

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

**MEMORANDUM**

**DATE:** June 25, 2025

**TO:** Mayor Gregory Hull, Council Members Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List  
Matt Geisel, City Manager Carole Jaramillo, Director of Financial Services

**FROM:** Stephanie Yara, Director of Financial Services

**SUBJECT: June Gross Receipts Tax (GRT) and Recent Labor Market Indicators**

**Gross Receipts Tax**

Attached please find the monthly dashboard for the June GRT distribution. The gross receipts tax distribution in June (April business activity) was up from the prior month by 13.4 percent, exceeded the month's original projection by \$594,318 or 9.9 percent, and was greater than the revised projection by \$22,368 or 0.3 percent for the General Fund. In total, year to date, the GRT has exceeded the original budget by \$10.4 million or 16.1 percent and the revised budget by \$4.2 million or 6.0 percent. We have seen more fluctuations in GRT this fiscal year than is typical. Chart 1 of the dashboard reflects actual revenue levels as compared to the City's conservative budget estimates. Chart 1 also shows the anticipated monthly fluctuations in GRT which have historically followed roughly the same pattern year after year. In the last several years, however, adjustments made to GRT distributions continue to skew the City's year-over-year comparisons. These fluctuations from the TRD adjustments for each year are clearly seen in Chart 2 and described below.

GRT revenue for June was \$6,579,556 for the General Fund. This is an increase of 0.01 percent from the \$6,524,862 received in May. Compared to FY24 actuals, there is a positive variance year-over-year of \$4.5 million or 7.3 percent for the General Fund. For June (April business activity), the City's compensating tax distribution was \$46,994 for the General Fund. Year-over-year, compensating tax revenue continues to be lower than in the same period in FY24 coming in at \$460,839 compared to \$661,748 in FY24. This source of revenue has proven difficult to project and, since its inception, has not followed a predictable pattern of collections as do GRT and property taxes.

Chart 2 reflects month by month changes in each fiscal year 2023, 2024 and 2025. Chart 2 also illustrates the impacts of adjustments made by TRD that make true year-over-year comparisons challenging. In January 2024, a very large adjustment was made to the City's food hold harmless distribution. This adjustment was due to amended returns filed for the period 7/1/21 to 10/31/23. TRD adjustments also impact the year-over-year growth rates reported below and shown in Chart 4.

GRT trends for each major industry are shown in Chart 4 of the Dashboard on the last page of this report. Through June, positive growth was shown in most industry sectors compared to the same period in FY 2024. Growth was seen in manufacturing at 38.3 percent (likely the result of a TRD adjustment), "other" industries at 38.2 percent, information and cultural industries at 18.7 percent, accommodation and food services at 14.9 percent, healthcare and social assistance at 14 percent, and professional, education and other services at 15.5 percent. Negative growth was seen in utilities, transportation and warehousing at -3.1 percent, and finance, insurance and real estate at -3.8 percent. Retail shows an increase in business activity and experienced year-over-year growth of 13.1 percent for the period. The medical hold harmless distribution shows an increase year-over-year of 38.2 percent, while the food hold harmless distribution shows a decrease of 33.4 percent due to the inflated amount received last

January. The key sector of construction shows growth of 39.3 percent compared to the same period in FY24.

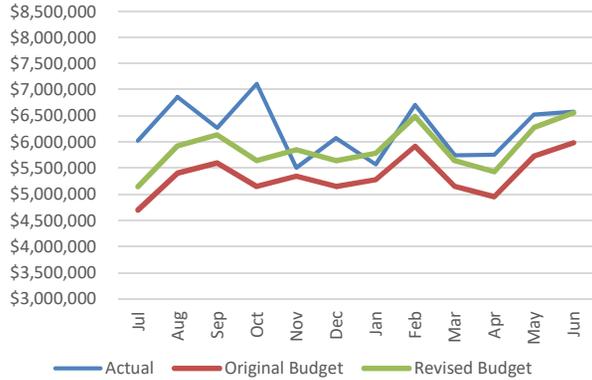
### **Labor Market Indicators**

New Mexico's seasonally adjusted unemployment rate was 4.2 percent in May, down from 4.3 percent in April, and up from 4.1 percent in the previous year. The national unemployment rate was 4.2 percent, unchanged from April, and up from 4.0 percent in May 2024. Year-over-year the Albuquerque MSA grew by 18,700 jobs, or 2.1 percent in total nonfarm employment. Additional labor market indicators can be found at the link below.

