

# Memorandum

## City of Lawrence

### Finance Department

**TO: Craig S. Owens, City Manager**

**FROM: Jeremy Willmoth, Finance Director**

**DATE: September 2, 2021**

**RE: August 2021 Sales and Use Tax Report**

The City received its August sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,575,663. This is predominately from sales that occurred in June 2021. Of this amount, \$3,032,926 was from sales taxes and \$512,700 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$30,037 was from sales and use taxes within the three Transportation Development Districts (TDD).

#### August Sales and Use Tax

#### Sales and Use Tax Budget Comparison (excluding special districts)

Sales and use tax for August 2021 compared to budget:

The City's sales taxes experienced a \$64,344 decrease (-2.92%).

The City's use taxes experienced a \$86,850 increase (33.28%).

The City's portion of the County's general sales and use tax experienced a \$43,098 increase (4.31%).

Sales and use tax for Jan. – August 2021 compared to budget:

The City's sales taxes experienced a \$1,032,458 increase (6.29%).

The City's use taxes experienced a \$878,198 increase (45.13%).

The City's portion of the County's general sales and use tax experienced a \$941,904 increase (12.66%).

Year-to-date total sales and use tax revenues experienced a \$2,852,560 increase (11.50%) compared to the budget.

All Sales Taxes Collected	August Budget	August 2021	2021 Budget	2021 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,206,000	\$ 2,141,656	\$ 16,422,000	\$ 17,454,458	\$ 1,032,458	6.29%
Use Taxes	261,000	347,850	1,946,000	2,824,198	878,198	45.13%
City portion of County Taxes	1,000,000	1,043,098	7,442,000	8,383,904	941,904	12.66%
<b>All Sales Taxes Collected</b>	<b>\$ 3,467,000</b>	<b>\$ 3,532,604</b>	<b>\$ 25,810,000</b>	<b>\$ 28,662,560</b>	<b>\$ 2,852,560</b>	<b>11.05%</b>
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,423,000	\$ 1,379,983	\$ 10,346,000	\$ 11,246,672	\$ 900,672	8.71%
City Use tax	170,000	224,419	1,264,000	1,822,064	558,064	44.15%
City Share County Sales Tax	886,000	878,248	6,596,000	7,056,067	460,067	6.97%
City Share County Use Tax	114,000	164,850	846,000	1,327,837	481,837	56.95%
<b>Total General Fund Receipts</b>	<b>2,593,000</b>	<b>2,647,500</b>	<b>19,052,000</b>	<b>21,452,639</b>	<b>2,400,639</b>	<b>12.60%</b>
Infrastructure Sales Tax	426,000	415,458	3,285,000	3,386,065	101,065	3.08%
Infrastructure Use Tax	50,000	67,326	370,000	546,619	176,619	47.73%
<b>Total Capital Impr. Reserve Receipts</b>	<b>476,000</b>	<b>482,784</b>	<b>3,655,000</b>	<b>3,932,684</b>	<b>277,684</b>	<b>7.60%</b>
Transit Sales Tax	285,000	276,972	2,234,000	2,257,377	23,377	1.05%
Transit Use Tax	34,000	44,884	253,000	364,413	111,413	44.04%
<b>Total Transit Receipts</b>	<b>319,000</b>	<b>321,856</b>	<b>2,487,000</b>	<b>2,621,789</b>	<b>134,789</b>	<b>5.42%</b>
Affordable Housing Sales Tax	71,000	69,243	558,000	564,344	6,344	1.14%
Affordable Housing Use Tax	8,000	11,221	58,000	91,103	33,103	57.07%
<b>Total Affordable Housing Receipts</b>	<b>79,000</b>	<b>80,464</b>	<b>616,000</b>	<b>655,447</b>	<b>39,447</b>	<b>6.40%</b>
<b>Total Receipts*</b>	<b>\$ 3,467,000</b>	<b>\$ 3,532,604</b>	<b>\$ 25,810,000</b>	<b>\$ 28,662,560</b>	<b>\$ 2,852,560</b>	<b>11.05%</b>

\*Excluding the portion paid to a Tax Increment Finance District.

