

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Natalia Fairchild, Accountant

DATE: September 25, 2018

RE: September 2018 Sales and Use Tax Distribution

The City received its September sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,380,198. Of this amount, \$3,009,308 was from sales taxes and \$309,378 was from use taxes. The remaining \$61,512 was from sales and use taxes within 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 of the month after collection. Smaller retailers may remit sales taxes quarterly on the 25th day after the quarter of collection.

Aside from some specific exceptions, use taxes are 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, this distribution is based on retail sales which occurred two months previous.

The City has formed three separate Transportation Development Districts (TDD) and two Tax Increment Financing Districts (TIF). A TDD has an additional sales tax added to retail sales incurred within the district as well as goods received by the district. A TIF District does not have 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/>.

September Sales and Use Tax

Description	2018 Budget	2018 Revised Budget*	September 2018	YTD Collected	% Collected**
City Sales tax	\$16,685,000	16,685,000	\$1,339,235	\$12,161,882	73%
City Use tax	1,653,000	1,653,000	137,724	1,296,898	78%
City Share County Sales Tax	10,258,000	10,258,000	840,643	7,508,121	73%
City Share County Use Tax	1,201,000	1,201,000	95,906	917,801	76%
Total General Fund Receipt	29,797,000	29,797,000	2,413,508	21,884,703	73%
Infrastructure Sales Tax	5,082,000	3,979,000	365,063	3,343,723	84%
Infrastructure Use Tax***	-	515,000	41,317	389,069	76%
Total Infrastructure Receipt	5,082,000	4,494,000	406,380	3,732,792	83%
Fire Equipment Sales Tax	500,000	500,000	50,000	350,000	70%
Total Fire Equip Receipt	500,000	500,000	50,000	350,000	70%
Transit Sales Tax	4,401,000	4,401,000	345,886	3,078,103	70%
Transit Use Tax	449,000	449,000	34,431	324,224	72%
Total Transit Receipt	4,850,000	4,850,000	380,317	3,402,327	70%
Total Sales and Use Tax	40,229,000	39,641,000	3,250,204	29,369,822	74%
Free State TDD	261,000	261,000	19,217	182,761	70%
Total Free State TDD	261,000	261,000	19,217	182,761	70%
Oread TDD	101,000	101,000	38,636	94,466	94%
Oread TIF	184,000	184,000	38,636	94,466	81%
Oread TIF City Share of County			22,083	53,913	
Total Oread Receipt****	285,000	285,000	99,355	242,845	85%
9th NH South TDD	52,000	53,000	3,659	36,169	68%
9th NH South TIF	111,000	126,000	5,672	56,062	61%
9th NH South TIF City Share of County			2,091	20,628	
Total 9th NH South Receipt	163,000	179,000	11,422	112,859	63%
Total Special District	709,000	725,000	129,994	538,465	74%
Total Receipt	\$40,938,000	\$40,366,000	\$3,380,198	\$29,908,287	74%

