%	\$252,405
Wholesale Trade	\$22,491 0.96%	\$181,799 1.06%	\$121,991 0.82%	49.03%	\$59,809
Retail Trade	\$981,410 41.77%	\$6,112,245 35.78%	\$5,551,487 37.30%	10.10%	\$560,758
Fin/Ins/Real Estate	\$65,730 2.80%	\$398,477 2.33%	\$350,255 2.35%	13.77%	\$48,221
Services	\$661,755 28.17%	\$4,150,792 24.30%	\$3,441,200 23.12%	20.62%	\$709,591
Other	\$176,036 7.49%	\$1,202,066 7.04%	\$1,347,345 9.05%	-10.78%	(\$145,279)
Admin, Penalty, & Interest	(\$27,057)	(\$173,618)	(\$106,872)		
Total GRT Receipts	\$2,349,477	\$17,084,652	\$14,883,366	14.79% <u> </u>	\$2,201,286
Adjustment/Reclass*	(\$594,407)	(\$3,850,492)	(\$3,545,170)		
General Fund	\$1,755,070	\$13,234,160	\$11,338,196	16.72% _	\$1,895,965

<sup>\*</sup>Includes Environmental and Higher Education GRT distributions, which are deposited into the respective special funds for a dedicated purpose as required in State statute, amounts set aside for GRT bond\loan payments, and GRIP reimbursements.

