

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Nate Blum, Senior Accountant/Fiscal Analyst

Date: May 17, 2017

RE: April 2017 Sales and Use Tax Distribution

The City received its April sales and use tax, along with its share of County sales and use tax distribution this week. Total received was \$3,188,993.14. Of this amount, \$3,162,264.71 was from sales and use taxes city-wide. The remaining \$26,728.43 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 April distribution is based on retail sales which occurred on or before February 25, 2017.

April Sales and Use Tax Collections

Source	Tax Rate	2017 Budget	Current Month	Year-to- date Collected 33% of Year	% Collect
General	1.00%	\$18,315,000	\$1,448,732	\$5,953,866	32.5%
Infrastructure	0.30%	5,570,000	436,832	1,799,139	32.3%
Transit Op	0.20%	3,710,000	291,221	1,199,427	32.3%
Transit Exp	0.05%	926,000	72,805	299,856	32.3%
Total City Sales and Use Tax	1.55%	28,521,000	2,249,590	9,252,288	32.4%
City Share County Sales Tax		11,445,000	901,421	3,694,642	32.2%
Total		\$39,966,000	\$3,151,011	\$12,946,930	32.3%

The City has formed three separate Transportation Development Districts (TDD) and two Tax Increment Financing Districts (TIF). A TDD district has an additional sales tax added to retail sales that are located or goods received within the TDD. A TIF District is not an additional sales tax. Rather, increased sales since the establishment of the TIF district are captured for uses identified when established.

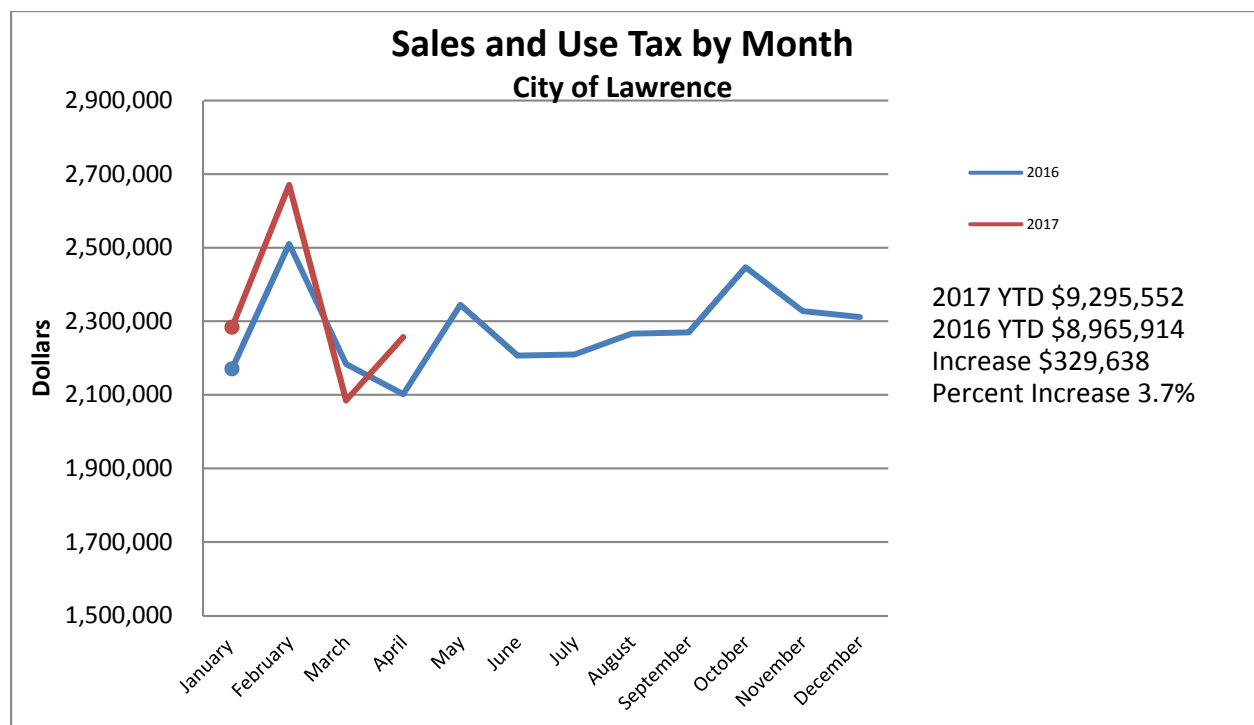
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

