



Los Alamos County Gross Receipts Tax and Financial Overview

GRT Overview

Budget Overview/GRT Rate Scenarios

GRT Comparisons

Upcoming Bond Ordinances

Affordable Housing Financial Policy

Next Steps

OVERVIEW

GRT Overview

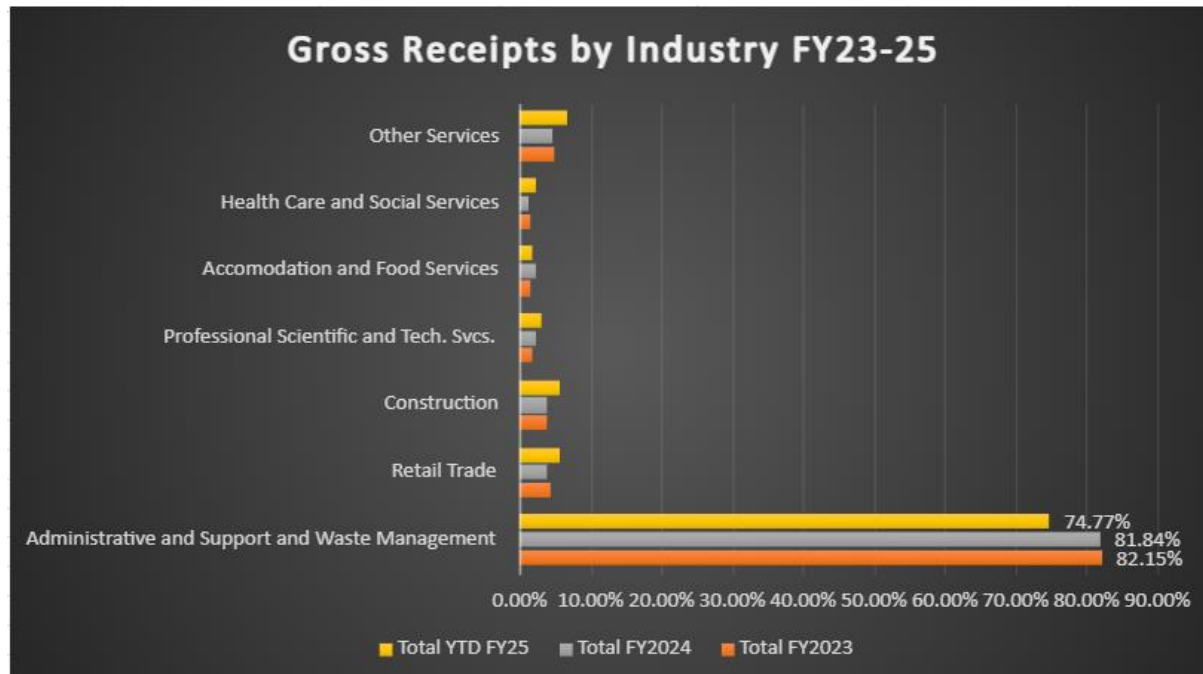
- Ø General Fund GRT Revenue for FY25 \$80.7M or 86% of Adopted Budget of \$93.6M
- Ø GRT Revenue was projected to be \$10M lower during FY26 budget adoption
- Ø June 30, 2025, GRT is now realized to be ~ 14% or \$13M lower than the adopted budget.
- Ø \$4M lower than projected with the FY2026 Budget Hearings



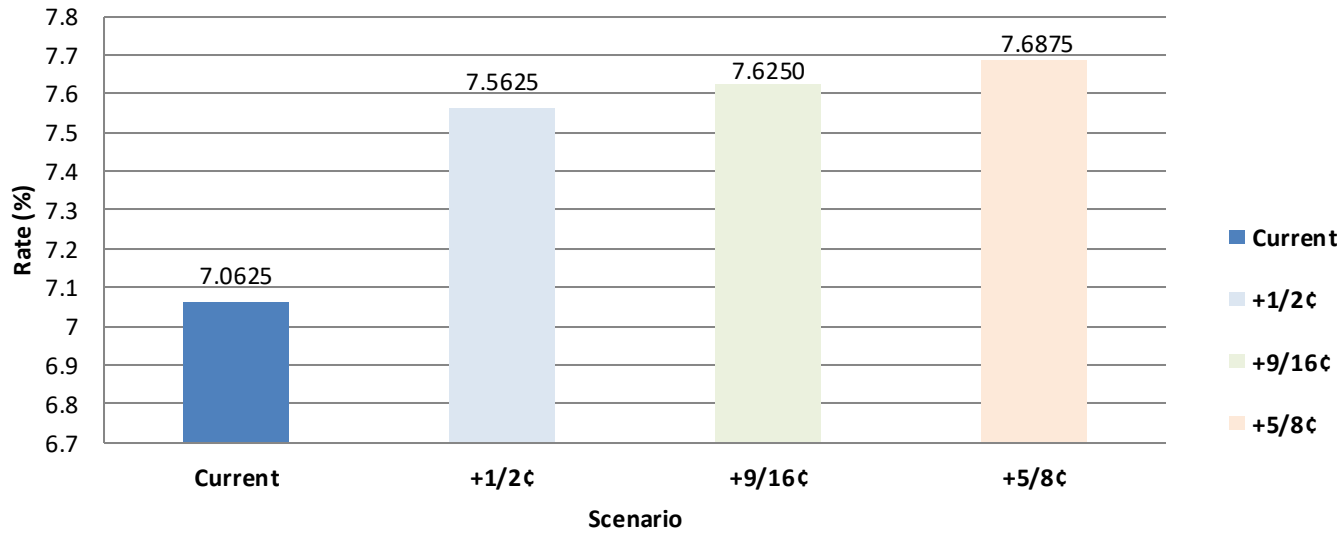
GRT by Industry

(FY23, FY24, FY25)

