

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Natalia Fairchild, Accountant

DATE: December 4, 2018

RE: November 2018 Sales and Use Tax Distribution

The City received its November sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,326,811. Of this amount, \$2,955,575 was from sales taxes and \$336,045 was from use taxes. The remaining \$35,191 was from sales and use taxes within the three Transportation Development Districts (TDD).

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 25th day of the month after collection. Smaller retailers may remit sales taxes quarterly on the 25th day after the quarter of collection.

Aside from some specific exceptions, use taxes are 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, this distribution is based on retail sales which occurred two months previous.

The City has formed three separate Transportation Development Districts (TDD) and two Tax Increment Financing Districts (TIF). A TDD has an additional sales tax added to retail sales incurred within the district as well as goods received by the district. A TIF District does not have an additional sales tax. Rather, increased sales since the establishment of the TIF district are captured for uses identified when established.

The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports; <https://lawrenceks.org/ed/>.

November Sales and Use Tax

Description	2018 Budget	2018 Revised Budget*	November 2018	YTD Collected	% Collected**
City Sales tax	\$16,685,000	16,685,000	\$1,348,379	\$14,939,844	90%
City Use tax	1,653,000	1,653,000	150,410	1,618,669	98%
City Share County Sales Tax	10,258,000	10,258,000	839,683	9,232,419	90%
City Share County Use Tax	1,201,000	1,201,000	102,910	1,146,012	95%
Total General Fund Receipt	29,797,000	29,797,000	2,441,382	26,936,944	90%
Infrastructure Sales Tax	5,082,000	3,979,000	358,305	4,085,138	103%
Infrastructure Use Tax***	-	515,000	45,123	485,601	94%
Total Infrastructure Receipt	5,082,000	4,494,000	403,427	4,570,739	102%
Fire Equipment Sales Tax	500,000	500,000	50,000	450,000	90%
Total Fire Equip Receipt	500,000	500,000	50,000	450,000	90%
Transit Sales Tax	4,401,000	4,401,000	340,254	3,779,282	86%
Transit Use Tax	449,000	449,000	37,602	404,667	90%
Total Transit Receipt	4,850,000	4,850,000	377,856	4,183,949	86%
Total Sales and Use Tax	40,229,000	39,641,000	3,272,665	36,141,633	91%
Free State TDD	261,000	261,000	24,136	228,136	87%
Total Free State TDD	261,000	261,000	24,136	228,136	87%
Oread TDD	101,000	101,000	8,180	110,264	109%
Oread TIF	184,000	184,000	8,180	110,264	94%
Oread TIF City Share of County			4,675	62,942	
Total Oread Receipt****	285,000	285,000	21,035	283,471	99%
9th NH South TDD	52,000	53,000	2,875	43,238	82%
9th NH South TIF	111,000	126,000	4,456	67,020	73%
9th NH South TIF City Share of County			1,643	24,669	
Total 9th NH South Receipt	163,000	179,000	8,974	134,927	75%
Total Special District	709,000	725,000	54,145	646,534	89%
Total Receipt	\$40,938,000	\$40,366,000	\$3,326,811	\$36,788,167	91%

