

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: December 24, 2020

RE: December 2020 Sales and Use Tax Report

The City received its December sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,628,467. This is predominately from sales that occurred in October 2020. Of this amount, \$3,038,801 was from sales taxes and \$553,822 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$35,844 was from sales and use taxes within the three Transportation Development Districts (TDD).

December Sales and Use Tax

All Sales Taxes Collected	December 2019	December 2020	2019 YTD Collected	2020 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,208,951	\$ 2,165,993	\$ 25,811,358	\$ 24,849,885	\$ (961,473)	-3.72%
Use Taxes	252,559	377,326	3,251,501	3,645,672	394,171	12.12%
City portion of County Taxes	994,062	1,049,305	11,724,921	11,636,281	(88,641)	-0.76%
Special District Taxes	34,195	35,844	415,563	417,084	1,521	0.37%
All Sales Taxes Collected	\$ 3,489,766	\$ 3,628,467	\$ 41,203,343	\$ 40,548,922	\$ (654,421)	-1.59%
Sales Tax by Category						
City Sales tax	\$ 1,417,361	\$ 1,388,617	\$ 16,546,812	\$ 15,946,214	\$ (600,597)	-3.63%
City Use tax	162,941	243,436	2,097,743	2,352,047	254,304	12.12%
City Share County Sales Tax	870,716	867,876	10,203,212	9,909,810	(293,403)	-2.88%
City Share County Use Tax	117,175	176,497	1,446,369	1,677,707	231,338	15.99%
Total General Fund Receipts	2,568,194	2,676,426	30,294,135	29,885,777	(408,358)	-1.35%
Infrastructure Sales Tax**	383,542	376,607	4,464,043	4,300,450	(163,594)	-3.66%
Infrastructure Use Tax	48,882	73,031	629,323	705,614	76,291	12.12%
Total Capital Impr. Reserve Receipts	432,424	449,638	5,093,366	5,006,064	(87,303)	-1.71%
Infrastructure Sales Tax**	41,667	41,667	500,000	500,000	-	0.00%
Transit Sales Tax	354,340	278,849	4,136,703	3,200,300	(936,403)	-22.64%
Transit Use Tax	40,735	48,687	524,436	470,409	(54,026)	-10.30%
Total Transit Receipts	395,075	327,537	4,661,139	3,670,709	(990,429)	-21.25%
Affordable Housing Sales Tax	-	69,712	-	800,075	800,075	N/A
Affordable Housing Use Tax	-	12,172	-	117,602	117,602	N/A
Total Affordable Housing Receipts	-	81,884	-	917,677	917,677	N/A
Free State TDD	23,400	27,046	283,752	330,919	47,167	16.62%
Oread TDD	8,529	5,630	73,650	55,284	(18,366)	-24.94%
Oread TIF City Share	8,529	5,630	73,650	55,284	(18,366)	-24.94%
Oread TIF City Share of County	4,875	3,214	42,097	31,526	(10,571)	-25.11%
Total Oread Receipts***	21,934	14,474	189,396	142,094	(47,302)	-24.98%
9th NH South TDD	2,266	3,168	58,161	30,880	(27,281)	-46.91%
9th NH South TIF City Share	3,512	4,910	90,150	47,562	(42,588)	-47.24%
9th NH South TIF City Share of Co	1,295	1,718	33,243	17,239	(16,005)	-48.14%
Total 9th NH South Receipts	7,073	9,796	181,554	95,681	(85,873)	-47.30%
Total Special Districts	52,407	51,316	654,703	568,695	(86,008)	-13.14%
Total Receipts	\$ 3,489,766	\$ 3,628,467	\$ 41,203,343	\$ 40,548,922	\$ (654,421)	-1.59%

*The 2020 Budget is \$42.25 million. Collections Year-to-Date are \$40.55 million or 95.96% which is about 4.04% behind budget.

**Excluding TIF/TDD it is \$41.48 million. Collections YTD are \$39.98 million or 96.39% which is about 3.61% behind budget.

***\$500 thousand of Infrastructure Sales Tax is to be receipted into the Equipment Reserve Fund in 2020.

***Oread distributions are currently under review

Sales and Use Tax Trends Year to date

Sales and use tax for December 2020 compared to December 2019:

The City's sales taxes experienced a \$42,958 decrease (-1.94%).

