

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

MEMORANDUM

DATE: October 2, 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: **September 2025 Gross Receipts Tax (GRT) and Recent Labor Market Indicators- FY26**

Gross Receipts Tax

Attached please find the monthly dashboard for the September 2025 GRT distribution. The gross receipts tax distribution in September (July business activity) was down from the prior month by -6.9 percent, exceeded the month's original projection for the General Fund by \$861,664 or 14.7 percent. Year-to-date, GRT receipts have exceeded the original budget by \$2.7 million or 3.7 percent. 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 September was \$6,712,781 for the General Fund. This is a decrease of -6.9 percent from the \$7,210,765 received in August. Compared to FY25 actuals for September, there is a positive variance year-over-year of \$1,184,331 or 6.2 percent for the General Fund. For September (July business activity), the City's compensating tax distribution was \$30,294 for the General Fund. Year-over-year, compensating tax revenue continues to be lower than in the same period in FY25, coming in at 37.9 percent less than compared to September FY25. 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 2024, 2025 and 2026. 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. In September, positive growth was shown in some industry sectors compared to the same period in FY 2025. Growth was seen in professional, education and other services at 41.9 percent; "other" industries at 26.4 percent; and information and cultural industries at 8.6 percent. Negative growth was seen in utilities, transportation and warehousing at -0.1 percent; finance, insurance and real estate at -10.9 percent; accommodation and food services at -0.1 percent; and healthcare and social assistance at -9.3 percent. Retail shows an increase in business activity and experienced year-over-year growth of 7.4 percent for the period. The medical hold harmless distribution shows an increase year-over-year of 127.5 percent, while the food hold harmless distribution shows an increase of 51.5 percent. The key sector of construction shows a decrease of -17.1 percent compared to the same period in FY25.

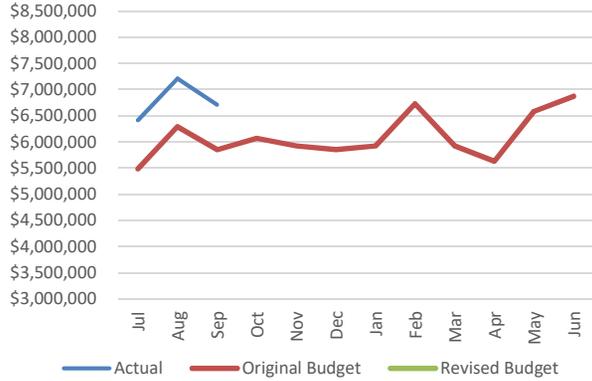
Labor Market Indicators

The New Mexico Department of Workforce Solutions has not released the September 2025 Labor Market Review. That information is updated at the following website:

<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 FY26 Original Budget vs. Revised Budget vs. Actual



YTD through Sept 2025 is \$2.7MM or 3.7% above the FY26 original estimate

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

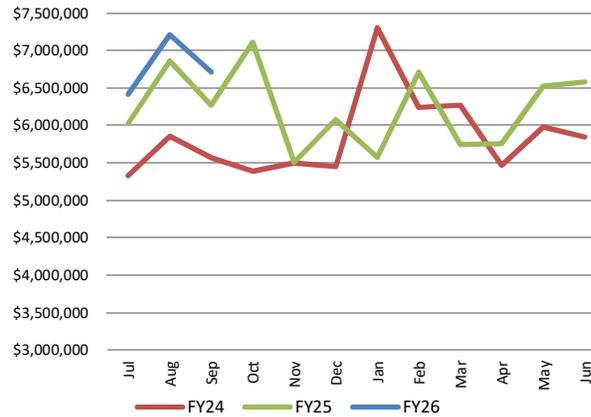


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

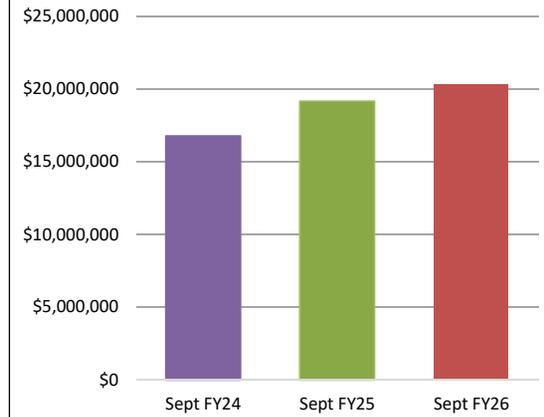


Chart 4: GRT Distribution by Industry % Change FY26 YTD compared to FY25 YTD

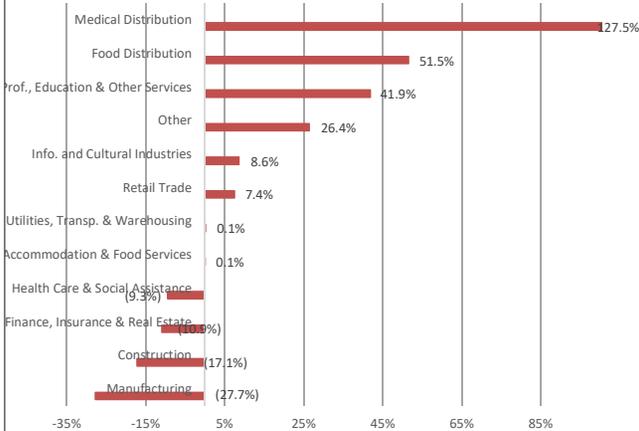


Chart 5: GRT Distribution by Industry FY6 YTD

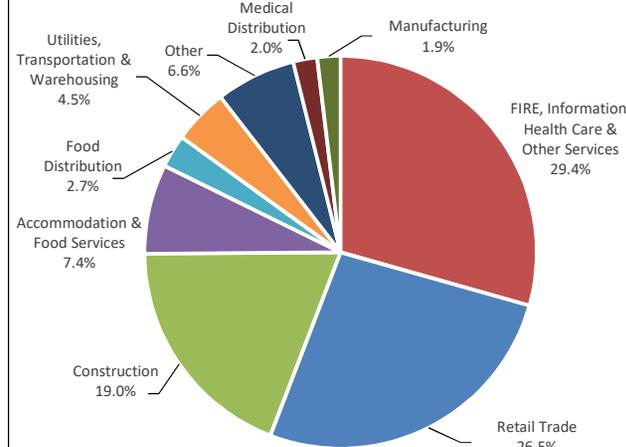


Chart 6: Changing Composition of GRT

