

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: November 30, 2020

RE: November 2020 Sales and Use Tax Report

The City received its November sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,511,385. This is predominately from sales that occurred in September 2020. Of this amount, \$2,946,084 was from sales taxes and \$496,112 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$69,189 was from sales and use taxes within the three Transportation Development Districts (TDD).

November Sales and Use Tax

All Sales Taxes Collected	November 2019	November 2020	2019 YTD Collected	2020 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,236,328	\$ 2,097,709	\$ 23,602,407	\$ 22,683,892	\$ (918,515)	-3.89%
Use Taxes	293,496	339,796	2,998,942	3,268,347	269,404	8.98%
City portion of County Taxes	1,023,724	1,004,690	10,730,859	10,586,976	(143,883)	-1.34%
Special District Taxes	36,708	69,189	381,368	381,240	(128)	-0.03%
All Sales Taxes Collected	\$ 3,590,257	\$ 3,511,385	\$ 37,713,577	\$ 36,920,455	\$ (793,122)	-2.10%
Sales Tax by Category						
City Sales tax	\$ 1,433,518	\$ 1,348,680	\$ 15,129,451	\$ 14,557,598	\$ (571,853)	-3.78%
City Use tax	189,352	219,223	1,934,801	2,108,611	173,809	8.98%
City Share County Sales Tax	889,052	845,722	9,332,496	9,041,933	(290,563)	-3.11%
City Share County Use Tax	128,051	156,315	1,329,193	1,501,210	172,017	12.94%
Total General Fund Receipts	2,639,974	2,569,940	27,725,942	27,209,352	(516,590)	-1.86%
Infrastructure Sales Tax**	388,389	364,136	4,080,502	3,923,842	(156,660)	-3.84%
Infrastructure Use Tax	56,806	65,767	580,440	632,583	52,143	8.98%
Total Capital Impr. Reserve Receipts	445,195	429,903	4,660,942	4,556,425	(104,517)	-2.24%
Infrastructure Sales Tax**	41,667	41,667	458,333	458,333	-	0.00%
Transit Sales Tax	358,380	270,535	3,782,363	2,921,450	(860,912)	-22.76%
Transit Use Tax	47,338	43,845	483,700	421,722	(61,978)	-12.81%
Total Transit Receipts	405,718	314,380	4,266,063	3,343,173	(922,891)	-21.63%
Affordable Housing Sales Tax	-	67,634	-	730,363	730,363	N/A
Affordable Housing Use Tax	-	10,961	-	105,431	105,431	N/A
Total Affordable Housing Receipts	-	78,595	-	835,793	835,793	N/A
Free State TDD	25,124	64,508	260,353	303,874	43,521	16.72%
Oread TDD	6,509	3,995	65,121	49,654	(15,466)	-23.75%
Oread TIF City Share	6,509	3,995	65,121	49,654	(15,466)	-23.75%
Oread TIF City Share of County	3,720	2,281	37,221	28,312	(8,910)	-23.94%
Total Oread Receipts***	16,739	10,271	167,462	127,620	(39,842)	-23.79%
9th NH South TDD	5,075	686	55,895	27,713	(28,183)	-50.42%
9th NH South TIF City Share	7,866	1,064	86,638	42,652	(43,986)	-50.77%
9th NH South TIF City Share of Co	2,901	372	31,948	15,521	(16,427)	-51.42%
Total 9th NH South Receipts	15,842	2,122	174,481	85,885	(88,596)	-50.78%
Total Special Districts	57,704	76,901	602,296	517,379	(84,917)	-14.10%
Total Receipts	\$ 3,590,257	\$ 3,511,385	\$ 37,713,577	\$ 36,920,455	\$ (793,122)	-2.10%

*The 2020 Budget is \$42.25 million. Collections Year-to-Date are \$36.92 million or 87.38% which is about 4.29% behind budget.

*Excluding TIF/TDD it is \$41.48 million. Collections YTD are \$36.40 million or 87.77% which is about 3.90% 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 November 2020 compared to November 2019:

The City's sales taxes experienced a \$138,619 decrease (-6.20%).

The City's use taxes experienced a \$46,300 increase (15.78%).

The City's portion of the County's general sales and use tax experienced a \$19,035 decrease (1.86%).

