

Memorandum

City of Lawrence

Finance Department

TO: Craig Owens, City Manager

FROM: Natalia Fairchild, Accountant

DATE: August 27, 2019

RE: August 2019 Sales and Use Tax Distribution

The City received its August sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,369,525. Of this amount, \$2,989,885 was from sales taxes (2.09% higher than August 2018); and \$344,679 was from use taxes before Tax Increment Financing Districts (TIF) was applied (6.57% higher than August 2018). The remaining \$34,961 was from sales and use taxes within the three Transportation Development Districts (TDD). While August 2019 is 2.61% more than August 2018 collections, 2019 YTD collections is also up 1.74%. For more information on these taxes and to compare annual receipts with the previous year, please see the table on the next page.

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 August be found in the City's economic development reports <https://lawrenceks.org/ed/>.

August Sales and Use Tax

Tax By Type	August 2018	August 2019	Month over Month Increase/ (Decrease)	% Changed
All Sales Taxes	\$2,928,574	\$2,989,886	61,312	2.09%
All Use Taxes	\$323,433	\$344,679	21,246	6.57%
All Special District Taxes	\$31,772	\$34,961	3,189	10.04%
Total Receipts	\$3,283,779	\$3,369,525	\$85,746	2.61%

Tax By Category	August 2018	August 2019	YTD Collected 2018	YTD Collected 2019*	Increase/ (Decrease)	% Changed
City Sales tax	1,336,437	1,365,428	10,822,648	10,785,078	(\$37,569)	-0.35%
City Use tax	143,064	153,268	1,159,174	1,389,152	\$229,977	19.84%
City Share County Sales Tax	832,502	847,943	6,667,477	6,672,954	\$5,476	0.08%
City Share County Use Tax	101,683	107,113	821,896	953,846	\$131,951	16.05%
Total General Fund Receipts	2,413,686	2,473,752	19,471,195	19,801,030	\$329,835	1.69%
Infrastructure Sales Tax**	354,592	371,748	2,978,661	2,935,082	(\$43,579)	-1.46%
Infrastructure Use Tax	42,919	45,981	347,752	416,746	\$68,994	19.84%
Total Infrastructure Receipts	397,511	417,728	3,326,413	3,351,826	\$25,414	0.76%
Infrastructure Sales Tax**	50,000	41,667	300,000	333,334	\$33,334	N/A
Total Equip Reserve Receipts	50,000	41,667	300,000	333,334	\$33,334	N/A
Transit Sales Tax	337,160	275,610	2,732,217	2,517,944	(\$214,272)	-7.84%
Transit Use Tax	35,766	30,654	289,794	321,904	\$32,110	11.08%
Total Transit Receipts	372,926	306,263	3,022,011	2,839,848	(\$182,162)	-6.03%
Housing Trust Fund Sales Tax	-	68,902	-	205,734	\$205,734	N/A
Housing Trust Fund Use Tax	-	7,663	-	25,384	\$25,384	N/A
Total Housing Trust Fund Receipts****	-	76,566	-	231,118	\$231,118	N/A
Free State TDD	21,831	24,509	163,544	184,677	\$21,133	12.92%
Total Free State Receipts	21,831	24,509	163,544	184,677	\$21,133	12.92%
Oread TDD	5,830	6,509	55,830	49,236	(\$6,594)	-11.81%
Oread TIF City Share	5,830	6,509	55,830	49,236	(\$6,594)	-11.81%
Oread TIF City Share of County	3,332	3,717	31,830	28,135	(\$3,695)	-11.61%
Total Oread Receipts***	14,993	16,735	143,490	126,608	(\$16,882)	-11.77%
9th NH South TDD	4,111	3,943	28,399	38,968	\$10,569	37.22%
9th NH South TIF City Share	6,372	6,111	44,018	60,401	\$16,383	37.22%
9th NH South TIF City Share of Co	2,350	2,251	16,187	22,269	\$6,082	37.57%
Total 9th NH South Receipts	12,833	12,305	101,437	121,638	\$20,201	19.92%
Total Special Districts	49,656	53,549	408,471	432,923	\$24,452	5.99%
Total Receipts	\$3,283,779	\$3,369,525	\$26,528,089	\$26,990,080	\$461,991	1.74%

*% of Year-to-Date collected: 66%. The 2019 Budget is \$40,622,000.