## Sales and Use Tax Trends Year to date

Sales and use tax for August 2021 compared to August 2020:

The City's sales taxes experienced a \$25,690 decrease (-1.18%).

The City's use taxes experienced a \$15,807 increase (4.76%).

The City's portion of the County's general sales and use tax experienced a \$15,543 increase (1.51%).

Sales and use tax for Jan. - August 2021 compared to Jan. - August 2020:

The City's sales taxes experienced a \$1,127,655 increase (6.88%).

The City's use taxes experienced a \$529,832 increase (23.09%).

The City's portion of the County's general sales and use tax experienced a \$826,168 increase (10.88%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$2,510,801 increase (9.46%) compared to the same period in 2020.

All Sales Taxes Collected	August 2020	August 2021	2020 YTD Collected	2021 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,176,141	\$ 2,150,451	\$ 16,393,786	\$ 17,521,441	\$ 1,127,655	6.88%
Use Taxes	332,043	347,850	2,294,367	2,824,198	529,832	23.09%
City portion of County Taxes	1,031,782	1,047,325	7,590,508	8,416,676	826,168	10.88%
Special District Taxes	32,198	30,037	253,159	280,306	27,147	10.72%
<b>All Sales Taxes Collected</b>	<b>\$ 3,572,164</b>	<b>\$ 3,575,663</b>	<b>\$ 26,531,820</b>	<b>\$ 29,042,621</b>	<b>\$ 2,510,801</b>	<b>9.46%</b>
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,398,387	\$ 1,379,983	\$ 10,526,634	\$ 11,246,672	\$ 720,037	6.84%
City Use tax	214,221	224,419	1,480,237	1,822,064	341,827	23.09%
City Share County Sales Tax	877,867	878,248	6,510,173	7,056,067	545,895	8.39%
City Share County Use Tax	150,732	164,850	1,046,046	1,327,837	281,791	26.94%
<b>Total General Fund Receipts</b>	<b>2,641,208</b>	<b>2,647,500</b>	<b>19,563,090</b>	<b>21,452,639</b>	<b>1,889,550</b>	<b>9.66%</b>
Infrastructure Sales Tax	378,841	415,458	2,827,720	3,386,065	558,345	19.75%
Infrastructure Use Tax	64,266	67,326	444,071	546,619	102,548	23.09%
<b>Total Capital Impr. Reserve Receipts</b>	<b>443,108</b>	<b>482,784</b>	<b>3,271,791</b>	<b>3,932,684</b>	<b>660,893</b>	<b>20.20%</b>
Infrastructure Sales Tax	41,667	-	333,333	-	(333,333)	-100.00%
Transit Sales Tax	280,339	276,972	2,107,369	2,257,377	150,008	7.12%
Transit Use Tax	42,844	44,884	296,047	364,413	68,365	23.09%
<b>Total Transit Receipts</b>	<b>323,183</b>	<b>321,856</b>	<b>2,403,416</b>	<b>2,621,789</b>	<b>218,373</b>	<b>9.09%</b>
Affordable Housing Sales Tax	70,085	69,243	526,842	564,344	37,502	7.12%
Affordable Housing Use Tax	10,711	11,221	74,012	91,103	17,091	23.09%
<b>Total Affordable Housing Receipts</b>	<b>80,796</b>	<b>80,464</b>	<b>600,854</b>	<b>655,447</b>	<b>54,593</b>	<b>9.09%</b>
Free State TDD	26,503	22,499	192,961	222,533	29,573	15.33%
Oread TDD	3,307	4,877	38,395	40,212	1,817	4.73%
Oread TIF City Share	3,307	4,877	38,395	40,212	1,817	4.73%
Oread TIF City Share of County	1,887	2,784	21,941	22,924	983	4.48%
<b>Total Oread Receipts**</b>	<b>8,501</b>	<b>12,537</b>	<b>98,731</b>	<b>103,349</b>	<b>4,618</b>	<b>4.68%</b>
9th NH South TDD	2,388	2,661	21,803	17,560	(4,243)	-19.46%
9th NH South TIF City Share	3,517	3,919	33,492	26,771	(6,721)	-20.07%
9th NH South TIF City Share of Co	1,295	1,443	12,348	9,847	(2,500)	-20.25%
<b>Total 9th NH South Receipts</b>	<b>7,200</b>	<b>8,023</b>	<b>67,643</b>	<b>54,179</b>	<b>(13,465)</b>	<b>-19.91%</b>
<b>Total Special Districts</b>	<b>42,203</b>	<b>43,059</b>	<b>359,335</b>	<b>380,061</b>	<b>20,726</b>	<b>5.77%</b>
<b>Total Receipts</b>	<b>\$ 3,572,164</b>	<b>\$ 3,575,663</b>	<b>\$ 26,531,820</b>	<b>\$ 29,042,621</b>	<b>\$ 2,510,801</b>	<b>9.46%</b>