GROSS RECEIPTS BY INDUSTRY:	Administrative and Support and Waste Management	Retail Trade	Construction	Professional Scientific and Tech. Svcs.	Accommodation and Food Services	Health Care and Social Services	Other Services
Total FY2023	82.15%	4.42%	3.79%	1.85%	1.40%	1.45%	4.95%
Total FY2024	81.84%	3.93%	3.73%	2.16%	2.41%	1.31%	4.63%
Total YTD FY25	74.77%	5.76%	5.74%	3.01%	1.85%	2.18%	6.68%



Gross Receipts Tax Rate Scenarios



Scenario	Rate (%)
Current	7.0625
+1/2¢	7.5625
+9/16¢	7.6250
+5/8¢	7.6875

Budget Overview

Scenario 1 – ½ of one-cent GRT

As Planned for FY2027

GENERAL FUND LONG RANGE FINANCIAL PROJECTION - Working Model 1/2										
	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2031 Projected	FY2032 Projected	FY2033 Projected	FY 2034 Projected	FY 2035 Projected	
Total Expenditures	110,334,911	114,997,186	118,430,672	122,061,820	125,592,295	129,418,692	133,301,254	137,300,292	141,419,301	
Transfers to other funds	25,965,304	24,550,959	29,616,840	27,886,220	26,156,589	25,443,319	25,734,618	25,035,903	25,348,409	
Ending fund balance										
Nonspendable	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	
Restricted for Cash Requirements	9,194,576	9,583,099	9,869,223	10,171,818	10,466,025	10,784,891	11,108,438	11,441,691	11,784,942	
Other Restricted/Assigned	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	
Unassigned	34,438,804	33,091,358	27,392,881	23,087,531	21,195,912	20,571,663	20,412,840	21,716,217	23,489,595	
Ending fund balance	62,090,131	61,131,208	55,718,855	51,716,100	50,118,688	49,813,305	49,978,029	51,614,659	53,731,288	
Total uses of funds	\$ 198,390,346	200,679,353	203,766,367	201,664,140	201,867,573	204,675,316	209,013,901	213,950,854	220,498,998	
Operating Surplus / (Shortfall)	\$ (2,323,592)	(958,923)	(5,412,353)	(4,002,755)	(1,597,412)	(305,384)	164,724	1,636,630	2,116,629	
Unassigned as a % of Revenue	26.38%	24.51%	19.71%	16.24%	14.49%	13.66%	13.16%	13.59%	14.28%	
Unassigned Target (20% of Rev)	26,107,725	27,004,644	27,792,632	28,437,857	29,256,495	30,114,326	31,019,119	31,948,965	32,906,068	
\$ over (under) target	8,331,079	6,086,714	(399,750)	(5,350,326)	(8,060,582)	(9,542,663)	(10,606,279)	(10,232,748)	(9,416,473)	

- Target reserves run into small deficit in FY29, but realized in FY2030 and beyond
- Adjustments to expenditures, deferring capital or other transfers, and other variations in Realized Revenues and Expenditures over Projections could make this sustainable ~ \$11M or 10% over 3 yrs

Budget Overview

Scenario 2 – 9/16 of one-cent GRT

	GENERAL FUND LONG RANGE FINANCIAL PROJECTION - Working Model 9/16									
	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2031 Projected	FY2032 Projected	FY2033 Projected	FY 2034 Projected	FY 2035 Projected	
Total beginning fund balance	64,413,722	63,809,131	64,684,208	61,214,855	59,254,100	59,818,188	61,796,305	64,313,259	68,372,611	
Revenues										
Gross Receipts Taxes	98,779,000	102,452,000	105,501,000	107,929,000	111,167,500	114,498,500	117,940,500	121,475,000	125,112,000	
Total sources of funds	\$ 200,109,346	204,232,353	209,262,367	209,202,140	211,567,073	216,658,316	223,349,131	230,708,806	239,751,934	
Total Expenditures	110,334,911	114,997,186	118,430,672	122,061,820	125,592,295	129,418,692	133,301,254	137,300,292	141,419,301	
Transfers to other funds	25,965,304	24,550,959	29,616,840	27,886,220	26,156,589	25,443,319	25,734,618	25,035,903	25,348,409	
Ending fund balance										
Nonspendable	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	
Restricted for Cash Requirements	9,194,576	9,583,099	9,869,223	10,171,818	10,466,025	10,784,891	11,108,438	11,441,691	11,784,942	
Other Restricted/Assigned	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	
Unassigned	36,157,804	36,644,358	32,888,881	30,625,531	30,895,412	32,554,663	34,748,070	38,474,169	42,742,531	
Ending fund balance	63,809,131	64,684,208	61,214,855	59,254,100	59,818,188	61,796,305	64,313,259	68,372,611	72,984,224	
Total uses of funds	\$ 200,109,346	204,232,353	209,262,367	209,202,140	211,567,073	216,658,316	223,349,131	230,708,806	239,751,934	
Operating Surplus / (Shortfall)	\$ (604,592)	875,077	(3,469,353)	(1,960,755)	564,088	1,978,116	2,516,954	4,059,352	4,611,613	
Unassigned as a % of Revenue	27.34%	26.78%	23.34%	21.23%	20.81%	21.30%	22.07%	23.72%	25.59%	
Unassigned Target (20% of Rev)	26,451,525	27,371,444	28,181,232	28,846,257	29,688,795	30,571,026	31,489,565	32,433,509	33,405,065	
\$ over (under) target	9,706,279	9,272,914	4,707,650	1,779,274	1,206,618	1,983,637	3,258,505	6,040,660	9,337,466	