*2018 Revised Budget Approved August 14, 2018

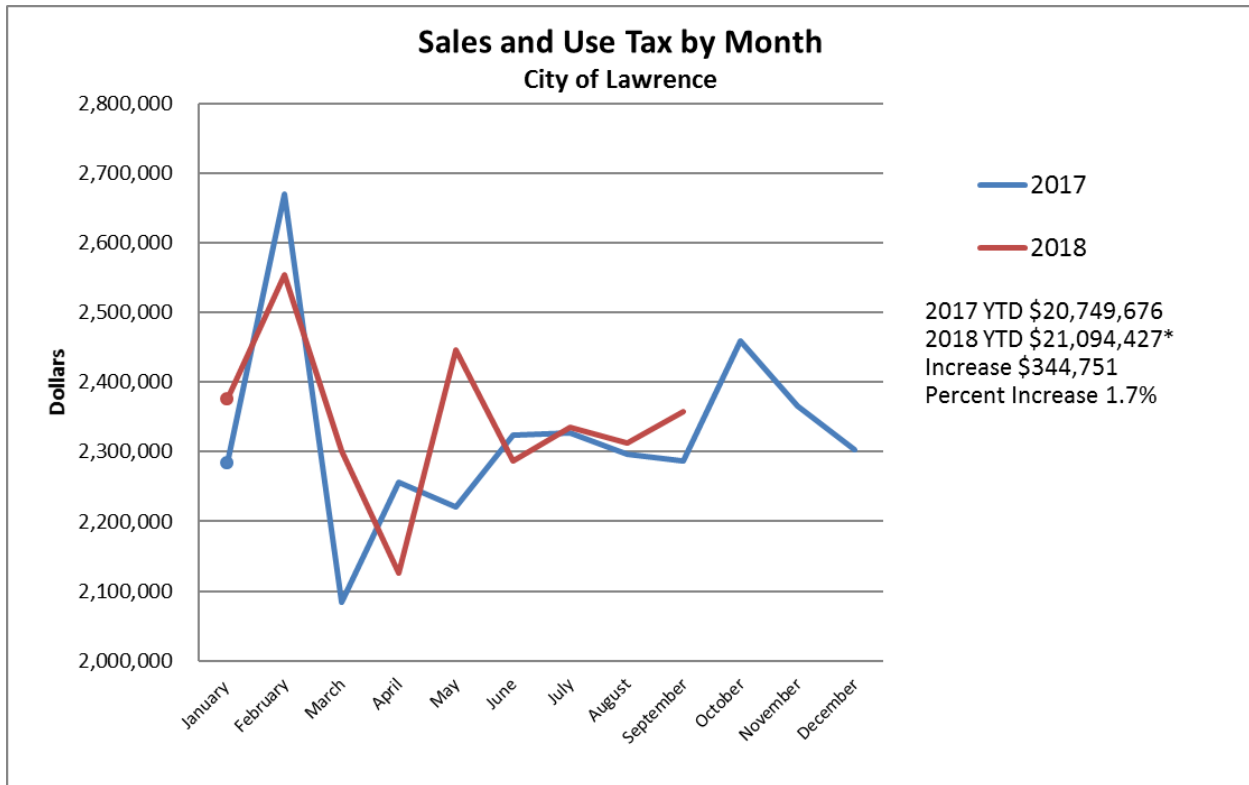
**% of Year-to-Date Elapsed 75%

***\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2018

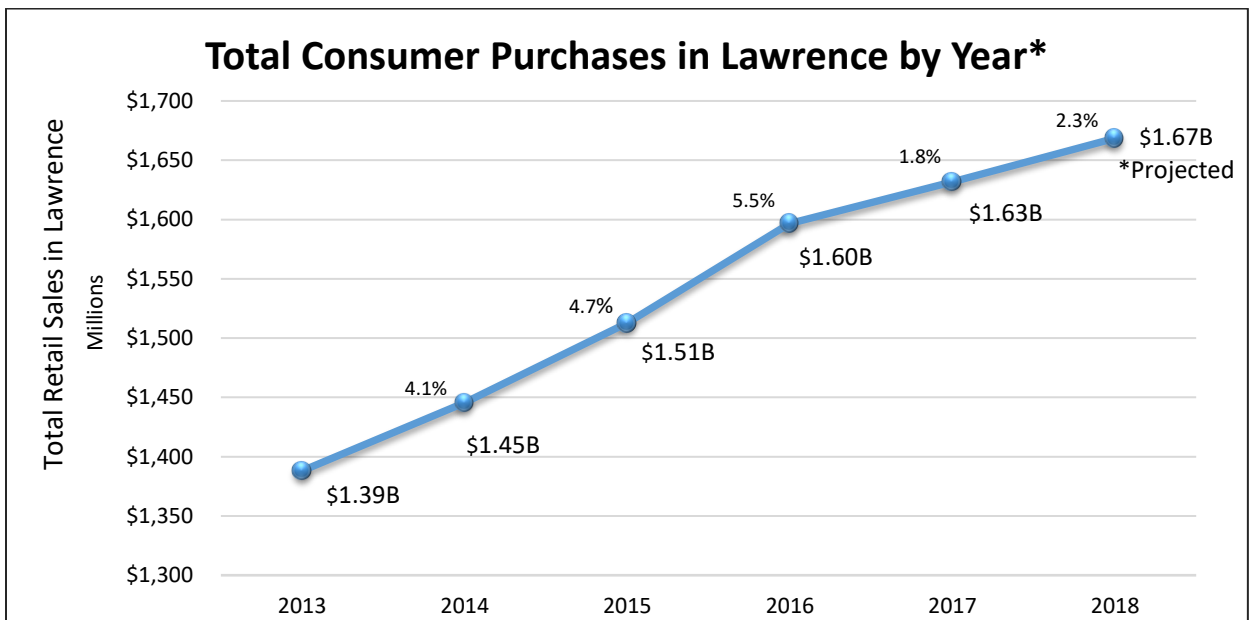
****Oread distribution is currently under review

Sales Tax Trends

Year-to-date sales tax revenues saw a 1.7% increase over the same period in 2017. September 2018 saw a 3.13% increase over the same month in 2017.



*YTD total is net of City Share of County Sales and Use Tax, Free State TDD, Oread and 9th NH South TDDs, and City Share of County TIFs.