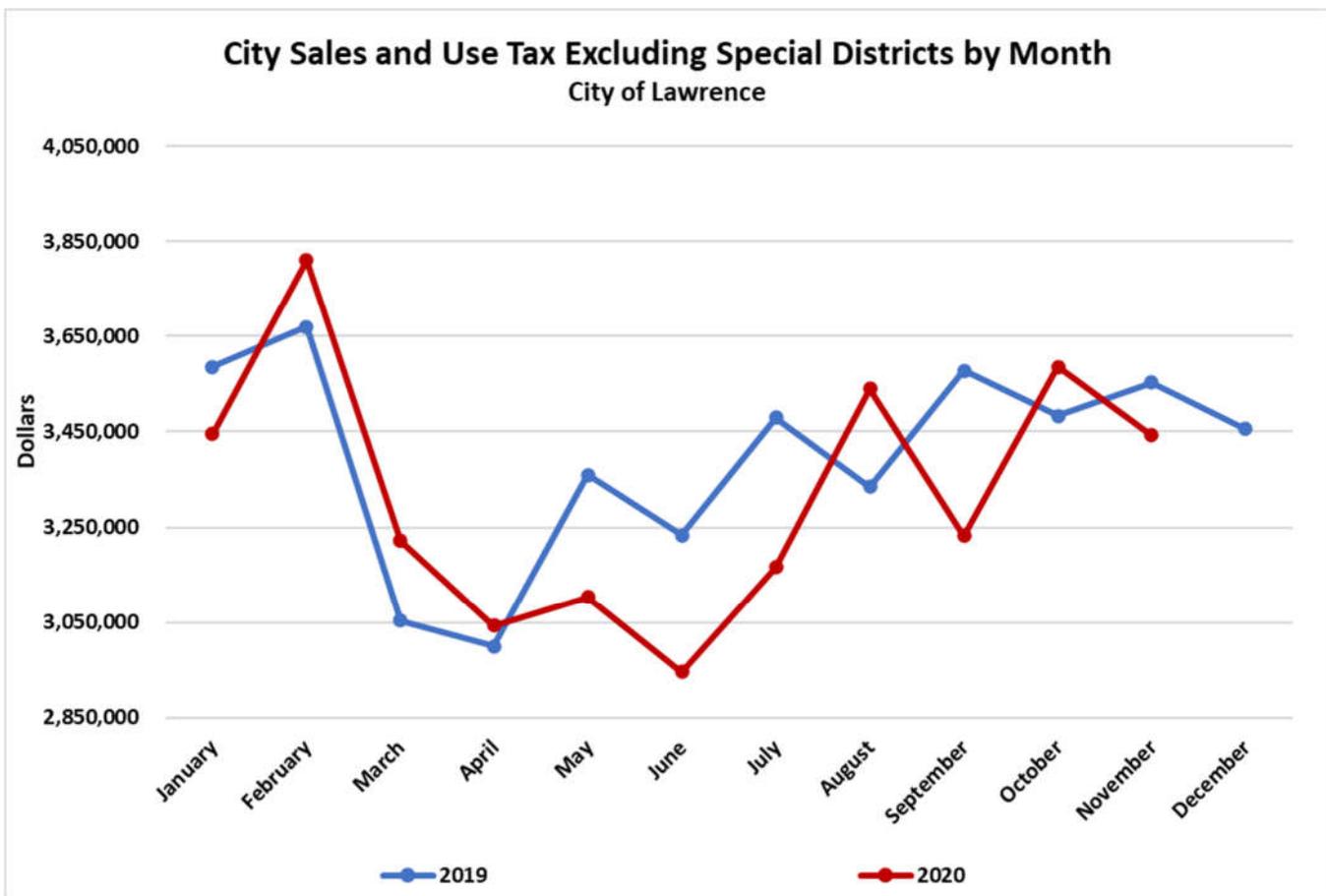
Sales and use tax for Jan. - Nov. 2020 compared to Jan. - Nov. 2019:

The City's sales taxes experienced a \$918,515 decrease (-3.89%).

The City's use taxes experienced a \$269,404 increase (8.98%).

The City's portion of the County's general sales and use tax experienced a \$143,883 decrease (-1.34%).

