Memorandum
City of Lawrence
Finance Department

TO: **Thomas Markus, City Manager**

FROM: **Bryan Kidney, Finance Director**

Date: **August 16, 2016**

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

The City received its June sales and use tax, along with its share of County sales and use tax distribution this week. Total received was $3,148,721.28. Of this amount, $3,088,083.74 was from sales and use taxes city-wide. The remaining $60,637.54 was from sales in 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 the month after collection. Smaller retailers may remit sales taxes quarterly on the 25th 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.

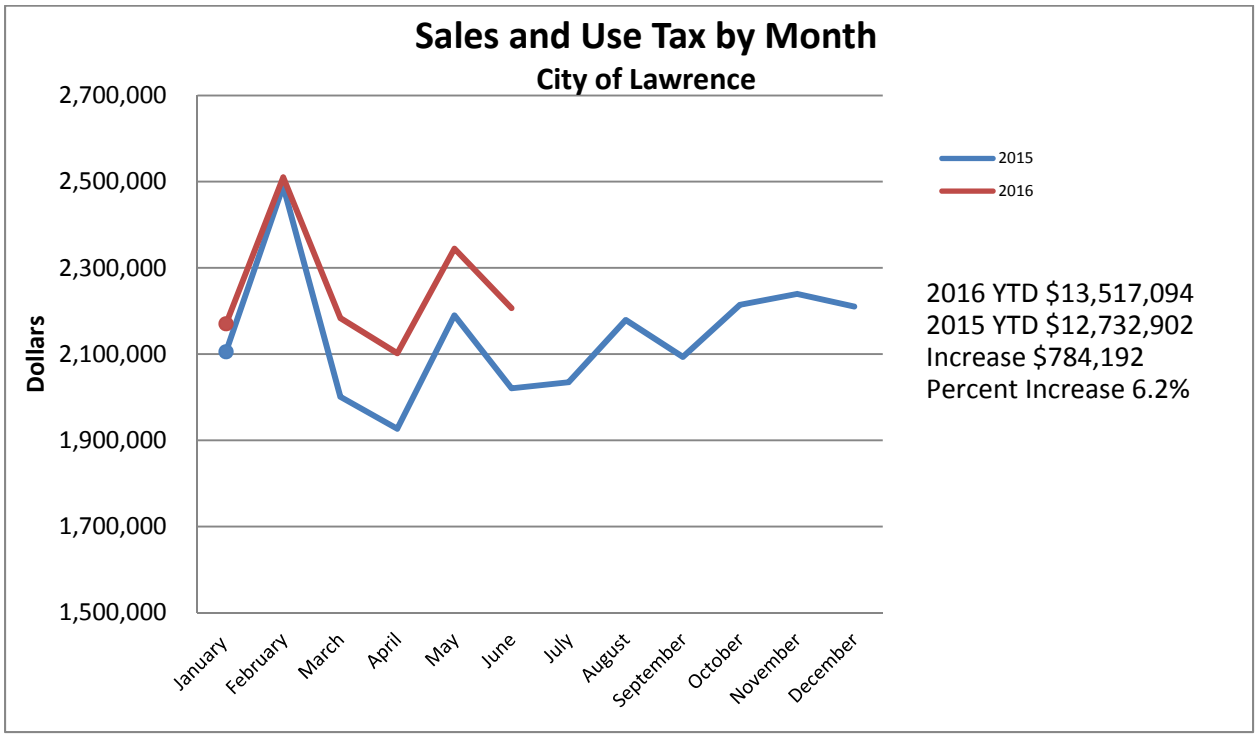
Typically, the State remits both sales and use tax collections to the City during the last week of the following month. Therefore the June distribution is based on retail sales which occurred on or before April 25, 2016.