<https://www.dws.state.nm.us/en-us/Researchers/Publications/Economic-News>

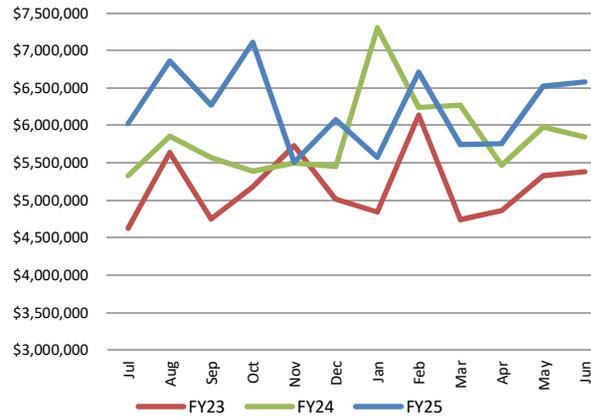
# Rio Rancho Gross Receipts Tax Dashboard

**Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY25 Original Budget vs. Revised Budget vs. Actual**

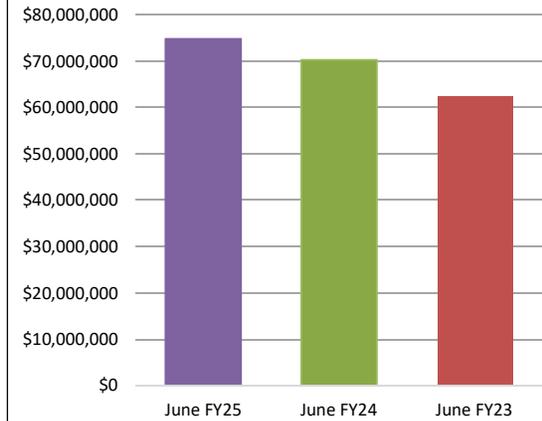


**YTD May is \$10.4 million or 16.1% above the FY25 original estimate, and \$4.2 million or 6.0% above the revised estimate.**

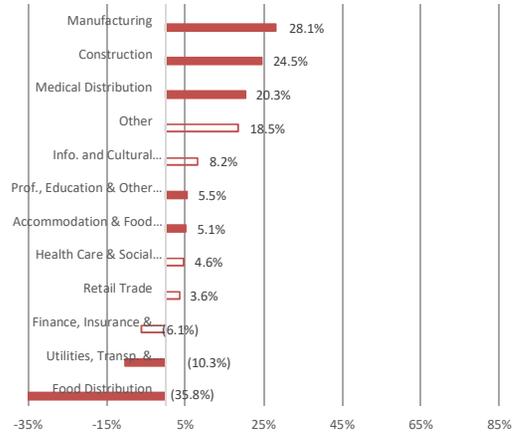
**Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years**



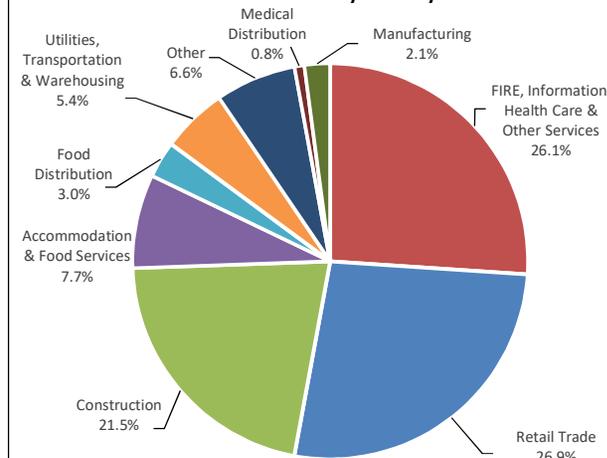
**Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years**



**Chart 4: GRT Distribution by Industry % Change FY25 YTD compared to FY24 YTD**



**Chart 5: GRT Distribution by Industry FY25 YTD**



**Chart 6: Changing Composition of GRT**