- Target reserves remain positive in 10 yr outlook
- Allows for more flexibility for other transfers, programs, initiatives

Budget Overview

Scenario 3 – 5/8 of one-cent GRT

GENERAL FUND LONG RANGE FINANCIAL PROJECTION - Working Model 5/8										
	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2031 Projected	FY2032 Projected	FY2033 Projected	FY 2034 Projected	FY 2035 Projected	
Total beginning fund balance	64,413,722	65,528,131	68,238,208	66,710,855	66,793,100	69,517,688	73,779,305	78,648,489	85,130,562	
Revenues										
Gross Receipts Taxes	100,498,000	104,235,000	107,337,000	109,807,000	113,102,000	116,491,000	119,993,000	123,589,000	127,289,000	
Total sources of funds	\$ 201,828,346	207,786,353	214,758,367	216,741,140	221,266,573	228,641,316	237,684,361	247,466,757	259,004,868	
Total Expenditures	110,334,911	114,997,186	118,430,672	122,061,820	125,592,295	129,418,692	133,301,254	137,300,292	141,419,301	
Transfers to other funds	25,965,304	24,550,959	29,616,840	27,886,220	26,156,589	25,443,319	25,734,618	25,035,903	25,348,409	
Ending fund balance										
Nonspendable	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	
Restricted for Cash Requirements	9,194,576	9,583,099	9,869,223	10,171,818	10,466,025	10,784,891	11,108,438	11,441,691	11,784,942	
Other Restricted/Assigned	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	
Unassigned	37,876,804	40,198,358	38,384,881	38,164,531	40,594,912	44,537,663	49,083,300	55,232,120	61,995,465	
Ending fund balance	65,528,131	68,238,208	66,710,855	66,793,100	69,517,688	73,779,305	78,648,489	85,130,562	92,237,158	
Total uses of funds	\$ 201,828,346	207,786,353	214,758,367	216,741,140	221,266,573	228,641,316	237,684,361	247,466,757	259,004,868	
Operating Surplus / (Shortfall)	\$ 1,114,408	2,710,077	(1,527,353)	82,245	2,724,588	4,261,616	4,869,184	6,482,073	7,106,596	
Unassigned as a % of Revenue	28.27%	28.98%	26.87%	26.09%	26.95%	28.71%	30.72%	33.56%	36.57%	
Unassigned Target (20% of Rev)	26,795,325	27,738,444	28,569,632	29,254,857	30,120,895	31,027,726	31,960,011	32,918,054	33,904,061	
\$ over (under) target	11,081,479	12,459,914	9,815,250	8,909,674	10,474,018	13,509,937	17,123,289	22,314,066	28,091,403	

- Target reserves remain positive in 10 yr outlook
- Allows for growth and expansion beyond currently programmed
- Requires two ordinances
 - 1. Municipal Portion – 9/16 (0.5625)
 - 2. County Portion 1/16 (0.0625)

Budget Overview

Scenario 4 - If No GRT Increment Adopted

GENERAL FUND LONG RANGE FINANCIAL PROJECTION - Working Model NO INCREMENT									
	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2031 Projected	FY2032 Projected	FY2033 Projected	FY 2034 Projected	FY 2035 Projected
Total beginning fund balance	64,413,722	48,338,131	32,702,208	11,748,855	(8,597,900)	(27,480,312)	(46,053,695)	(64,706,811)	(82,451,957)
Revenues									
Gross Receipts Taxes	83,308,000	86,405,000	88,977,000	91,027,000	93,757,000	96,566,000	99,468,000	102,449,000	105,519,000
Total sources of funds	\$ 184,638,346	172,250,353	159,796,367	141,350,140	124,268,573	108,808,316	94,329,061	79,884,238	66,472,513
Total Expenditures	110,334,911	114,997,186	118,430,672	122,061,820	125,592,295	129,418,692	133,301,254	137,300,292	141,419,301
Transfers to other funds	25,965,304	24,550,959	29,616,840	27,886,220	26,156,589	25,443,319	25,734,618	25,035,903	25,348,409
Ending fund balance									
Nonspendable	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751	2,406,751
Restricted for Cash Requirements	9,194,576	9,583,099	9,869,223	10,171,818	10,466,025	10,784,891	11,108,438	11,441,691	11,784,942
Other Restricted/Assigned	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000	16,050,000
Unassigned	20,686,804	4,662,358	(16,577,119)	(37,226,469)	(56,403,088)	(75,295,337)	(94,272,000)	(112,350,399)	(130,536,890)
Ending fund balance	48,338,131	32,702,208	11,748,855	(8,597,900)	(27,480,312)	(46,053,695)	(64,706,811)	(82,451,957)	(100,295,197)
Total uses of funds	\$ 184,638,346	172,250,353	159,796,367	141,350,140	124,268,573	108,808,316	94,329,061	79,884,238	66,472,513
Operating Surplus / (Shortfall)	\$ (16,075,592)	(15,635,923)	(20,953,353)	(20,346,755)	(18,882,412)	(18,573,384)	(18,653,116)	(17,745,146)	(17,843,240)
Unassigned as a % of Revenue	17.71%	3.87%	-13.43%	-29.58%	-43.72%	-56.91%	-69.18%	-80.04%	-90.29%
Unassigned Target (20% of Rev)	23,357,325	24,069,244	24,684,432	25,169,057	25,799,495	26,460,726	27,255,551	28,072,610	28,914,094
\$ over (under) target	(2,670,521)	(19,406,886)	(41,261,550)	(62,395,526)	(82,202,582)	(101,756,063)	(121,527,551)	(140,423,009)	(159,450,984)

