

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Natalia Fairchild, Accountant

DATE: March 4, 2019

RE: February 2019 Sales and Use Tax Distribution

The City received its February sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,704,383. Of this amount, \$3,255,314 was from sales taxes and \$414,646 was from use taxes before Tax Increment Financing Districts (TIF) was applied. The remaining \$34,423 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/>.

February Sales and Use Tax

Tax By Category	February 2018	February 2019	YTD Collected 2018	YTD Collected 2019*	Increase/ (Decrease)	% Changed
City Sales tax	\$1,482,108	\$1,492,127	\$2,852,479	\$2,929,011	\$76,532	2.68%
City Use tax	154,254	184,997	\$303,345	\$384,953	\$81,609	26.90%
City Share County Sales Tax	906,089	918,106	\$1,747,559	\$1,805,186	\$57,628	3.30%
City Share County Use Tax	110,368	127,900	\$215,628	\$260,913	\$45,285	21.00%
Total General Fund Receipts	2,652,818	2,723,132	5,119,010	5,380,065	261,054	5.10%
Infrastructure Sales Tax**	447,976	409,598	\$863,023	\$803,242	-\$59,781	-6.93%
Infrastructure Use Tax	46,276	55,499	\$91,003	\$115,486	\$24,483	26.90%
Total Infrastructure Receipts	494,252	465,097	954,026	918,728	-35,297	-3.70%
Infrastructure Sales Tax**		41,667	\$0	\$83,334	\$83,334	N/A
Total Equip Reserve Receipts		41,667	0	83,334	83,334	N/A
Transit Sales Tax	373,313	376,054	\$719,185	\$738,812	\$19,627	2.73%
Transit Use Tax	38,563	46,249	\$75,836	\$96,238	\$20,402	26.90%
Total Transit Receipts	411,877	422,303	795,022	835,050	40,029	5.03%
Free State TDD	18,810	24,498	\$38,899	\$46,285	\$7,386	18.99%
Total Free State Receipts	18,810	24,498	38,899	46,285	7,386	18.99%
Oread TDD	6,032	5,992	\$13,266	\$13,967	\$701	5.28%
Oread TIF City Share	6,032	5,992	\$13,266	\$13,967	\$701	5.28%
Oread TIF City Share of County	3,436	3,425	\$7,557	\$7,983	\$426	5.63%
Total Oread Receipts***	15,499	15,408	34,088	35,916	1,828	5.36%
9th NH South TDD	3,298	3,933	\$7,094	\$7,917	\$823	11.60%
9th NH South TIF City Share	5,113	6,097	\$10,996	\$12,272	\$1,276	11.61%
9th NH South TIF City Share of Co	1,879	2,248	\$4,041	\$4,525	\$484	11.98%
Total 9th NH South Receipts	10,290	12,278	22,131	24,714	2,583	11.67%
Total Special Districts	44,600	52,185	95,119	106,916	11,797	12.40%
Total Receipts	\$3,603,547	\$3,704,383	\$6,963,177	\$7,324,092	\$360,916	5.18%

Tax By Type	February 2018	February 2019	MTD Collected 2018	MTD Collected 2019	Increase/ (Decrease)	% Changed
All Sales Taxes	\$3,225,945	\$3,255,314	\$3,225,945	\$3,255,314	\$29,369	0.91%
All Use Taxes	\$349,461	\$414,647	\$349,461	\$414,647	\$65,185	18.65%
All Special District Taxes	\$28,140	\$34,423	\$28,140	\$34,423	\$6,283	22.33%
Total Receipts	\$3,603,547	\$3,704,383	\$3,603,547	\$3,704,383	\$100,837	2.80%

