CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: February 20, 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: February 2012 General Fund Gross Receipts Tax Revenue Distribution

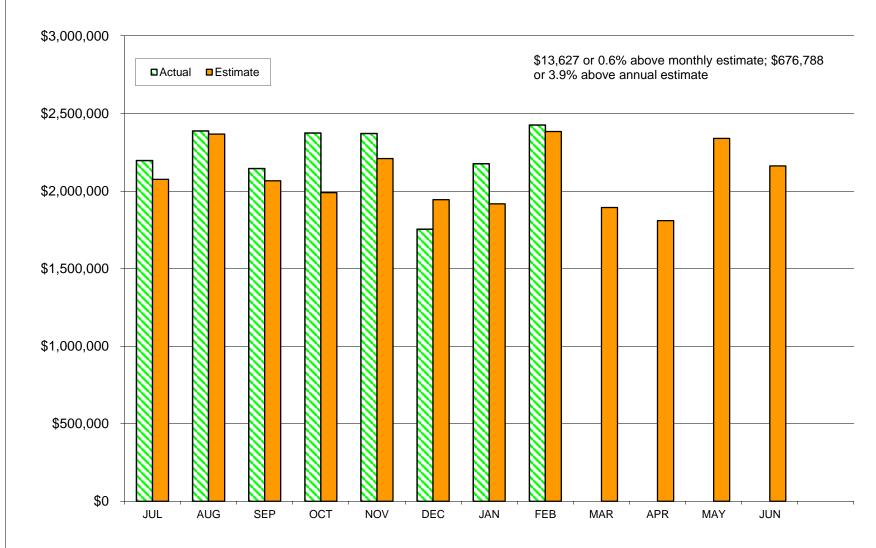
The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of February, which is based on December economic activity, was \$2,426,670 after adjustments, \$13,627 or 0.6 percent above the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$676,788, or 3.9 percent 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 February GRT distribution was one percent higher than that seen in February of 2011. As noted above, the February distribution represents the activity for December, which captures a large part of holiday sales. While the distribution from Services, Retail, and Utilities increased notably from last year, Construction revenue declined sharply from last year, offsetting the overall increase.
- The Services sector revenue increased 15 percent from February of 2011 to \$733,464.
 Aside from a couple of unusually high distributions last summer, this month's Services GRT distribution is the highest on record. Drilling down, the medical distribution, administrative and support services and healthcare and social assistance is where the growth occurred from the same time last year.
- Retail sector revenue, the largest revenue category, grew three percent from February of 2011 to \$1,266,003, the highest monthly Retail distribution since February of 2007. While Retail sector revenue has remained stable through the recession, this month's distribution stands out as the highest distribution since the recession started, indicating resilience and pent up demand from consumers. Within the Retail sector, accommodation and Food subsector saw the strongest growth.

- The Utilities, Transportation and Warehousing sector increased 55 percent from February 2011 to \$462,567. While we were expecting a much larger distribution last month (January) after the sharp decline in the utility sector in December, the makeup distribution came this month. This month's distribution appears to have made up entirely for the extremely low December distribution. As noted in previous reports, the two-year monthly distribution average for this sector is \$265,000.
- Construction GRT revenue declined sharply this month, a 46 percent fall from February of 2011 to \$316,900 before adjustments. This is the smallest Construction GRT distribution since October of 2010, close to when the GRT revenue from the construction of the Presbyterian Hospital started to gain momentum. As we have been noting, this revenue stream has been supported by GRT payments for the Sandoval County Regional Medical Center construction project. It is not surprising to see this revenue fall sharply as those payments taper off.

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



	February (December Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$316,900 10.29%	\$4,283,905 18.66%	\$3,680,632 18.14%	16.39%	\$603,273
Manufacturing	\$25,222 0.82%	\$208,235 0.91%	\$138,276 0.68%	50.59%	\$69,958
Util/Trans/Warehousing	\$462,567 15.02%	\$2,403,186 10.47%	\$1,963,450 9.68%	22.40%	\$439,737
Wholesale Trade	\$20,646 0.67%	\$221,902 0.97%	\$159,376 0.79%	39.23%	\$62,525
Retail Trade	\$1,266,003 41.12%	\$8,396,504 36.58%	\$7,560,477 37.26%	11.06%	\$836,027
Fin/Ins/Real Estate	\$65,055 2.11%	\$516,603 2.25%	\$455,540 2.25%	13.40%	\$61,063
Services	\$733,464 23.82%	\$5,518,387 24.04%	\$4,644,791 22.89%	18.81%	\$873,596
Other	\$220,620 7.17%	\$1,645,070 7.17%	\$1,838,471 9.06%	-10.52%	(\$193,401)
Admin, Penalty, & Interest	(\$31,388)	(\$241,269)	(\$150,835)		(*,,
Total GRT Receipts	\$3,079,088	\$22,952,522	\$20,290,179	13.12%	\$2,662,344
Adjustment/Reclass*	(\$652,418)	(\$5,143,840)	(\$4,785,640)		
General Fund	\$2,426,670	\$17,808,683	\$15,504,539	14.86%	\$2,304,144

^{*}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.