The City's use taxes experienced a \$124,767 increase (49.40%).

The City's portion of the County's general sales and use tax experienced a \$55,243 increase (5.56%).

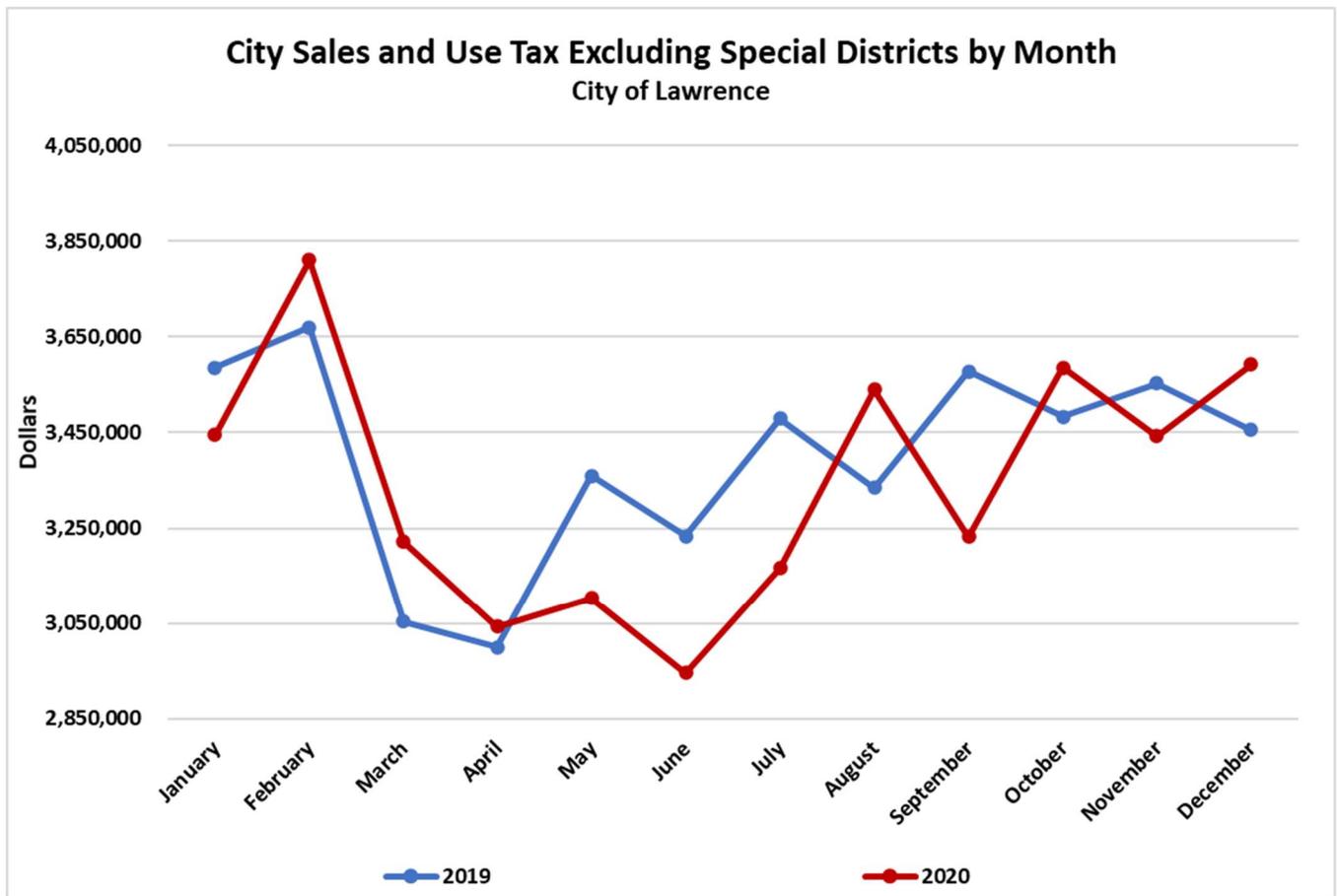
Sales and use tax for Jan. - Dec. 2020 compared to Jan. - Dec. 2019:

The City's sales taxes experienced a \$961,473 decrease (-3.72%).

The City's use taxes experienced a \$394,171 increase (12.12%).

