

Memorandum

City of Lawrence

Finance Department

To: Dave Corliss, City Manager
From: Ed Mullins, Finance Director
Date: September 28, 2011
Subject: Sales Tax and Franchise Fees Distributions

Sales Tax

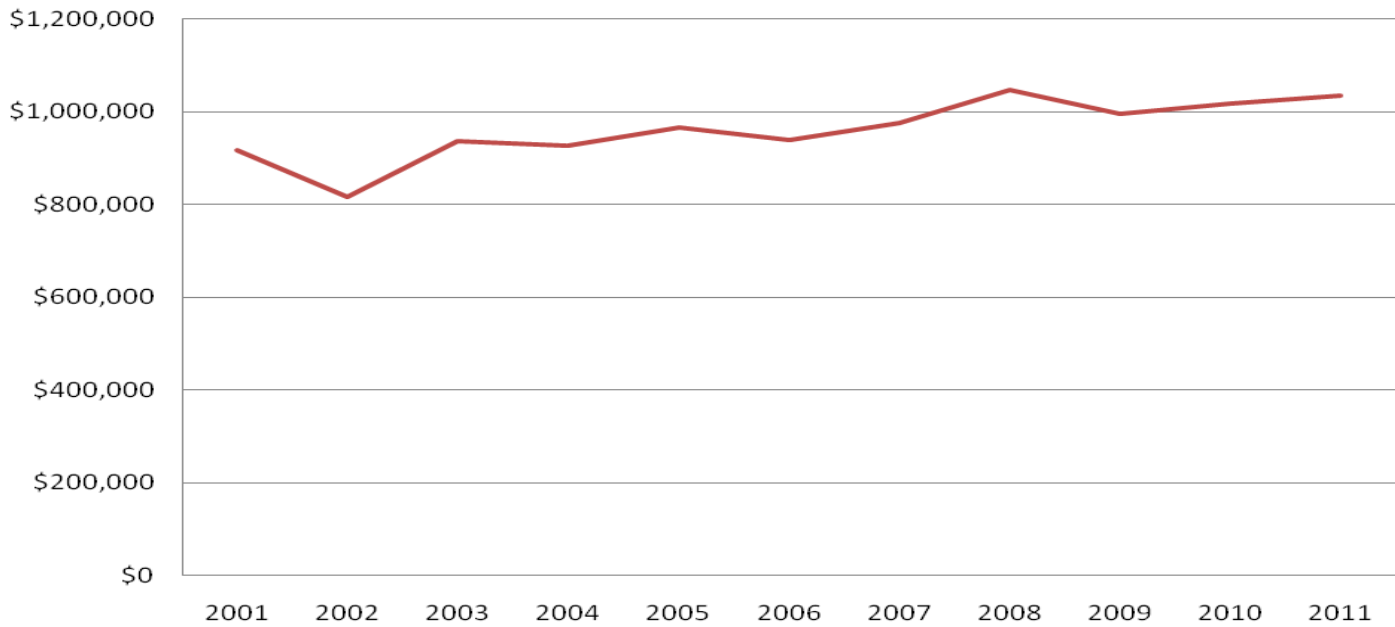
The City of Lawrence has recently received its September sales tax distribution. The distribution is the result of retail sales from mid-July to mid-August. The distribution of \$2,465,604 is \$60,000 more than the prior year distribution for the same month. It also includes \$3,267 from the Free State Transportation Development District and \$10,185 from the Oread District. The distribution also includes other amounts that will be paid to the Oread Tax Increment Financing District.

Based upon trend projection of sales tax receipts over recent years, the 2011 overall sales and use tax distribution is estimated at \$30,000,000. This amount is \$90,000 below the 2011 budget. It is recommended that a conservative forecast be used due to the relatively high unemployment. A summary of the latest city sales/use tax distribution is shown in the table below.

