

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

MEMORANDUM

DATE: December 2, 2025

TO: Mayor Gregory Hull; Council Members Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List; Matt Geisel, City Manager, Peter Wells, Deputy City Manager

FROM: Stephanie Yara, Director of Financial Services

SUBJECT: **November 2025 GRT and Recent Labor Market Indicators – FY26**

Gross Receipts Tax

Attached please find the monthly dashboard for the November 2025 GRT distribution. The gross receipts tax distribution in November (September business activity) was \$6,112,040, which is down from the prior month by 12 percent, and exceeds the month's original projection for the General Fund by \$187 thousand or 3.2 percent. Year-to-date, GRT receipts have exceeded the original budget by \$3.8 million or 5.2 percent. Compared to the amount received in November 2024 (FY25), there is a positive variance of \$604,366, or 11 percent for the General Fund.

For November (September business activity), the City's compensating tax distribution was \$43,298 for the General Fund. Year-over-year, compensating tax revenue is \$53,725, or 35.7 percent higher than compared to November 2024 (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 1 of the dashboard reflects actual revenue levels as compared to the City's budget estimates, and shows the anticipated monthly fluctuations in GRT which have roughly followed the same pattern year over year. However, adjustments made to GRT distributions in recent years has skewed the City's year-over-year comparisons. These fluctuations from the TRD adjustments are clearly seen in Chart 2, which reflects monthly changes for fiscal years 2024, 2025 and 2026. 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 November, positive growth was shown in some industry sectors compared to the same period in FY25. Growth was seen in professional, education and other services at 37.4 percent; utilities, transportation and warehousing at 0.2 percent; healthcare and social assistance at 3.4 percent; information and cultural industries at 7.7 percent; and 'other' industries at 4.2 percent. Negative growth was seen in finance, insurance and real estate at -4.4 percent; accommodation and food services at -0.7 percent. Retail shows an increase in business activity and experienced year-over-year growth of 8.6 percent for the period. The medical hold harmless distribution shows an increase year-over-year of 91.3 percent, while the food hold harmless distribution shows a decrease of -16.3 percent. The key sector of construction shows a decrease of -9.2 percent compared to the same period in FY25.

Labor Market Indicators

The New Mexico Department of Workforce Solutions has not released the 2025 Labor Market Review since September due to suspension of federal funding. That information is normally updated at the following website:

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

Rio Rancho Gross Receipts Tax Dashboard

