

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Natalia Fairchild, Accountant

DATE: February 8, 2019

RE: January 2019 Sales and Use Tax Distribution

The City received its January sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,619,709. Of this amount, \$3,143,018 was from sales taxes and \$442,945 was from use taxes before Tax Increment Financing Districts (TIF) was applied. The remaining \$33,746 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/>.

January Sales and Use Tax

Description	January 2019	YTD Collected 2018	YTD Collected 2019*	Increase/ (Decrease)	% Changed
City Sales tax	\$1,436,884	\$1,370,371	\$1,436,884	\$66,513	4.85%
City Use tax	199,956	149,091	199,956	50,865	34.12%
City Share County Sales Tax	887,080	841,470	887,080	45,610	5.42%
City Share County Use Tax	133,013	105,260	133,013	27,753	26.37%
Total General Fund Receipts	2,656,933	2,466,192	2,656,933	190,741	7.73%
Infrastructure Sales Tax**	393,644	415,047	393,644	-21,403	-5.16%
Infrastructure Use Tax	59,987	44,727	59,987	15,260	34.12%
Total Capital Improvement Reserve Receipts	453,630	459,774	453,630	-6,144	-1.34%
Infrastructure Sales Tax**	41,667	-	41,667	41,667	N/A
Total Equip Reserve Receipts	41,667	-	41,667	41,667	N/A
Transit Sales Tax	362,758	345,872	362,758	16,886	4.88%
Transit Use Tax	49,989	37,273	49,989	12,716	34.12%
Total Transit Receipts	412,747	383,145	412,747	29,602	7.73%
Subtotal Sales Tax	3,122,033	2,972,760	3,122,033	149,273	5.02%
Subtotal Use Tax	442,945	336,351	442,945	106,594	31.69%
Total Sales and Use Taxes	3,564,978	3,309,111	3,564,978	255,867	7.73%
Free State TDD	21,787	20,089	21,787	1,698	8.45%
Total Free State Receipts	21,787	20,089	21,787	1,698	8.45%
Oread TDD	7,975	7,234	7,975	741	10.24%
Oread TIF	7,975	7,234	7,975	741	10.24%
Oread TIF City Share of County	4,558	4,121	4,558	437	10.60%
Total Oread Receipts***	20,508	18,589	20,508	1,919	10.32%
9th NH South TDD	3,984	3,796	3,984	188	4.95%
9th NH South TIF	6,175	5,883	6,175	292	4.96%
9th NH South TIF City Share of Co.	2,277	2,162	2,277	115	5.32%
Total 9th NH South Receipts	12,436	11,841	12,436	595	5.02%
Total Special Districts	54,731	50,519	54,731	4,212	8.34%
Total Receipts	\$3,619,709	\$3,359,630	\$3,619,709	\$260,078	7.74%

