

**CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES**

MEMORANDUM

DATE: October 18, 2013

TO: Mayor Thomas Swisstack,
Council Members: Chuck Wilkins, Patricia Thomas, Tamara Gutierrez, Mark Scott, Timothy Crum, and Lonnie Clayton
Keith Riesberg, City Manager and Laura Fitzpatrick, Assistant City Manager

FROM: Olivia Padilla-Jackson, Financial Services Director

SUBJECT: October 2013 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for October, which is based on August economic activity, was \$2,103,248 after adjustments, \$83,515 or 4 percent above the monthly estimate. Fiscal year to date, GRT distributions are 0.9 percent or \$79,503 below the annual estimate. Below are highlights of the month's distribution and attached is the Gross Receipts Tax Dashboard showing notable GRT trends.

- The total October GRT distribution was 3.6 percent lower than October of 2012 and fiscal year to date, the GRT distribution is 1.3 percent lower compared to FY13. However, when you take into account the savings on the GRT refunding bonds, the fiscal year to date distribution to the General Fund is 1.1 percent higher. Ten out of 22 sectors rose compared to last October, while 12 were lower.
- This month's total Construction sector distribution was \$139,773 lower or 27 percent lower than October of 2012, but in line with the FY13 monthly average. Fiscal year to date, Construction GRT distributions are 4.2 percent lower.
- After averaging \$90K in each of the last six months, and experiencing some large swings over the last few months, the Manufacturing distribution returned to the more recent averages at \$112,618. Manufacturing companies are now remitting GRT on various utility expenditures, including electricity, instead of the utility companies. Timing of these tax payments led to the large swings seen over the last few months (See Chart 6).
- The Utilities distribution amount fell 36 percent from last October and is about 35 percent lower fiscal year to date. As noted above, one of the primary reasons for the decline is the change in reporting for electricity used in the manufacturing process, however, other factors such as demand related to weather, may be impacting the taxes paid.

- The broad Retail GRT category was little changed compared to a year ago, while the broad Services GRT category was approximately 15 percent higher. Fiscal year to date, Retail GRT is slightly lower, while Services GRT is about 8 percent higher. Within the Services sector, Information and Cultural GRT is 12 percent higher, health care related GRT distributions are 10 percent higher, Admin and Support sector GRT is 57 percent higher compared to the same time last year, and educational services GRT is 51 percent higher. Professional Scientific and Technical GRT is 13 percent lower fiscal year to date.

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Total Monthly GRT Distribution

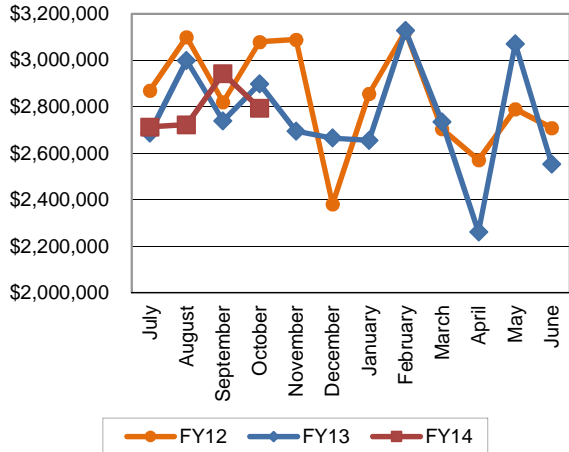


Chart 2: FY14 Gross Receipts Tax Monthly Revenue General Fund Estimate vs. Actual

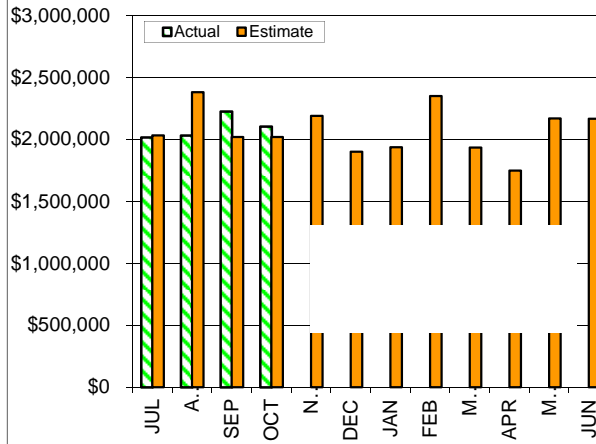


Chart 3: FY14 YTD Total GRT Distribution compared to FY13 YTD through October

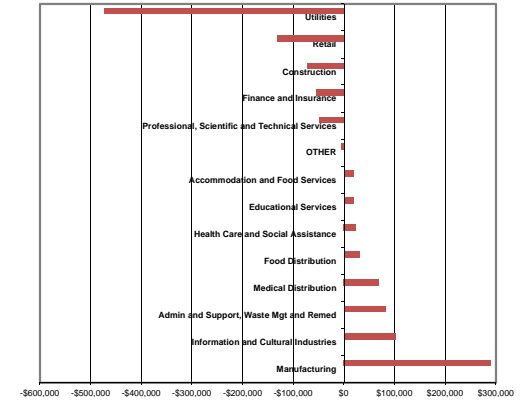


Chart 4: Health Care and Social Assistance and Medical Hold Harmless Distribution

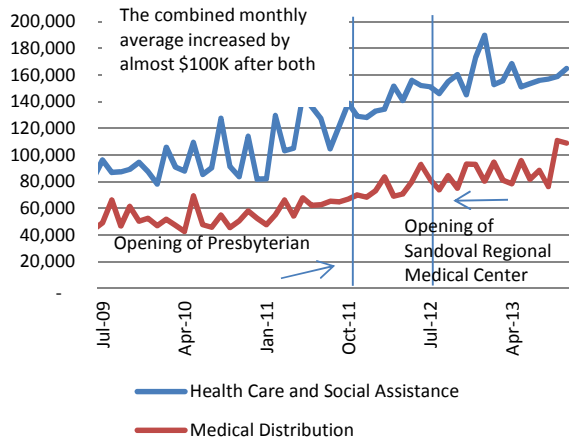


Chart 5: Accommodation and Food Services and Food Hold Harmless Distribution

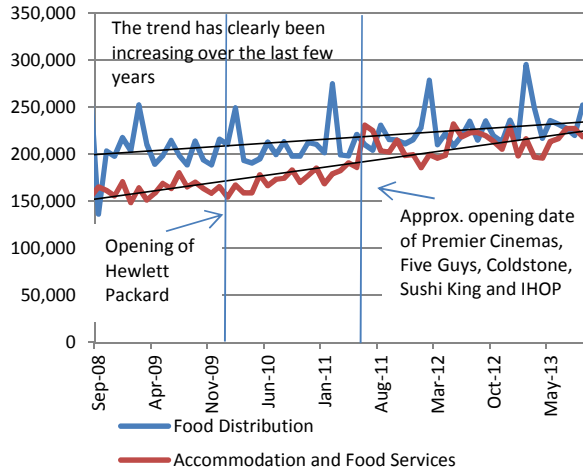


Chart 6: Manufacturing and Utilities GRT Distribution

