

# Memorandum

## City of Lawrence

### Finance Department

**TO:** Diane Stoddard, Interim City Manager

**FROM:** Bryan Kidney, Finance Director

**Date:** September 24, 2015

**RE:** September 2015 Sales and Use Tax Distribution

The City received its September sales and use tax, along with its share of County sales and use tax distribution this week. Total received was \$2,982,281.71. Of this amount, \$2,955,151 was from sales and use taxes city-wide. The remaining \$26,980.98 was from sales within the City's three Transportation Development Districts.

#### Sales and Use Tax Cycle

Retail sales taxes are based on taxable retail sales at the point of the transaction. Unless specifically exempted, the sale, rental, or lease of tangible personal property; labor services to tangible personal property; and admissions to entertainment places, are all subject to sales tax. Retailers collect sales tax at the time of sale. Retailers remit sales tax collections to the State on the 25<sup>th</sup> day the month after collection. Smaller retailers may remit sales taxes quarterly on the 25<sup>th</sup> day after the quarter of collection.

Use taxes are, aside from some specific exceptions, based on the location in which the tangible property will be used. Use taxes that the City receives are made up primarily of goods which were purchased outside of Lawrence, but delivered to a Lawrence address. Use taxes also include taxes for the sale of vehicles in which the seller collected less sales tax than what a retailer would have collected within Lawrence.

