The City of Lawrence
Finance Department

TO: Thomas Markus, City Manager
FROM: Nate Blum, Senior Accountant/ Fiscal Analyst
Date: July 11, 2017
RE: June 2017 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 $3,286,345.74. Of this amount, $3,254,245.63 was from sales and use taxes city-wide. The remaining $32,100.11 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, 2017.

### June Sales and Use Tax Collections

<table>
<thead>
<tr>
<th>Source</th>
<th>Tax Rate</th>
<th>2017 Budget</th>
<th>Current Month</th>
<th>Year-to-date Collected</th>
<th>% Collect</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1.00%</td>
<td>$17,963,000</td>
<td>$1,482,608</td>
<td>$8,848,452</td>
<td>49.3%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0.30%</td>
<td>$5,463,000</td>
<td>449,814</td>
<td>2,678,746</td>
<td>49.0%</td>
</tr>
<tr>
<td>Transit Op</td>
<td>0.20%</td>
<td>$3,798,000</td>
<td>299,876</td>
<td>1,785,831</td>
<td>47.0%</td>
</tr>
<tr>
<td>Transit Exp</td>
<td>0.05%</td>
<td>$944,000</td>
<td>74,969</td>
<td>446,458</td>
<td>47.3%</td>
</tr>
<tr>
<td><strong>Total City Sales and Use Tax</strong></td>
<td><strong>1.55%</strong></td>
<td><strong>28,168,000</strong></td>
<td><strong>2,307,267</strong></td>
<td><strong>13,759,487</strong></td>
<td><strong>48.8%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2017 County Sales Tax</th>
<th>Current Month</th>
<th>Year-to-date Collected</th>
<th>% Collect</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Share</td>
<td></td>
<td>11,246,000</td>
<td>922,228</td>
<td>5,493,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$39,414,000</strong></td>
<td><strong>$3,229,495</strong></td>
<td><strong>$19,253,287</strong></td>
</tr>
</tbody>
</table>
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/](https://lawrenceks.org/ed/).

### June TIF and TDD Collections

<table>
<thead>
<tr>
<th>Sources</th>
<th>Tax Rate</th>
<th>Current Month</th>
<th>Year-to-date Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free State TDD</td>
<td>1.00%</td>
<td>$18,029</td>
<td>$114,346</td>
</tr>
<tr>
<td>Oread TDD</td>
<td>1.00%</td>
<td>$9,163</td>
<td>41,099</td>
</tr>
<tr>
<td>9th NH S. TDD</td>
<td>1.00%</td>
<td>4,908</td>
<td>25,548</td>
</tr>
<tr>
<td>Oread TIF</td>
<td>1.00%</td>
<td>9,163</td>
<td>41,099</td>
</tr>
<tr>
<td>9th NH S. TIF</td>
<td>1.55%</td>
<td>7,608</td>
<td>39,600</td>
</tr>
<tr>
<td><strong>Total City TDD/TIF</strong></td>
<td></td>
<td><strong>$48,871</strong></td>
<td><strong>$261,693</strong></td>
</tr>
<tr>
<td>City share of County TDD/TIF</td>
<td></td>
<td>7,981</td>
<td>37,803</td>
</tr>
<tr>
<td><strong>Total General Fund</strong></td>
<td></td>
<td><strong>$56,852</strong></td>
<td><strong>$299,496</strong></td>
</tr>
</tbody>
</table>

**Sales Tax Trends**

June 2017 sales tax receipts were $117,423 (5.8%) above the same period in 2016. Collections are roughly 2.4% over 2016 levels and are currently above our 2.1% 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:
- 10% increase in sales from wholesale trade
- 9% increase in sales from accommodations
- 8% increase in sales from motor vehicle and parts

Even though overall there are increases in sales taxes led by the above industries, there are two industries that has less retail sales than the same period last year:
- 1% decrease in sales from information services
- 1% decrease in sales from other 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 2017 Sales and Use Tax

Consumer Purchases $149,937,806

Kansas Department of Revenue $13,569,371

State of Kansas $9,745,957

Douglas County $569,169
Other Cities and County Portion* $930,209 Total

City of Lawrence $2,324,036

TDD/TF Districts $16,771

Douglas County $446,567
City of Lawrence $297,712

Transit Expansion Fund $74,428

Infrastructure Reserve Funds $446,567

Recreation Fund $74,428

General Fund $297,712

Transit Operational Fund $297,712

Transit Operational Fund $297,712

Infrastructure Reserve Funds $446,567

2017 Budget: (21% of City Portion of County Sales) $193,668

1.00% 0.20% 0.05% 0.30%

Douglas County $850,461 Within City*
$79,748 Outside City*
$930,209 Total

City received $79,748 for Share of Sales outside city limits*

County Share of TDD/TIF $7,981

Douglas County $2,324,036

City of Lawrence $2,324,036

TDD/TIF Districts $16,771

Recreation Fund

General Fund

Transit Operational Fund

Transit Expansion Fund

Infrastructure Reserve Funds

2017 Budget: (79% City Portion of County Sales)

$728,560
$1,488,558 City Sales
$2,217,118 Total

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

2017 Budget: (21% of City Portion of County Sales)

$728,560
$1,488,558 City Sales
$2,217,118 Total

- Subsidy of Recreation Programs
- Subsidy of Aquatic Center Operations

- Funding of Public Safety, Public Works, Parks operations 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.
June 26, 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 06/29/2017. The details are as follows:

<table>
<thead>
<tr>
<th>Detail Description</th>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2017 Transportation Dev Dist Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawrence Transportation</td>
<td>Douglas</td>
<td>18,029.19</td>
</tr>
<tr>
<td>Lawrence 2 Transportation</td>
<td>Douglas</td>
<td>9,162.60</td>
</tr>
<tr>
<td>Lawrence 9thnh Transport</td>
<td>Douglas</td>
<td>4,908.32</td>
</tr>
<tr>
<td>Total for Jun 2017 Transportation Dev Dist Tax:</td>
<td></td>
<td>$32,100.11</td>
</tr>
<tr>
<td>Jun 2017 Compensating Use Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Tax File</td>
<td>Douglas</td>
<td>228,780.53</td>
</tr>
<tr>
<td>City Share From County Tax</td>
<td>Douglas</td>
<td>100,323.47</td>
</tr>
<tr>
<td>Total for Jun 2017 Compensating Use Tax:</td>
<td></td>
<td>$329,104.00</td>
</tr>
<tr>
<td>Jun 2017 Sales Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Tax File</td>
<td>Douglas</td>
<td>2,095,256.05</td>
</tr>
<tr>
<td>City Share From County Tax</td>
<td>Douglas</td>
<td>829,885.58</td>
</tr>
<tr>
<td>Total for Jun 2017 Sales Tax:</td>
<td></td>
<td>$2,925,141.63</td>
</tr>
<tr>
<td>Grand Total Amount:</td>
<td></td>
<td>$3,286,345.74</td>
</tr>
</tbody>
</table>

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
Director Of Cash Management