Memorandum
City of Lawrence
Finance Department

TO: Craig Owens, City Manager
FROM: Natalia Fairchild, Accountant
DATE: September 27, 2019
RE: September 2019 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 $3,616,235. Of this amount, $3,210,012 was from sales taxes (6.67% higher than September 2018); and $368,199 was from use taxes before Tax Increment Financing Districts (TIF) was applied (19.01% higher than September 2018). The remaining $38,024 was from sales and use taxes within the three Transportation Development Districts (TDD). While September 2019 is 6.98% more than September 2018 collections, 2019 YTD collections is also up 2.33%. 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 September be found in the City’s economic development reports https://lawrenceks.org/ed/.
# September Sales and Use Tax

<table>
<thead>
<tr>
<th>Tax by Type</th>
<th>September 2018</th>
<th>September 2019</th>
<th>Month over Month Increase/ (Decrease)</th>
<th>% Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sales Taxes</td>
<td>$3,009,308</td>
<td>$3,210,012</td>
<td>$200,704</td>
<td>6.67%</td>
</tr>
<tr>
<td>All Use Taxes</td>
<td>$309,378</td>
<td>$368,199</td>
<td>58,820</td>
<td>19.01%</td>
</tr>
<tr>
<td>All Special District Taxes</td>
<td>61,512</td>
<td>$38,024</td>
<td>(23,487)</td>
<td>-38.18%</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>$3,380,198</td>
<td>$3,616,235</td>
<td>$236,037</td>
<td>6.98%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax by Category</th>
<th>September 2018</th>
<th>September 2019</th>
<th>YTD Collected 2018</th>
<th>YTD Collected 2019*</th>
<th>Increase/ (Decrease)</th>
<th>% Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Sales tax</td>
<td>1,339,235</td>
<td>1,465,950</td>
<td>12,161,882</td>
<td>12,251,028</td>
<td>$89,146</td>
<td>0.73%</td>
</tr>
<tr>
<td>City Use tax</td>
<td>137,724</td>
<td>164,035</td>
<td>1,296,898</td>
<td>1,553,187</td>
<td>$256,288</td>
<td>19.76%</td>
</tr>
<tr>
<td>City Share County Sales Tax</td>
<td>840,643</td>
<td>909,780</td>
<td>7,508,121</td>
<td>7,582,734</td>
<td>$74,613</td>
<td>0.99%</td>
</tr>
<tr>
<td>City Share County Use Tax</td>
<td>95,906</td>
<td>113,944</td>
<td>917,801</td>
<td>1,067,790</td>
<td>$149,989</td>
<td>16.34%</td>
</tr>
<tr>
<td>Total General Fund Receipts</td>
<td>2,413,508</td>
<td>2,653,709</td>
<td>21,884,703</td>
<td>22,454,739</td>
<td>$570,036</td>
<td>2.60%</td>
</tr>
<tr>
<td>Infrastructure Sales Tax**</td>
<td>365,063</td>
<td>402,332</td>
<td>3,343,724</td>
<td>3,337,414</td>
<td>($6,310)</td>
<td>-0.19%</td>
</tr>
<tr>
<td>Infrastructure Use Tax</td>
<td>41,317</td>
<td>49,211</td>
<td>389,069</td>
<td>465,956</td>
<td>$76,887</td>
<td>19.76%</td>
</tr>
<tr>
<td>Total Infrastructure Receipts</td>
<td>406,380</td>
<td>451,543</td>
<td>3,732,793</td>
<td>3,803,370</td>
<td>$70,577</td>
<td>1.89%</td>
</tr>
<tr>
<td>Infrastructure Sales Tax**</td>
<td>50,000</td>
<td>41,667</td>
<td>350,000</td>
<td>375,001</td>