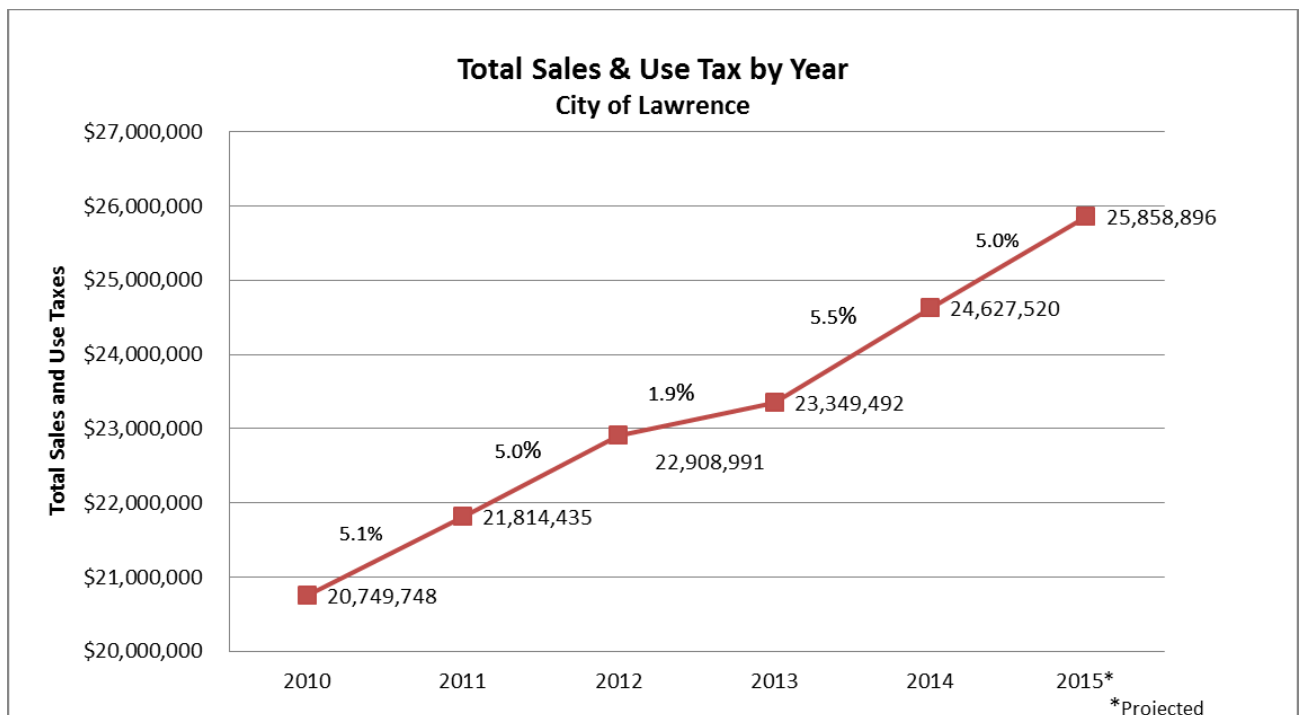
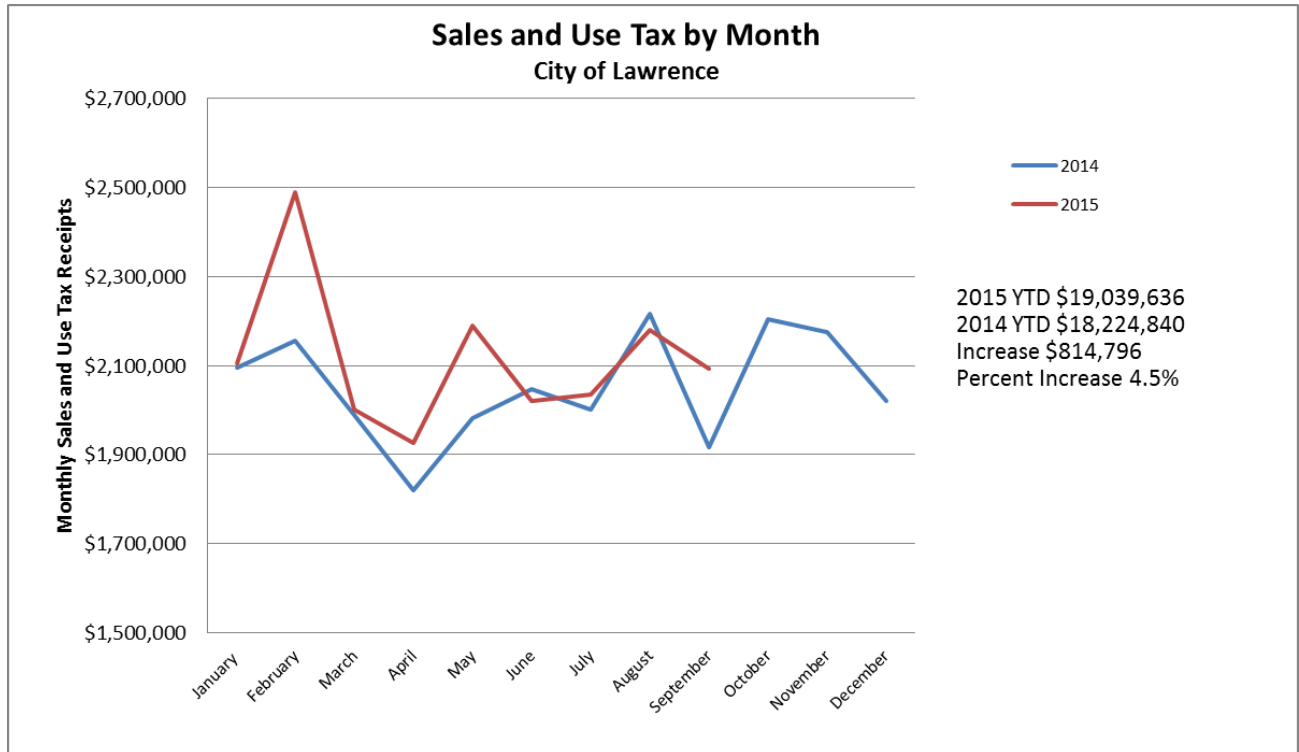
Typically, the State remits both sales and use tax collections to the City during the last week of the following month. Therefore the September distribution is based on retail sales which occurred on or before July 25<sup>th</sup>.

