

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: March 23, 2020

RE: March 2020 Sales and Use Tax Report

The City received its March sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,253,607. This is predominately from sales that occurred in January 2020. Of this amount, \$2,830,175 was from sales taxes and \$392,118 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$31,314 was from sales and use taxes within the three Transportation Development Districts (TDD).

March Sales and Use Tax

All Sales Taxes Collected	March 2019	March 2020	2019 YTD Collected	2020 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 1,936,573	\$ 2,028,149	\$ 6,517,210	\$ 6,586,257	\$ 69,048	1.06%
Use Taxes	237,556	265,392	834,234	875,455	41,221	4.94%
City portion of County Taxes	879,532	928,752	2,958,140	3,016,909	58,769	1.99%
Special District Taxes	28,161	31,314	96,330	101,460	5,130	5.33%
All Sales Taxes Collected	\$ 3,081,822	\$ 3,253,607	\$ 10,405,914	\$ 10,580,081	\$ 174,168	1.67%
Sales Tax by Category						
City Sales tax	\$ 1,242,315	\$ 1,300,919	\$ 4,179,907	\$ 4,226,341	\$ 46,434	1.11%
City Use tax	153,262	\$ 171,220	538,215	564,809	26,594	4.94%
City Share County Sales Tax	766,018	\$ 796,473	2,571,204	2,589,906	18,702	0.73%
City Share County Use Tax	108,333	\$ 126,726	369,247	410,074	40,828	11.06%
Total General Fund Receipts	2,269,929	2,395,339	7,658,573	7,791,131	132,558	1.73%
Infrastructure Sales Tax**	331,028	348,609	1,128,972	1,142,902	13,930	1.23%
Infrastructure Use Tax	45,979	51,366	161,465	169,443	7,978	4.94%
Total Capital Impr. Reserve Receipts	377,007	399,975	1,290,437	1,312,345	21,908	1.70%
Infrastructure Sales Tax**	41,667	41,667	125,000	125,000	-	0.00%
Transit Sales Tax	310,579	260,184	1,044,977	845,268	(199,709)	-19.11%
Transit Use Tax	38,316	34,244	134,554	112,962	(21,592)	-16.05%
Total Transit Receipts	348,894	294,428	1,179,531	958,230	(221,301)	-18.76%
Affordable Housing Sales Tax	-	65,046	-	211,317	211,317	N/A
Affordable Housing Use Tax	-	8,561	-	28,240	28,240	N/A
Total Affordable Housing Receipts	-	73,607	-	239,558	239,558	N/A
Free State TDD	19,096	21,600	65,382	71,843	6,461	9.88%
Oread TDD	5,576	6,059	17,484	19,050	1,566	8.96%
Oread TIF City Share	5,576	6,059	17,484	19,050	1,566	8.96%
Oread TIF City Share of County	3,187	3,463	9,993	10,888	895	8.96%
Total Oread Receipts***	14,338	15,582	44,961	48,987	4,026	8.96%
9th NH South TDD	3,489	3,655	13,465	10,568	(2,897)	-21.52%
9th NH South TIF City Share	5,408	5,665	20,870	16,380	(4,490)	-21.52%
9th NH South TIF City Share of Co	1,994	2,089	7,696	6,040	(1,656)	-21.52%
Total 9th NH South Receipts	10,892	11,409	42,031	32,988	(9,043)	-21.52%
Total Special Districts	44,326	48,591	152,374	153,818	1,444	0.95%
Total Receipts	\$ 3,081,822	\$ 3,253,607	\$ 10,405,914	\$ 10,580,081	\$ 174,168	1.67%

*The 2020 Budget is \$42,254,000. Collections Year-to-Date is \$10,580,081, or 25.04% of budget.