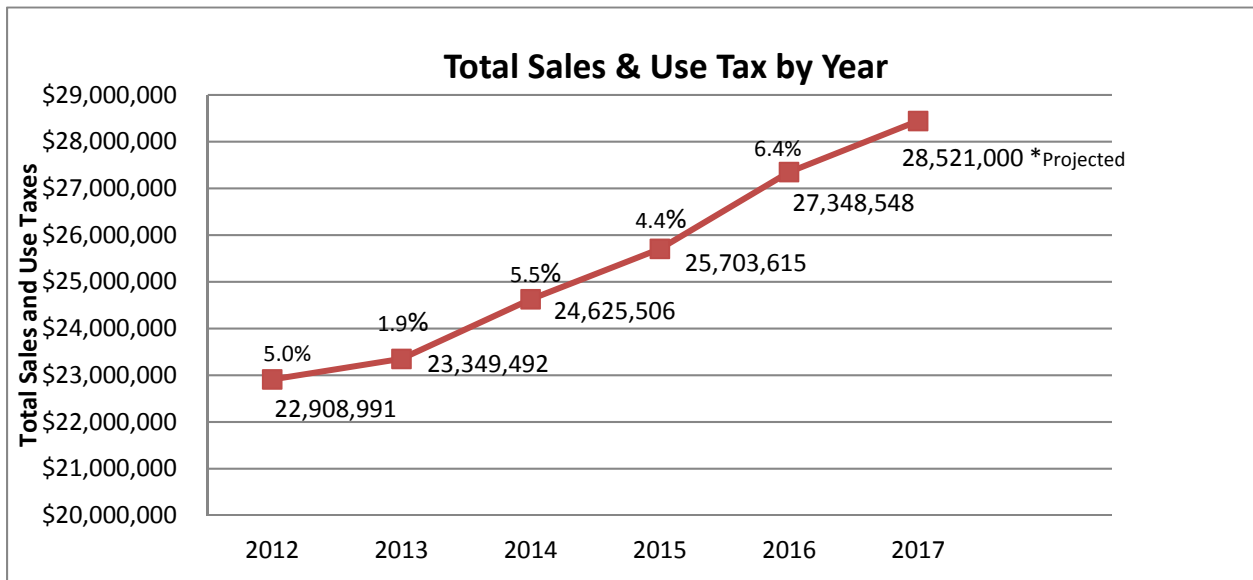
April TIF and TDD Collections

Sources	Tax Rate	Current Month	Year-to-date Collected
Free State TDD	1.00%	\$19,885	\$74,153
Oread TDD	1.00%	5,881	25,357
9 th NH S. TDD	1.00%	962	11,554
Oread TIF	1.00%	5,881	25,357
9 th NH S. TIF	1.55%	1,492	17,908
Total City TDD/TIF		\$34,101	\$154,329
City share of County TDD/TIF		3,882	20,936
Total General Fund		\$37,983	\$175,265

Sales Tax Trends

April 2017 sales tax receipts were \$155,235 (7.4%) above the same period in 2016. Collections are roughly 3.7% over 2016 levels and are currently below our 4.0% projection for the 2017 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.

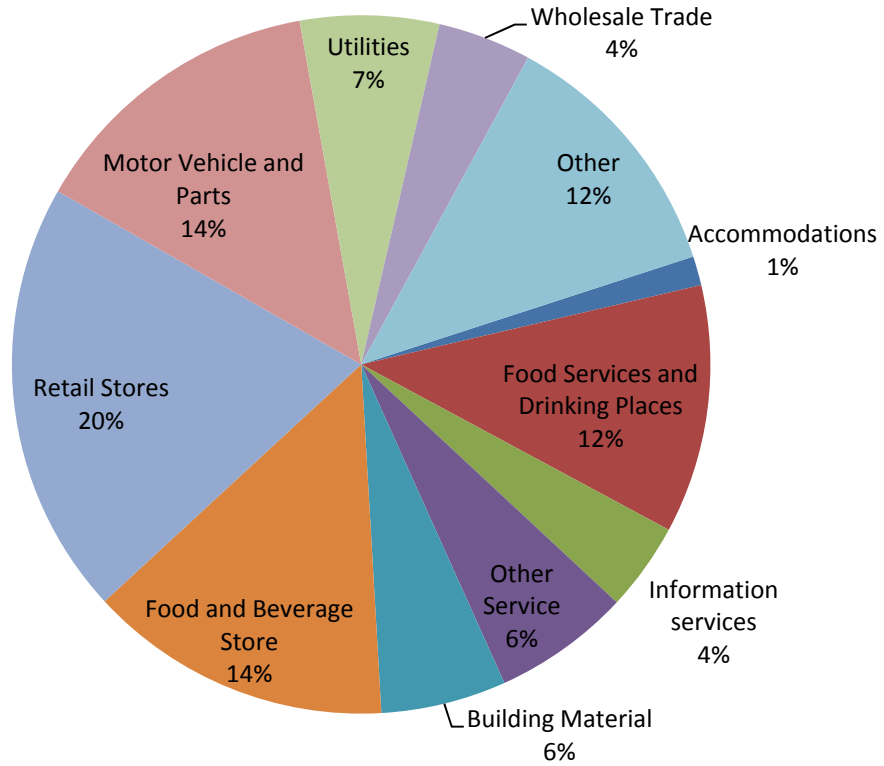
The increase in 2017 sales taxes year-to-date over 2016 is attributed to three key industries:

- 13% increase in sales from wholesale trade
- 10% increase in sales from motor vehicle and parts
- 7% increase in sales from accommodations