#### September Sales and Use Tax Collections

Source	Tax Rate	2015 Budget	2015 Revised Budget	Current Month	Year-to-date Collected 75% of Year	% Collect
General	1.00%	\$15,891,468	\$16,688,357	\$1,350,491	\$12,283,639	74%
Infrastructure	0.30%	4,767,440	5,006,507	405,148	3,685,092	74%
Transit Op	0.20%	3,178,294	3,337,671	270,098	2,456,728	74%
Transit Exp	0.05%	794,573	834,418	67,524	614,181	74%
<b>Total City Sales and Use Tax</b>	<b>1.55%</b>	<b>24,631,775</b>	<b>25,866,953</b>	<b>2,093,261</b>	<b>19,039,640</b>	<b>74%</b>
<b>City Share County Sales Tax</b>		<b>9,988,784</b>	<b>10,663,650</b>	<b>861,890</b>	<b>7,779,586</b>	<b>73%</b>
<b>Total</b>		<b>\$34,620,559</b>	<b>\$36,530,603</b>	<b>\$2,955,151</b>	<b>\$26,819,226</b>	<b>73%</b>

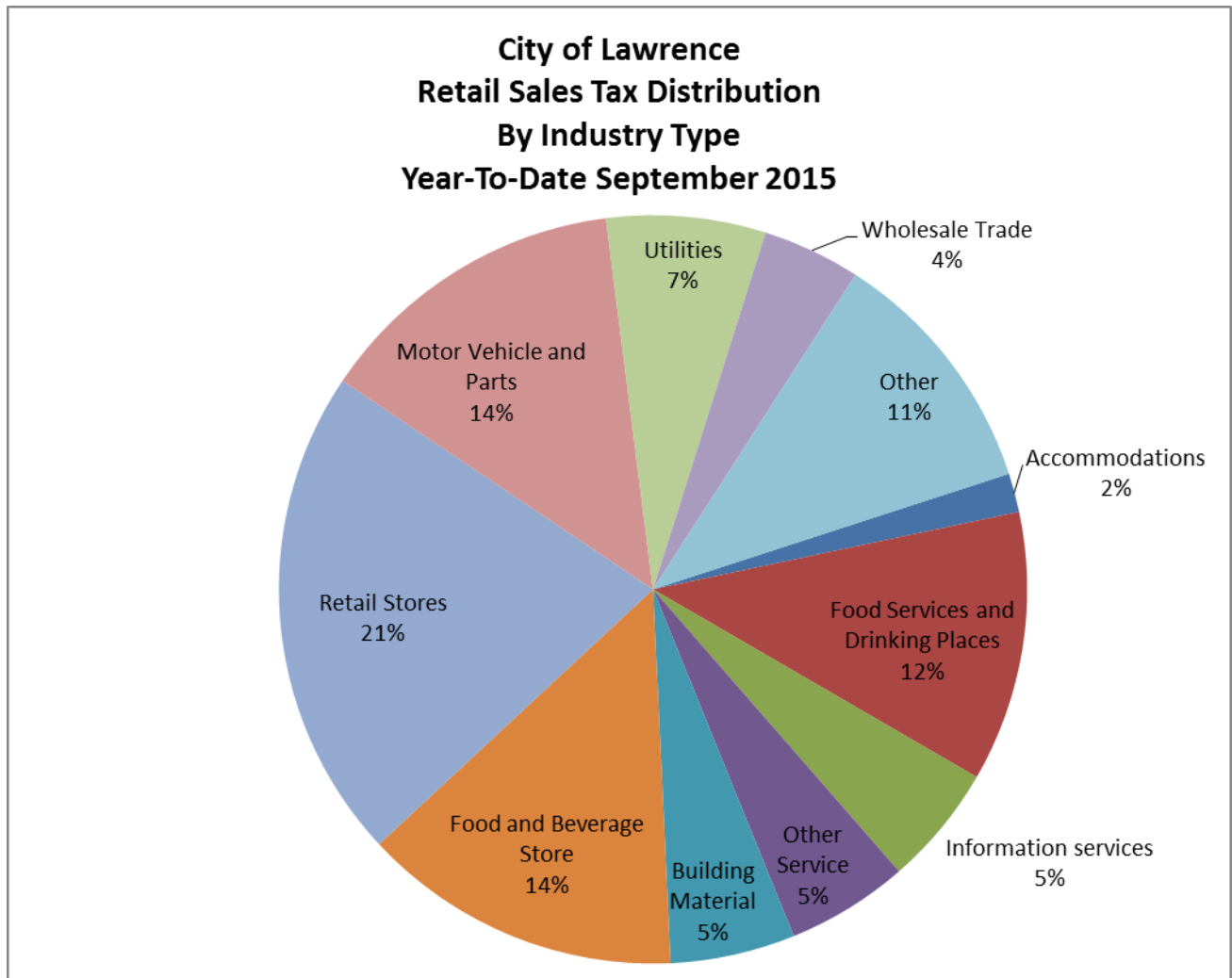
## Sales Tax Trends

The year-to-date sales tax receipts started the year on a high note, with above average receipts for holiday sales collected by the City in January and February of 2015. We saw June through August receipts hold to 2014 levels. We had been speculating that our estimated 5% sales tax increase over 2014 was overly optimistic. However, September receipts (July sales) are a 9% increase over September 2014, which brings our year-to-date total to a 4.5% increase over 2014. This is a good sign, especially considering that this is the first month for the State's sales tax rate increase to be in effect.



## Retail Sales Tax Distribution

Retail sales within the City are from a wide variety of retailers. The percentages of collection by industry type, shown below, do not vary materially from year to year, but do vary seasonally. As mentioned previously, the City had a large sales tax increase due to holiday sales. These were reflected mostly in the Retail Stores industry. The City also experiences a higher level of sales for food services and drinking establishments during the school