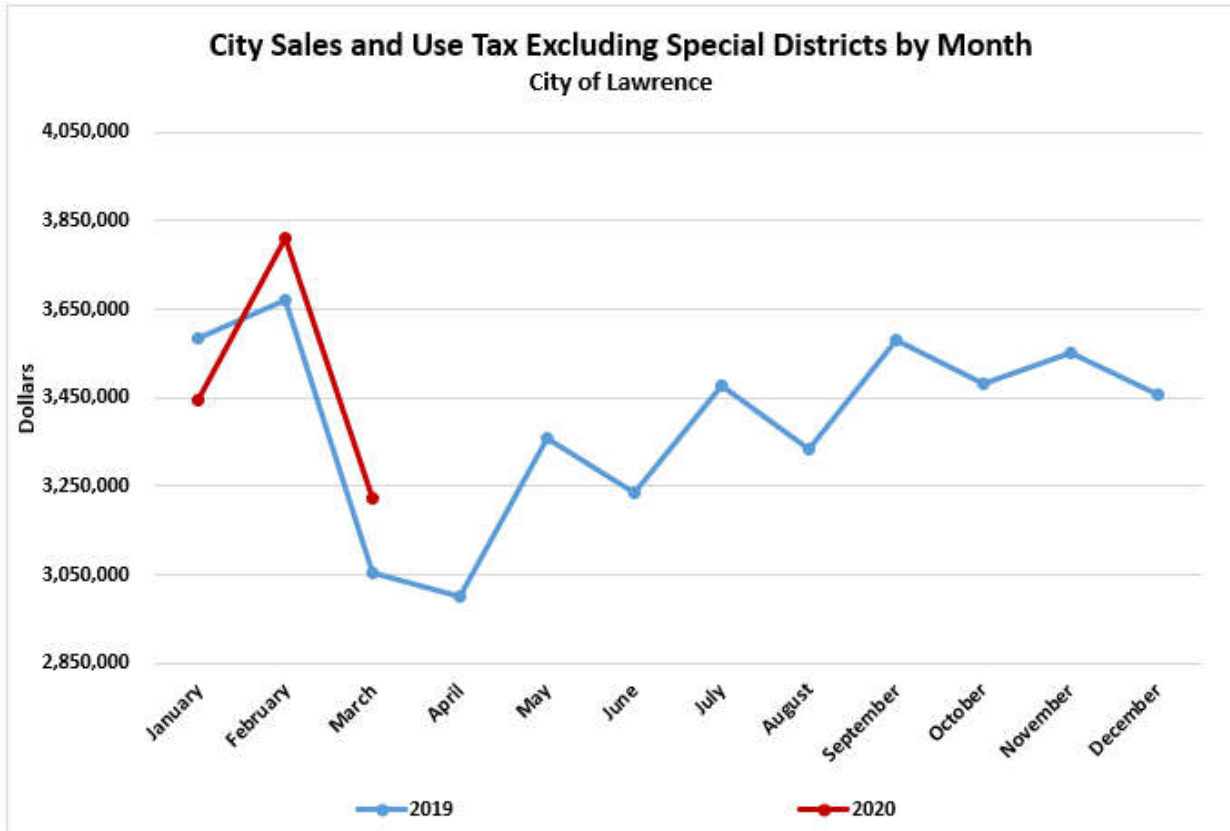
**The 2020 Budget excluding TIF/TDD is \$41,477,000. Collections YTD is \$10,426,263, or 25.14% of budget.