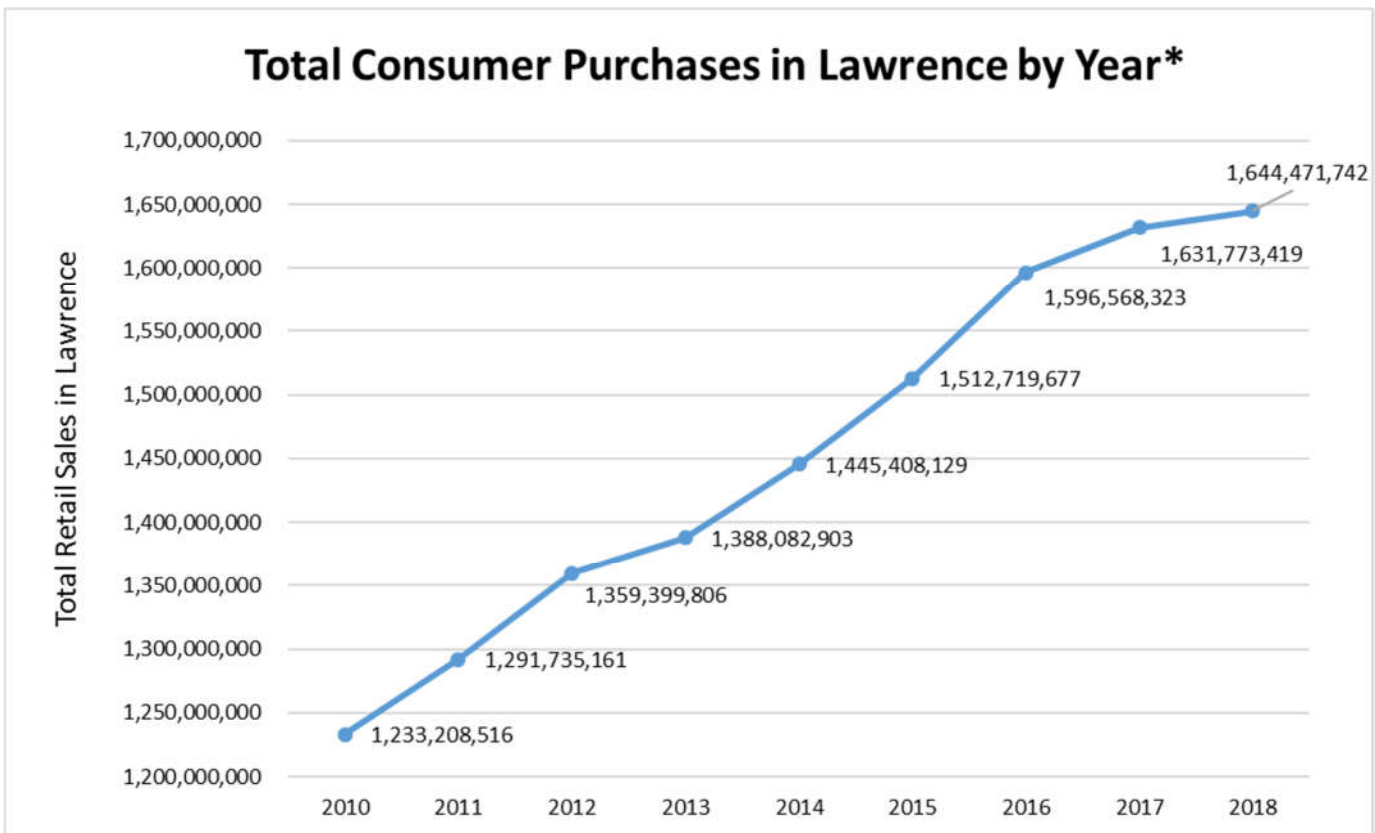
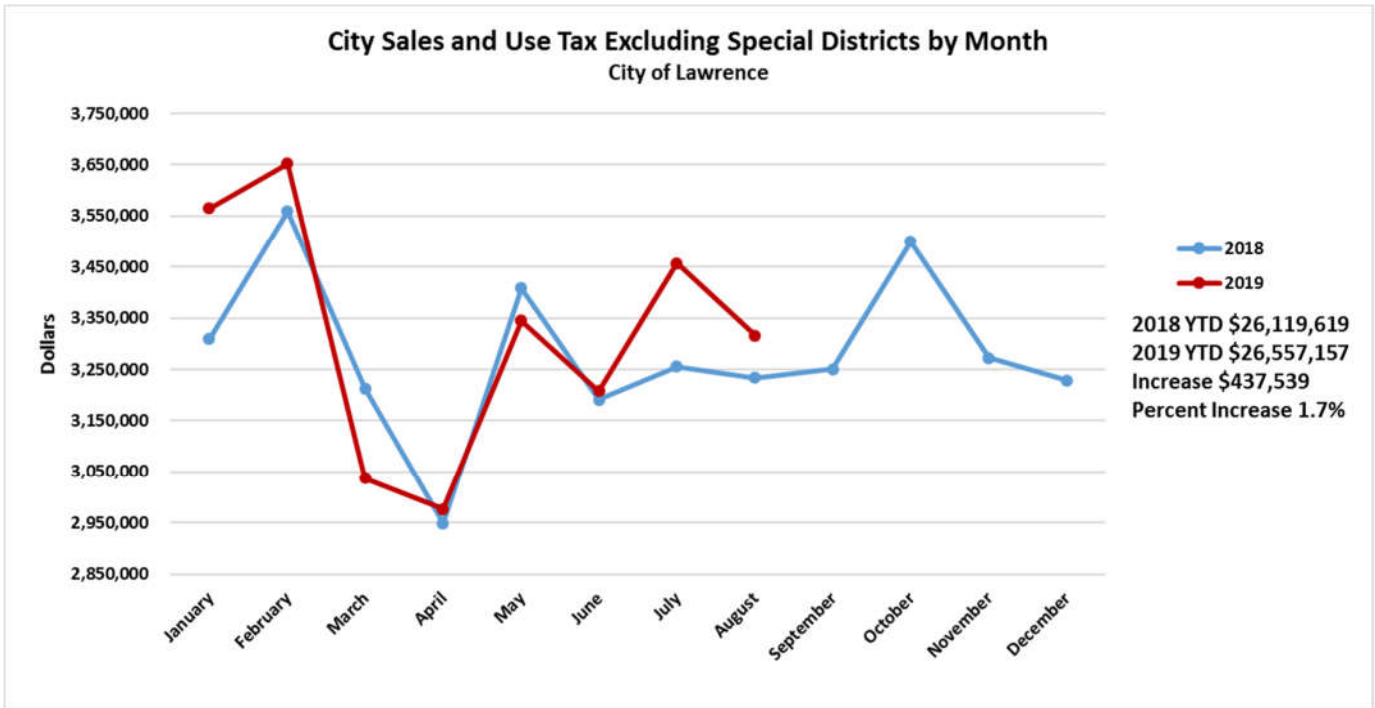
**\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2019

