

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

MEMORANDUM

DATE: January 28, 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: **January 2026 GRT and Recent Labor Market Indicators – FY26**

Gross Receipts Tax

Attached please find the monthly dashboard for the January 2026 GRT distribution. The gross receipts tax distribution in January (November business activity) was \$6,216,843, which is an increase from the prior month by 1.9 percent, and exceeds the month's original projection for the General Fund by \$293 thousand or 4.9 percent. Year-to-date, GRT receipts have exceeded the original budget by \$4.3 million or 10.4 percent. Compared to the amount received in January 2025 (FY25), there is a positive variance of \$644 thousand, or 11.6 percent for the General Fund.

For January (November business activity), the City's compensating tax distribution was \$49,059 for the General Fund. Year-over-year, compensating tax revenue is \$23 thousand, or 8.1 percent higher than compared to January 2025 (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 January, 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 percent; information and cultural industries at 8.6 percent; healthcare and social assistance at 6.8 percent; and 'other' industries at 6.7 percent. Negative growth was seen in manufacturing at -11.1 percent; utilities, transportation and warehousing at -10.4 percent; finance, insurance and real estate at -4.4 percent; and accommodation and food services at -0.7 percent. Retail shows an increase in business activity and experienced year-over-year growth of 9.1 percent for the period. The medical hold harmless distribution shows an increase year-over-year of 77.5 percent, while the food hold harmless distribution shows a decrease of -13.7 percent. The key sector of construction shows a decrease of -8.4 percent compared to the same period in FY25.

Labor Market Indicators

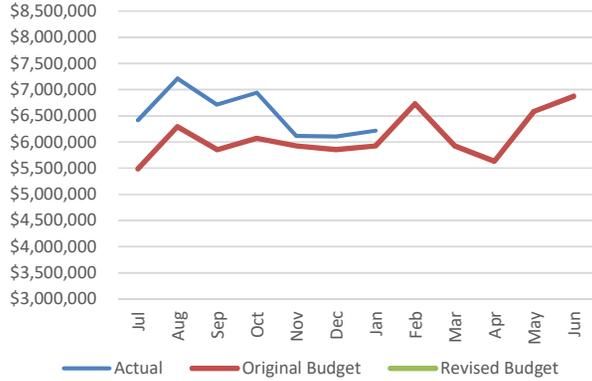
New Mexico's seasonally adjusted unemployment rate was 4.3 percent in December, up from 4.2 percent in November, and flat compared to the same month in the previous year. The national unemployment rate in December was 4.4 percent, down from 4.5 percent in November, and up from 4.1 percent compared to the same month in the prior year. Total nonagricultural payroll employment grew by 8,800 jobs, or 1.0 percent, between December 2024 and December 2025.

Further analysis is available in the Department of Workforce Solutions' Labor Market Review which can be found at:

<https://www.dws.state.nm.us/Portals/0/DM/LMI/LMRNov25.pdf>

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 Jan 2026 is \$4.3MM or 10.4% above the FY26 original estimate

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

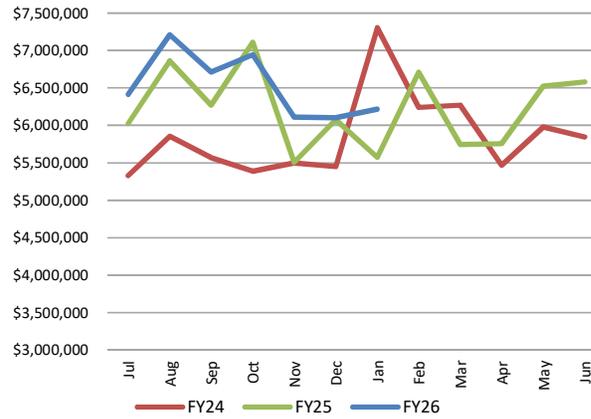


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

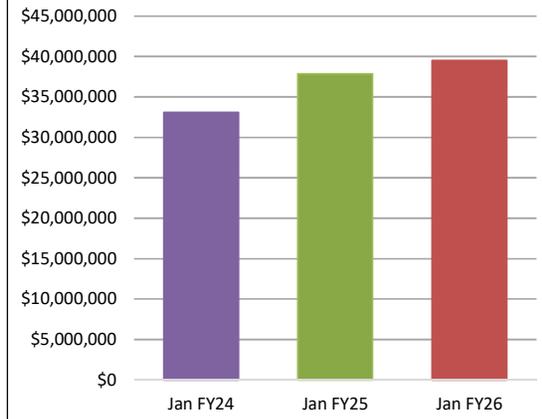


Chart 4: GRT Distribution by Industry % Change FY26 YTD compared to FY25 YTD

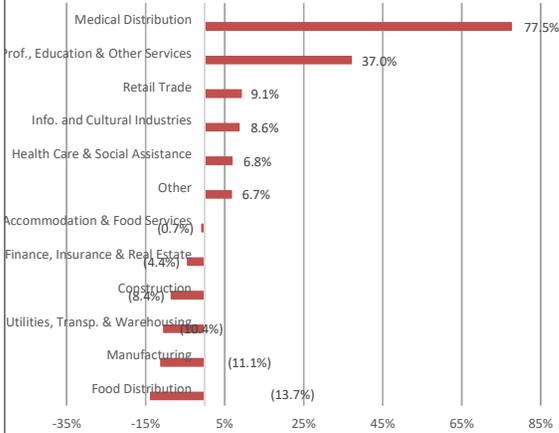


Chart 5: GRT Distribution by Industry FY6 YTD

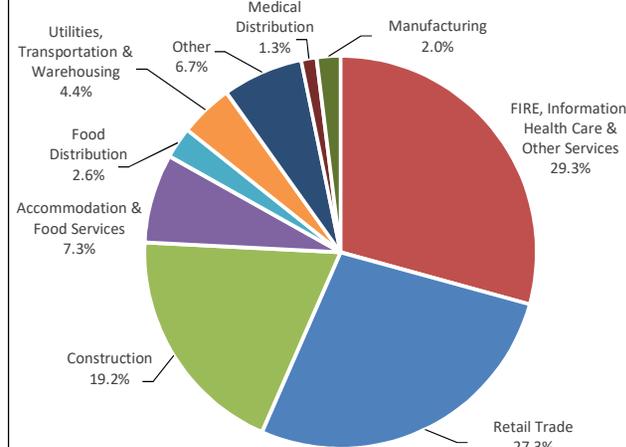


Chart 6: Changing Composition of GRT