<td>$25,001</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Equip Reserve Receipts</td>
<td>50,000</td>
<td>41,667</td>
<td>350,000</td>
<td>375,001</td>
<td>$25,001</td>
<td>N/A</td>
</tr>
<tr>
<td>Transit Sales Tax</td>
<td>345,886</td>
<td>295,199</td>
<td>3,078,102</td>
<td>2,813,944</td>
<td>($264,159)</td>
<td>-8.58%</td>
</tr>
<tr>
<td>Transit Use Tax</td>
<td>34,431</td>
<td>32,807</td>
<td>324,225</td>
<td>354,711</td>
<td>$30,486</td>
<td>9.40%</td>
</tr>
<tr>
<td>Total Transit Receipts</td>
<td>380,317</td>
<td>328,806</td>
<td>3,402,327</td>
<td>3,168,654</td>
<td>($233,673)</td>
<td>-6.87%</td>
</tr>
<tr>
<td>Housing Trust Fund Sales Tax</td>
<td>-</td>
<td>74,000</td>
<td>-</td>
<td>279,734</td>
<td>$279,734</td>
<td>N/A</td>
</tr>
<tr>
<td>Housing Trust Fund Use Tax</td>
<td>-</td>
<td>8,202</td>
<td>-</td>
<td>33,586</td>
<td>$33,586</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Housing Trust Fund Receipts**</td>
<td>-</td>
<td>82,202</td>
<td>-</td>
<td>313,319.58</td>
<td>$313,320</td>
<td>N/A</td>
</tr>
<tr>
<td>Free State TDD</td>
<td>19,217</td>
<td>27,101</td>
<td>182,761</td>
<td>211,778</td>
<td>$29,017</td>
<td>15.88%</td>
</tr>
<tr>
<td>Oread TDD</td>
<td>38,636</td>
<td>5,246</td>
<td>94,466</td>
<td>54,482</td>
<td>($39,984)</td>
<td>-42.33%</td>
</tr>
<tr>
<td>Oread TIF City Share</td>
<td>38,636</td>
<td>5,246</td>
<td>94,466</td>
<td>54,482</td>
<td>($39,984)</td>
<td>-42.33%</td>
</tr>
<tr>
<td>Oread TIF City Share of County</td>
<td>22,083</td>
<td>2,996</td>
<td>53,913</td>
<td>31,313</td>
<td>($22,782)</td>
<td>-42.26%</td>
</tr>
<tr>
<td>Total Oread Receipts***</td>
<td>99,355</td>
<td>13,487</td>
<td>224,245</td>
<td>140,095</td>
<td>($102,750)</td>
<td>-42.31%</td>
</tr>
<tr>
<td>9th NH South TDD</td>
<td>3,659</td>
<td>5,678</td>
<td>36,169</td>
<td>44,646</td>
<td>$8,477</td>
<td>23.44%</td>
</tr>
<tr>
<td>9th NH South TIF City Share</td>
<td>5,672</td>
<td>8,801</td>
<td>56,061</td>
<td>69,201</td>
<td>$13,140</td>
<td>23.44%</td>
</tr>
<tr>
<td>9th NH South TIF City Share of Co</td>
<td>2,091</td>
<td>3,242</td>
<td>20,628</td>
<td>25,511</td>
<td>$4,883</td>
<td>23.67%</td>
</tr>
<tr>
<td>Total 9th NH South Receipts</td>
<td>11,422</td>
<td>17,721</td>
<td>112,859</td>
<td>139,359</td>
<td>$26,500</td>
<td>23.48%</td>
</tr>
<tr>
<td>Total Special Districts</td>
<td>129,994</td>
<td>58,309</td>
<td>538,464</td>
<td>491,232</td>
<td>($47,233)</td>
<td>-7.77%</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>3,380,198</td>
<td>3,616,236</td>
<td>$29,908,287</td>
<td>$30,606,316</td>
<td>$698,029</td>
<td>2.33%</td>
</tr>
</tbody>
</table>

*% of Year-to-Date collected: 75%. 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 2.5% increase over the same period in 2018. September 2019 saw a 9.5% increase over the same month in 2018.
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 September 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 September 2019 monetary and percent changes compared to September 2018.

