

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

MEMORANDUM

DATE: January 7, 2026

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: **December 2025 GRT and Recent Labor Market Indicators – FY26**

Gross Receipts Tax

Attached please find the monthly dashboard for the December 2025 GRT distribution. The gross receipts tax distribution in December (October business activity) was \$6,102,290, which is down from the prior month by 0.2 percent, and exceeds the month's original projection for the General Fund by \$251 thousand or 4.3 percent. Year-to-date, GRT receipts have exceeded the original budget by \$4 million or 11.3 percent. Compared to the amount received in December 2024 (FY25), there is a slight negative variance of \$9,750, or 0.4 percent for the General Fund.

For December (October business activity), the City's compensating tax distribution was \$49,729 for the General Fund. Year-over-year, compensating tax revenue is \$1,845, or 0.7 percent higher than compared to December 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 December, 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 33.7 percent; information and cultural industries at 9.0 percent; healthcare and social assistance at 5.5 percent; and 'other' industries at 2.8 percent. Negative growth was seen in manufacturing at -14.9 percent; utilities, transportation and warehousing at -0.3 percent; finance, insurance and real estate at -6.1 percent; and accommodation and food services at -0.1 percent. Retail shows an increase in business activity and experienced year-over-year growth of 8.8 percent for the period. The medical hold harmless distribution shows an increase year-over-year of 77.7 percent, while the food hold harmless distribution shows a decrease of -14.9 percent. The key sector of construction shows a decrease of -11.6 percent compared to the same period in FY25.

Labor Market Indicators

New Mexico's seasonally adjusted unemployment rate was 4.2 percent in November, down from 4.4 percent the previous year. The national unemployment rate in November was 4.6 percent, up from 4.2 percent in November 2024. Total nonagricultural payroll employment grew by 11,600 jobs, or 1.3 percent, between November 2024 and November 2025.

Further analysis will be provided in the Department of Workforce Solutions' Labor Market Review scheduled for release on January 16.

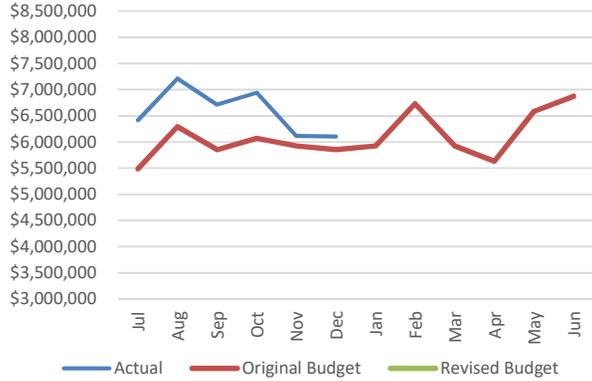
Additional information can be found at the links below:

<https://www.dws.state.nm.us/en-us/Researchers/Data/Employment-Snapshot>

<http://www.jobs.state.nm.us/analyzer/>

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 Dec 2025 is \$4MM or 11.3% above the FY26 original estimate

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

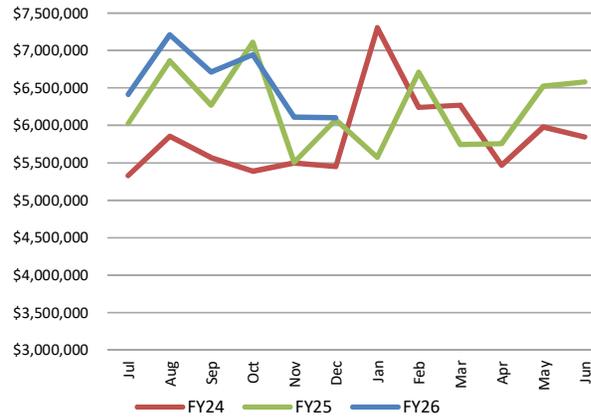


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

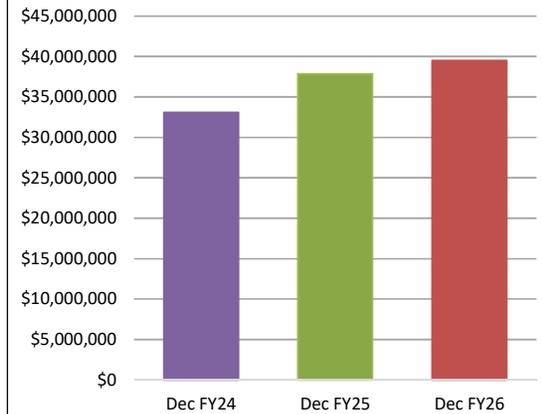


Chart 4: GRT Distribution by Industry % Change FY26 YTD compared to FY25 YTD

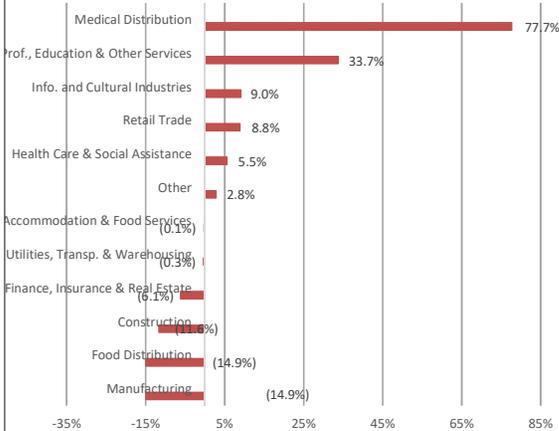


Chart 5: GRT Distribution by Industry FY6 YTD

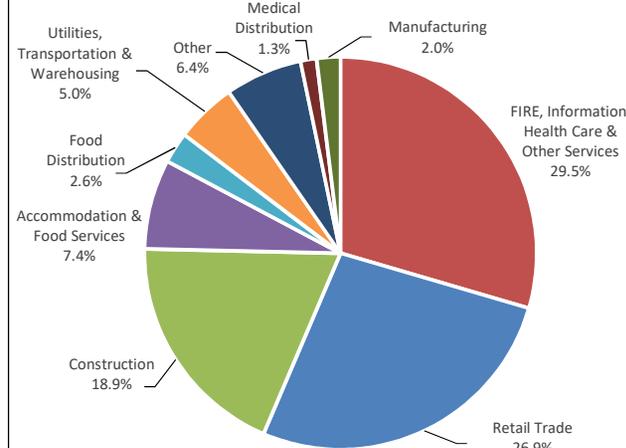


Chart 6: Changing Composition of GRT