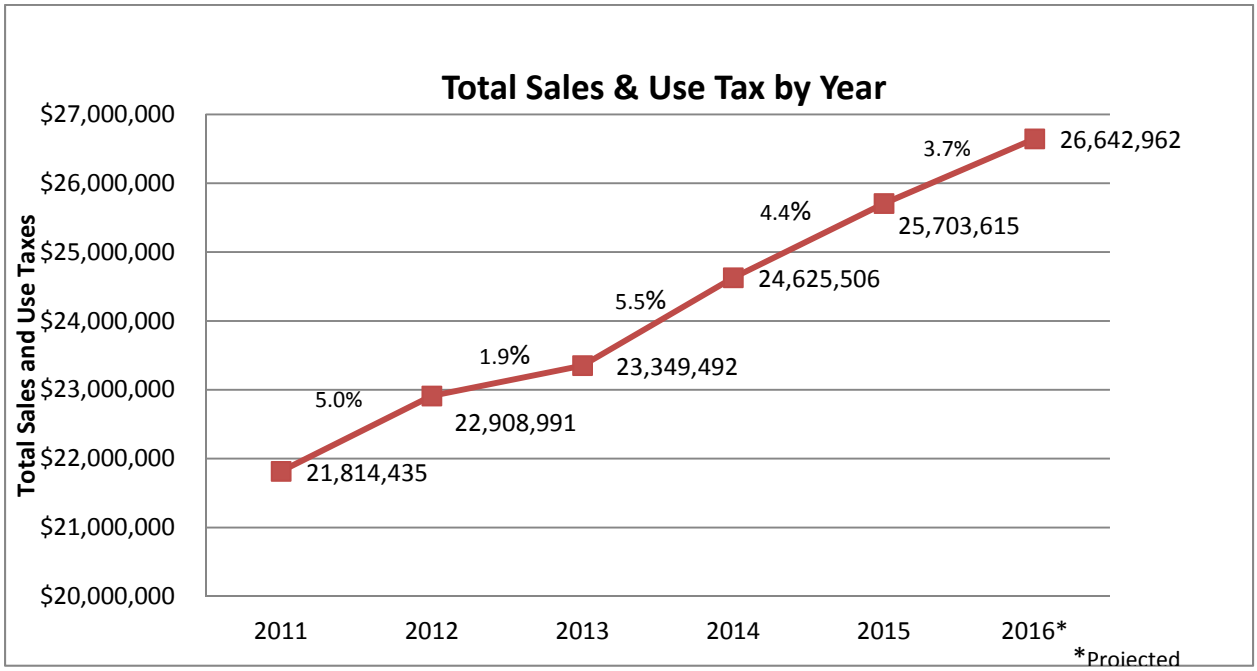
June Sales and Use Tax Collections

Source	Tax Rate	2016 Budget	Current Month	Year-to- date Collected 50% of Year	% Collect
General	1.00%	$17,189,008	$1,423,621	$8,720,705	51%
Infrastructure	0.30%	5,156,702	427,086	2,616,211	51%
Transit Op	0.20%	3,437,802	284,724	1,744,142	51%
Transit Exp	0.05%	859,450	71,182	436,036	51%
Total City Sales and Use Tax	1.55%	26,642,962	2,206,613	13,517,094	51%
City Share County Sales Tax		10,983,559	881,472	5,430,501	49%
Total		$37,626,521	$3,088,085	$18,947,595	50%

Sales Tax Trends

June 2016 sales tax receipts were $185,919 (9.1%) 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

