## CITY OF RIO RANCHO DEPARTMENT OF FINANCIAL SERVICES

## **MEMORANDUM**

DATE: November 21, 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

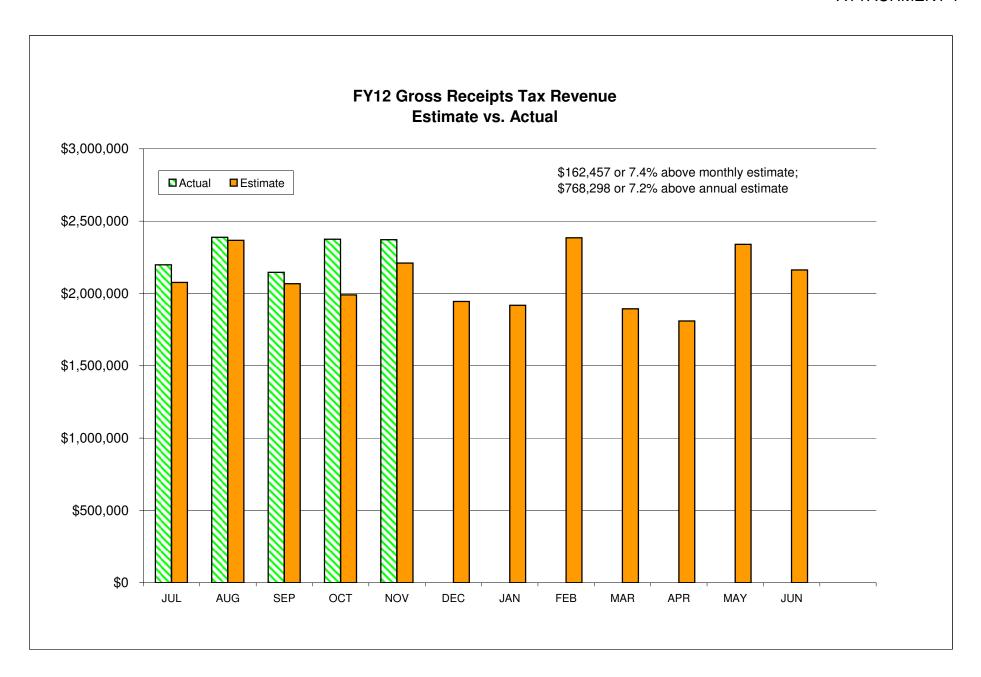
**SUBJECT:** November 2011 General Fund Gross Receipts Tax Revenue Distribution

The General Fund Gross Receipts Tax (GRT) revenue distribution for the month of November, which is based on September economic activity, was \$2,372,225 after adjustments, \$162,457 or 7.4 percent above the monthly estimate. Fiscal year to date, GRT revenue to the General Fund is \$768,298, or 7.2 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 November GRT distribution increased approximately 17 percent from the November 2010 distribution, with about 11 percent of the growth stemming from the increase in the GRT rate. In addition to the increased GRT rate, the primary sectors contributing to this year-over-year strength are Construction, Utility, and Retail.
- Construction GRT revenue increased 37 percent from November of 2010 to \$766,665 before adjustments. Commercial construction activity continues to provide the primary support for the Construction GRT revenue, as housing activity fiscal year to date, based on permit information, is 40 percent below the same period last fiscal year. Monthly revenue from the Sandoval County Regional Medical Center is expected to slow by the end of calendar year 2011.
- Retail sector revenue, the largest revenue category, grew 9 percent from November of 2010 to \$963,454. Retail sector revenue has remained stable through the recession, remaining above the \$1 million level for an unprecedented 6 consecutive months. However, this month, the revenue declined below \$1 million.

- The Services sector revenue was little changed from November of 2010 at \$633,115. Overall 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 key \$600,000 level since May of 2011. This month saw three catch up months for the GRIP distribution to Rio Rancho Premiere Cinemas (for July, August and September activity) which averaged approximately \$5,400 for each of those months and an average monthly payment to the City of approximately \$6,100, similar to the first month's distribution.
- The Utilities, Transportation and Warehousing sector saw a 56 percent increase from the amount one year ago to \$357,168. The majority of revenues from this sector stem from utility revenues.

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.



	November (September Activity)	FY12 Y-T-D	FY11 Y-T-D	Y-T-D % Change Over FY11	Y-T-D \$ Change Over FY11
Construction	\$766,665 25.17%	\$2,961,447 20.10%	\$2,029,341 16.42%	45.93%	\$932,106
Manufacturing	\$25,280 0.83%	\$136,025 0.92%	\$89,377 0.72%	52.19%	\$46,648
Util/Trans/Warehousing	\$357,168 11.73%	\$1,646,307 11.17%	\$1,249,339 10.11%	31.77%	\$396,968
Wholesale Trade	\$25,264 0.83%	\$159,308 1.08%	\$116,471 0.94%	36.78%	\$42,837
Retail Trade	\$963,454 31.63%	\$5,130,835 34.82%	\$4,670,049 37.79%	9.87%	\$460,786
Fin/Ins/Real Estate	\$70,792 2.32%	\$332,747 2.26%	\$294,629 2.38%	12.94%	\$38,118
Services	\$633,115 20.79%	\$3,489,036 23.68%	\$2,880,284 23.31%	21.14%	\$608,752
Other	\$231,387 7.60%	\$1,026,030 6.96%	\$1,118,361 9.05%	-8.26%	(\$92,331)
Admin, Penalty, & Interest	(\$27,159)	(\$146,561)	(\$88,930)	_	
Total GRT Receipts	\$3,045,966	<u>\$14,735,175</u>	\$12,358,923	19.23% _	\$2,376,252
Adjustment/Reclass*  General Fund	(\$673,742) <b>\$2,372,224</b>	(\$3,256,085) <b>\$11,479,090</b>	(\$2,965,794) <b>\$9,393,129</b>	22.21% <sub>=</sub>	\$2,085,961

<sup>\*</sup>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.

