CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: January 17, 2012

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: January 2012 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of January, which is based on November economic activity, was \$2,176,656 after adjustments, \$258,730 or 13.5 percent above the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$836,906, or 5.7 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.

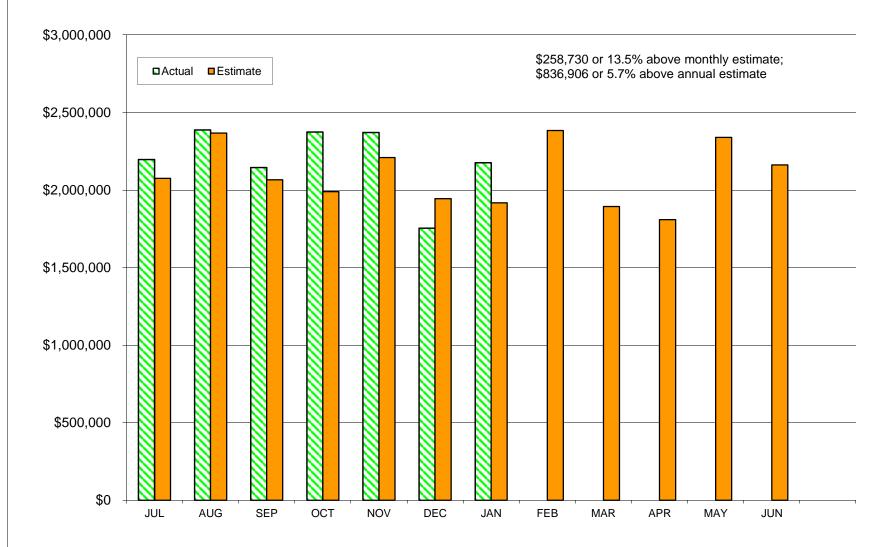
- The January GRT distribution grew approximately 24 percent from January of 2011. The primary sectors contributing to the year-over-year increase were Retail, Construction, Services, and Utilities.
- Retail sector revenue, the largest revenue category, grew 30 percent from January of 2011 to \$1,018,256. Retail sector revenue has remained stable through the recession and had remained above the \$1 million level for six consecutive months, dipped below this key level for the last two months, before returning back above this level this month.
- After falling last month, Construction GRT revenue increased 31 percent from January of 2011 to \$622,030 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 is anticipated that the monthly revenue for this project would slow by the end of calendar year 2011.
- The Services sector revenue increased 12 percent from January of 2011 to \$634,132. 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.

• The Utilities, Transportation and Warehousing sector increased 24 percent to \$265,628. I was expecting a much larger distribution after last month's sharp decline in the utility sector. Last month saw a 72 percent decline from one year ago to \$57,488, well below the two-year monthly average of \$265,000. While I still believe this was likely due to late reporting in the utility sector, Taxation and Revenue Department was not able to readily answer the question over the phone, and will be looking into it. The City of Albuquerque saw the same drop.

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



	January (November Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$622,030 22.08%	\$3,967,005 19.96%	\$3,091,782 17.98%	28.31%	\$875,223
Manufacturing	\$18,893 0.67%	\$183,013 0.92%	\$123,110 0.72%	48.66%	\$59,903
Util/Trans/Warehousing	\$265,628 9.43%	\$1,940,619 9.76%	\$1,665,543 9.68%	16.52%	\$275,076
Wholesale Trade	\$19,457 0.69%	\$201,256 1.01%	\$140,504 0.82%	43.24%	\$60,752
Retail Trade	\$1,018,256 36.14%	\$7,130,501 35.88%	\$6,337,202 36.85%	12.52%	\$793,299
Fin/Ins/Real Estate	\$53,071 1.88%	\$451,548 2.27%	\$405,943 2.36%	11.23%	\$45,604
Services	\$634,132 22.51%	\$4,784,923 24.08%	\$4,005,161 23.29%	19.47%	\$779,762
Other	\$222,383 7.89%	\$1,424,450 7.17%	\$1,547,036 9.00%	-7.92%	(\$122,586)
Admin, Penalty, & Interest	(\$36,262)	(\$209,881)	(\$118,206)		
Total GRT Receipts	\$2,817,586	\$19,873,434	\$17,198,076	15.56% <u> </u>	\$2,675,359
Adjustment/Reclass*	(\$640,930)	(\$4,491,422)	(\$4,096,502)		
General Fund	\$2,176,656	\$15,382,013	\$13,101,573	17.41%	\$2,280,439

^{*}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.