- Budget cuts necessary to balance to available revenues and reserve requirements starting FY2027
- Not sustainable in 10 yr LRFP
- Would not recommend issuing debt

Budget Overview – Operating Transfers

Next 5Yrs

	<u>FY2026 Projected</u>	<u>FY2027 Projected</u>	<u>FY2028 Projected</u>	<u>FY2029 Projected</u>	<u>FY2030 Projected</u>
<u>General Fund Transfers to the Following Funds:</u>					
Economic Development Fund - Infrastructure	\$ 3,150,000	3,350,000	1,850,000	1,850,000	1,850,000
Debt Service Fund - GRT Revenue Bonds 529	7,527,420	10,502,978	10,501,443	5,957,518	5,959,298
Capital Improvement Projects Fund:	28,385,538	9,573,000	9,660,190	18,919,996	17,187,596
Transit Fund - ongoing operations	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Airport Fund- operations	657,326	657,326	657,326	657,326	657,326
Airport Fund - capital project matching funds	32,000	32,000	32,000	32,000	32,000
<u>Health Care Assistance Fund - operations</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Transfers to Other Funds	41,602,284	25,965,304	24,550,959	29,616,840	27,886,220

Economic Development:

- Grants to Schools and UNMLA
- Housing Rehab and Down Payment Assistance
- Other ED Initiatives, Land Purchases, LEDA, Public Private Partnerships, etc.

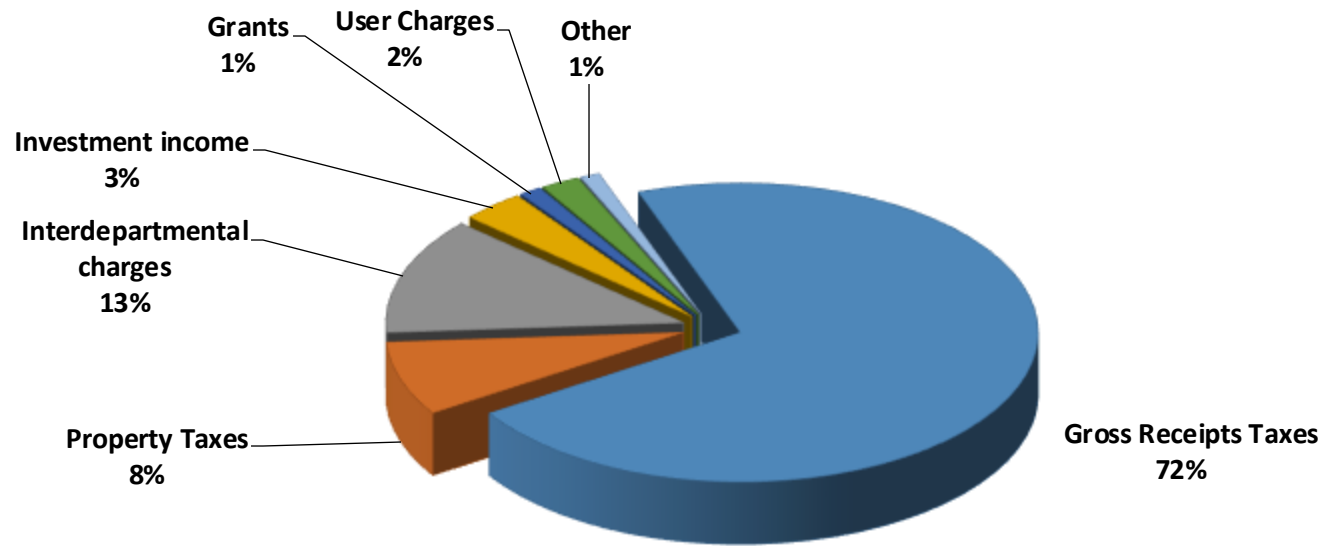
Tax Sources of Revenue

PROPERTY TAXES

- Make up 8% of overall budget
- Can be increased by Mil Levy's
- Assessed to Property Taxpayers in the County (Residential & Commercial)

GROSS RECEIPTS TAXES

- Make up 72% of overall budget
- Can be increased by increment allowed under state statute
- Assessed on all taxable sales in the County, and usually passed on to the consumer