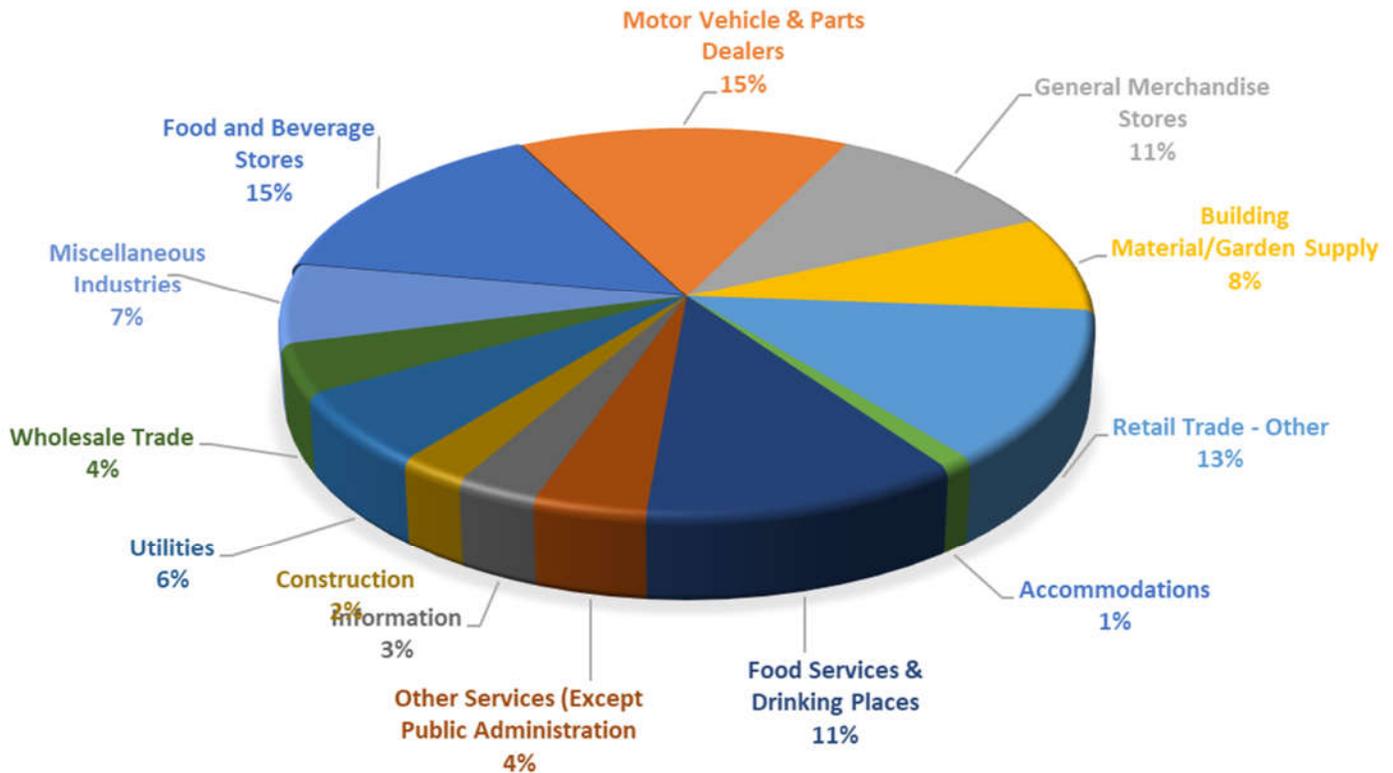
Year-to-date total sales and use tax revenues (including special districts) experienced a \$793,122 decrease (-2.10%) compared to the same period in 2019. The City is down about 4.29% compared to the FY 2020 Budget.