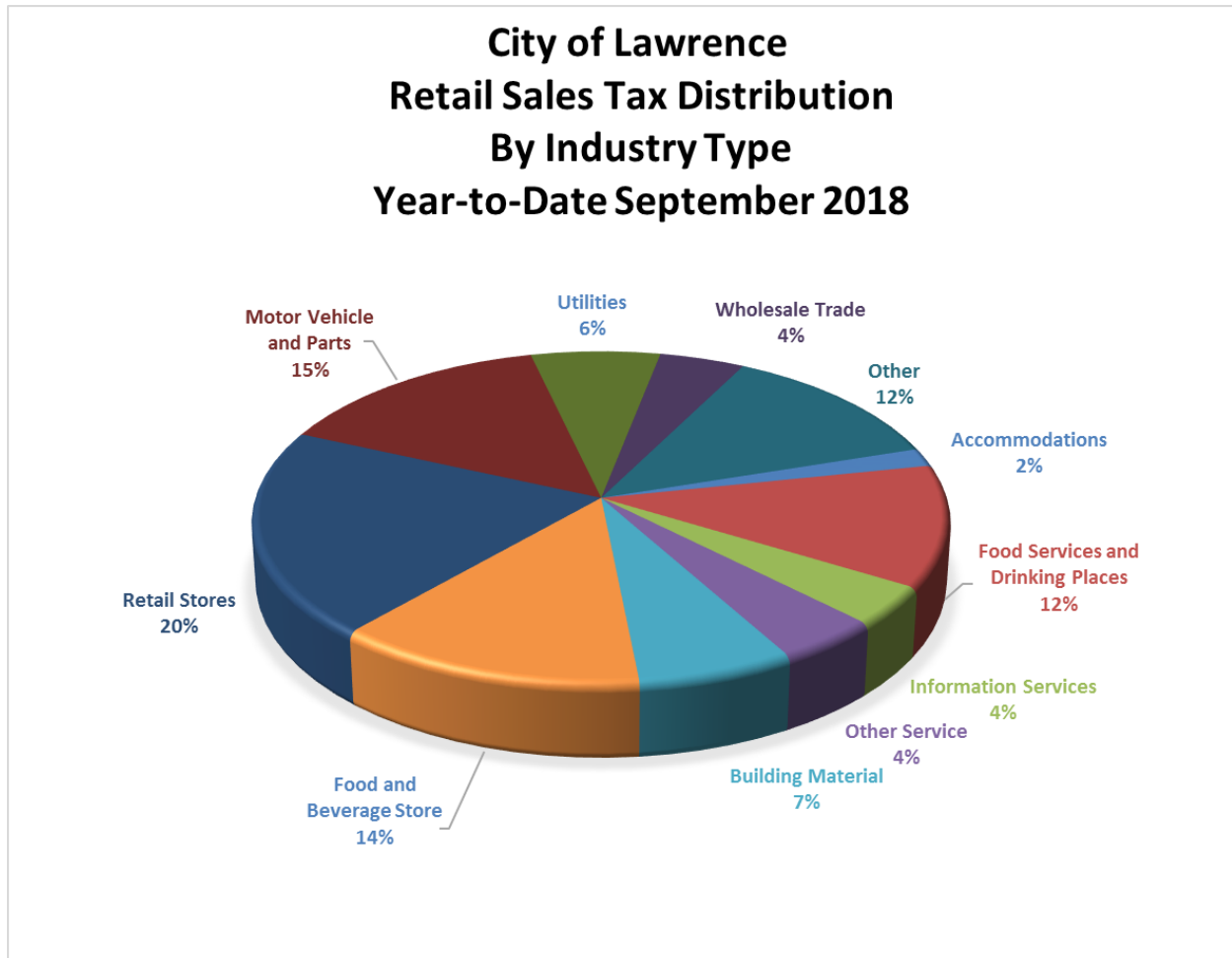
*Based on Sales Tax Collections

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 2018 sales taxes year-to-date over 2017 is attributed to three key industries:

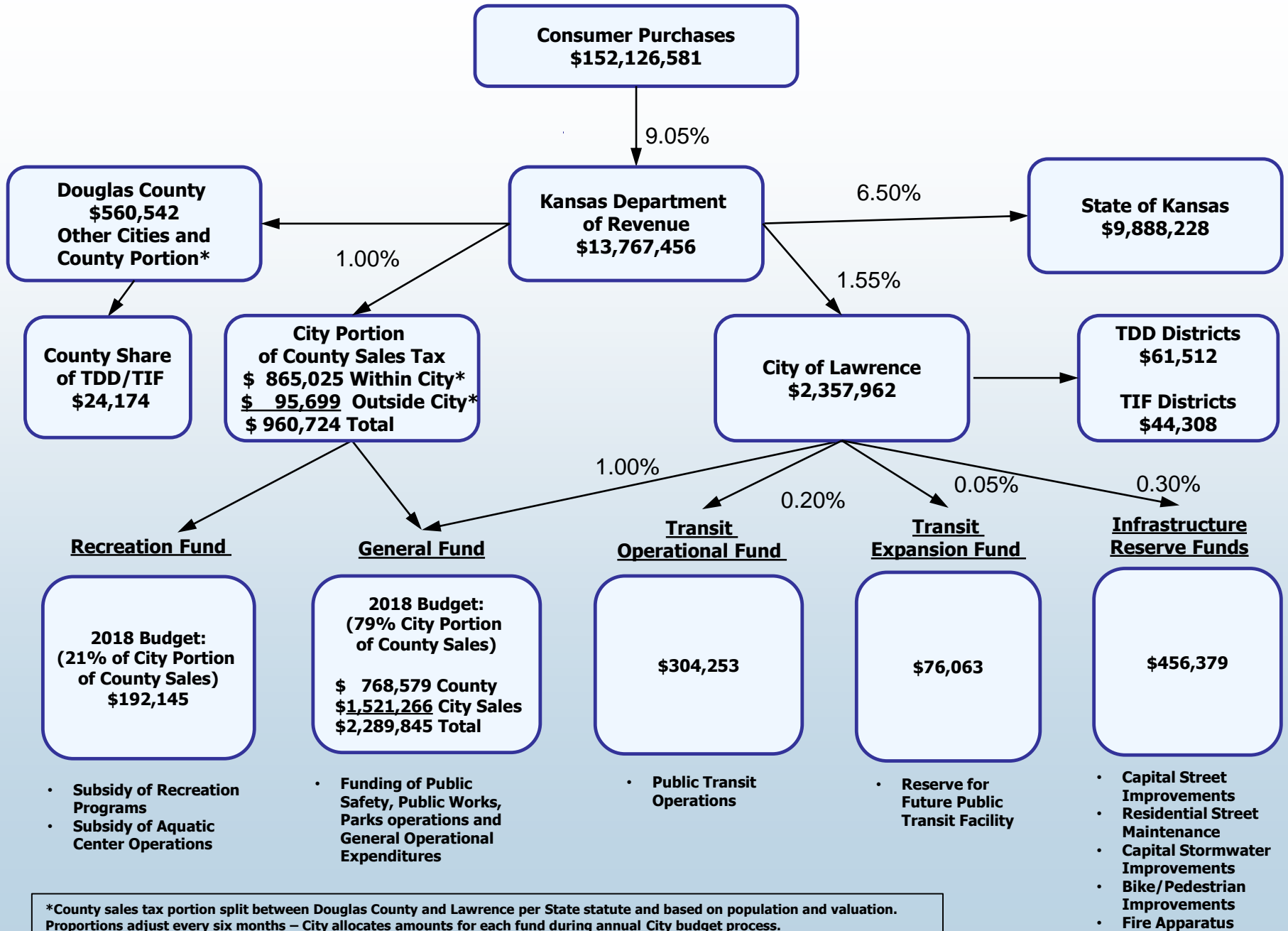
- 20% increase in Retail Stores
- 15% increase in Motor Vehicle and Parts
- 13% increase in Food and Beverage Store



Distribution of Sales Taxes within the City

The City has multiple funds where sales taxes are received. The following flowchart breaks down September's sales tax received and where the funds are used by the City:

September 2018 Sales and Use Tax





STATE OF KANSAS
Jake LaTurner
 TREASURER

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

TELEPHONE
 (785) 296-4151

NATALIA FAIRCHILD
 PO BOX 708
 LAWRENCE, KS 66044-0708

September 21, 2018

Dear Ms. Fairchild

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 09/26/2018. The details are as follows:

Detail Description	County	Amount
Sep 2018 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	19,216.52
Lawrence 2 Transportation	Douglas	38,636.08
Lawrence 9thnh Transport	Douglas	3,659.10
Total for Sep 2018 Transportation Dev Dist Tax:		\$61,511.70
Sep 2018 Compensating Use Tax		
City Tax File	Douglas	213,472.56
City Share From County Tax	Douglas	95,905.72
Total for Sep 2018 Compensating Use Tax:		\$309,378.28
Sep 2018 Sales Tax		
City Tax File	Douglas	2,144,490.43
City Share From County Tax	Douglas	864,817.63
Total for Sep 2018 Sales Tax:		\$3,009,308.06
Grand Total Amount:		\$3,380,198.04

Additional information can be found at https://kansasstatetreasurer.com/dist_search.php or contact Lucinda Anstaett at 785.296.4151 or lucinda@treasurer.ks.gov.

Sincerely,

Lucinda Anstaett
 Director Of Cash Management