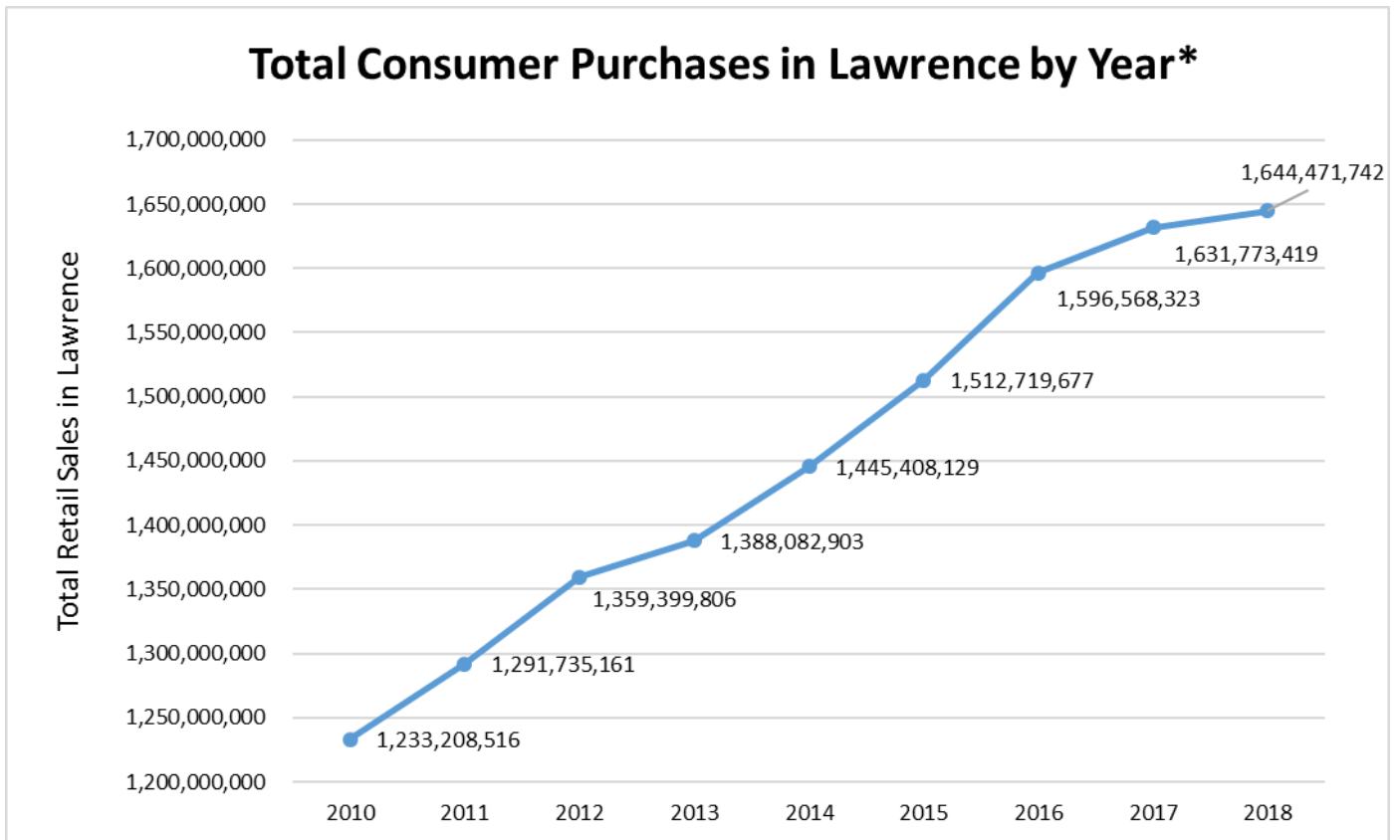
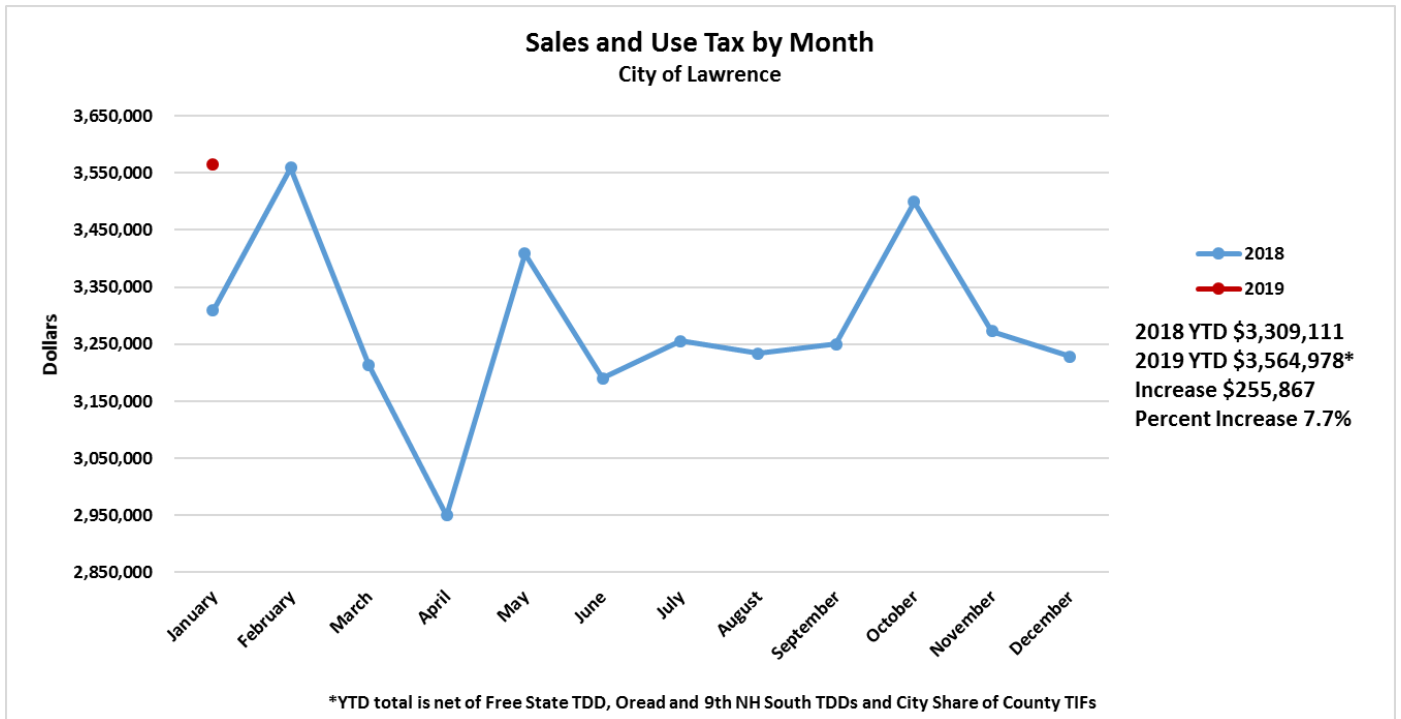
*% of Year-to-Date collected: 9%. The 2019 Budget is \$40,622,000.

