

# Memorandum

## City of Lawrence

### Finance Department

**TO:** Thomas Markus, City Manager

**FROM:** Nate Blum, Senior Accountant/Fiscal Analyst

**Date:** August 31, 2016

**RE:** August 2016 Sales and Use Tax Distribution

The City received its August sales and use tax, along with its share of County sales and use tax distribution this week. Total received was \$3,203,956.19. Of this amount, \$3,176,167.79 was from sales and use taxes city-wide. The remaining \$27,788.40 was from sales in the two 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 25<sup>th</sup> day the month after collection. Smaller retailers may remit sales taxes quarterly on the 25<sup>th</sup> day after the quarter of collection.

Use taxes are, aside from some specific exceptions, 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.

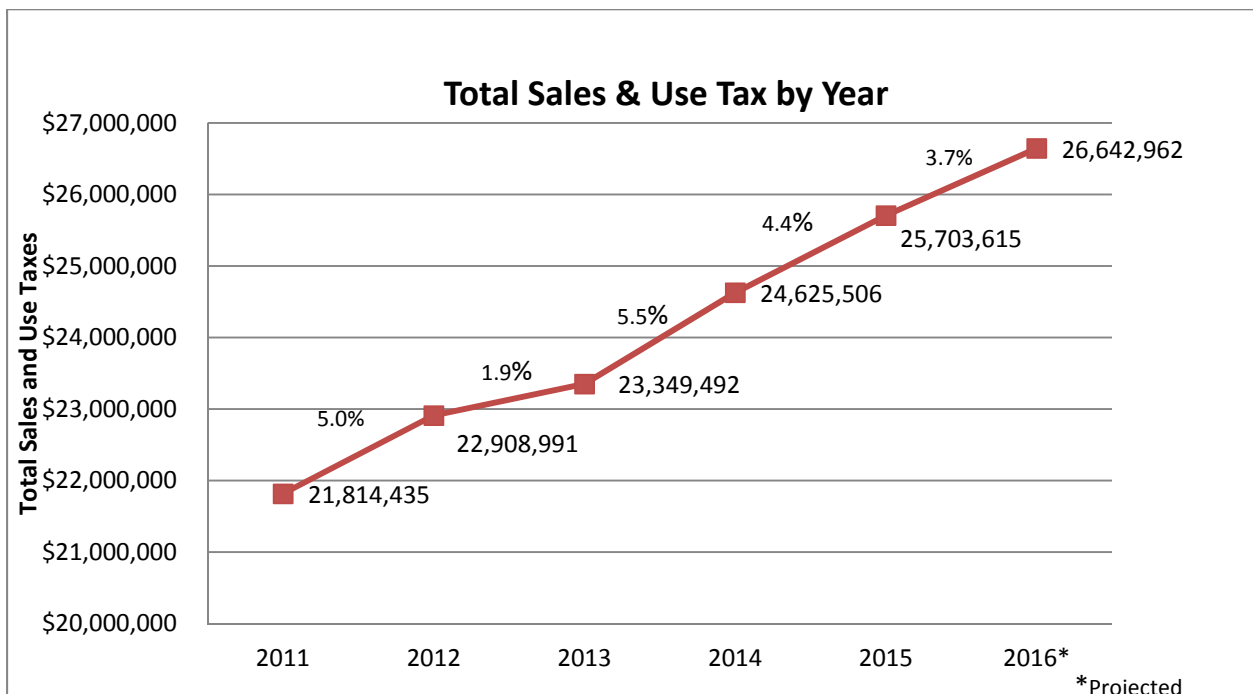
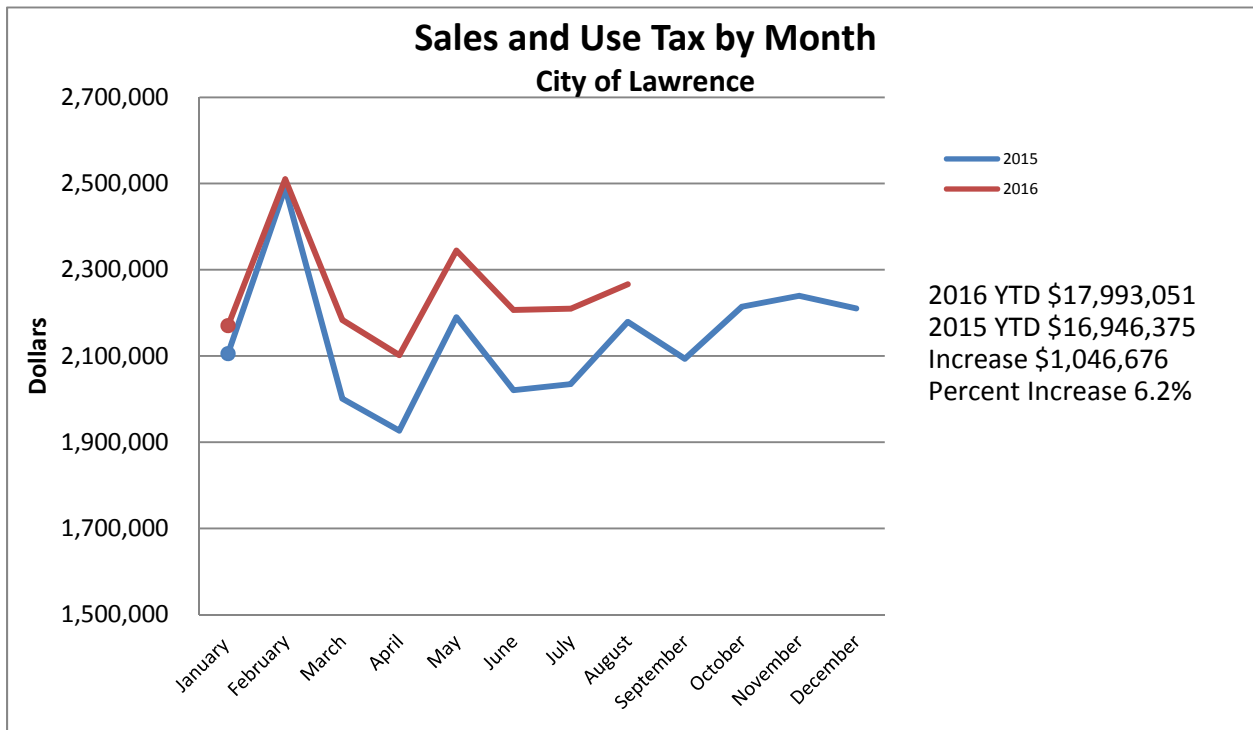
Typically, the State remits both sales and use tax collections to the City during the last week of the following month. Therefore the August distribution is based on retail sales which occurred on or before June 25, 2016.