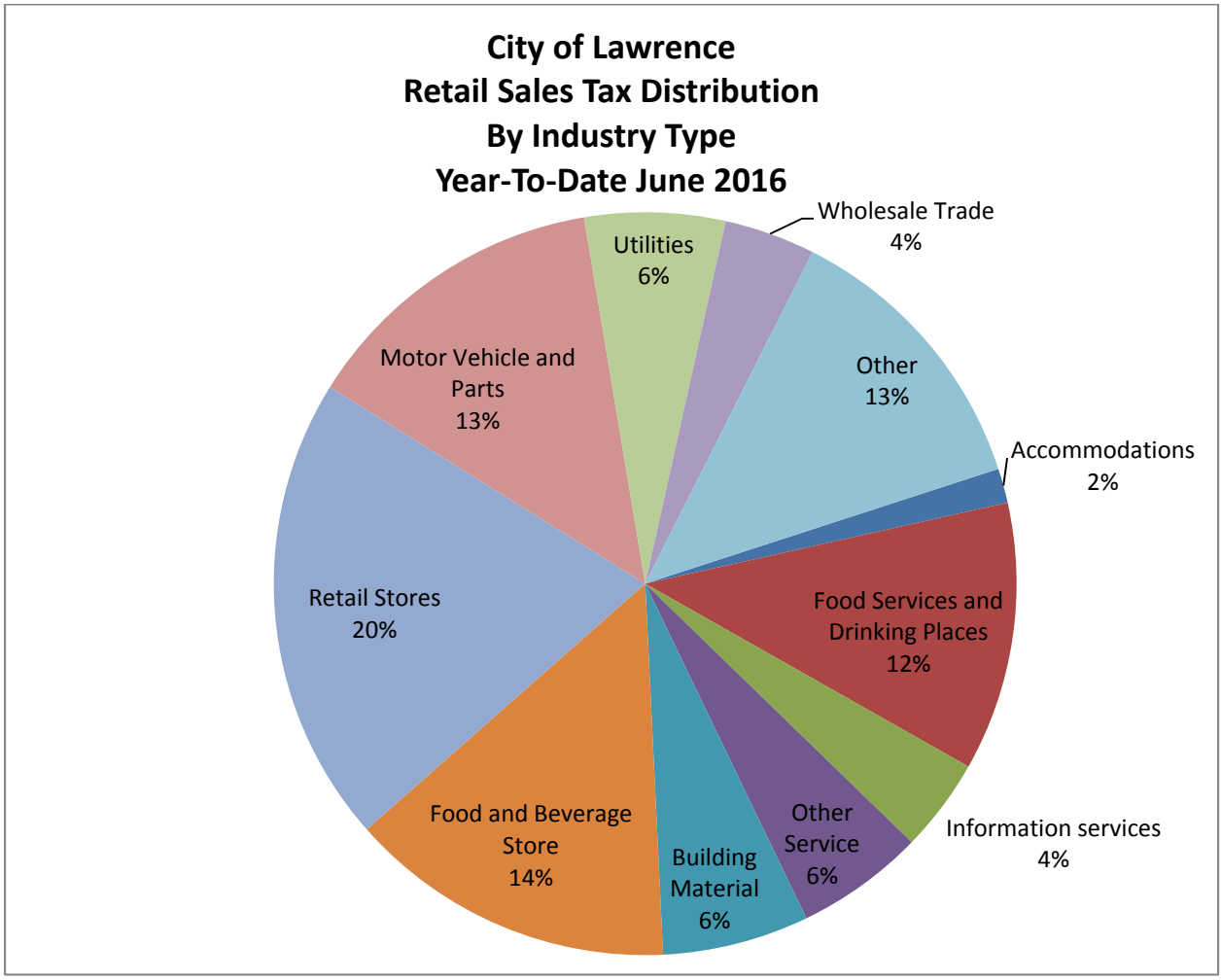
Retail sales within the City are from a wide variety of retailers. The percentages of collection by industry type, shown below, do not vary materially from year to year, but do vary seasonally.

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

- 27% increase in sales from building material,
- 8% 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:

- 13% decrease in sales from utility services.
- 3% decrease in wholesale trade
- 3% 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 June sales tax received and where the funds are used by the City:

June 2016 Sales and Use Tax

Consumer Purchases
$142,362,129

9.05%

Kansas Department of Revenue
$12,883,773

6.50%

State of Kansas
$9,253,538

1.00%

Douglas County
$542,149
Other Cities and County Portion*

1.55%

City received $65,801 for Share of Sales outside city limits*

Douglas County
$ 815,671 Within City*
$ 65,801 Outside City*
$ 881,472 Total

City of Lawrence
$2,206,613

1.00% | 0.20% | 0.05% | 0.30%

Sales Tax Reserve Fund

2016 Budget:
(30% of City Portion of County Sales)
$264,442

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

Recreation Fund

2016 Budget:
(20% of City Portion of County Sales)
$176,294

- Subsidy of Recreation Programs
- Subsidy of Aquatic Center Operations

General Fund

2016 Budget:
(50% City Portion of County Sales)

$ 440,736
$1,423,621 City Sales
$1,864,357 Total

- Funding of Public Safety, Public Works and General Operational Expenditures

Transit Operational Fund

$284,724

- Public Transit Operations

Transit Expansion Fund

$71,181

- Reserve for Future Public Transit Facility

Infrastructure Reserve Funds

$427,086

- 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

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Topeka, Kansas 66612-1235

TELEPHONE
(785) 296-4151

BRYAN KIDNEY
PO BOX 708
LAWRENCE, KS 66044-0708

June 24, 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 06/29/2016. The details are as follows:

Detail Description	County	Amount
Jun 2016 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	58,957.98
Lawrence 9thnh Transport	Douglas	1,679.56
	Total for Jun 2016 Transportation Dev Dist Tax:	**$60,637.54**
Jun 2016 Compensating Use Tax		
City Tax File	Douglas	257,067.01
City Share From County Tax	Douglas	105,613.67
	Total for Jun 2016 Compensating Use Tax:	**$362,680.68**
Jun 2016 Sales Tax		
City Tax File	Douglas	1,949,545.17
City Share From County Tax	Douglas	775,857.89
	Total for Jun 2016 Sales Tax:	**$2,725,403.06**
	Grand Total Amount:	**$3,148,721.28**

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.

Sincerely,

Lucinda Anstaett

Lucinda Anstaett
Director Of Cash Management