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

****Oread distribution is currently under review

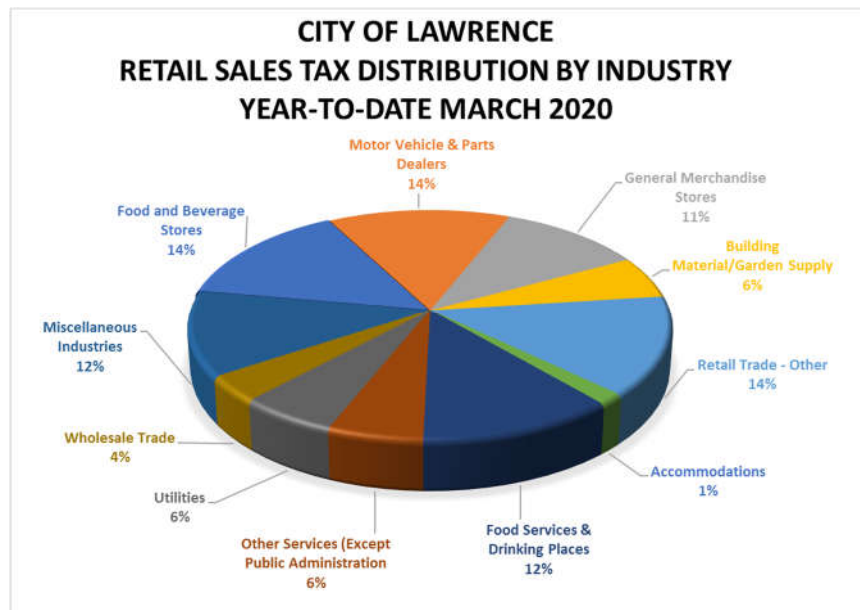
Sales and Use Tax Trends Year to date

The City's four sales taxes experienced a \$69,048 increase (1.06%) as compared to 2019. The use taxes experienced a \$41,221 increase (4.94%) for the same time period. The City's portion of the County's general sales and use tax experienced a \$58,769 increase (1.99%) for the same time period. Year-to-date total sales and use tax revenues (including special districts) experienced a \$174,168 increase (1.67%) compared to the same period in 2019.



Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 59% of all sales (Noted in the table below in blue).