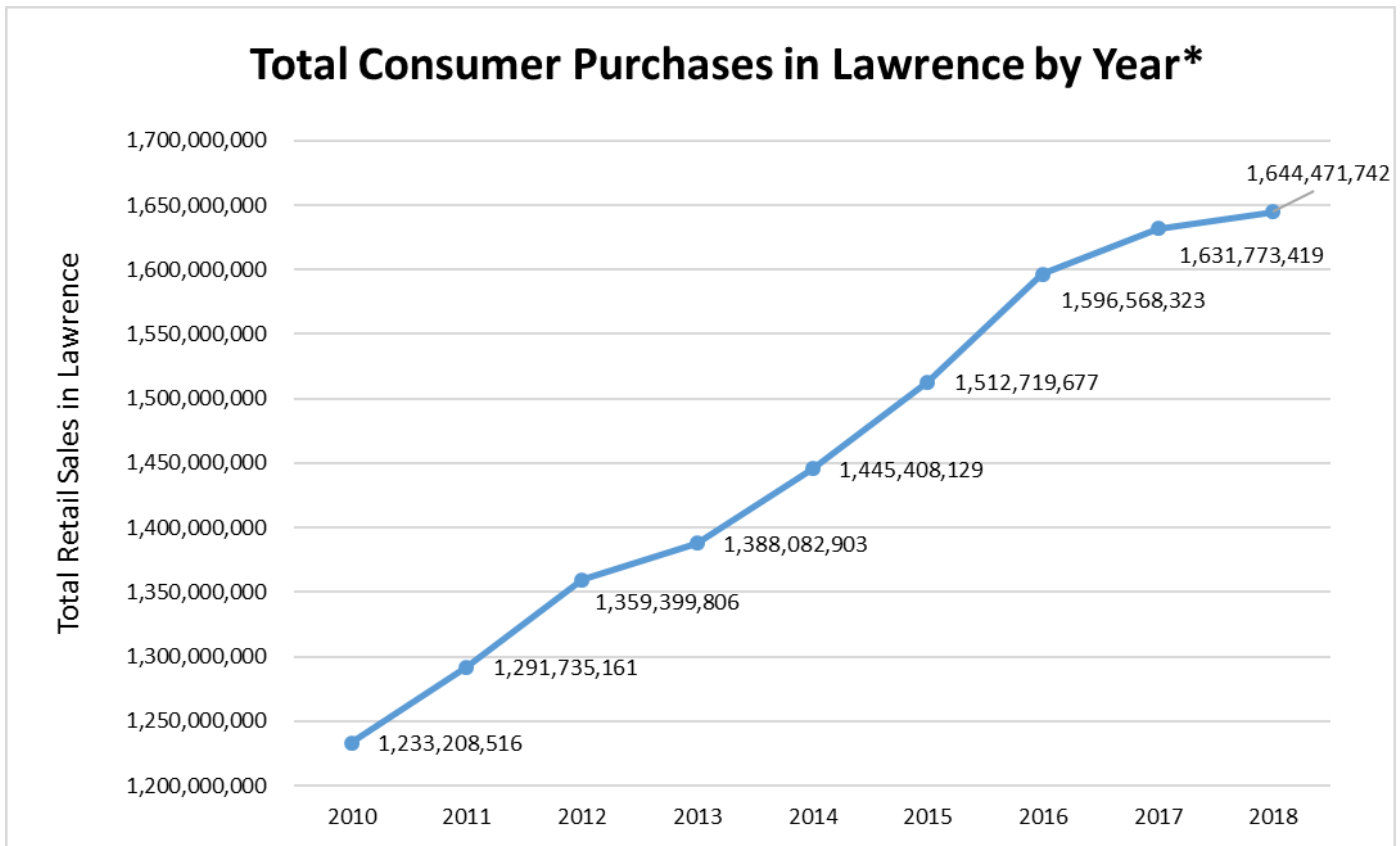
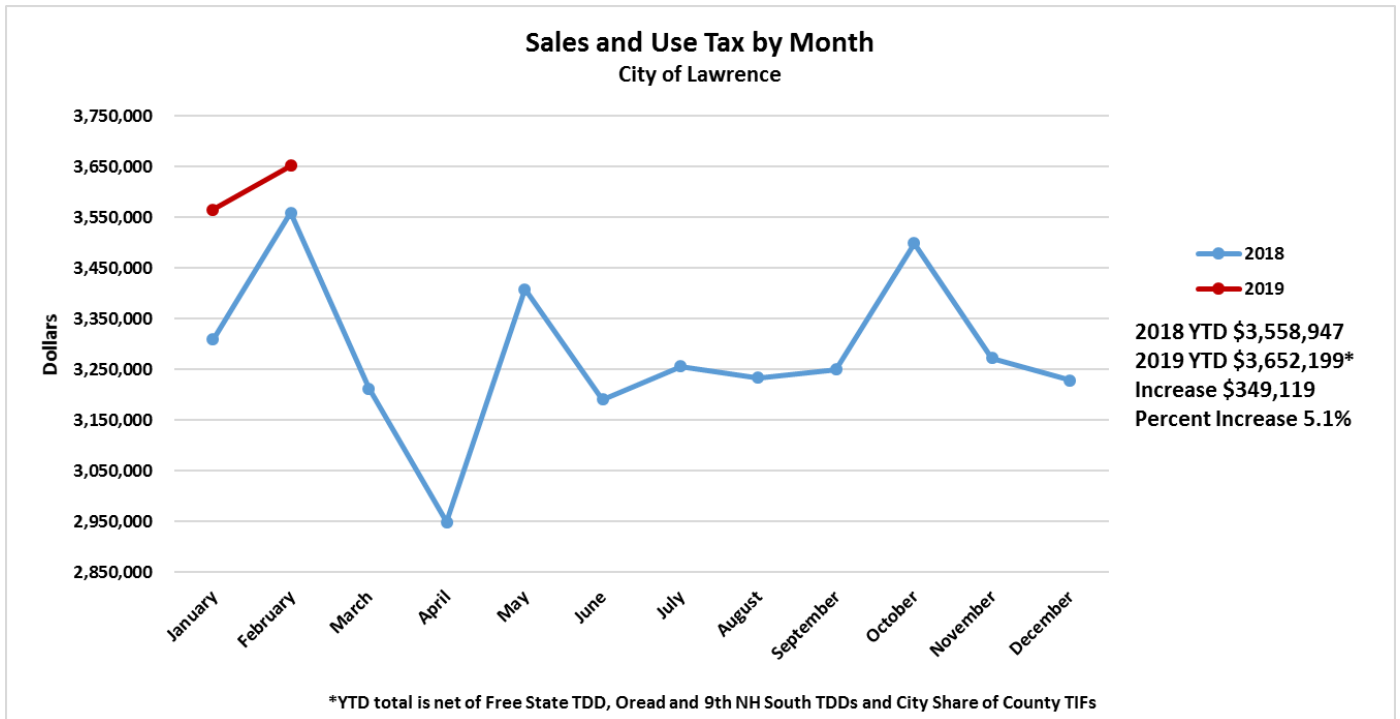
*% of Year-to-Date collected: 17%. The 2019 Budget is \$40,622,000.