General Fund Revenues Comparison by Category

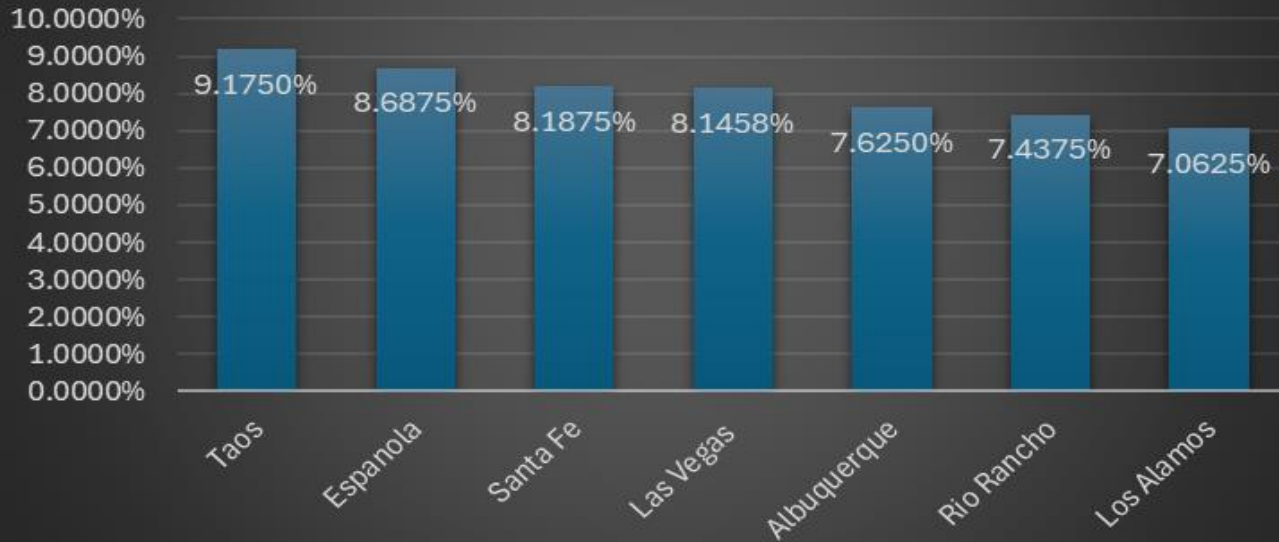
GRT Tax Comparisons on Consumer Spending

Spending	Current (7.0625%)	+1/2¢ (7.5625%)	+9/16¢ (7.6250%)	+5/8th¢ (7.6875%)
\$ 1.00	\$ 0.07	\$ 0.08	\$ 0.08	\$ 0.08
\$ 100.00	\$ 7.06	\$ 7.56	\$ 7.63	\$ 7.69
\$ 1,000.00	\$ 70.63	\$ 75.63	\$ 76.25	\$ 76.88
\$ 10,000.00	\$ 706.25	\$ 756.25	\$ 762.50	\$ 768.75
\$ 100,000.00	\$ 7,062.50	\$ 7,562.50	\$ 7,625.00	\$ 7,687.50

Spending	Diff (1/2¢)	Diff (9/16¢)	Diff (5/8th¢)
\$ 1.00	\$ 0.01	\$ 0.01	\$ 0.01
\$ 100.00	\$ 0.50	\$ 0.56	\$ 0.63
\$ 1,000.00	\$ 5.00	\$ 5.63	\$ 6.25
\$ 10,000.00	\$ 50.00	\$ 56.25	\$ 62.50
\$ 100,000.00	\$ 500.00	\$ 562.50	\$ 625.00