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 NOVEMBER 2020



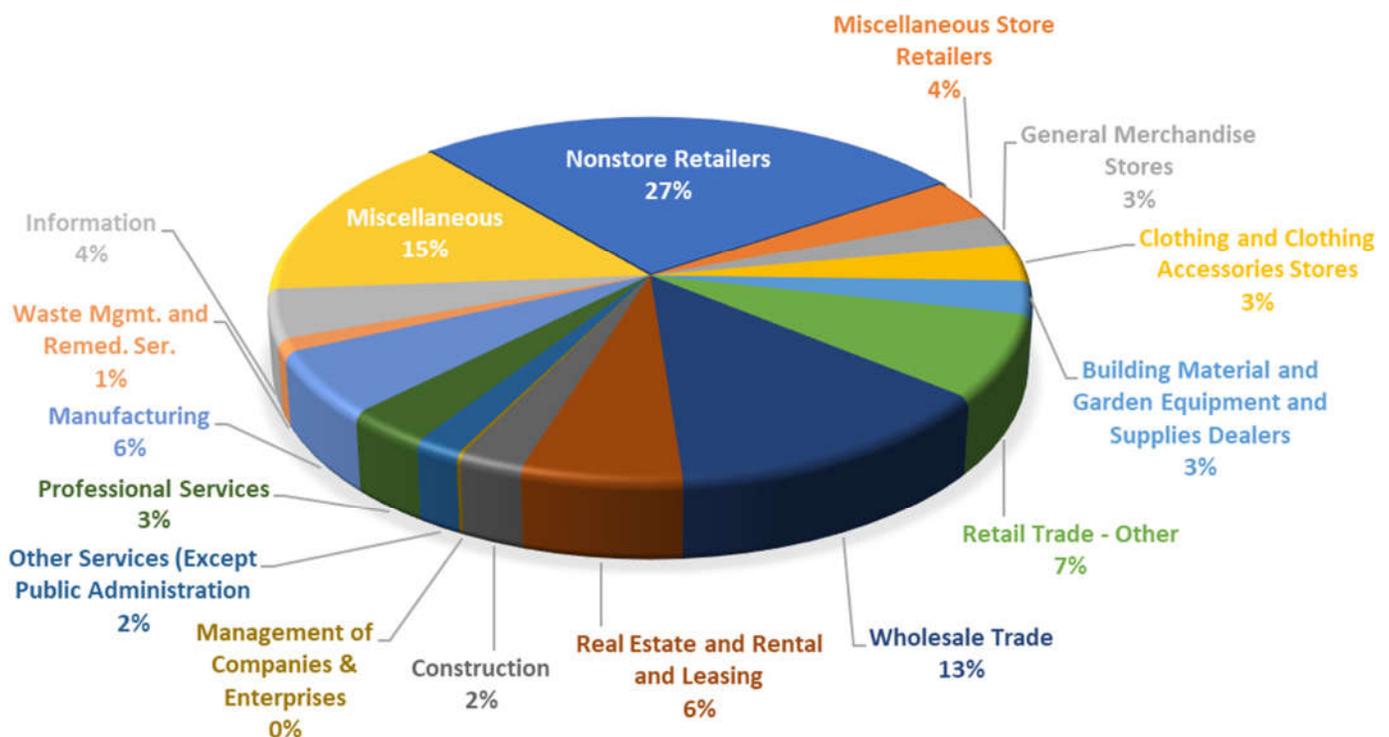
The following table is divided by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in two significant categories in Retail Trade in the first eleven months of 2020 compared to the first eleven months in 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 \$918,515 (-3.89%) when compared to the same period in 2019.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Food and Beverage Stores	\$ 3,124,431	\$ 3,323,765	\$ 199,334	6.38%
Motor Vehicle & Parts Dealers	3,507,360	3,378,652	(128,708)	-3.67%
General Merchandise Stores	2,465,308	2,446,500	(18,808)	-0.76%
Building Material/Garden Supply	1,595,058	1,829,278	234,220	14.68%
Retail Trade - Other	3,107,856	2,926,094	(181,762)	-5.85%
Accommodations	385,933	241,527	(144,407)	-37.42%
Food Services & Drinking Places	2,884,434	2,557,427	(327,006)	-11.34%
Other Services (Except Public Admin)	1,018,778	915,087	(103,691)	-10.18%
Information	766,363	665,601	(100,762)	-13.15%
Construction	530,633	561,798	31,165	5.87%
Utilities	1,433,180	1,387,160	(46,020)	-3.21%
Wholesale Trade	1,088,334	926,278	(162,056)	-14.89%
Miscellaneous Industries	1,694,738	1,524,724	(170,014)	-10.03%
Grand Total	\$23,602,407	\$22,683,892	\$(918,515)	-3.89%

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 NOVEMBER 2020



The table shows that there was growth in four of the five significant categories in Retail Trade in the first eleven months of 2020 compared to the first eleven months in 2019. There was also growth in Real Estate, 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 \$269,404 (8.98%) when compared to the same period in 2019.

NAICS Industry Sector	2019	2020	FY20 vs. FY19	
			Increase (Decrease)	% Change
Nonstore Retailers	\$ 573,063	\$ 873,700	\$ 300,637	52.46%
Miscellaneous Store Retailers	131,815	119,436	(12,379)	-9.39%
General Merchandise Stores	74,340	92,682	18,342	24.67%
Clothing and Clothing Accessories	85,906	109,559	23,653	27.53%
Building Material/Garden Supply	67,502	97,023	29,522	43.73%
Retail Trade - Other	190,238	243,694	53,455	28.10%
Wholesale Trade	464,614	421,557	(43,058)	-9.27%
Real Estate and Rental and Leasing	198,595	199,581	986	0.50%
Construction	88,826	81,132	(7,694)	-8.66%
Management of Companies	76,469	5,059	(71,409)	-93.38%
Other Services (Except Public Admin)	70,673	58,826	(11,847)	-16.76%
Professional Services	86,015	105,144	19,129	22.24%
Manufacturing	161,421	187,646	26,225	16.25%
Waste Mgmt. and Remed. Ser.	56,506	36,669	(19,837)	-35.11%
Information	119,950	143,477	23,527	19.61%
Miscellaneous	553,011	493,164	(59,847)	-10.82%
Grand Total	\$ 2,998,942	\$ 3,268,347	\$ 269,404	8.98%

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.