**\$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 5.1% increase over the same period in 2018. February 2019 saw a 2.6% increase over the same month in 2018.



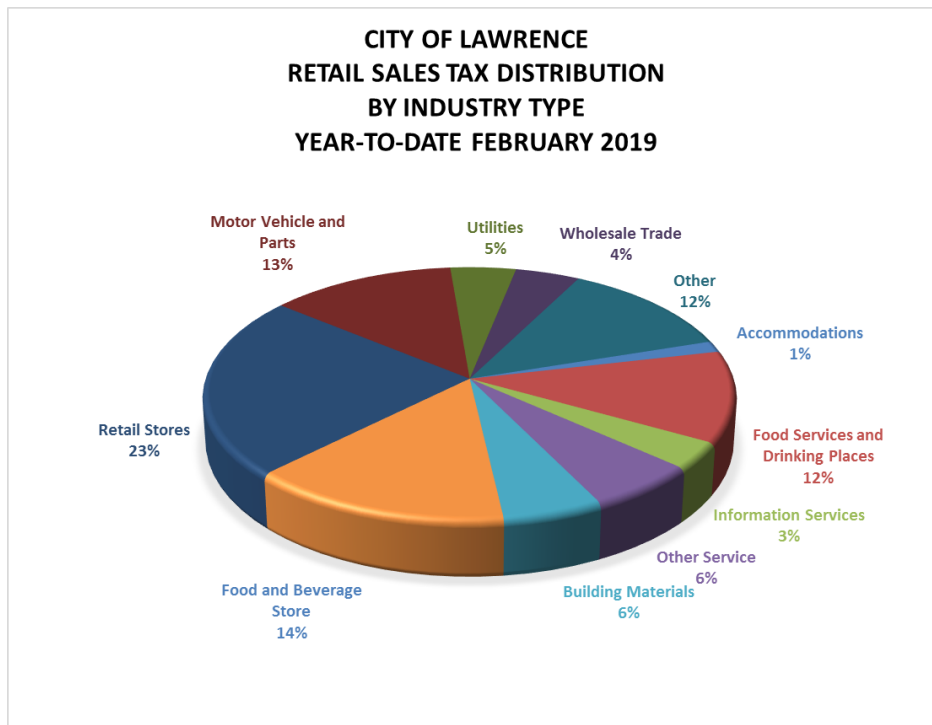
*Based on Sales Tax Collections

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 February sales tax receipt from 2017-2019 by industry type. It also includes a comparative look of the February 2019 monetary and percent changes compared to February 2018 and 2017 respectively.

