

Memorandum

City of Lawrence

Finance Department

TO: Bryan Kidney, Finance Director
 FROM: Ashley Lonnberg, Senior Accountant
 DATE: November 16, 2015
 RE: Impact of Sales Tax Generated from Grocery Sales

In 2014, sales tax (city's 1.55% and city portion of county's 1%) generated \$31,501,651 and is expected to generate approximately \$33,000,000 and \$34,000,000 in 2015 and 2016 respectively. As shown in the table below, the purchase of groceries in Lawrence represents about 16% of that total sales tax. In 2014 this amounted to \$5,205,640 and is expected to be roughly \$5,400,000 in 2015 and \$5,600,000 in 2016.

	2014 Sales Tax Generated From Groceries	2015-YTD Sales Tax Generated From Groceries	2015-Projected Sales Tax Generated From Groceries	2016-Projected Sales Tax Generated From Groceries
City sales tax	\$ 3,702,227	\$ 3,176,497	\$ 3,849,336	\$ 3,964,816
City portion of County sales tax	1,503,414	1,281,099	1,563,152	1,610,047
Total	\$ 5,205,640	\$ 4,457,596	\$ 5,412,488	\$ 5,574,862
% of Sales Tax Generated by Groceries over Total Sales Tax	16.52%	16.38%	16.36%	16.36%

*Based on 3% increase over Projected 2015

In 2016, sales tax generated by grocery sales will fund an estimated:

- \$3,375,000 in general fund expenditures (public safety, public works and general operations)
- \$770,000 in infrastructure reserve fund expenditures (capital street improvements, residential street maintenance, capital storm water improvements, bike/pedestrian improvements, fire apparatus, etc.)
- \$515,000 in public transit operational expenditures
- \$130,000 in reserve for the future public transit facility
- \$485,000 in sales tax reserve fund expenditures (parks and recreation building maintenance, capital improvements and debt)
- \$325,000 in recreation and aquatic center operational expenditures

The information above estimates sales tax collected on food sales versus non-food sales (housewares, clothing, over the counter medications, etc.) based on the store's square footage dedicated to food sales.