\*\*Oread distributions are currently under review.

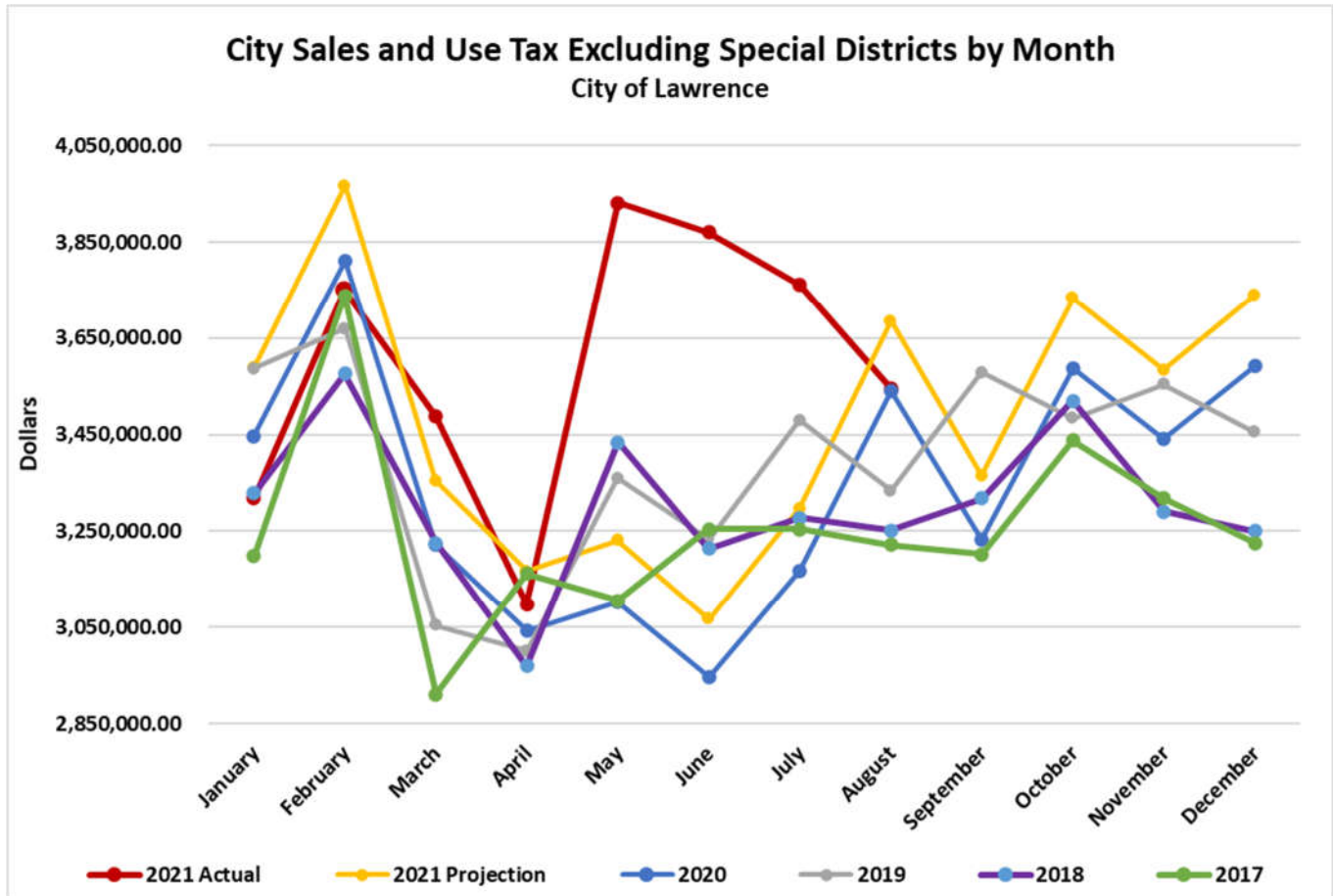
Given the City's reliance on sales tax, and the significant impact that COVID-19 has had on sales in the City, we felt a little deeper analysis of where we are in relation to where we have been, and where we believe we are headed would be beneficial.