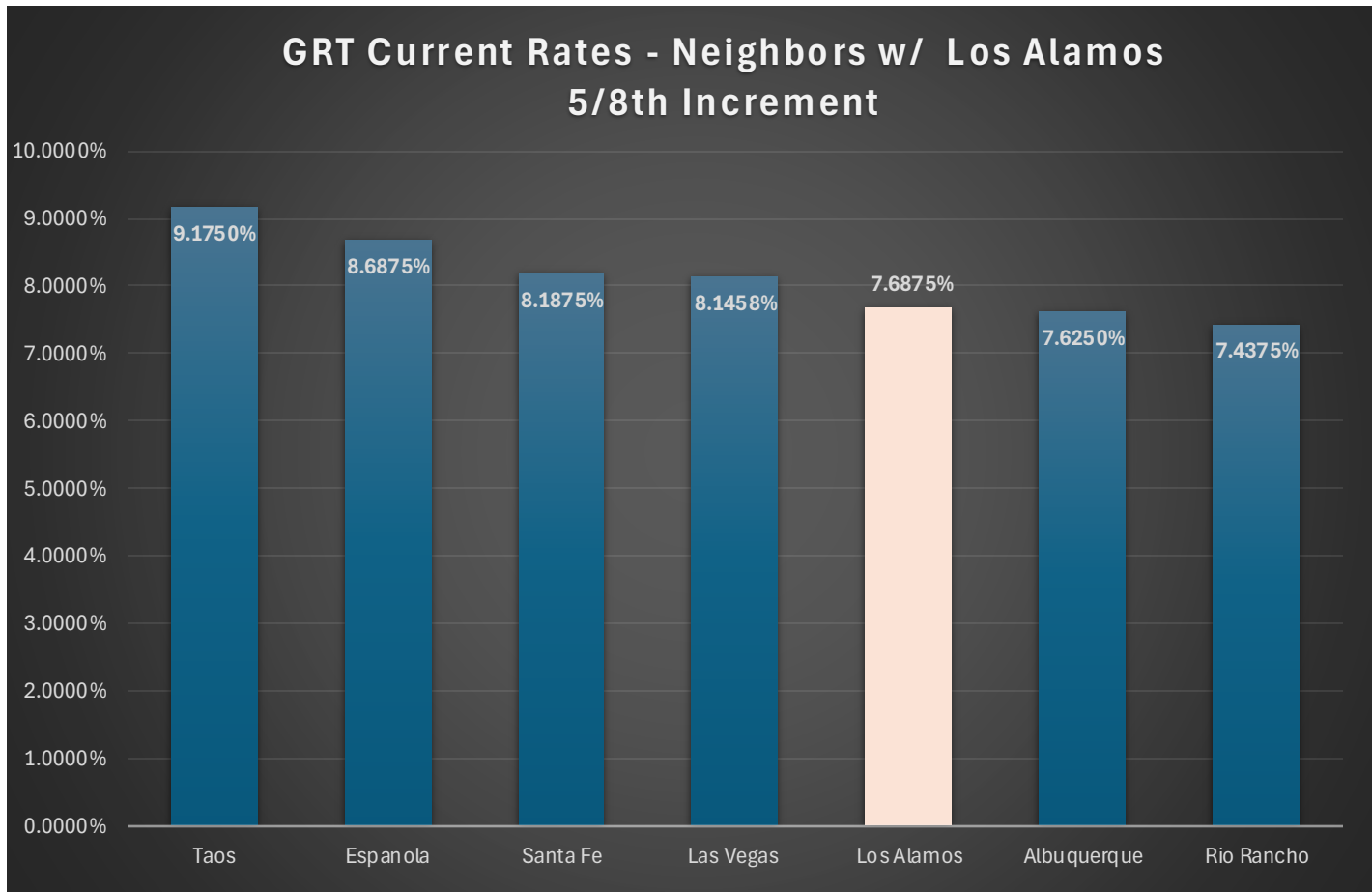
Gross receipts tax (GRT) is imposed on businesses, but it is common for a business to pass the GRT on to the purchaser.

GRT Current Rates - Comparison to Neighbors



Surrounding Area Current	GRT Rates	Statewide Rank (1 Highest 33 Lowest)
Taos	9.1750%	1
Espanola	8.6875%	2
Santa Fe	8.1875%	11
Las Vegas	8.1458%	15
Albuquerque	7.6250%	25
Rio Rancho	7.4375%	30
Los Alamos	7.0625%	32

GRT Tax Comparisons to Neighbors 5/8th Increment Scenario



GRT Existing Enactment vs Remaining Availability up to 5/8th's

Enacted

Prior Enactment Table	Fund	Type	Enacted (percentage)	Enacted (fraction)
650	General	Municipal	1.25	1 1/4
630	Env. Svcs	Municipal	0.0625	1/16
645	General	Muni – Infrast.	0.125	1/8
410	Indigent HCAP	County	0.125	1/8
410	General	County	0.125	1/8
410	General	County 3rd 1/8th	0.125	1/8
480	General	County Correctional	0.125	1/8
440	Fire	County Fire	0.125	1/8
415	N/A	NCRTD Regional Transit	0.125	1/8
			2.1875	2 1/5

Unrestricted

GRT Increment	Projected Revenue (FY2027 Base)
1/16th	\$ 1,792,000.00
1/8th	\$ 3,584,000.00
1/4cent	\$ 7,168,000.00
1/2cent	\$ 14,336,000.00
9/16cent	\$ 16,128,000.00
*5/8cent	\$ 17,920,000.00

* Note 5/8 would require implementing two Ordinances, one for Municipal (up to 9/16) and one for County (remaining 1/16)

