

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: February 4, 2020

RE: January 2020 Sales and Use Tax Report

The City received its January sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,480,915. Of this amount, \$3,046,841 was from sales taxes and \$398,976 was from use taxes before Tax Increment Financing Districts (TIF) was applied. The remaining \$35,098 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/>.

January Sales and Use Tax

All Sales Taxes Collected	January 2019	January 2020	2019 YTD Collected	2020 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,249,103	\$ 2,180,352	\$ 2,249,103	\$ 2,180,352	\$ (68,751)	-3.06%
Use Taxes	309,931	272,579	309,931	272,579	(37,352)	-12.05%
City portion of County Taxes	1,026,928	992,886	1,026,928	992,886	(34,043)	-3.31%
Special District Taxes	33,746	35,098	33,746	35,098	1,352	4.01%
All Sales Taxes Collected	\$ 3,619,708	\$ 3,480,915	\$ 3,619,708	\$ 3,480,915	\$ (138,793)	-3.83%

Sales Tax by Category						
City Sales tax	\$ 1,436,884	\$ 1,397,257	\$ 1,436,884	\$ 1,397,257	\$ (39,627)	-2.76%
City Use tax	199,956	175,857	199,956	175,857	(24,099)	-12.05%
City Share County Sales Tax	887,080	860,517	887,080	860,517	(26,563)	-2.99%
City Share County Use Tax	133,013	126,397	133,013	126,397	(6,616)	-4.97%
Total General Fund Receipts	2,656,933	2,560,028	2,656,933	2,560,028	(96,905)	-3.65%
Infrastructure Sales Tax**	393,644	378,758	393,644	378,758	(14,886)	-3.78%
Infrastructure Use Tax	59,987	52,757	59,987	52,757	(7,230)	-12.05%
Total Capital Impr. Reserve Receipts	453,631	431,516	453,631	431,516	(22,115)	-4.88%
Infrastructure Sales Tax**	41,667	41,667	41,667	41,667	(0)	0.00%
Transit Sales Tax	362,758	280,283	362,758	280,283	(82,475)	-22.74%
Transit Use Tax	49,989	35,171	49,989	35,171	(14,818)	-29.64%
Total Transit Receipts	412,747	315,455	412,747	315,455	(97,292)	-23.57%
Affordable Housing Sales Tax	-	70,071	-	70,071	70,071	N/A
Affordable Housing Use Tax	-	8,793	-	8,793	8,793	N/A
Total Affordable Housing Receipts	-	78,864	-	78,864	78,864	N/A
Free State TDD	21,787	24,650	21,787	24,650	2,863	13.14%
Oread TDD	7,975	7,054	7,975	7,054	(921)	-11.55%
Oread TIF City Share	7,975	7,054	7,975	7,054	(921)	-11.55%
Oread TIF City Share of County	4,558	4,032	4,558	4,032	(526)	-11.54%
Total Oread Receipts***	20,508	18,139	20,508	18,139	(2,369)	-11.55%
9th NH South TDD	3,984	3,395	3,984	3,395	(589)	-14.79%
9th NH South TIF City Share	6,175	5,262	6,175	5,262	(913)	-14.79%
9th NH South TIF City Share of Co	2,277	1,940	2,277	1,940	(337)	-14.79%
Total 9th NH South Receipts	12,436	10,597	12,436	10,597	(1,840)	-14.79%
Total Special Districts	54,730	53,386	54,730	53,386	(1,344)	-2.46%
Total Receipts	\$ 3,619,708	\$ 3,480,915	\$ 3,619,708	\$ 3,480,915	\$ (138,793)	-3.83%

*The 2020 Budget is \$42,254,000. Collections Year-to-Date is \$3,480,915, or 8.24% of budget.

*The 2020 Budget excluding TIF/TDD is \$41,477,000. Collections YTD is \$3,427,529, or 8.25% of budget.