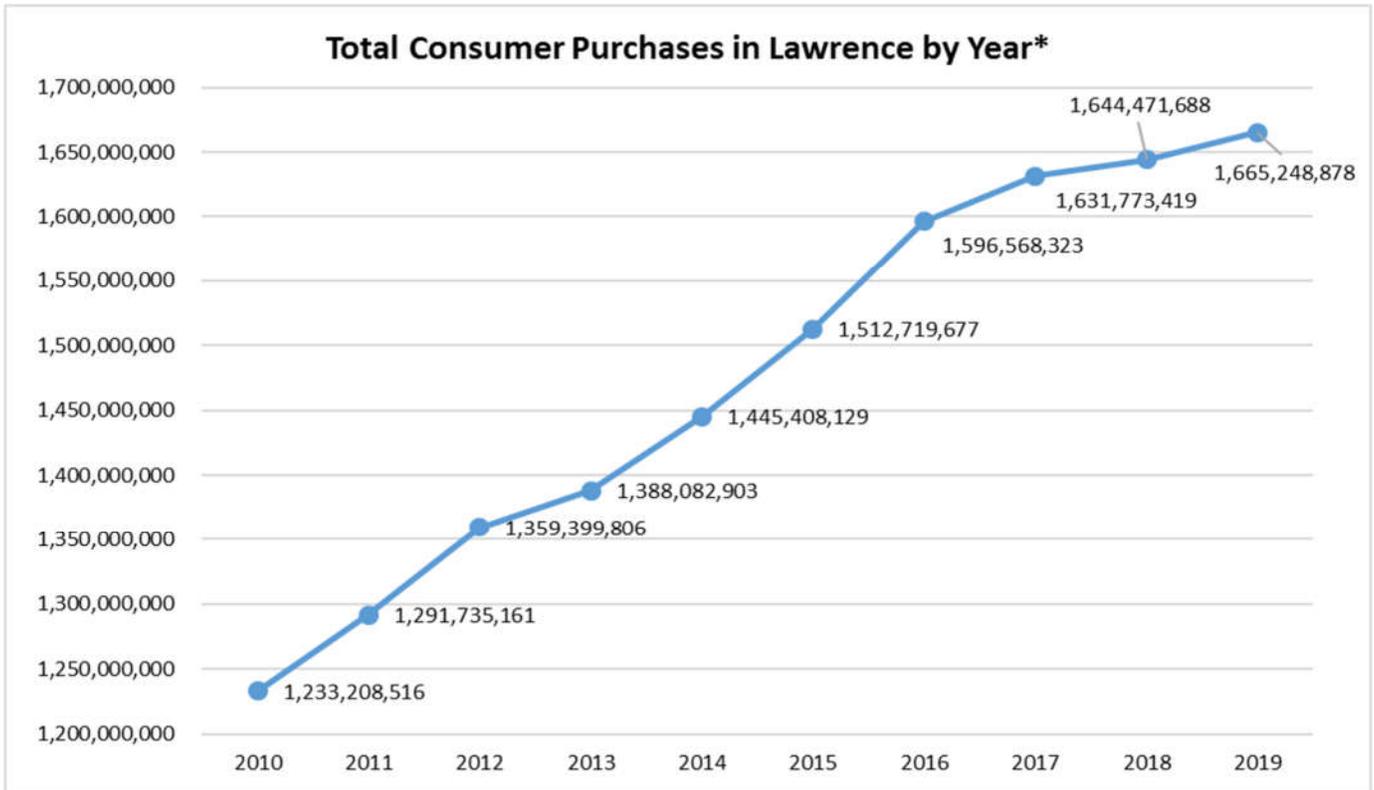
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

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

November 24, 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 12/01/2020. The details are as follows:

Detail Description	County	Amount
Nov 2020 Compensating Use Tax		
City Tax File	Douglas	339,796.27
City Share From County Tax	Douglas	156,315.26
Total for Nov 2020 Compensating Use Tax:		\$496,111.53
Nov 2020 Sales Tax		
City Tax File	Douglas	2,097,709.48
City Share From County Tax	Douglas	848,374.37
Total for Nov 2020 Sales Tax:		\$2,946,083.85
Nov 2020 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	64,508.15
Lawrence 2 Transportation	Douglas	3,995.12
Lawrence 9thnh Transport	Douglas	686.21
Total for Nov 2020 Transportation Dev Dist Tax:		\$69,189.48
Grand Total Amount:		\$3,511,384.86

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