Sales/Use Tax	Budget	Month	Year to Date	% of Budget
City 1%	13,852,260	1,122,946	10,333,112	74.6%
Infrastructure .3%	4,155,675	336,884	3,099,935	74.6%
Transit .2%	2,770,450	224,589	2,066,622	74.6%
Transit Eq. .05%	692,615	56,147	516,655	74.6%
County 1%	8,619,000	711,585	6,493,250	75.3%

A spreadsheet showing total monthly sales tax distributions since 2001 is [attached](#). Additional sales tax information is provided in the tables and graphs below.

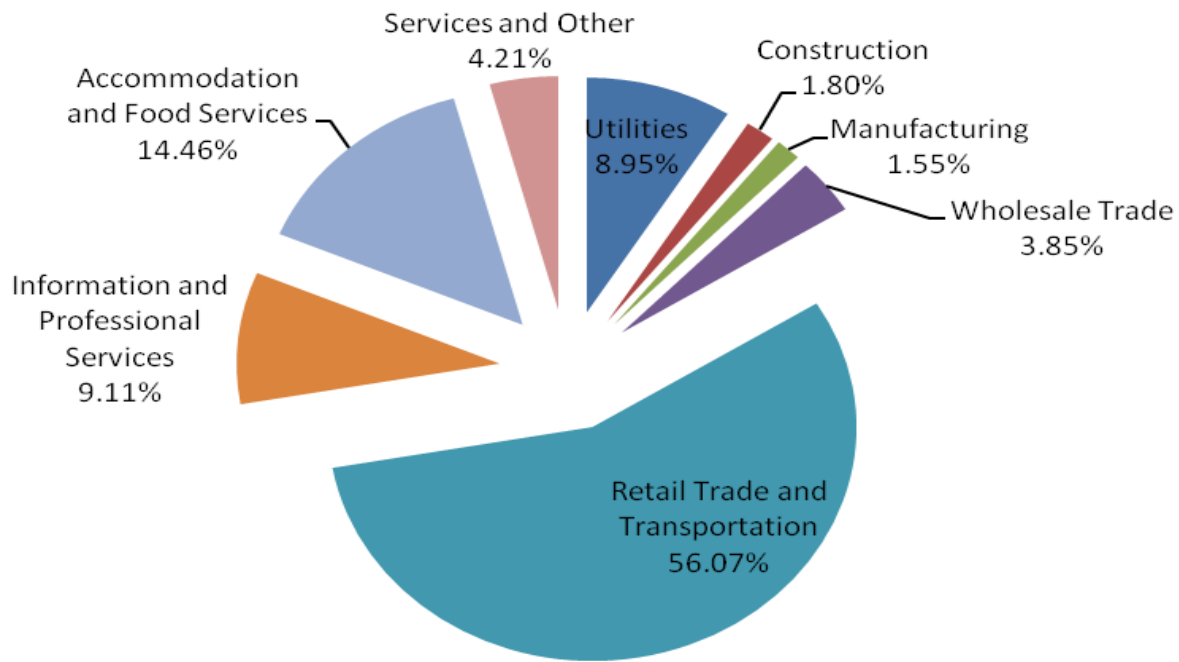
September 1% City Sales Tax



City of Lawrence 1.55% Sales Tax by NAICS

NAICS Description	Amount	Sept 2011	Sept 2010
		Percent	Percent
22 Utilities	143,760.00	8.95%	8.15%
23 Construction	28,982.41	1.80%	2.15%
31-33 Manufacturing	24,836.30	1.55%	2.09%
42 Wholesale Trade	61,748.03	3.85%	4.25%
44-49 Retail Trade and Transportation	900,293.07	56.07%	54.46%
51-62 Information and Professional Services	146,352.51	9.11%	9.51%
71-72 Accommodation and Food Services	232,152.12	14.46%	14.55%
81-99 Services and Other	67,578.49	4.21%	<u>4.83%</u>
	1,605,702.93	100.00%	100.00%