***Oread distribution is currently under review

****Housing Trust funding due to Ordinance 9551

Sales Tax Trends

Year-to-date sales tax revenues saw a 1.7% increase over the same period in 2018. August 2019 saw a 2.61% increase over the same month in 2018.



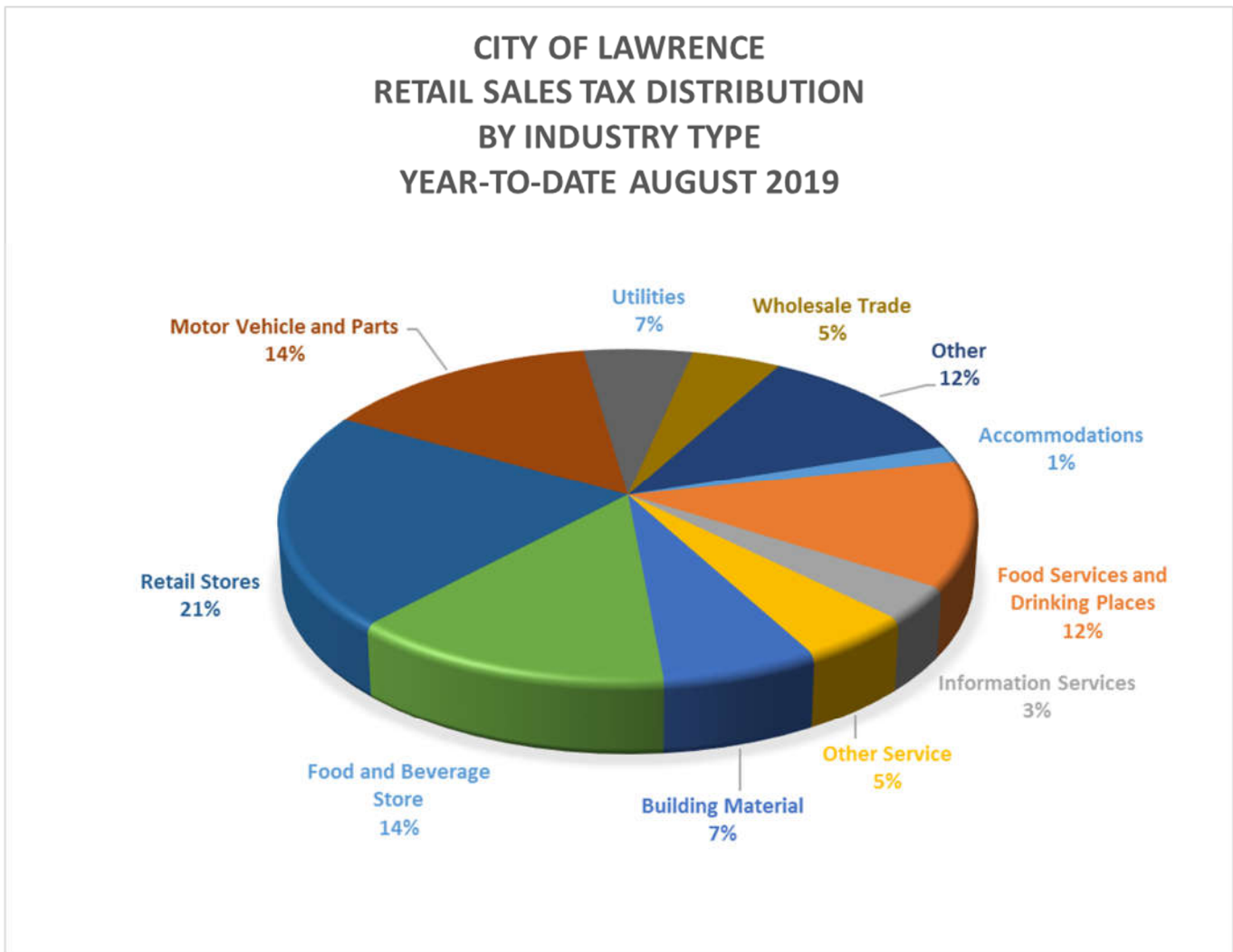
*Based on Sales Tax Collections

Retail Sales Tax Distribution

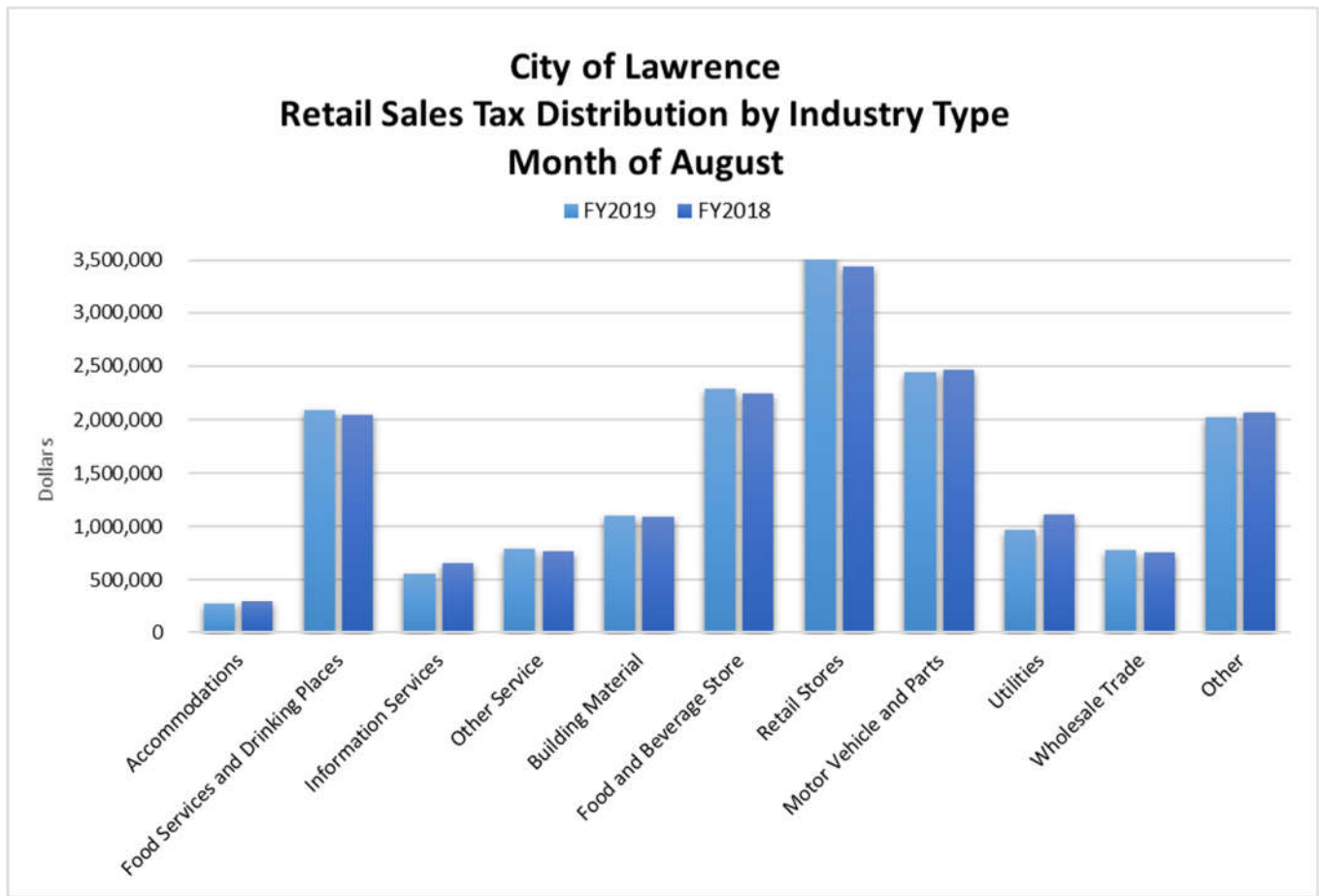
Retail sales within the City are from a wide variety of retailers. The collection by industry type, shown on the last table, do not vary materially from year to year, but do vary seasonally. The following charts includes August sales tax receipts from 2018-2019 by industry type and does not include use taxes or special district taxes. It also includes a comparative look of the August 2019 monetary and percent changes compared to August 2018.