The City's portion of the County's general sales and use tax experienced a \$88,641 decrease (-0.76%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$654,421 decrease (-1.54%) compared to the same period in 2019. The City is down about 4.04% compared to the FY 2020 Budget.



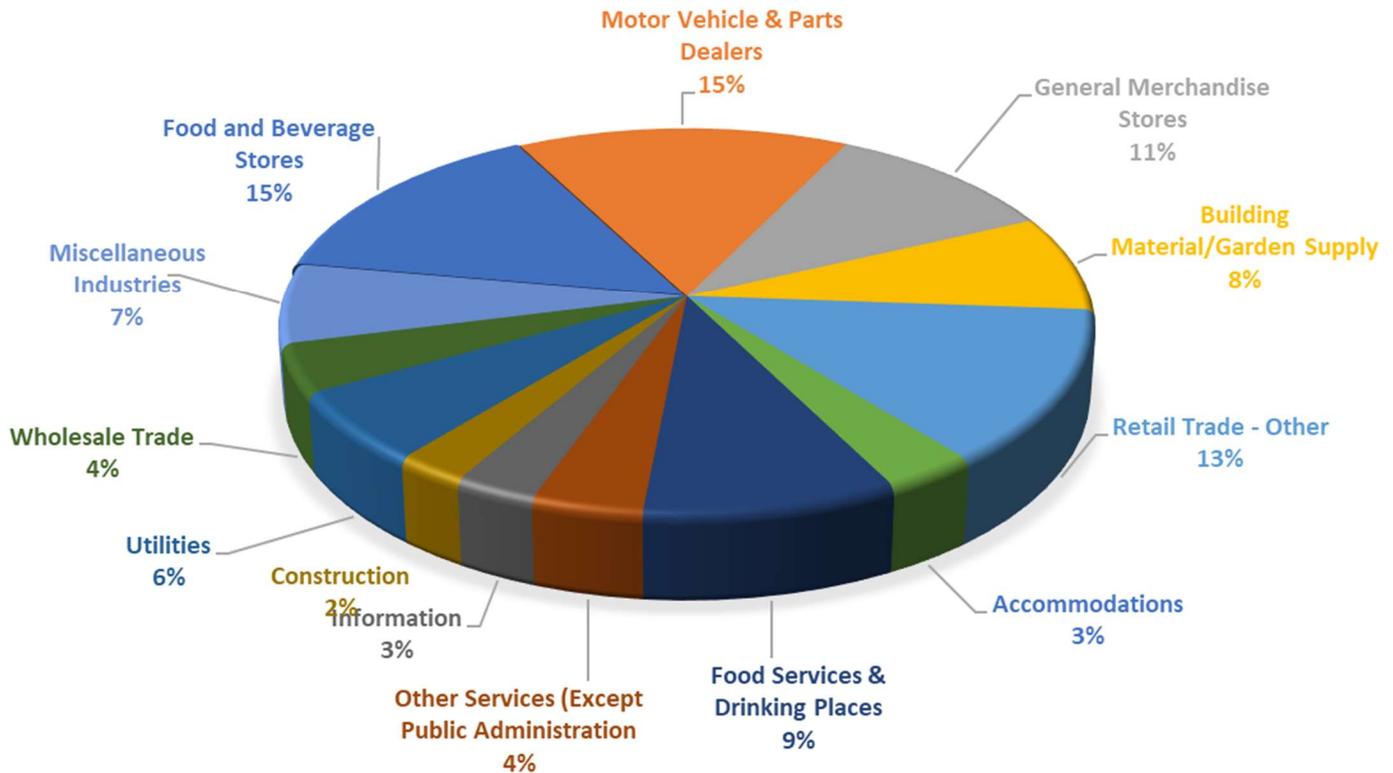
Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 61% of all sales (Noted in the table below in blue).