*2018 Revised Budget Approved August 14, 2018

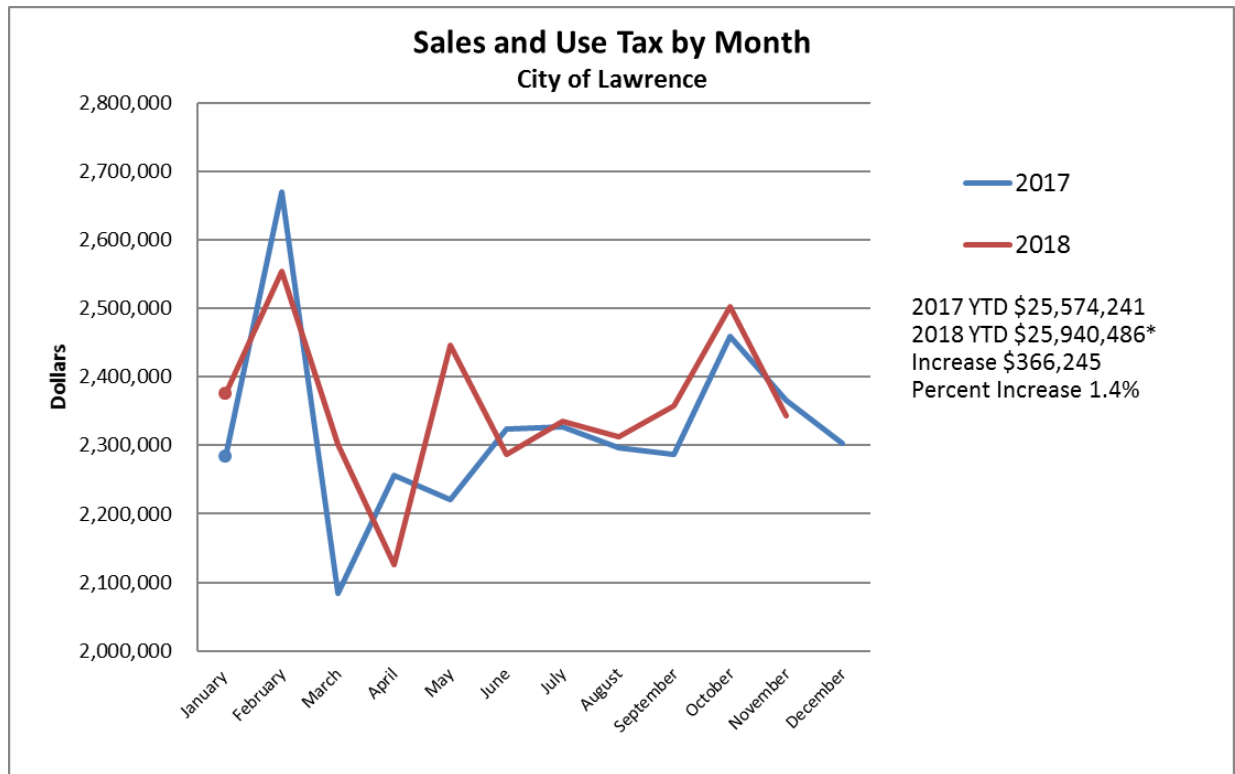
**% of Year-to-Date Elapsed 92%

***\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2018

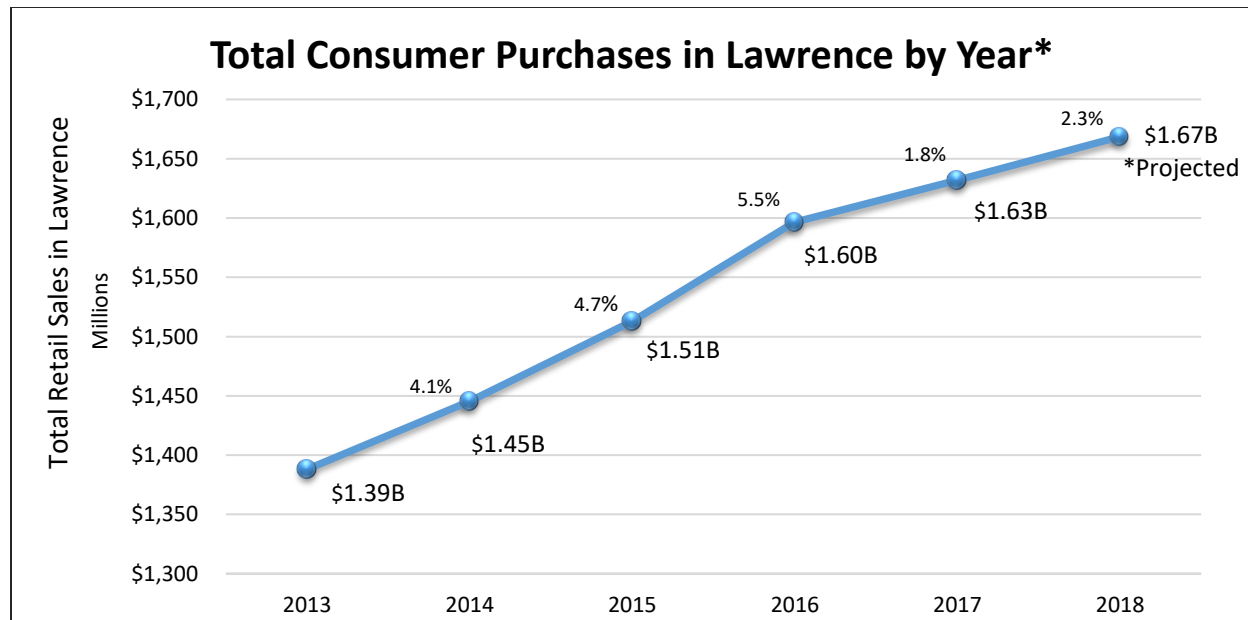
****Oread distribution is currently under review

Sales Tax Trends

Year-to-date sales tax revenues saw a 1.4% increase over the same period in 2017. November 2018 saw a 1% decrease over the same month in 2017.



*YTD total is net of City Share of County Sales and Use Tax, Free State TDD, Oread and 9th NH South TDDs, and City Share of County TIFs.