This chart has been modified to include FY 2019 (baseline) as well as FY 2020 (COVID-19 impacted), and our projection for FY 2021. As you can see from the chart, through the first seven months, our sales and use tax is higher than we projected, by 12.47%. Our 2021 Budget was revised to recognize the significant impact the virus has had on our local economy. We will continue to monitor this

monthly to compare what our actual results were compared to where we thought we would be and note any changes when necessary.

As the chart on the next page illustrates:

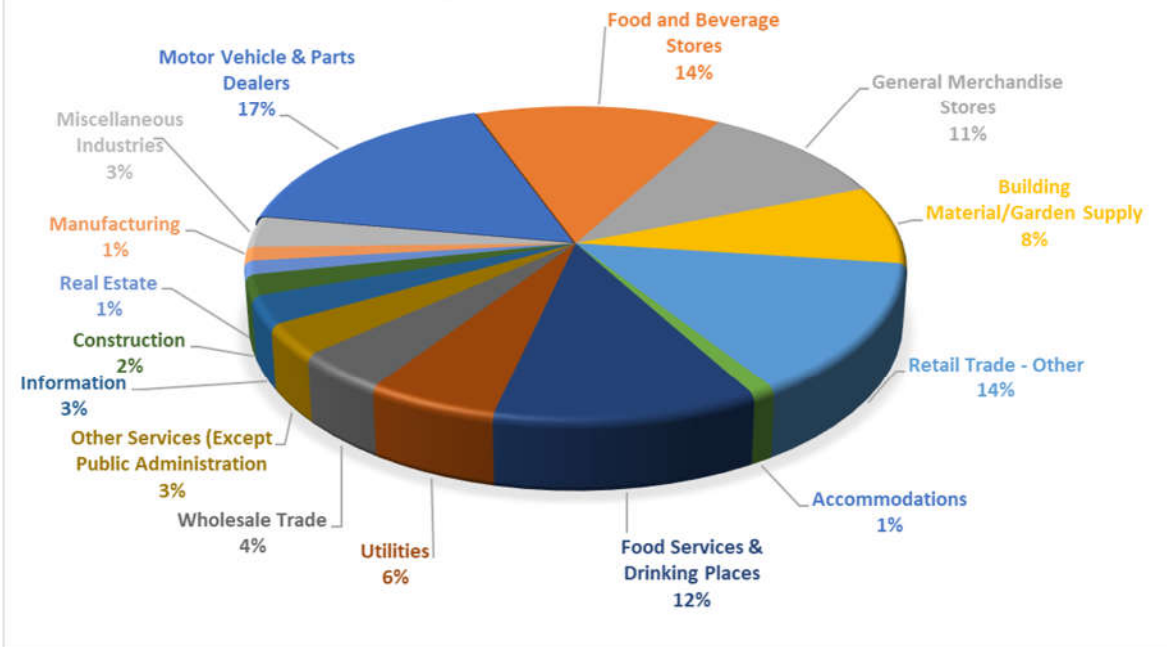
- FY 2019 Jan-August collections were \$26.72 million.
- FY 2020 Jan-August collections were \$26.28 million. 1.64% loss compared with the prior year.
- FY 2021 Jan-August collections are \$28.76 million. 9.45% growth over the prior year.



### Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 63% of all sales (Noted in the table below in blue).

**CITY OF LAWRENCE  
RETAIL SALES TAX DISTRIBUTION BY INDUSTRY  
YEAR-TO-DATE AUGUST 2021**

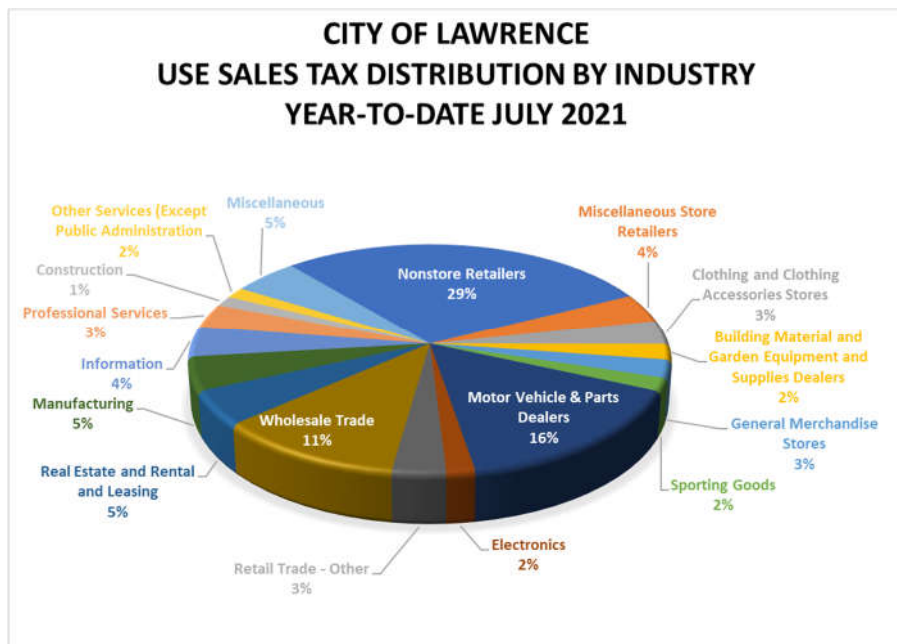


The following table is divided by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in three of the four significant categories in Retail Trade in the first eight months of 2021 compared to the same period last year. There was also growth in five of the other significant categories when compared to the same period last year. Overall total sales were up by \$1,127,655 or 6.88% when compared to the same period last year.