year. With the exception of utilities, the overall increase in retail sales so far in 2015, are reflected across the various industries. Sales on utility services are down 3% from last year. Our largest increase so far in 2015 is sales from food services and drinking establishments. This industry is up over 7% from the same period last year.





STATE OF KANSAS  
**Ron Estes**  
TREASURER

900 SW Jackson St. Suite 201  
Topeka, Kansas 66612-1235

TELEPHONE  
(785) 296-4151

BRYAN KIDNEY  
PO BOX 708  
LAWRENCE, KS 66044-0708

**September 24, 2015**

Dear Mr. Kidney

This is notice of a distribution from the State Treasurer for Lawrence, City Of. Our system sends email notices as soon as a distribution has been completed. You may have the emails sent to as many contacts as you like. Please call Lucinda at 785.296.4151 to add or modify email addresses for your notifications.

You will receive an EFT to settle 09/29/2015. The details are as follows:

Detail Description	County	Amount
<b>Sep 2015 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	19,999.30
Lawrence 2 Transportation	Douglas	6,574.88
Lawrence 9thnh Transport	Douglas	406.80
<b>Total for Sep 2015 Transportation Dev Dist Tax:</b>		<b>\$26,980.98</b>
<b>Sep 2015 Compensating Use Tax</b>		
City Tax File	Douglas	180,893.19
City Share From County Tax	Douglas	82,880.53
<b>Total for Sep 2015 Compensating Use Tax:</b>		<b>\$263,773.72</b>
<b>Sep 2015 Sales Tax</b>		
City Tax File	Douglas	1,912,367.75
City Share From County Tax	Douglas	779,165.26
<b>Total for Sep 2015 Sales Tax:</b>		<b>\$2,691,533.01</b>
<b>Grand Total Amount:</b>		<b>\$2,982,287.71</b>

Additional information can be found at <http://kansasstatetreasurer.com/prodweb/dist> or contact Lucinda Anstaett at 785.296.4151 or [lucinda@treasurer.state.ks.us](mailto:lucinda@treasurer.state.ks.us).

Sincerely,

Lucinda Anstaett  
Director Of Cash Management