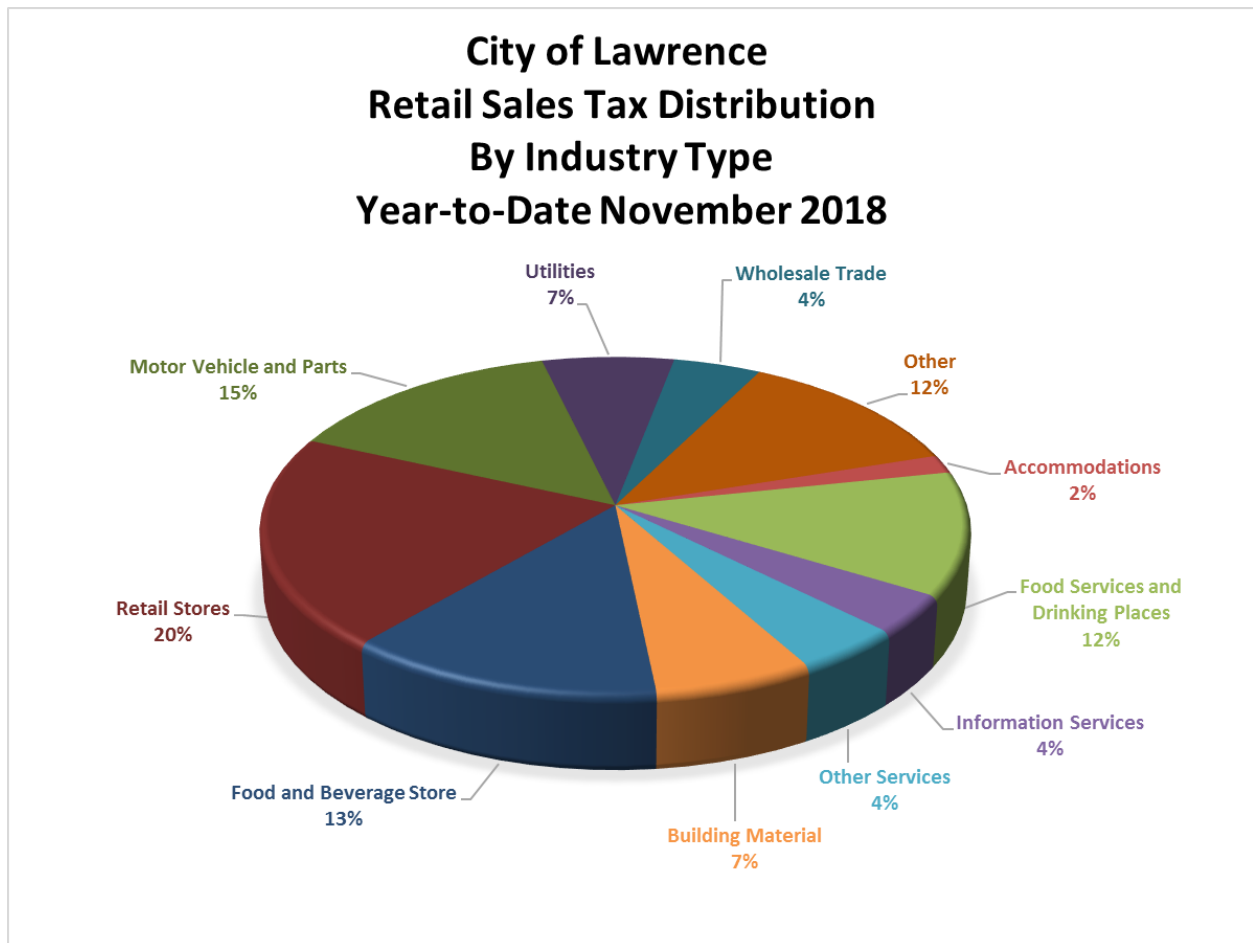
*Based on Sales Tax Collections

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.

The increase in 2018 sales taxes year-to-date over 2017 is attributed to three key industries:

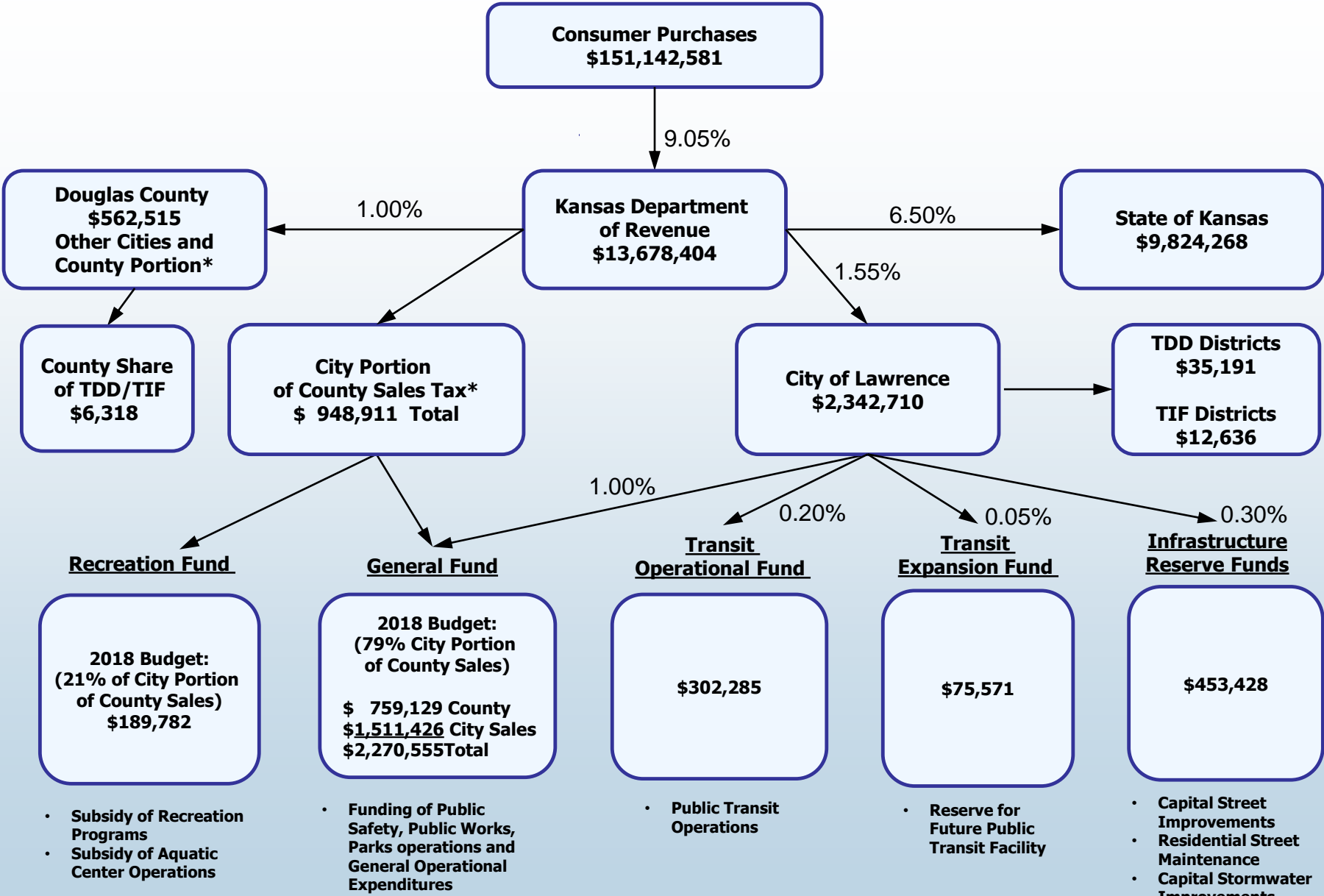
- 20% increase in Retail Stores
- 15% increase in Motor Vehicle and Parts
- 13% increase in Food and Beverage Store



Distribution of Sales Taxes within the City

The City has multiple funds where sales taxes are received. The following flowchart breaks down November's sales tax received and where the funds are used by the City:

November 2018 Sales and Use Tax



*County sales tax portion split between Douglas County and Lawrence per State statute and based on population and valuation. Proportions adjust every six months – City allocates amounts for each fund during annual City budget process.

- Subsidy of Recreation Programs
- Subsidy of Aquatic Center Operations

- Funding of Public Safety, Public Works, Parks operations and General Operational Expenditures

- Public Transit Operations

- Reserve for Future Public Transit Facility

- Capital Street Improvements
- Residential Street Maintenance
- Capital Stormwater Improvements
- Bike/Pedestrian Improvements
- Fire Apparatus



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NATALIA FAIRCHILD
 PO BOX 708
 LAWRENCE, KS 66044-0708

November 27, 2018

Dear Ms. Fairchild

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 11/30/2018. The details are as follows:

Detail Description	County	Amount
Nov 2018 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	24,136.11
Lawrence 2 Transportation	Douglas	8,179.95
Lawrence 9thnh Transport	Douglas	2,874.89
Total for Nov 2018 Transportation Dev Dist Tax:		\$35,190.95
Nov 2018 Compensating Use Tax		
City Tax File	Douglas	233,135.01
City Share From County Tax	Douglas	102,910.29
Total for Nov 2018 Compensating Use Tax:		\$336,045.30
Nov 2018 Sales Tax		
City Tax File	Douglas	2,109,573.57
City Share From County Tax	Douglas	846,001.06
Total for Nov 2018 Sales Tax:		\$2,955,574.63
Grand Total Amount:		\$3,326,810.88

Additional information can be found at https://kansasstatetreasurer.com/dist_search.php or contact Lucinda Anstaett at 785.296.4151 or lucinda@treasurer.ks.gov.

Sincerely,

Lucinda Anstaett
 Director Of Cash Management