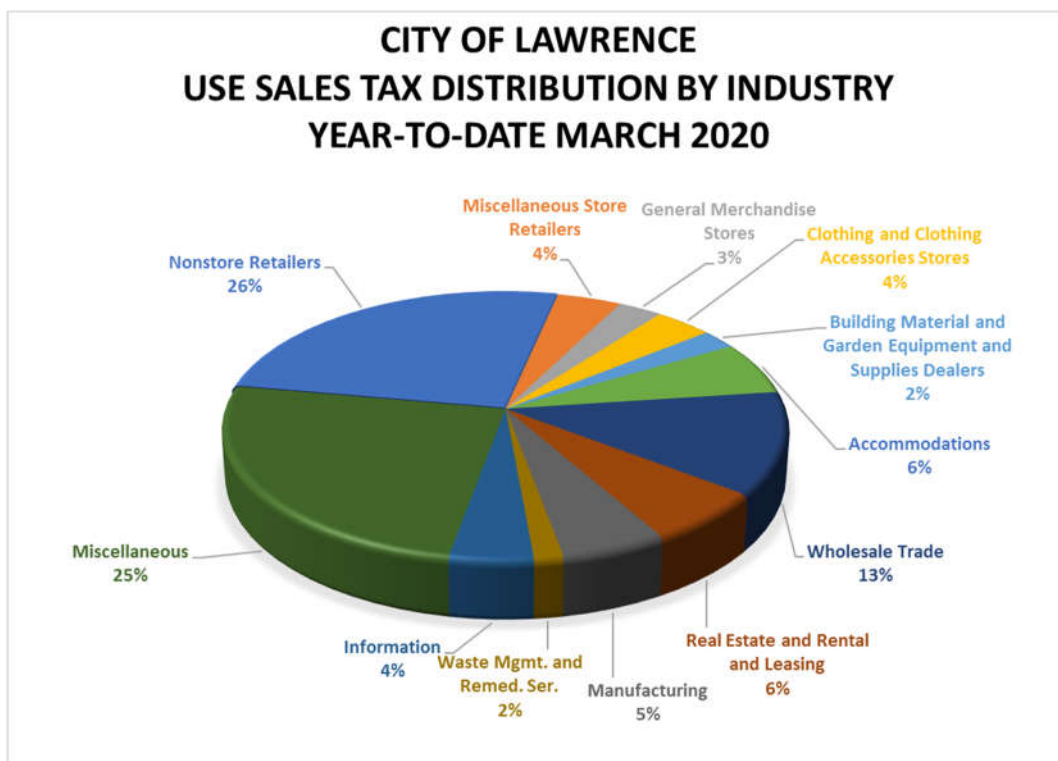


The following table is divided by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in three of the four significant categories in Retail Trade in the first three months of 2020 compared to the first three months in 2019. There was also growth in Accommodations, Food and Drink establishments, and Utility sales, but the other major categories were showing declines when compared to the same time period. Overall total sales were up by \$69,048 or 1.05% when compared to the same time period.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Food and Beverage Stores	\$ 939,790	\$ 952,283	\$ 12,494	1.31%
Motor Vehicle & Parts Dealers	836,641	910,877	74,237	8.15%
General Merchandise Stores	730,218	725,918	(4,300)	-0.59%
Building Material/Garden Supply	369,120	388,262	19,141	4.93%
Retail Trade - Other	915,390	926,650	11,260	1.22%
Accommodations	85,766	103,012	17,246	16.74%
Food Services & Drinking Places	755,553	776,434	20,881	2.69%
Other Services (Except Public Admin)	420,253	378,335	(41,918)	-11.08%
Utilities	354,270	386,610	32,339	8.36%
Wholesale Trade	306,412	244,836	(61,575)	-25.15%
Miscellaneous Industries	803,797	793,039	(10,758)	-1.36%
Grand Total	\$6,517,210	\$6,586,257	\$ 69,048	1.05%

Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 45% of all use taxes (Noted in the table below in blue).



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 five categories are listed separately. The table shows that there was growth in three of the five significant categories in Retail Trade in the first three months of 2020 compared to the first three months in 2019. There was also growth in Information services, but all other major categories were showing declines when compared to the same time period. Overall total use taxes were up by \$41,221 or 4.71% when compared to the same time period.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Nonstore Retailers	\$ 181,669	\$ 224,285	\$ 42,616	19.00%
Miscellaneous Store Retailers	47,712	36,524	(11,188)	-30.63%
General Merchandise Stores	26,018	25,194	(824)	-3.27%
Clothing and Clothing Accessories	25,828	33,064	7,237	21.89%
Building Material/Garden Supply	17,149	20,336	3,187	15.67%
Retail Trade - Other	48,088	55,763	7,675	13.76%
Wholesale Trade	124,759	108,749	(16,010)	-14.72%
Real Estate and Rental and Leasing	56,503	55,456	(1,047)	-1.89%
Manufacturing	49,092	47,367	(1,725)	-3.64%
Waste Mgmt. and Remed. Ser.	33,324	13,085	(20,239)	-154.67%
Information	36,866	37,550	684	1.82%
Miscellaneous	187,225	218,081	30,855	14.15%
Grand Total	\$ 834,234	\$ 875,455	\$ 41,221	4.71%

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.