Upcoming Bond Ordinance and Debt Service Levels for Consideration

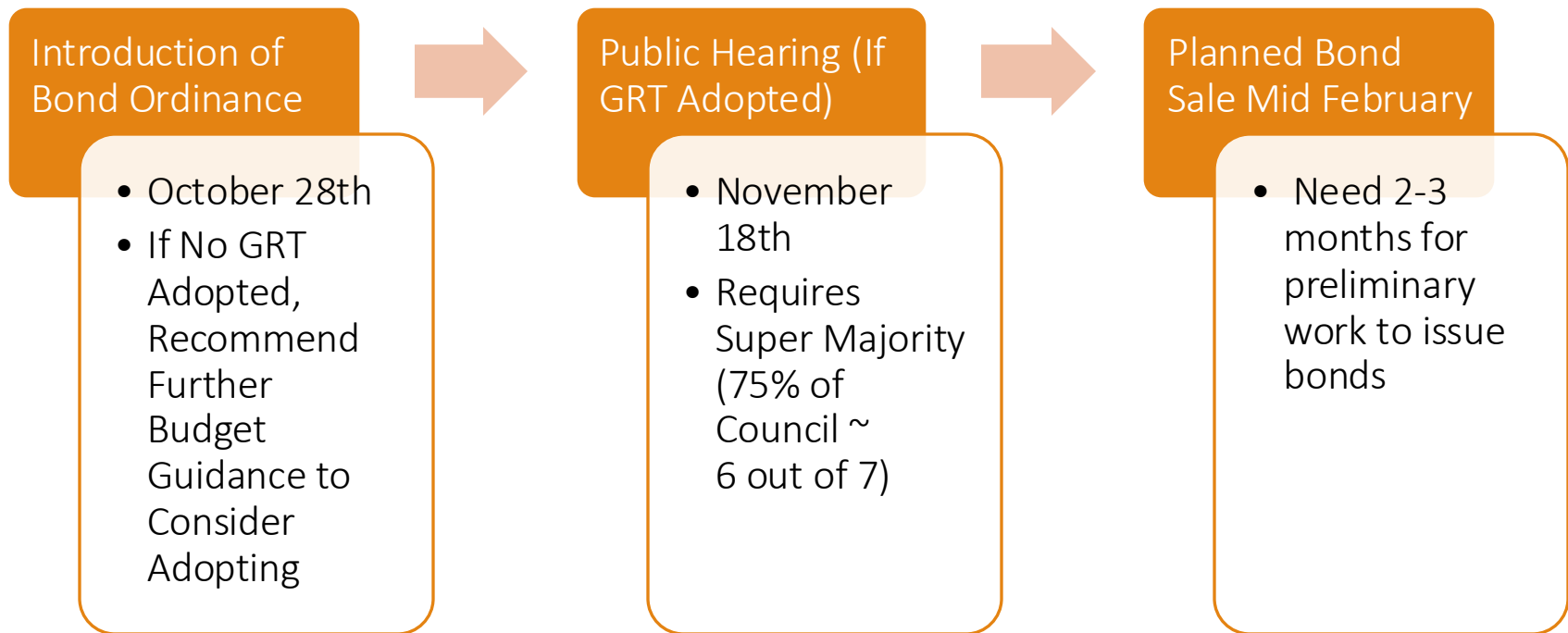
\$40MILLION GRT BOND - BROADBAND

- Introduction of Ordinance slated for October after GRT Increment Adopted
- Transfers to Debt Service from General Fund ~ \$5m annually
- Can Structure to Scale it down over time higher payments in early years down to lower amounts; or
- Can Structure to remain steady amount over 20yrs

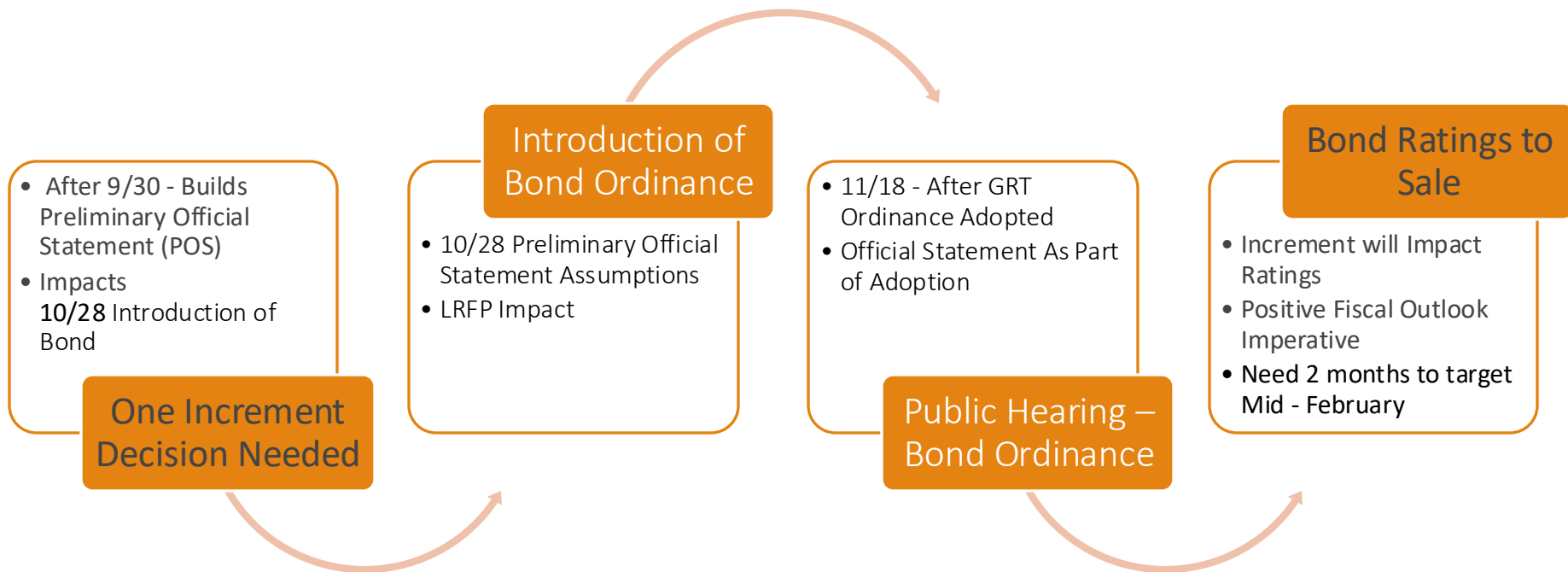
\$35MILLION GRT BOND – OTHER CAPITAL PROJECTS

- Council can approve an Ordinance up to full \$75M and issue in Series, or approve separate ordinances when more project ready
- Adds additional transfers to Debt Service from General Fund ~ 2.7M each year
- Total Debt Service if up to \$75M of debt issued ~ 10M through FY28 when 2013 Series is paid off