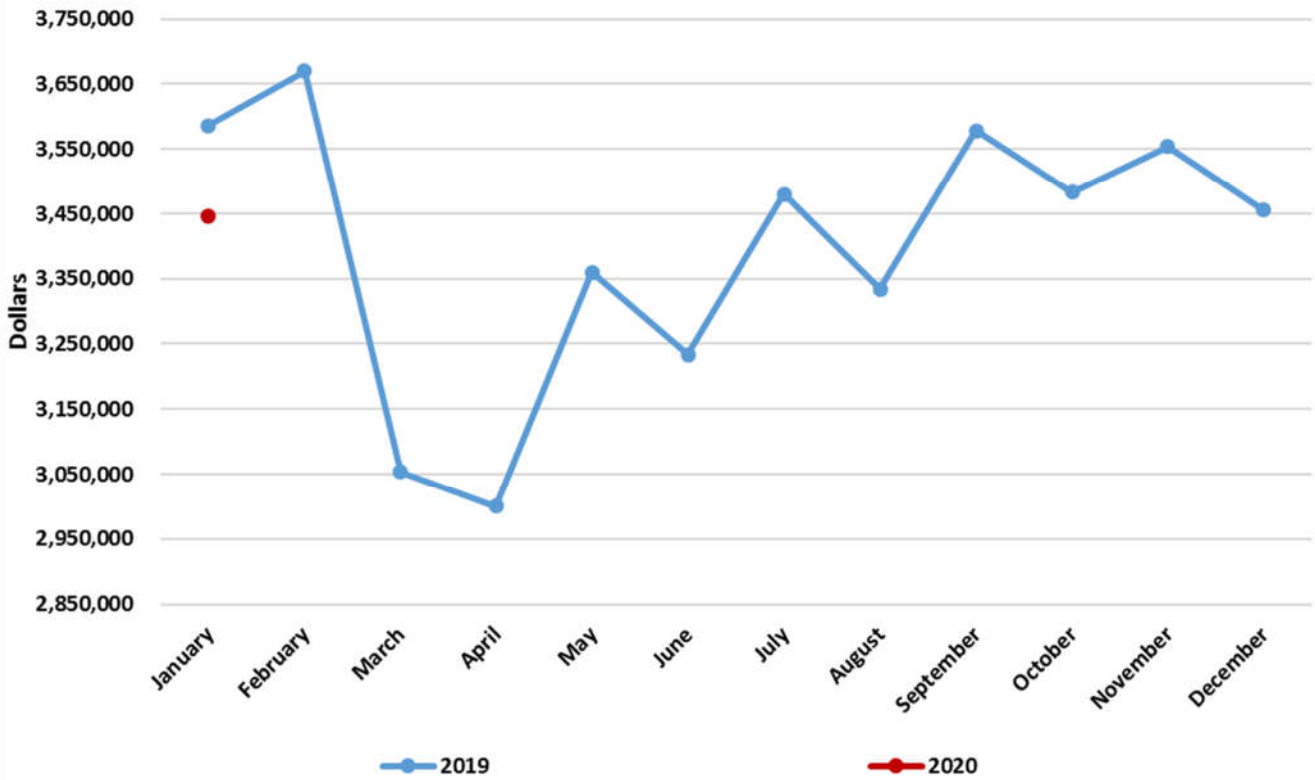
**\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2020.