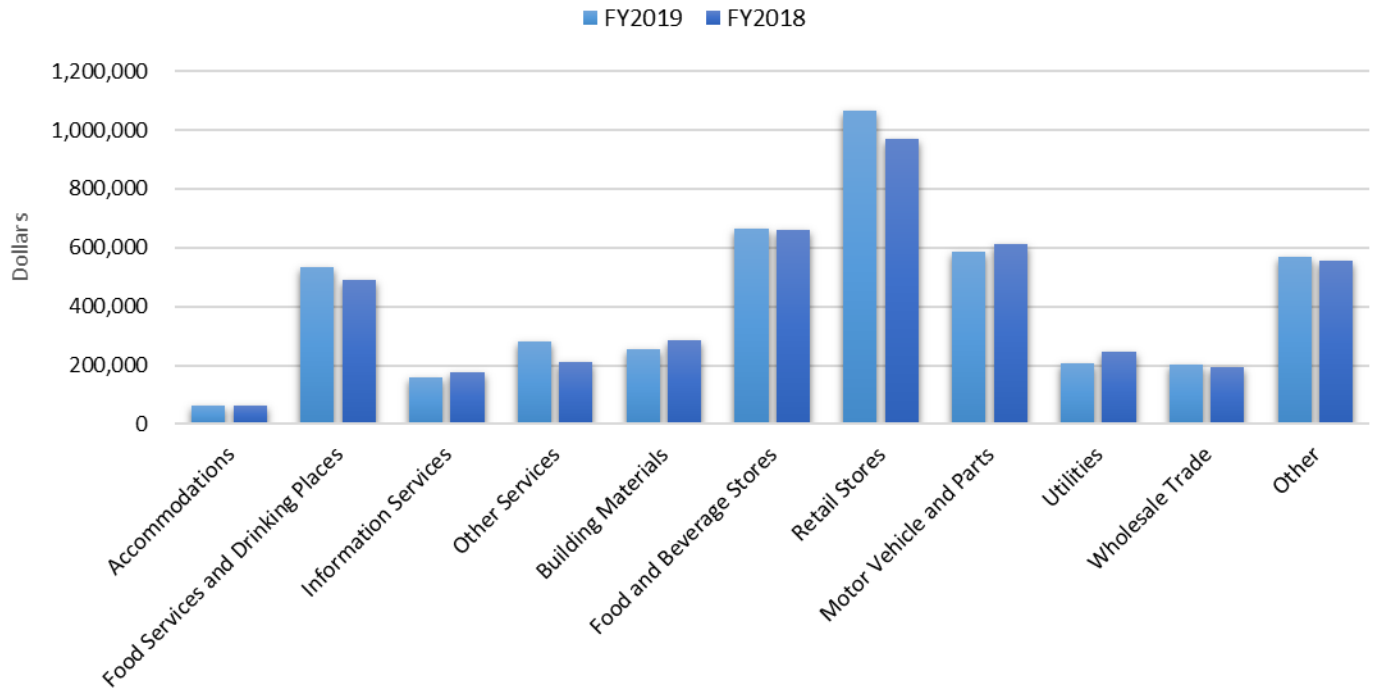
The increase in the City's 2019 sales taxes year-to-date is attributed primarily to three key industries:

- 25% in Other Service
- 9% in Retail Store
- 8% in Food Services and Drinking Places



Industry Type - Month of February	2018	2019	FY19 vs. FY18	
			Increase (Decrease)	% Change
<i>Accommodations</i>	\$63,239.10	\$64,677.13	\$1,438.03	2%
<i>Food Services and Drinking Places</i>	492,021.22	534,720.90	42,699.68	8%
<i>Information Services</i>	173,966.93	157,788.89	(16,178.04)	-10%
<i>Other Service</i>	210,842.67	279,556.22	68,713.55	25%
<i>Building Materials</i>	284,165.52	253,174.53	(30,990.99)	-12%
<i>Food and Beverage Store</i>	660,535.83	662,808.34	2,272.51	0%
<i>Retail Stores</i>	969,087.06	1,066,025.67	96,938.61	9%
<i>Motor Vehicle and Parts</i>	611,044.30	585,004.42	(26,039.88)	-4%
<i>Utilities</i>	244,356.22	205,831.50	(38,524.72)	-19%
<i>Wholesale Trade</i>	194,669.77	202,443.90	7,774.13	4%
<i>Other</i>	555,019.41	568,605.53	13,586.12	2%
Grand Total	\$4,458,948.03	\$4,580,637.03	\$121,689.00	3%

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





STATE OF KANSAS
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NATALIA FAIRCHILD
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February 22, 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 02/27/2019. The details are as follows:

Detail Description	County	Amount
Feb 2019 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	24,498.24
Lawrence 9thnh Transport	Douglas	3,933.38
Lawrence 2 Transportation	Douglas	5,991.62
Total for Feb 2019 Transportation Dev Dist Tax:		\$34,423.24
Feb 2019 Sales Tax		
City Tax File	Douglas	2,331,534.42
City Share From County Tax	Douglas	923,779.19
Total for Feb 2019 Sales Tax:		\$3,255,313.61
Feb 2019 Compensating Use Tax		
City Tax File	Douglas	286,746.10
City Share From County Tax	Douglas	127,900.41
Total for Feb 2019 Compensating Use Tax:		\$414,646.51
Grand Total Amount:		\$3,704,383.36

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