Upcoming Bond Ordinance Timeline and Upcoming Action



Upcoming Bond Ordinance – Why GRT Increment Matters



Affordable
Housing
Funding
Options –
Recommended
for
Consideration

General Fund Transfer: Council
Budgets a Transfer to Affordable
Housing Fund

Assigned Fund
Balance: Council
establishes assigned fund
balance per Financial
Policy in the Budget

Affordable Housing Fund – Recurring Transfers/Budget

- Similar to how we supplement and/or fund Capital Projects, Schools and UNMLA Grants, Regional Fund, and other housing and economic dev. Programs
- Can be recurring or one-time transfers or a combination
- Allows for flexibility given fiscal climate and allows the ability to budget more or less when compared to ending General Fund balance & reserve targets

Affordable Housing Fund – Financial Policy Assigned Fund Balance

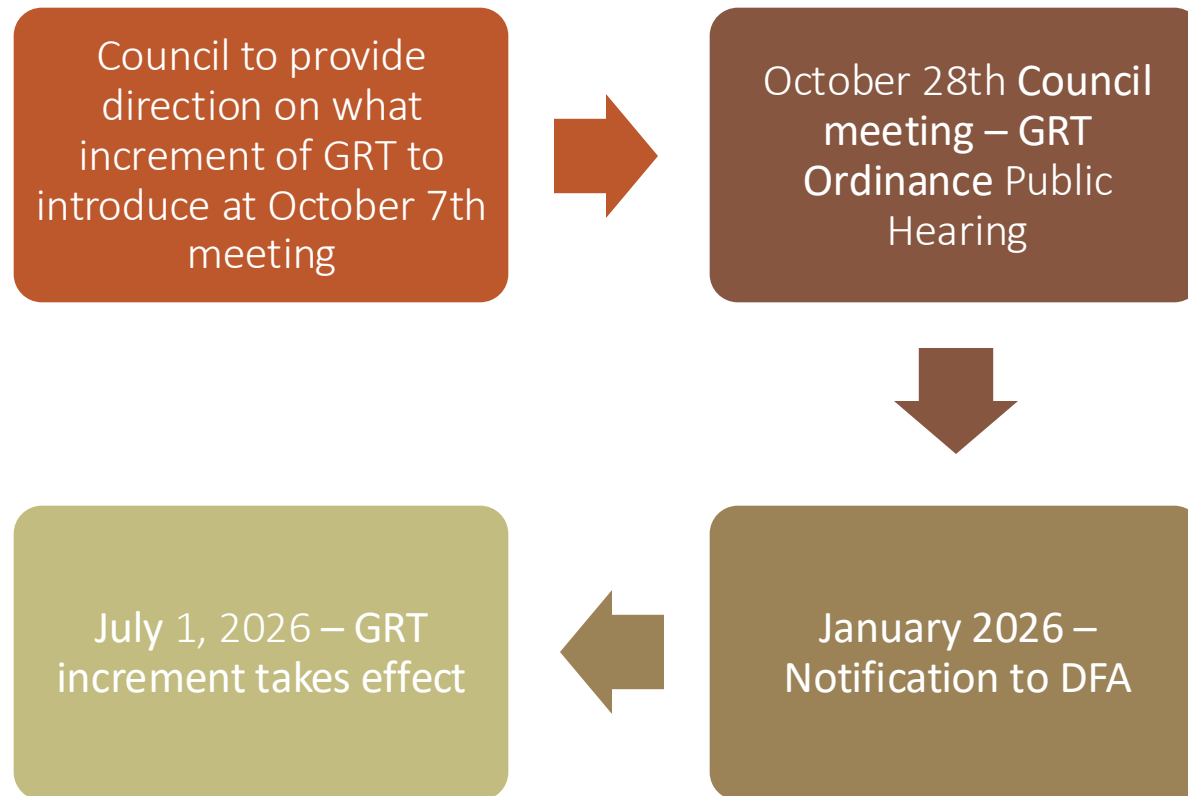
- Sets the specific policy guidance for budget development
- Economic Development Fund (D. Pg 283-284)
- Debt Service (can assign over and above legal requirements, E. Pg 284)
- Continuing Appropriations (what automatically gets re-budgeted, F. Pg 284)
- Capital Projects (reflects Council's intent for Capital, G. Pg 284)
- Emergency Response & Recovery (H. Pg 284)

Proposed Language would be new:

I. Fund Balance Assigned for Affordable Housing Fund

The fund balance Assigned for Affordable Housing is reflected in the Affordable Housing Fund to reflect Council's intent that these funds be spent to meet the objectives of the County's Affordable Housing Plan.

Next Steps – GRT Ordinance



Summary & Direction Needed

- Minimum of ½ Cent Increment Needed
- Anything above ½ Cent provides more flexibility and future growth, and allows to add transfers to Affordable Housing and/or Capital or other
- Only one choice of direction is requested – not a variety of options to introduce
- If no GRT increment adopted at public hearing, recommend pulling bond ordinance, will need immediate budget guidance on where to reduce expenditures