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

- 1% decrease in sales from food and beverage stores

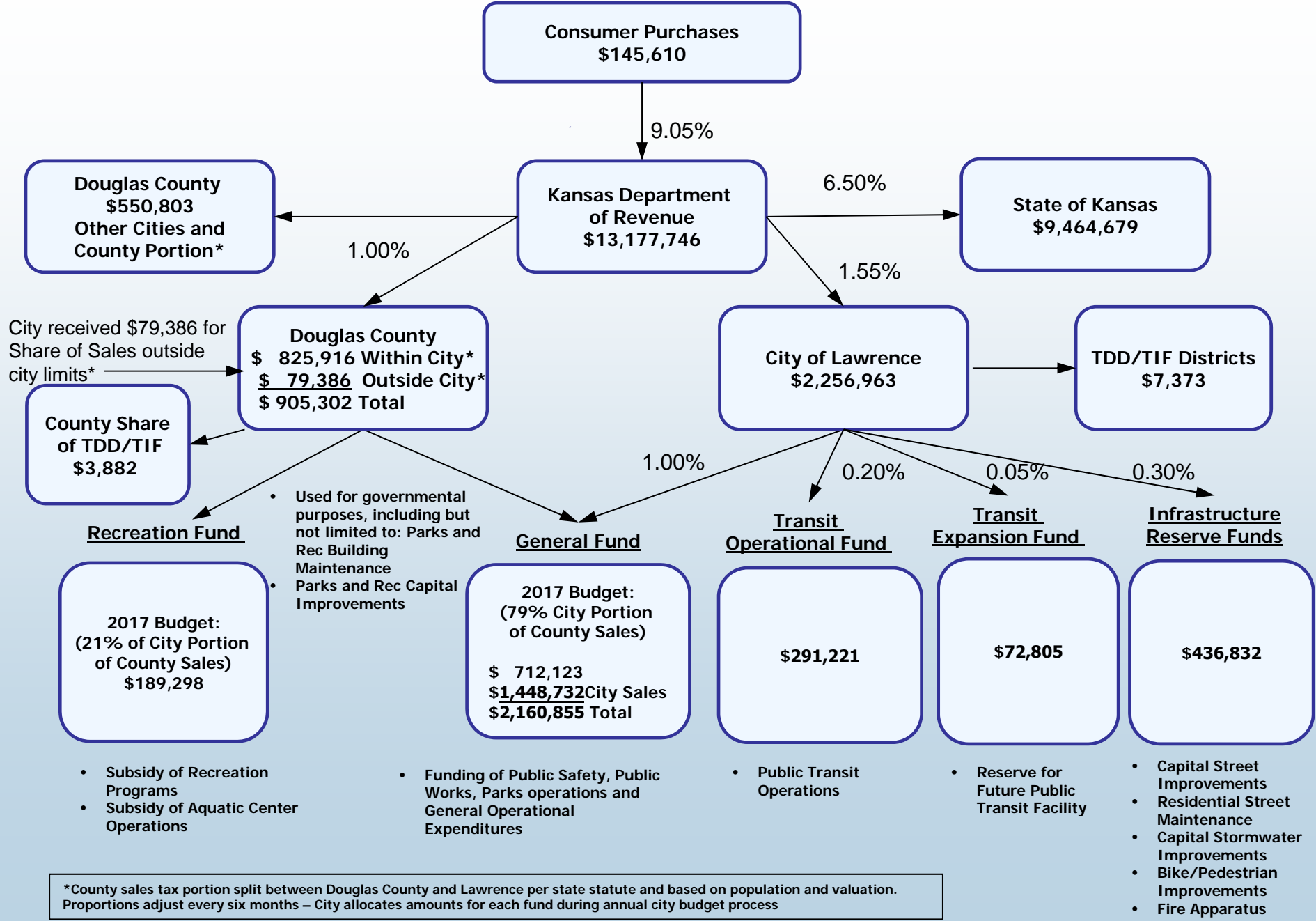
**City of Lawrence
Retail Sales Tax Distribution
By Industry Type
Year-To-Date April 2017**



Distribution of Sales Taxes within the City

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

April 2017 Sales and Use Tax





STATE OF KANSAS
Ron Estes
TREASURER

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

TELEPHONE
(785) 296-4151

NATE BLUM
PO BOX 708
LAWRENCE, KS 66044-0708

April 24, 2017

Dear Mr Blum

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 04/27/2017. The details are as follows:

Detail Description	County	Amount
Apr 2017 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	19,884.83
Lawrence 2 Transportation	Douglas	5,881.34
Lawrence 9thnh Transport	Douglas	962.26
Total for Apr 2017 Transportation Dev Dist Tax:		\$26,728.43
Apr 2017 Compensating Use Tax		
City Tax File	Douglas	229,501.43
City Share From County Tax	Douglas	106,284.23
Total for Apr 2017 Compensating Use Tax:		\$335,785.66
Apr 2017 Sales Tax		
City Tax File	Douglas	2,027,460.70
City Share From County Tax	Douglas	799,018.35
Total for Apr 2017 Sales Tax:		\$2,826,479.05
Grand Total Amount:		\$3,188,993.14

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,

A handwritten signature in blue ink that reads "Lucinda Anstaett".

Lucinda Anstaett
Director Of Cash Management