#### August Sales and Use Tax Collections

Source	Tax Rate	2016 Budget	Current Month	Year-to- date Collected 67% of Year	% Collect
General	1.00%	\$17,189,008	\$1,462,118	\$11,608,418	68%
Infrastructure	0.30%	5,156,702	438,636	3,482,526	68%
Transit Op	0.20%	3,437,802	292,424	2,321,685	68%
Transit Exp	0.05%	859,450	73,106	580,422	68%
<b>Total City Sales and Use Tax</b>	<b>1.55%</b>	<b>26,642,962</b>	<b>2,266,284</b>	<b>17,993,051</b>	<b>68%</b>
<b>City Share County Sales Tax</b>		<b>10,983,559</b>	<b>909,885</b>	<b>7,232,088</b>	<b>66%</b>
<b>Total</b>		<b>\$37,626,521</b>	<b>\$3,176,169</b>	<b>\$25,225,139</b>	<b>67%</b>

### Sales Tax Trends

August 2016 sales tax receipts were \$87,356 (3.9%) above the same period in 2015. Collections are roughly 6.2% over 2015 levels and are above our 3.7% projection for the 2016 budget.



## Retail Sales Tax Distribution

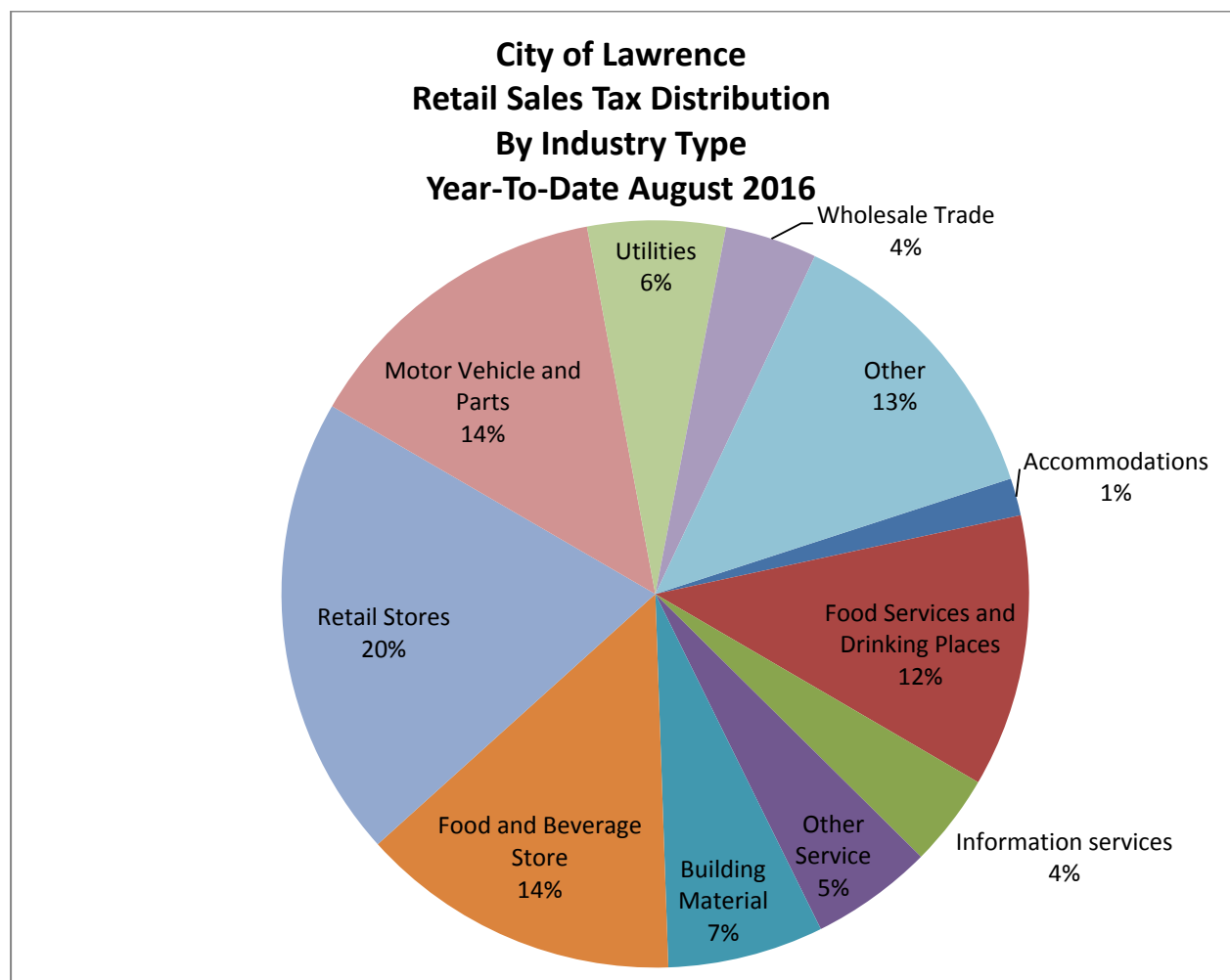
Retail sales within the City are from a wide variety of retailers. The percentages of collection by industry type, shown below, do not vary materially from year to year, but do vary seasonally.