***Oread distribution is currently under review

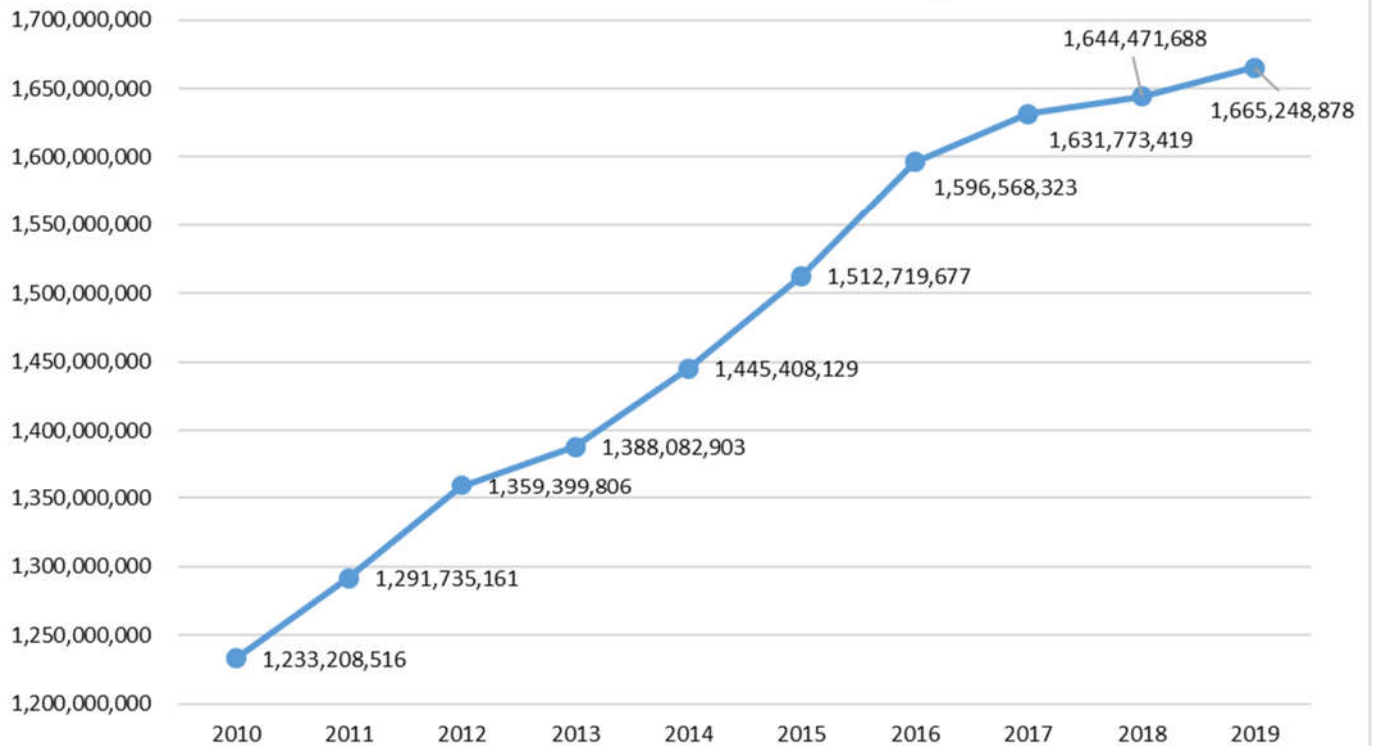
Sales Tax Trends

Year-to-date sales tax revenues saw a 3.83% decrease compared to the same period in 2019.