NAICS Industry Sector	2020	2021	FY21 vs. FY20	
			Increase (Decrease)	% Change
<b>Motor Vehicle &amp; Parts Dealers</b>	\$ 2,438,944	\$ 2,922,088	\$ 483,144	19.81%
<b>Food and Beverage Stores</b>	2,468,674	2,394,971	(73,703)	-2.99%
<b>General Merchandise Stores</b>	1,817,694	1,895,869	78,175	4.30%
<b>Building Material/Garden Supply</b>	1,290,580	1,419,585	129,005	10.00%
<b>Retail Trade - Other</b>	2,058,797	2,422,667	363,869	17.67%
<b>Accommodations</b>	183,258	183,526	269	0.15%
<b>Food Services &amp; Drinking Places</b>	1,844,217	2,042,508	198,290	10.75%
<b>Utilities</b>	948,780	1,012,813	64,033	6.75%
<b>Wholesale Trade</b>	657,051	720,717	63,667	9.69%
<b>Other Services (Except Public Admin)</b>	720,588	577,919	(142,669)	-19.80%
<b>Information</b>	503,862	510,256	6,394	1.27%
<b>Construction</b>	401,762	371,866	(29,896)	-7.44%
<b>Real Estate</b>	246,703	246,509	(193)	-0.08%
<b>Manufacturing</b>	260,971	248,183	(12,788)	-4.90%
<b>Miscellaneous Industries</b>	551,905	551,963	59	0.01%
<b>Grand Total</b>	\$16,393,786	\$17,521,441	\$1,127,655	6.88%

## Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 63% 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 eight categories are listed separately. The table shows that there was growth in all but one significant category in Retail Trade in the first eight months of 2021 compared to the same period last year. There was also growth in four of the other significant categories when compared to the same period last year. Overall total use taxes were up by \$529,832 or 23.09% when compared to the same period last year.

NAICS Industry Sector	2020	2021	FY21 vs. FY20	
			Increase (Decrease)	% Change
<b>Nonstore Retailers</b>	\$ 606,221	\$ 809,324	\$ 203,103	33.50%
<b>Miscellaneous Store Retailers</b>	85,005	116,095	31,090	36.57%
<b>Clothing Stores</b>	81,067	96,467	15,400	19.00%
<b>Building Material/Garden Supply</b>	64,178	62,379	(1,799)	-2.80%
<b>General Merchandise Stores</b>	67,102	71,061	3,960	5.90%
<b>Sporting Goods</b>	39,531	51,727	12,195	30.85%
<b>Motor Vehicle &amp; Parts Dealers</b>	252,713	443,252	190,539	75.40%
<b>Electronics</b>	37,369	48,324	10,955	29.31%
<b>Retail Trade - Other</b>	71,109	90,705	19,596	27.56%
<b>Wholesale Trade</b>	294,734	319,960	25,226	8.56%
<b>Real Estate and Rental and Leasing</b>	146,191	137,549	(8,641)	-5.91%
<b>Manufacturing</b>	136,879	133,198	(3,681)	-2.69%
<b>Information</b>	105,150	121,248	16,098	15.31%
<b>Professional Services</b>	90,656	95,833	5,177	5.71%
<b>Construction</b>	58,533	41,531	(17,002)	-29.05%
<b>Other Services (Except Public Admin)</b>	39,164	42,450	3,285	8.39%
<b>Miscellaneous</b>	118,764	143,095	24,331	20.49%
<b>Grand Total</b>	\$ 2,294,367	\$ 2,824,198	\$ 529,832	23.09%

