

# Memorandum

## City of Lawrence

### Finance Department

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

**FROM: Jeremy Willmoth, Finance Director**

**DATE: March 25, 2021**

**RE: March 2021 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 \$3,521,085. This is predominately from sales that occurred in January 2021. Of this amount, \$2,895,609 was from sales taxes and \$592,366 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$33,110 was from sales and use taxes within the three Transportation Development Districts (TDD).

#### **March Sales and Use Tax**

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

Sales and use tax for March 2021 compared to budget:

The City's sales taxes experienced a \$31,968 increase (1.59%).

The City's use taxes experienced a \$163,033 increase (68.59%).

The City's portion of the County's general sales and use tax experienced a \$128,034 increase (14.09%).

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

The City's sales taxes experienced a \$209,678 decrease (-3.20%).

The City's use taxes experienced a \$327,983 increase (42.30%).

The City's portion of the County's general sales and use tax experienced a \$121,772 increase (4.11%).

Year-to-date total sales and use tax revenues experienced a \$240,077 increase (2.33%) compared to the budget.

All Sales Taxes Collected	March Budget	March 2021	2021 Budget	2021 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,005,760	\$ 2,037,728	\$ 6,543,792	\$ 6,334,114	\$ (209,678)	-3.20%
Use Taxes	237,680	400,713	775,431	1,103,414	327,983	42.30%
City portion of County Taxes	908,960	1,036,994	2,965,482	3,087,254	121,772	4.11%
<b>All Sales Taxes Collected</b>	<b>\$ 3,152,400</b>	<b>\$ 3,475,435</b>	<b>\$ 10,284,705</b>	<b>\$ 10,524,782</b>	<b>\$ 240,077</b>	<b>2.33%</b>
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,293,715	\$ 1,312,853	\$ 4,122,589	\$ 4,081,705	\$ (40,884)	-0.99%
City Use tax	154,492	258,525	504,030	711,880	207,850	41.24%
City Share County Sales Tax	805,600	845,341	2,628,270	2,566,565	(61,705)	-2.35%
City Share County Use Tax	103,360	191,653	337,212	520,689	183,477	54.41%
<b>Total General Fund Receipts</b>	<b>2,357,167</b>	<b>2,608,371</b>	<b>7,592,101</b>	<b>7,880,839</b>	<b>288,738</b>	<b>3.80%</b>
Infrastructure Sales Tax	347,451	353,720	1,118,320	1,103,587	(14,734)	-1.32%
Infrastructure Use Tax	45,159	77,557	147,332	213,564	66,232	44.95%
<b>Total Capital Impr. Reserve Receipts</b>	<b>392,610</b>	<b>431,277</b>	<b>1,265,652</b>	<b>1,317,151</b>	<b>51,498</b>	<b>4.07%</b>
Infrastructure Sales Tax	41,667	41,667	125,000	125,000	-	0.00%
Transit Sales Tax	258,743	263,591	981,569	819,058	(162,511)	-16.56%
Transit Use Tax	30,898	51,705	100,806	142,376	41,570	41.24%
<b>Total Transit Receipts</b>	<b>289,641</b>	<b>315,296</b>	<b>1,082,375</b>	<b>961,434</b>	<b>(120,941)</b>	<b>-11.17%</b>
Affordable Housing Sales Tax	64,184	65,898	196,314	204,764	8,451	4.30%
Affordable Housing Use Tax	7,130	12,926	23,263	35,594	12,331	53.01%
<b>Total Affordable Housing Receipts</b>	<b>71,315</b>	<b>78,824</b>	<b>219,577</b>	<b>240,358</b>	<b>20,782</b>	<b>9.46%</b>
<b>Total Receipts*</b>	<b>\$ 3,152,400</b>	<b>\$ 3,475,435</b>	<b>\$ 10,284,705</b>	<b>\$ 10,524,782</b>	<b>\$ 240,077</b>	<b>2.33%</b>

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

### Sales and Use Tax Trends Year to date

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

The City's sales taxes experienced a \$109,570 increase (5.66%).

The City's use taxes experienced a \$163,157 increase (68.68%).

The City's portion of the County's general sales and use tax experienced a \$161,587 increase (18.37%).

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

The City's sales taxes experienced a \$139,156 decrease (-2.14%).

The City's use taxes experienced a \$255,795 increase (30.18%).

The City's portion of the County's general sales and use tax experienced a \$130,182 increase (4.39%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$256,101 increase (2.46%) compared to the same period in 2020.