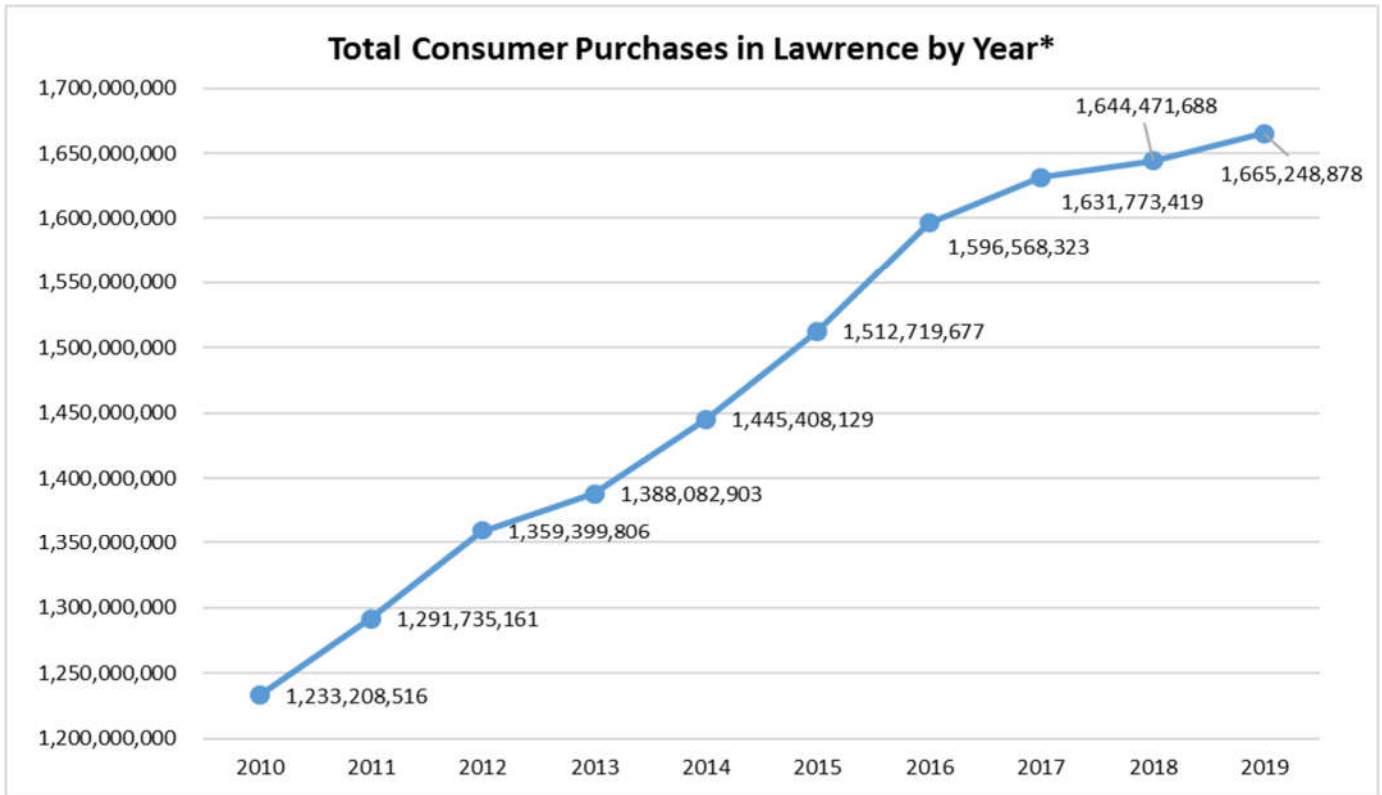
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

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**



STATE OF KANSAS
Jake LaTurner
 TREASURER

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

TELEPHONE
 (785) 296-4153

JEREMY WILLMOTH
 PO BOX 708
 LAWRENCE, KS 66044

March 20, 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 03/25/2020. The details are as follows:

Detail Description	County	Amount
Mar 2020 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	21,599.78
Lawrence 2 Transportation	Douglas	6,059.35
Lawrence 9thnh Transport	Douglas	3,654.96
Total for Mar 2020 Transportation Dev Dist Tax:		\$31,314.09
Mar 2020 Compensating Use Tax		
City Tax File	Douglas	265,391.68
City Share From County Tax	Douglas	126,725.91
Total for Mar 2020 Compensating Use Tax:		\$392,117.59
Mar 2020 Sales Tax		
City Tax File	Douglas	2,028,149.15
City Share From County Tax	Douglas	802,025.91
Total for Mar 2020 Sales Tax:		\$2,830,175.06
Grand Total Amount:		\$3,253,606.74

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