# 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.

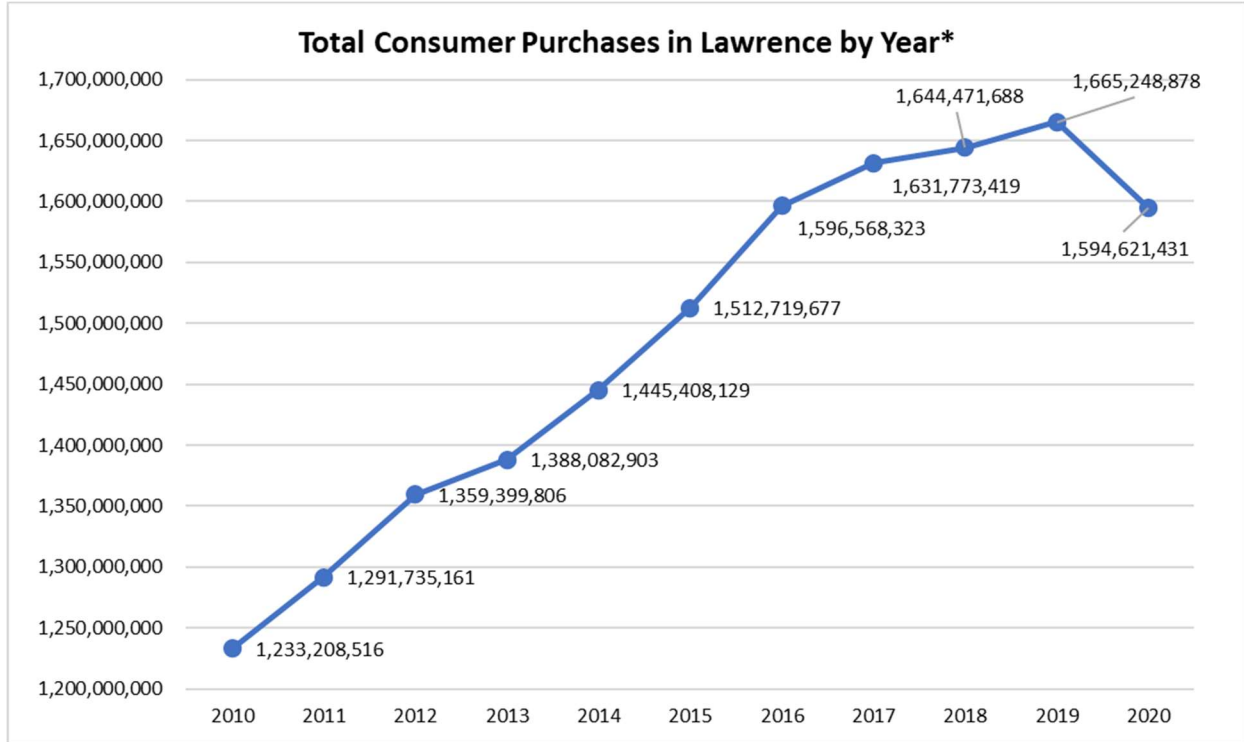
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

#### **Sales and Use Tax Cycle**

Retailers collect sales tax at the time of sale. Retailers remit sales tax collections to the State on the 25<sup>th</sup> day of the month after collection. Smaller retailers may remit sales taxes quarterly on the 25<sup>th</sup> 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  
**Lynn W. Rogers**  
 TREASURER

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

TELEPHONE  
 (785) 296-4153

JEREMY WILLMOTH  
 PO BOX 708  
 LAWRENCE, KS 66044

**August 25, 2021**

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 08/30/2021. The details are as follows:

Detail Description	County	Amount
<b>Aug 2021 Compensating Use Tax</b>		
City Tax File	Douglas	347,850.18
City Share From County Tax	Douglas	164,849.80
<b>Total for Aug 2021 Compensating Use Tax:</b>		<b>\$512,699.98</b>
<b>Aug 2021 Sales Tax</b>		
City Tax File	Douglas	2,150,450.95
City Share From County Tax	Douglas	882,475.32
<b>Total for Aug 2021 Sales Tax:</b>		<b>\$3,032,926.27</b>
<b>Aug 2021 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	22,498.63
Lawrence 2 Transportation	Douglas	4,876.75
Lawrence 9thnh Transport	Douglas	2,661.18
<b>Total for Aug 2021 Transportation Dev Dist Tax:</b>		<b>\$30,036.56</b>
<b>Grand Total Amount:</b>		<b>\$3,575,662.81</b>

Additional information can be found at [https://kansasstatetreasurer.com/dist\\_search.php](https://kansasstatetreasurer.com/dist_search.php) or contact our office at 785-296-4153 or [fiscal@treasurer.ks.gov](mailto:fiscal@treasurer.ks.gov).

Sincerely,

Shauna Wake  
 Director Of Fiscal Services