City Sales and Use Tax Excluding Special Districts by Month City of Lawrence



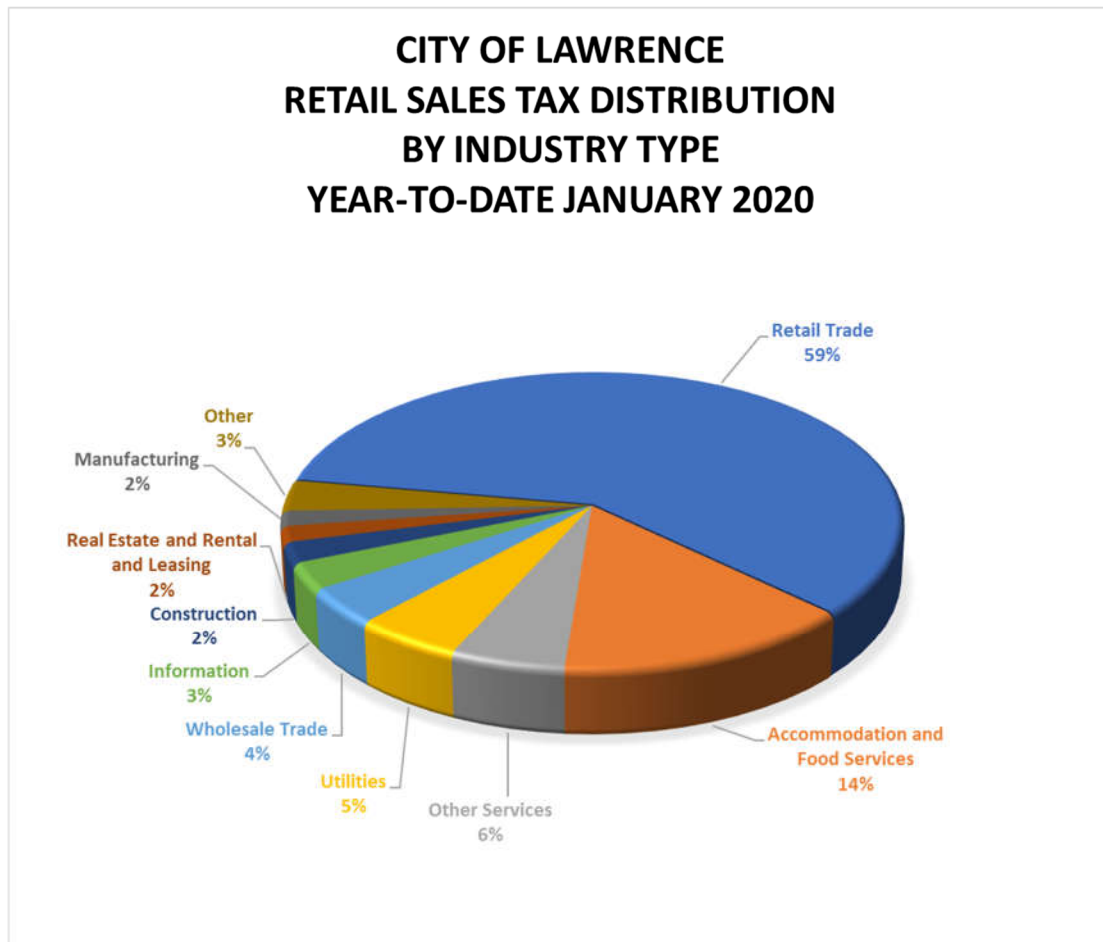
Total Consumer Purchases in Lawrence by Year*



*Based on Sales Tax Collections

Retail Sales Tax Distribution

Retail sales within the City are from a wide variety of retailers. The following charts are broken down by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system.

