CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: June 15, 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: June 2011 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of June, which is based on April activity, was \$2,446,063 after deductions, \$290,928 above the monthly estimate (see Attachment 1, FY11 Gross Receipts Tax Revenue Estimate vs. Actual). Fiscal Year 2011 (FY11) total GRT revenue is \$1,136,625 or 4.9 percent higher than the annual estimate and approximately 7.3 percent higher than FY10.

Attachments 3 and 4 illustrate the trends in Gross Receipts Tax revenues by monthly totals and major sector activity. Below are some highlights of these graphs.

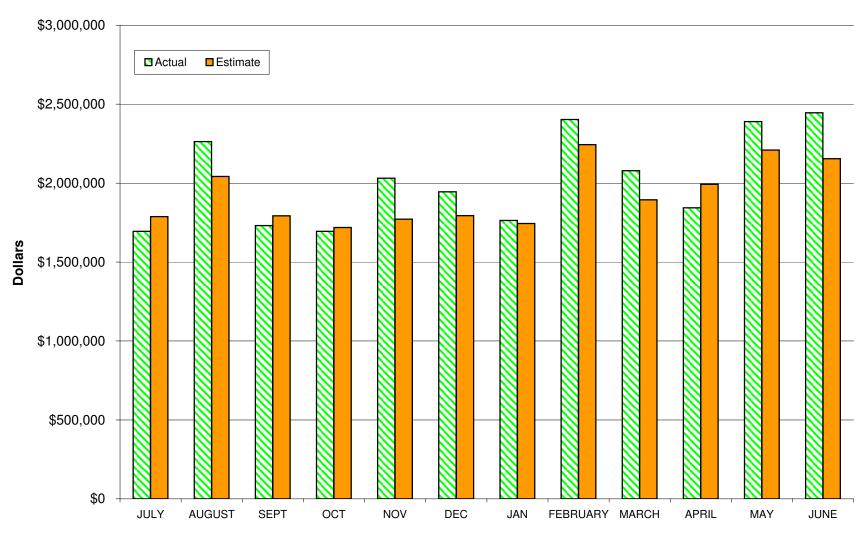
- The June GRT distribution was 18 percent or \$378,517 above June 2010. Our estimate indicates that over \$165,000 of this amount is due to the new 0.25% GRT increment. With the final monthly distribution for FY11, there is only one major sector that ended below the FY10 level, which was wholesale trade. Manufacturing GRT revenues were approximately five percent below FY10 through May, however, in June of 2010, there was a significant negative adjustment, skewing the comparison to FY10. Services and utilities industry GRT ended the year significantly higher compared to FY10. See Attachment 2.
- Construction GRT revenue decreased 7.6 percent compared to June 2010. As has been noted in recent months, the strength of the two hospital construction projects has greatly improved the overall GRT revenue since the low of October, and contributed to a slight gain compared to FY10. With the final distribution for FY11, GRT revenue from

construction activity ended the year 0.1% higher compared to FY10.

- Retail revenue was about 11.8 percent higher than the amount in June 2010. Revenue from retail activity has continued to improve each month and with this month's distribution is now slightly positive (0.61 percent higher) when compared with FY10. This month saw the largest monthly distribution for Accommodation and Food Services of \$230,675, which may be the largest amount on record.
- The Services sector revenue jumped 122 percent compared with June 2010. This strength can be attributed to a very large distribution in the Health Care and Social Assistance sub sector, in the amount of \$506,644. This is about five times the average monthly distribution over the last two years, which is close to \$100,000 for this subsector. This is something to watch closely over the coming months. Overall in FY11, revenue from the services sector rose 14.2 percent compared to FY10, with about 8 percent of that growth coming from this month's distribution.
- The Transportation, Communications, and Utilities (TCU) sector monthly revenue was 10.4 percent above last June. This sector ended the year about 6.4 percent higher compared to FY10, losing some of its previous gains.
- Manufacturing GRT revenue was \$16,495 to the General Fund. While the month over month comparison is difficult to make due to the large negative distribution last June, through May, manufacturing revenue ended the year about 5 percent lower compared with the same period last fiscal year, which is an improvement from previous months.

Please see Attachment 2 that shows the amounts of GRT collected by industry and compares YTD revenue and percent of total to the prior fiscal year.

FY11 Gross Receipts Tax Revenue Estimate vs. Actual



^{*}For purposes of comarison only, this graph excludes \$1.19 million returned by TRD in July for previously and erroneously withheld amended returns.

FY11 GROSS RECEIPTS REVENUES

	June (April Activity)	FY11 Y-T-D	FY10 Y-T-D	Y-T-D % Change Over FY10	Y-T-D \$ Change Over FY10
Construction	\$486,122 16.42%	\$6,005,629 18.91%	\$5,997,000 19.89%	0.14%	\$8,629
Manufacturing	\$16,495 0.56%	\$223,820 0.70%	\$159,426 0.53%	40.39%	\$64,394
Trans/Comm/Util	\$225,154 7.61%	\$3,024,026 9.52%	\$2,841,294 9.42%	6.43%	\$182,732
Wholesale Trade	\$29,574 1.00%	\$258,838 0.82%	\$265,964 0.88%	-2.68%	(\$7,126)
Retail Trade	\$1,022,710 34.55%	\$11,431,671 36.00%	\$11,362,688 37.69%	0.61%	\$68,983
Fin/Ins/Real Estate	\$55,939 1.89%	\$721,610 2.27%	\$689,255 2.29%	4.69%	\$32,354
Services	\$1,057,353 35.72%	\$7,478,929 23.55%	\$6,551,880 21.73%	14.15%	\$927,050