The increase in 2016 sales taxes year-to-date over 2015 is attributed to three key industries:

- 26% increase in sales from building material,
- 6% increase in sales from Motor Vehicle and Parts
- 6% increase in sales from food and beverage stores.

Even though overall there are increases in sales taxes led by the above industries, there are three industries that have less retail sales than the same period last year:

- 9% decrease in sales from utility services.
- 1% decrease in wholesale trade
- 4% decrease in Information Services



## Distribution of Sales Taxes within the City

We have multiple funds where sales taxes are received. The following flowchart breaks down the August sales tax received and where the funds are used by the City:

# August 2016 Sales and Use Tax

Consumer Purchases  
\$146,211,871

9.05%

Douglas County  
\$552,234  
Other Cities and  
County Portion\*

Kansas Department  
of Revenue  
\$13,232,174

6.50%

State of Kansas  
\$9,503,772

1.00%

1.55%

City received \$72,245 for  
Share of Sales outside  
city limits\*

Douglas County  
\$ 837,640 Within City\*  
\$ 72,245 Outside City\*  
\$ 909,885 Total

City of Lawrence  
\$2,266,284

1.00%

0.20%

0.05%

0.30%

Sales Tax  
Reserve Fund

Recreation Fund

General Fund

Transit  
Operational Fund

Transit  
Expansion Fund

Infrastructure  
Reserve Funds

2016 Budget:  
(30% of City Portion  
of County Sales)  
\$272,966

2016 Budget:  
(20% of City Portion  
of County Sales)  
\$181,977

2016 Budget:  
(50% City Portion  
of County Sales)  
\$ 454,942  
\$1,462,119 City Sales  
\$1,917,061 Total

\$292,424

\$73,106

\$438,636

- Used for governmental purposes, including but not limited to: Parks and Rec Building Maintenance
- Parks and Rec Capital Improvements
- Recreation Center Debt

- Subsidy of Recreation Programs
- Subsidy of Aquatic Center Operations

- Funding of Public Safety, Public Works 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

\*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



STATE OF KANSAS  
**Ron Estes**  
 TREASURER

900 SW Jackson St. Suite 201  
 Topeka, Kansas 66612-1235

TELEPHONE  
 (785) 296-4151

BRYAN KIDNEY  
 PO BOX 708  
 LAWRENCE, KS 66044-0708

**August 25, 2016**

Dear Mr. Kidney

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 08/30/2016. The details are as follows:

Detail Description	County	Amount
<b>Aug 2016 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	17,469.73
Lawrence 9thnh Transport	Douglas	10,318.67
<b>Total for Aug 2016 Transportation Dev Dist Tax:</b>		<b>\$27,788.40</b>
<b>Aug 2016 Compensating Use Tax</b>		
City Tax File	Douglas	192,688.76
City Share From County Tax	Douglas	89,140.98
<b>Total for Aug 2016 Compensating Use Tax:</b>		<b>\$281,829.74</b>
<b>Aug 2016 Sales Tax</b>		
City Tax File	Douglas	2,073,594.29
City Share From County Tax	Douglas	820,743.76
<b>Total for Aug 2016 Sales Tax:</b>		<b>\$2,894,338.05</b>
<b>Grand Total Amount:</b>		<b>\$3,203,956.19</b>

Additional information can be found at <http://kansasstatetreasurer.com/prodweb/dist> or contact Lucinda Anstaett at 785.296.4151 or [lucinda@treasurer.state.ks.us](mailto:lucinda@treasurer.state.ks.us).

Sincerely,

Lucinda Anstaett  
 Director Of Cash Management