The increase in the City's August 2019 sales taxes year-to-date is attributed primarily to three key industries:

- 3.8% increase in Wholesale Trade
- 3.5% increase in Retail Stores
- 3.0% increase in Other Services



Industry Type - Month of August	2018	2019	FY19 vs. FY18	
			Increase	% Change
<i>Accommodations</i>	292,754	273,037	(19,717)	-7.2%
<i>Food Services and Drinking Places</i>	2,039,744	2,084,924	45,180	2.2%
<i>Information Services</i>	659,896	561,746	(98,150)	-17.5%
<i>Other Services</i>	768,679	792,120	23,441	3.0%
<i>Building Materials</i>	1,095,989	1,106,716	10,727	1.0%
<i>Food and Beverage Store</i>	2,248,410	2,286,100	37,690	1.6%
<i>Retail Stores</i>	3,440,899	3,564,818	123,919	3.5%
<i>Motor Vehicle and Parts</i>	2,463,022	2,447,387	(15,635)	-0.6%
<i>Utilities</i>	1,109,994	964,071	(145,923)	-15.1%
<i>Wholesale Trade</i>	756,852	786,504	29,652	3.8%
<i>Other</i>	2,063,507	2,019,386	(44,121)	-2.2%
Grand Total	\$ 16,939,745	\$ 16,886,809	\$ (52,937)	-0.3%





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NATALIA FAIRCHILD
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August 26, 2019

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 our office at 785-296-4153 to add or modify email addresses for your notifications.

You will receive an EFT to settle 08/29/2019. The details are as follows:

Detail Description	County	Amount
Aug 2019 Compensating Use Tax		
City Tax File	Douglas	237,565.96
City Share From County Tax	Douglas	107,112.74
Total for Aug 2019 Compensating Use Tax:		\$344,678.70
Aug 2019 Sales Tax		
City Tax File	Douglas	2,135,973.93
City Share From County Tax	Douglas	853,911.61
Total for Aug 2019 Sales Tax:		\$2,989,885.54
Aug 2019 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	24,509.23
Lawrence 2 Transportation	Douglas	6,508.76
Lawrence 9thnh Transport	Douglas	3,942.54
Total for Aug 2019 Transportation Dev Dist Tax:		\$34,960.53
Grand Total Amount:		\$3,369,524.77

Additional information can be found at https://kansasstatetreasurer.com/dist_search.php or contact our office at 785-296-4153 or fiscal@treasurer.ks.gov.

Sincerely,

Shauna Wake
 Director Of Fiscal Services