**\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2019

***Oread distribution is currently under review

Sales Tax Trends

Year-to-date sales tax revenues saw a 7.7% increase over the same period in 2018. January 2019 saw a 7.7% increase over the same month in 2018.



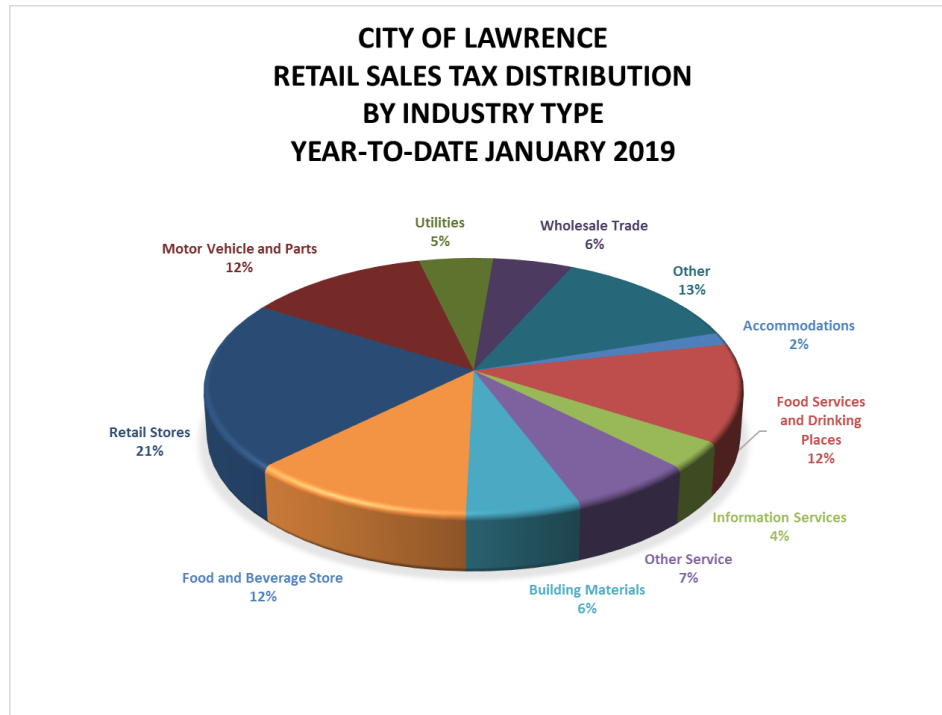
*Based on Sales Tax Collections

Retail Sales Tax Distribution

Retail sales within the City are from a wide variety of retailers. The collection by industry type, shown on the last table, do not vary materially from year to year, but do vary seasonally. The following charts includes January sales tax receipt from 2017-2019 by industry type. It also includes a comparative look of the January 2019 monetary and percent changes compared to January 2018 and 2017 respectively.

The increase in the City's 2019 sales taxes year-to-date over 2018 is attributed primarily to three key industries:

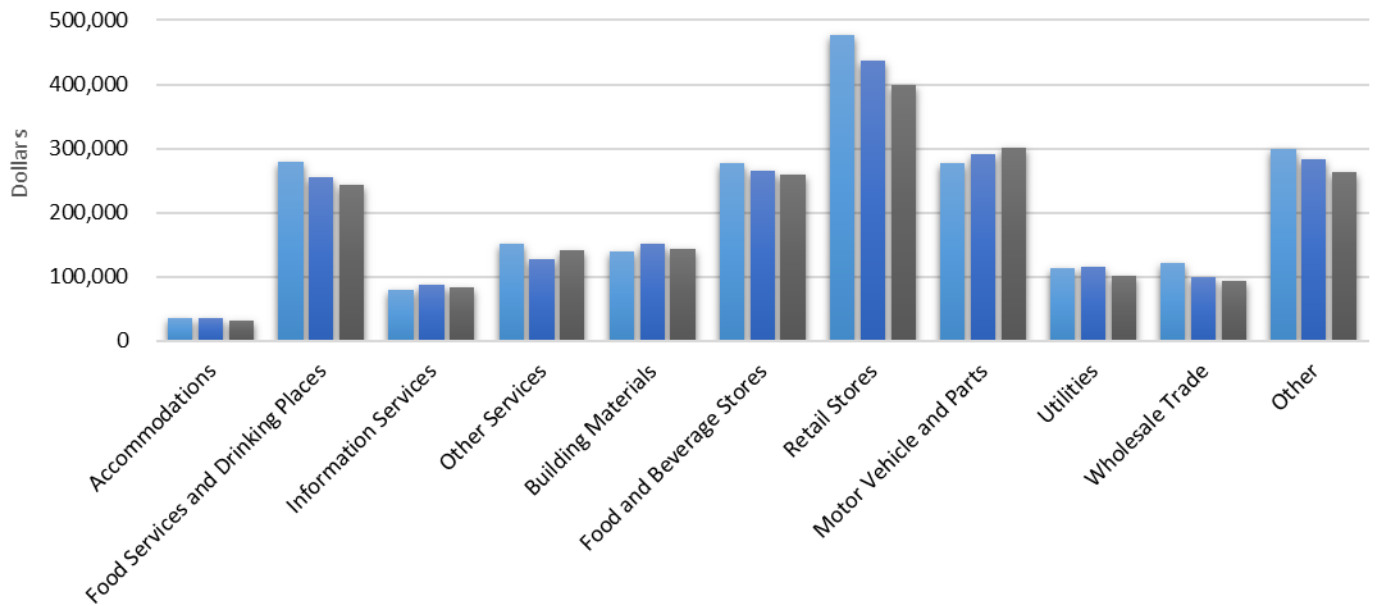
- 21% in Retail Stores
- 13% in Other
- 12% in Food Services and Drinking Places



Industry Type - Month of January	2017	2018	2019	FY19 vs. FY18		FY19 vs. FY17	
				Increase (Decrease)	% Change	Increase (Decrease)	% Change
<i>Accommodations</i>	\$31,965.52	\$35,208.01	\$35,593.89	\$385.88	1%	\$3,628.37	10%
<i>Food Services and Drinking Places</i>	242,539.10	255,113.62	279,100.65	23,987.03	9%	36,561.55	13%
<i>Information Services</i>	83,801.13	86,338.02	78,590.10	(7,747.92)	-10%	(5,211.03)	-7%
<i>Other Service</i>	141,082.37	127,547.27	151,198.35	23,651.08	16%	10,115.98	7%
<i>Building Materials</i>	142,751.02	150,581.94	139,517.50	(11,064.44)	-8%	(3,233.52)	-2%
<i>Food and Beverage Store</i>	259,808.23	265,552.22	276,929.15	11,376.93	4%	17,120.92	6%
<i>Retail Stores</i>	398,767.97	436,585.98	477,412.49	40,826.51	9%	78,644.52	16%
<i>Motor Vehicle and Parts</i>	300,840.64	290,999.71	277,510.93	(13,488.78)	-5%	(23,329.71)	-8%
<i>Utilities</i>	102,168.23	114,255.79	112,933.84	(1,321.95)	-1%	10,765.61	10%
<i>Wholesale Trade</i>	93,317.26	99,832.29	121,794.07	21,961.78	18%	28,476.81	23%
<i>Other</i>	263,116.53	282,392.19	298,521.64	16,129.45	5%	35,405.11	12%
Grand Total	\$2,060,158.00	\$2,144,407.04	\$2,249,102.61	\$104,695.57	5%	\$188,944.61	8%

City of Lawrence Retail Sales Tax Distriburiton by Industry Type Month of January

■ FY2019 ■ FY2018 ■ FY2017





STATE OF KANSAS
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NATALIA FAIRCHILD
 PO BOX 708
 LAWRENCE, KS 66044-0708

January 25, 2019

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 our office at 785-296-4153 to add or modify email addresses for your notifications.

You will receive an EFT to settle 01/30/2019. The details are as follows:

Detail Description	County	Amount
Jan 2019 Sales Tax		
City Tax File	Douglas	2,249,102.61
City Share From County Tax	Douglas	893,915.07
Total for Jan 2019 Sales Tax:		\$3,143,017.68
Jan 2019 Compensating Use Tax		
City Tax File	Douglas	309,931.34
City Share From County Tax	Douglas	133,013.24
Total for Jan 2019 Compensating Use Tax:		\$442,944.58
Jan 2019 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	21,787.10
Lawrence 2 Transportation	Douglas	7,974.92
Lawrence 9thnh Transport	Douglas	3,983.88
Total for Jan 2019 Transportation Dev Dist Tax:		\$33,745.90
Grand Total Amount:		\$3,619,708.16

Additional information can be found at https://kansasstatetreasurer.com/dist_search.php or contact our office at 785-296-4153 or fiscal@treasurer.ks.gov.

Sincerely,

Shauna Wake
 Director Of Fiscal Services