CITY OF LAWRENCE

RETAIL SALES TAX DISTRIBUTION BY INDUSTRY

YEAR-TO-DATE DECEMBER 2020



The following table is divided by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in two significant categories in Retail Trade in 2020 compared to 2019. There was a decline in all other major categories, except Construction when compared to the same period in 2019. The growth in grocery and building materials/garden supply stores is what is helping the City withstand the COVID pandemic. Overall total sales were down by \$961,473 (-3.72%) when compared to the same period in 2019.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Food and Beverage Stores	\$ 3,415,488	\$ 3,616,493	\$ 201,005	5.89%
Motor Vehicle & Parts Dealers	3,830,944	3,724,950	(105,994)	-2.77%
General Merchandise Stores	2,686,975	2,665,933	(21,042)	-0.78%
Building Material/Garden Supply	1,746,155	2,008,373	262,218	15.02%
Retail Trade - Other	3,383,833	3,241,178	(142,655)	-4.22%
Accommodations	1,031,813	815,246	(216,567)	-20.99%
Food Services & Drinking Places	2,557,427	2,255,666	(301,761)	-11.80%
Other Services (Except Public Admin)	1,171,111	987,272	(183,840)	-15.70%
Information	832,886	731,369	(101,517)	-12.19%
Construction	575,225	632,270	57,045	9.92%
Utilities	1,560,170	1,500,062	(60,108)	-3.85%
Wholesale Trade	1,168,292	1,002,278	(166,014)	-14.21%
Miscellaneous Industries	1,851,039	1,668,795	(182,244)	-9.85%
Grand Total	\$25,811,358	\$24,849,885	\$(961,473)	-3.72%

Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 47% of all use taxes (Noted in the table below in blue).

CITY OF LAWRENCE USE SALES TAX DISTRIBUTION BY INDUSTRY YEAR-TO-DATE DECEMBER 2020



The table shows that there was growth in four of the five significant categories in Retail Trade in 2020 compared to 2019. There was also growth in Wholesale Trade, Real Estate, Construction, Professional Services, Manufacturing, and Information but all other major categories were showing declines when compared to the same period in 2019. Overall total use taxes were up by \$394,171 (12.12%) when compared to the same period in 2019.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Nonstore Retailers	\$ 628,643	\$ 877,911	\$ 249,268	39.65%
Miscellaneous Store Retailers	142,805	115,737	(27,068)	-18.95%
General Merchandise Stores	81,283	93,592	12,309	15.14%
Clothing and Clothing Accessories	94,618	110,876	16,258	17.18%
Building Material/Garden Supply	70,311	97,379	27,068	38.50%
Retail Trade - Other	727,058	660,732	(66,326)	-9.12%
Wholesale Trade	499,415	541,433	42,018	8.41%
Real Estate and Rental and Leasing	214,771	253,622	38,850	18.09%
Construction	95,185	105,811	10,626	11.16%
Management of Companies	76,649	5,276	(71,373)	-93.12%
Other Services (Except Public Admin)	77,195	71,998	(5,198)	-6.73%
Professional Services	94,793	139,031	44,238	46.67%
Manufacturing	169,090	234,200	65,110	38.51%
Waste Mgmt. and Remed. Ser.	61,030	46,878	(14,151)	-23.19%
Information	131,533	181,595	50,061	38.06%
Miscellaneous	87,122	109,603	22,482	25.81%
Grand Total	\$ 3,251,501	\$ 3,645,672	\$ 394,171	12.12%

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: February 4, 2020

RE: General Information for Sales and Use Taxes

This memo is to assist the general public with understanding the various types of sales and use taxes within the city, and to understand the complexities of the monthly, quarterly, semi-annually, and annual sales and use tax filing cycles.

Background

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.

The City currently has four sales taxes: **1 cent general** (no sunset); **0.3 cent for infrastructure and equipment** (Sunsets March 31, 2029); **0.2 cent for public transportation** (sunsets March 31, 2029); and, **0.05 cent for affordable housing** (Sunsets March 31, 2029).

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. The rates of the sales taxes are applied equally for use taxes.

The City currently has 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.