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

- 4.3% increase in Wholesale Trade
- 4.2% increase in Retail Stores
- 4.0% increase in Food Services and Drinking Places
<table>
<thead>
<tr>
<th>Industry Type - Month of September</th>
<th>2018</th>
<th>2019</th>
<th>FY19 vs. FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase</td>
<td>% Change</td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>335,454</td>
<td>317,201</td>
<td>(18,252) -5.8%</td>
</tr>
<tr>
<td>Food Services and Drinking Places</td>
<td>2,263,031</td>
<td>2,357,037</td>
<td>94,006 4.0%</td>
</tr>
<tr>
<td>Information Services</td>
<td>734,745</td>
<td>630,042</td>
<td>(104,703) -16.6%</td>
</tr>
<tr>
<td>Other Services</td>
<td>830,428</td>
<td>858,139</td>
<td>27,710 3.2%</td>
</tr>
<tr>
<td>Building Materials</td>
<td>1,259,959</td>
<td>1,294,996</td>
<td>35,037 2.7%</td>
</tr>
<tr>
<td>Food and Beverage Store</td>
<td>2,505,551</td>
<td>2,561,263</td>
<td>55,712 2.2%</td>
</tr>
<tr>
<td>Retail Stores</td>
<td>3,841,117</td>
<td>4,011,009</td>
<td>169,892 4.2%</td>
</tr>
<tr>
<td>Motor Vehicle and Parts</td>
<td>2,797,390</td>
<td>2,811,049</td>
<td>13,659 0.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,288,330</td>
<td>1,152,838</td>
<td>(135,492) -11.8%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>850,666</td>
<td>889,288</td>
<td>38,622 4.3%</td>
</tr>
<tr>
<td>Other</td>
<td>2,377,565</td>
<td>2,297,941</td>
<td>(79,624) -3.5%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$19,084,236</td>
<td>$19,180,803</td>
<td>$96,567 0.5%</td>
</tr>
</tbody>
</table>

City of Lawrence
Retail Sales Tax Distribution by Industry Type
Month of September

![Bar chart showing retail sales tax distribution by industry type for FY2019 and FY2018.](attachment:image.png)
September 24, 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 09/27/2019. The details are as follows:

<table>
<thead>
<tr>
<th>Detail Description</th>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sep 2019 Compensating Use Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Tax File</td>
<td>Douglas</td>
<td>254,254.64</td>
</tr>
<tr>
<td>City Share From County Tax</td>
<td>Douglas</td>
<td>113,943.98</td>
</tr>
<tr>
<td><strong>Total for Sep 2019 Compensating Use Tax:</strong></td>
<td></td>
<td><strong>$368,198.62</strong></td>
</tr>
<tr>
<td><strong>Sep 2019 Sales Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Tax File</td>
<td>Douglas</td>
<td>2,293,993.86</td>
</tr>
<tr>
<td>City Share From County Tax</td>
<td>Douglas</td>
<td>916,018.44</td>
</tr>
<tr>
<td><strong>Total for Sep 2019 Sales Tax:</strong></td>
<td></td>
<td><strong>$3,210,012.30</strong></td>
</tr>
<tr>
<td><strong>Sep 2019 Transportation Dev Dist Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawrence Transportation</td>
<td>Douglas</td>
<td>27,100.89</td>
</tr>
<tr>
<td>Lawrence 2 Transportation</td>
<td>Douglas</td>
<td>5,245.73</td>
</tr>
<tr>
<td>Lawrence 9thnh Transport</td>
<td>Douglas</td>
<td>5,677.84</td>
</tr>
<tr>
<td><strong>Total for Sep 2019 Transportation Dev Dist Tax:</strong></td>
<td></td>
<td><strong>$38,024.46</strong></td>
</tr>
<tr>
<td><strong>Grand Total Amount:</strong></td>
<td></td>
<td><strong>$3,616,235.38</strong></td>
</tr>
</tbody>
</table>

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