CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: March 19, 2012

TO: Mayor Thomas Swisstack

Chuck Wilkins, 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 2012 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 economic activity, was \$2,032,756 after adjustments, \$115,893 or six percent above the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$792,681 or 4.2 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.

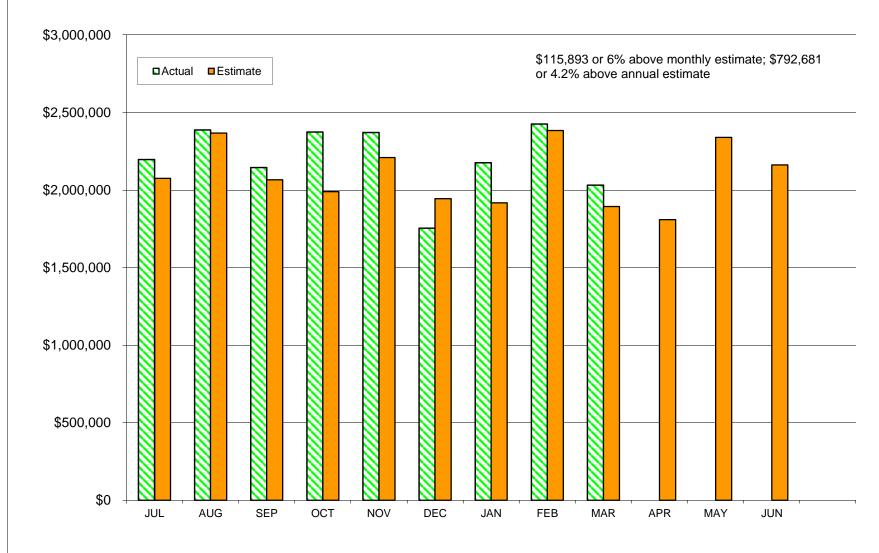
- The March GRT distribution was approximately two percent lower than that of March of 2011. The distribution from Utilities and Retail Trade increased notably from last year, Construction revenue continued to decline from last year, offsetting the overall increase.
- Construction GRT revenue saw the largest decline compared to last year, falling \$335,869 or 53 percent to \$300,388 before adjustments. This month's Construction distribution is the smallest since October of 2010. This is not unexpected, as GRT payments for the Sandoval County Regional Medical Center construction project taper off.
- The Services sector revenue decreased three percent from March of 2011 to \$636,602. Specifically, the Professional, Scientific and Technical service category declined sharply this month. Additionally, the Finance/Insurance/Real Estate sector declined \$30,478, or 37 percent decline this month. We will watch to see if these declines reflect a report timing issue or sector trends.
- The Utilities, Transportation and Warehousing sector increased 85 percent from last

March, after a 55 percent increase in February. After a sharp decline in the utility sector in December, we had been waiting for a compensating distribution, which seemed to come last month. However, the strength of this month's distribution is somewhat surprising, bringing the average monthly distribution over the past few months above \$300,000. As noted in previous reports, the two-year monthly distribution average for this sector is \$265,000. This could be associated with new electricity load from the new Presbyterian Rust Medical Center.

• Retail sector revenue, the largest revenue category, grew ten percent from March of 2011 to \$981,849. Within the Retail sector, all three subsectors rose, including Retail Trade, Accommodation and Food Services and the Food Hold Harmless distribution.

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



	March (January Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$300,388 11.27%	\$4,584,293 17.87%	\$4,316,889 18.74%	6.19%	\$267,404
Manufacturing	\$16,996 0.64%	\$225,231 0.88%	\$154,980 0.67%	45.33%	\$70,251
Util/Trans/Warehousing	\$523,836 19.65%	\$2,927,022 11.41%	\$2,246,350 9.75%	30.30%	\$680,672
Wholesale Trade	\$32,755 1.23%	\$254,656 0.99%	\$179,213 0.78%	42.10%	\$75,443
Retail Trade	\$981,849 36.83%	\$9,329,636 36.38%	\$8,569,059 37.20%	8.88%	\$760,577
Fin/Ins/Real Estate	\$51,013 1.91%	\$567,616 2.21%	\$537,031 2.33%	5.70%	\$30,585
Services	\$636,602 23.88%	\$6,163,241 24.03%	\$5,264,862 22.85%	17.06%	\$898,379
Other	\$147,926 5.55%	\$1,862,263 7.26%	\$1,937,982 8.41%	-3.91%	(\$75,719)
Admin, Penalty, & Interest	(\$25,394)	(\$266,663)	(\$170,119)		
Total GRT Receipts	\$2,665,970	\$25,647,295	\$23,036,246	11.33%	\$2,611,049
Adjustment/Reclass*	(\$633,214)	(\$5,770,950)	(\$5,440,740)		
General Fund	\$2,032,756	\$19,876,345	\$17,595,506	12.96%	\$2,280,839

^{*}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.