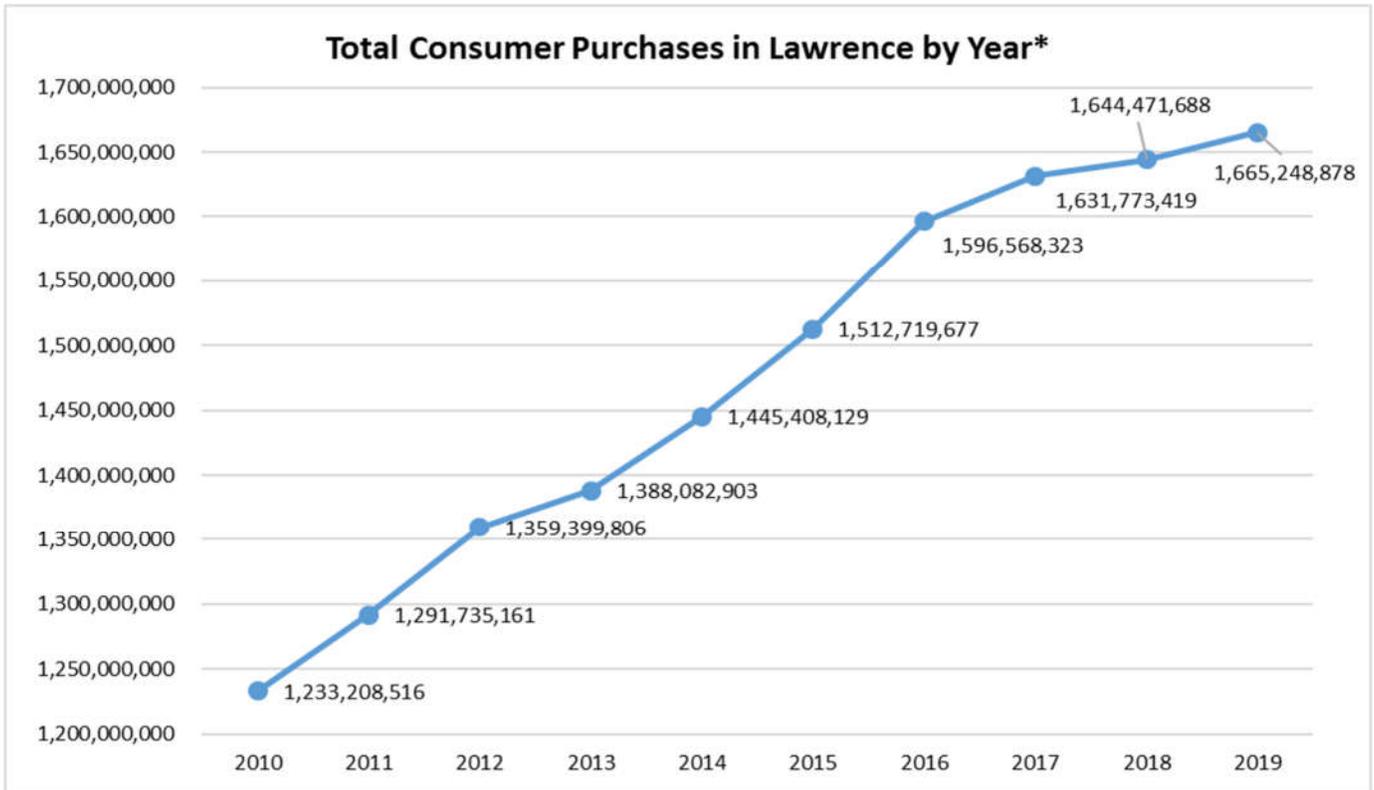
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

Sales and Use Tax Cycle

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.

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 prior to the state submitting the revenue to the City.

The following chart illustrates total consumer purchases by year based on sales taxes reported. This chart is simply showing trends in consumer spending based upon the data the City is provided by the State of Kansas.



***Based on Sales Tax Collections**



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

STATE OF KANSAS
Jake LaTurner
TREASURER

TELEPHONE
(785) 296-4153

JEREMY WILLMOTH
PO BOX 708
LAWRENCE, KS 66044

December 22, 2020

Dear Mr. Willmoth,

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 12/29/2020. The details are as follows:

Detail Description	County	Amount
Dec 2020 Compensating Use Tax		
City Tax File	Douglas	377,325.70
City Share From County Tax	Douglas	176,496.60
Total for Dec 2020 Compensating Use Tax:		\$553,822.30
Dec 2020 Sales Tax		
City Tax File	Douglas	2,165,992.64
City Share From County Tax	Douglas	872,808.17
Total for Dec 2020 Sales Tax:		\$3,038,800.81
Dec 2020 Transportation Dev Dist Tax		
Lawrence 9thnh Transport	Douglas	3,167.95
Lawrence Transportation	Douglas	27,045.80
Lawrence 2 Transportation	Douglas	5,630.05
Total for Dec 2020 Transportation Dev Dist Tax:		\$35,843.80
Grand Total Amount:		\$3,628,466.91

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