Sept Sales Tax by NAICS



City of Lawrence Monthly sales/use tax budget variance

Month	1% City Sales/Use	Budget	Over (Under)	County Sales/Use	Budget	Over (Under)	.55% City Sales/Use	Budget	Over (Under)
January	1,136,407	1,098,457	37,950	721,896	686,315	35,581	625,023	604,202	20,821
February	1,267,892	1,201,154	66,738	787,436	748,581	38,855	697,339	658,890	38,449
March	1,203,912	1,170,041	33,871	756,633	722,324	34,309	662,152	644,259	17,893
April	961,217	1,077,677	(116,460)	603,965	665,435	(61,470)	528,669	591,805	(63,136)
May	1,170,749	1,165,140	5,609	738,176	720,793	17,383	643,913	642,141	1,772
June	1,170,944	1,166,083	4,861	729,598	733,187	(3,589)	644,020	640,518	3,502
July	1,214,009	1,068,103	145,906	755,609	659,149	96,460	667,705	589,582	78,123
August	1,085,036	1,193,278	(108,242)	688,352	742,034	(53,682)	596,770	658,865	(62,095)
September	1,122,946	1,131,054	(8,108)	711,585	704,781	6,804	617,620	622,889	(5,269)
October		1,262,642			790,907			689,071	
November		1,129,491			710,800			619,748	
December		1,189,140			734,694			656,770	
	10,333,112	13,852,260	62,125	6,493,250	8,619,000	110,651	5,683,211	7,618,740	30,060

City of Lawrence Monthly sales/use tax projection variance

Month	1% City Sales/Use	Projection	Over (Under)	County Sales/Use	Projection	Over (Under)	.55% City Sales/Use	Projection	Over (Under)
January	1,136,407	1,136,407	0	721,896	721,896	0	625,023	625,023	0
February	1,267,892	1,267,892	0	787,436	787,436	0	697,339	697,339	0
March	1,203,912	1,203,912	0	756,633	756,633	0	662,152	662,152	0
April	961,217	1,042,115	(80,898)	603,965	670,068	(66,103)	528,669	573,163	(44,494)
May	1,170,749	1,194,372	(23,623)	738,176	732,230	5,946	643,913	656,904	(12,991)
June	1,170,944	1,171,429	(485)	729,598	763,215	(33,617)	644,020	644,286	(266)
July	1,214,009	961,614	252,395	755,609	744,072	11,537	667,705	528,887	138,818

August	1,085,036	1,187,224	(102,188)	688,352	720,451	(32,099)	596,770	652,973	(56,203)
September	1,122,946	1,105,934	17,012	711,585	717,702	(6,117)	617,620	608,263	9,357
October	0	1,168,449			808,213			642,647	
November	0	1,047,143			718,253			575,929	
December	0	1,121,616			767,269			616,889	
	10,333,112	13,608,107	62,213	6,493,250	8,907,438	(120,453)	5,683,211	7,484,455	34,221

Franchise Fees

The City of Lawrence receives franchise fees for electricity, natural gas, telephone and cable television services. A table showing franchise fee revenue for the last ten years is shown in the table below.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Franchise Fees	3,466,443	3,632,803	3,660,488	3,684,941	3,754,184	3,986,982	4,784,605	5,543,194	5,872,925	6,300,184

A table showing 2011 franchise fee revenue by utility as a percent of budget is shown in the table below. The amount received for electricity and natural gas is seasonal with electric franchise fees higher in the summer and natural gas franchise fees higher in the winter. There is also a one month delay in the collection of the fee and the payment to the city.

Franchise	2011 Budget	Year to Date	Percent of Budget
Electric	4,000,000	3,273,277	81.8%
Natural Gas	900,000	774,359	86.0%
Telephone	410,000	337,020	82.2%
Cable Television	810,000	557,382	68.8%
Total	6,120,000	4,942,038	80.8%