

# Memorandum

## City of Lawrence

### Finance Department

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

#### Sales Tax

The City of Lawrence has recently received its December sales tax distribution. The distribution is the result of retail sales from mid-October to mid-November. The distribution of \$2,751,558.41 is \$210,000 more than the prior year distribution for the same month. It also includes \$3,515.38 from the Free State Transportation Development District and \$13,359.75 from the Oread District. The distribution also includes other amounts that will be paid to the Oread Tax Increment Financing District.

While the city has now received 12 distributions in 2011, the 2011 revenue will not be known until the January 2012 distribution is received. The January 2012 distribution is counted as 2011 revenue because the sales took place in 2011. A summary of the latest city sales/use tax distribution is shown in the table below.

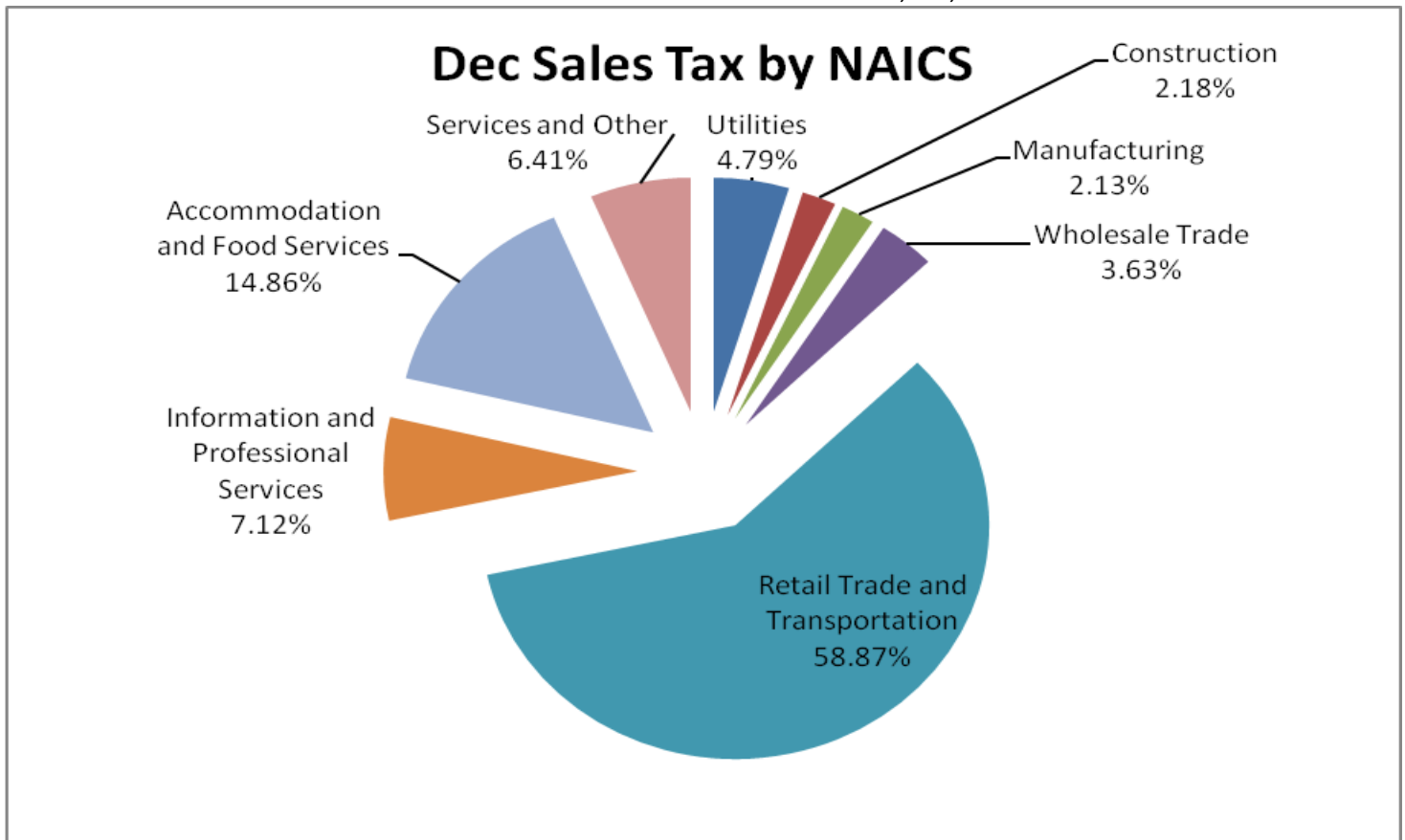
Sales/Use Tax	Budget	Month	Year to Date	% of Budget
City 1%	13,852,260	1,257,004	14,072,533	101.6%
Infrastructure .3%	4,155,675	377,101	4,221,761	101.6%
Transit .2%	2,770,450	251,400	2,814,506	101.6%
Transit Eq. .05%	692,615	62,850	703,625	101.6%
County 1%	8,619,000	786,328	8,836,744	102.5%

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



City of Lawrence 1.55% Sales Tax by NAICS

NAICS	Description	Amount	Dec 2011 Percent	Dec 2010 Percent
22	Utilities	86,266.02	4.79%	5.36%
23	Construction	39,250.42	2.18%	1.16%
31-33	Manufacturing	38,431.70	2.13%	1.30%
42	Wholesale Trade	65,480.78	3.63%	3.67%
44-49	Retail Trade and Transportation	1,060,884.02	58.87%	54.47%
51-62	Information and Professional Services	128,390.50	7.12%	8.49%
71-72	Accommodation and Food Services	267,840.21	14.86%	15.66%
81-99	Services and Other	115,481.26	6.41%	9.89%
		<u>1,802,024.91</u>	<u>100.00%</u>	<u>100.00%</u>



**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	1,264,267	1,262,642	1,625	794,939	790,907	4,032	695,347	689,071	6,276
November	1,218,150	1,129,491	88,659	762,227	710,800	51,427	669,982	619,748	50,234
December	<u>1,257,004</u>	<u>1,189,140</u>	<u>67,864</u>	<u>786,328</u>	<u>734,694</u>	<u>51,634</u>	<u>691,351</u>	<u>656,770</u>	<u>34,581</u>
	14,072,533	13,852,260	220,273	8,836,744	8,619,000	217,744	7,739,891	7,618,740	121,151

## 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	4,379,141	109.5%
Natural Gas	900,000	860,332	95.6%
Telephone	410,000	484,674	118.2%
Cable Television	810,000	729,592	90.1%
Total	6,120,000	6,453,639	105.5%