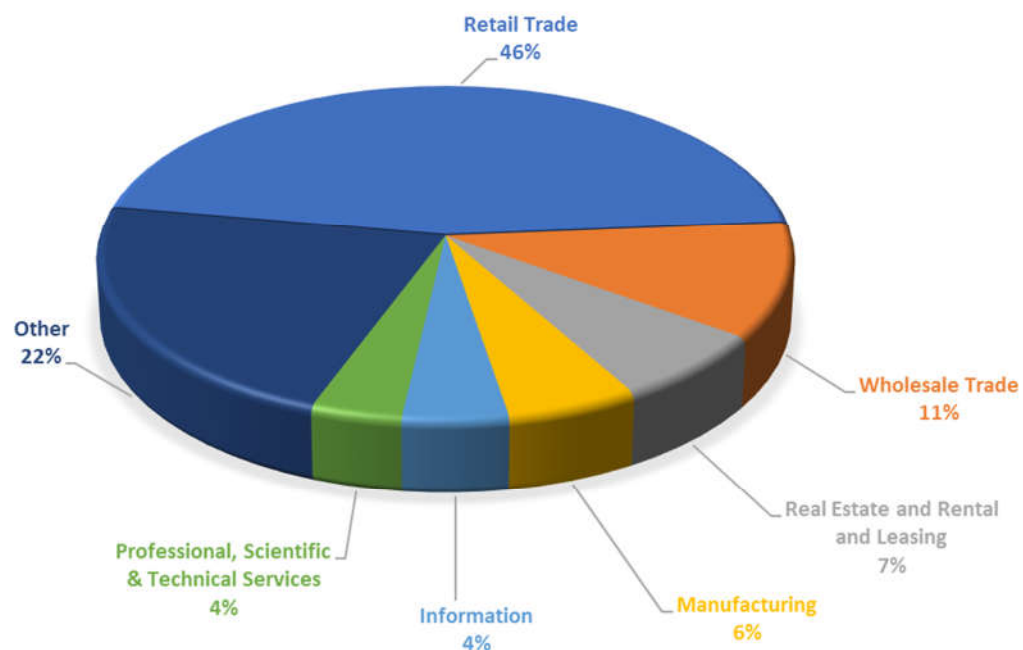


NAICS Industry Sector	2020	2019	FY20 vs. FY19	
			Increase (Decrease)	% Change
<i>Retail Trade</i>	\$1,292,516.75	\$1,239,991.26	\$52,525.49	4.24%
<i>Accommodation and Food Services</i>	310,046.31	314,694.54	(4,648.23)	-1.48%
<i>Other Services</i>	119,334.36	150,955.42	(31,621.06)	-20.95%
<i>Utilities</i>	112,550.64	112,933.84	(383.20)	-0.34%
<i>Wholesale Trade</i>	87,924.67	114,819.45	(26,894.78)	-23.42%
<i>Information</i>	63,502.76	78,563.34	(15,060.58)	-19.17%
<i>Construction</i>	48,457.55	48,190.18	267.37	0.55%
<i>Real Estate and Rental and Leasing</i>	37,356.01	44,186.64	(6,830.63)	-15.46%
<i>Manufacturing</i>	35,829.12	41,403.17	(5,574.05)	-13.46%
<i>Other</i>	72,833.76	103,364.77	(30,531.01)	-29.54%
Grand Total	\$2,180,351.93	\$2,249,102.61	-\$68,750.68	-3.06%

Use Sales Tax Distribution

Use sales within the City are from a wide variety of retailers. The following charts are broken down by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system.

CITY OF LAWRENCE RETAIL USE TAX DISTRIBUTION BY INDUSTRY TYPE YEAR-TO-DATE JANUARY 2020



NAICS Industry Sector	2020	2019	FY20 vs. FY19	
			Increase (Decrease)	% Change
<i>Retail Trade</i>	\$125,190.09	\$119,643.42	\$5,546.67	4.64%
<i>Wholesale Trade</i>	30,542.61	38,968.00	(8,425.39)	-21.62%
<i>Real Estate and Rental and Leasing</i>	18,657.60	23,108.19	(4,450.59)	-19.26%
<i>Manufacturing</i>	15,240.49	14,787.22	453.27	3.07%
<i>Information</i>	12,216.16	11,725.94	490.22	4.18%
<i>Professional, Scientific & Tech. Serv.</i>	10,588.10	10,291.54	296.56	2.88%
<i>Other</i>	60,143.97	91,407.03	(31,263.06)	-34.20%
Grand Total	\$272,579.02	\$309,931.34	-\$37,352.32	-12.05%



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STATE OF KANSAS
Jake LaTurner
TREASURER

TELEPHONE
(785) 296-4153

JEREMY WILLMOTH
PO BOX 708
LAWRENCE, KS 66044

January 27, 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 01/30/2020. The details are as follows:

Detail Description	County	Amount
Jan 2020 Compensating Use Tax		
City Tax File	Douglas	272,579.02
City Share From County Tax	Douglas	126,396.81
Total for Jan 2020 Compensating Use Tax:		\$398,975.83
Jan 2020 Sales Tax		
City Tax File	Douglas	2,180,351.93
City Share From County Tax	Douglas	866,488.98
Total for Jan 2020 Sales Tax:		\$3,046,840.91
Jan 2020 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	24,649.80
Lawrence 2 Transportation	Douglas	7,053.79
Lawrence 9thnh Transport	Douglas	3,394.60
Total for Jan 2020 Transportation Dev Dist Tax:		\$35,098.19
Grand Total Amount:		\$3,480,914.93

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