All Sales Taxes Collected	March 2020	March 2021	2020 YTD Collected	2021 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 1,936,573	\$ 2,046,143	\$ 6,494,681	\$ 6,355,525	\$ (139,156)	-2.14%
Use Taxes	237,556	400,713	847,619	1,103,414	255,795	30.18%
City portion of County Taxes	879,532	1,041,119	2,967,690	3,097,872	130,182	4.39%
Special District Taxes	28,161	33,110	98,307	107,587	9,280	9.44%
All Sales Taxes Collected	\$ 3,081,822	\$ 3,521,085	\$ 10,408,297	\$ 10,664,398	\$ 256,101	2.46%
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,242,315	\$ 1,312,853	\$ 4,163,127	\$ 4,081,705	\$ (81,423)	-1.96%
City Use tax	153,262	258,525	546,851	711,880	165,029	30.18%
City Share County Sales Tax	766,034	845,341	2,559,502	2,566,565	7,063	0.28%
City Share County Use Tax	108,333	191,653	391,681	520,689	129,008	32.94%
Total General Fund Receipts	2,269,945	2,608,371	7,661,162	7,880,839	219,677	2.87%
Infrastructure Sales Tax**	331,028	353,720	1,127,835	1,103,587	(24,249)	-2.15%
Infrastructure Use Tax	45,979	77,557	164,055	213,564	49,509	30.18%
Total Capital Impr. Reserve Receipts	377,007	431,277	1,291,891	1,317,151	25,260	1.96%
Infrastructure Sales Tax**	41,667	41,667	125,000	125,000	-	0.00%
Transit Sales Tax	248,463	263,591	835,224	819,058	(16,166)	-1.94%
Transit Use Tax	30,652	51,705	109,370	142,376	33,006	30.18%
Total Transit Receipts	279,115	315,296	944,594	961,434	16,840	1.78%
Affordable Housing Sales Tax	62,116	65,898	208,806	204,764	(4,041)	-1.94%
Affordable Housing Use Tax	7,663	12,926	27,343	35,594	8,251	30.18%
Total Affordable Housing Receipts	69,779	78,824	236,148	240,358	4,210	1.78%
Free State TDD	19,096	25,871	69,340	88,953	19,614	28.29%
Oread TDD	5,576	5,102	18,566	13,585	(4,981)	-26.83%
Oread TIF City Share	5,576	5,102	18,566	13,585	(4,981)	-26.83%
Oread TIF City Share of County	3,177	2,907	10,579	7,741	(2,838)	-26.83%
Total Oread Receipts***	14,328	13,111	47,710	34,910	(12,800)	-26.83%
9th NH South TDD	3,489	2,137	10,402	5,049	(5,353)	-51.46%
9th NH South TIF City Share	5,408	3,313	16,123	7,826	(8,297)	-51.46%
9th NH South TIF City Share of Co	1,988	1,218	5,927	2,877	(3,050)	-51.46%
Total 9th NH South Receipts	10,886	6,668	32,452	15,753	(16,699)	-51.46%
Total Special Districts	44,310	45,650	149,502	139,616	(9,886)	-6.61%
Total Receipts	\$ 3,081,822	\$ 3,521,085	\$ 10,408,297	\$ 10,664,398	\$ 256,101	2.46%

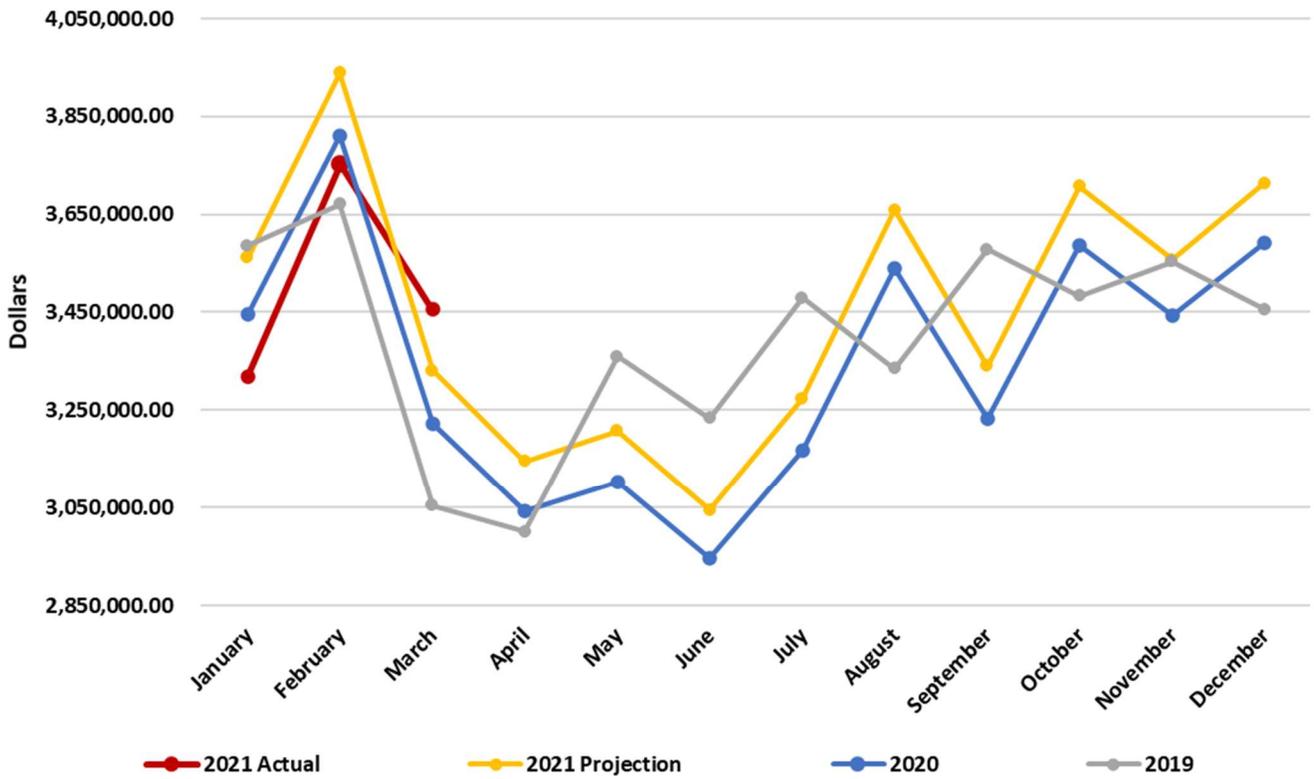
\*\*\$500 thousand of Infrastructure Sales Tax is to be receipted into the Equipment Reserve Fund in 2021.

\*\*\*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.

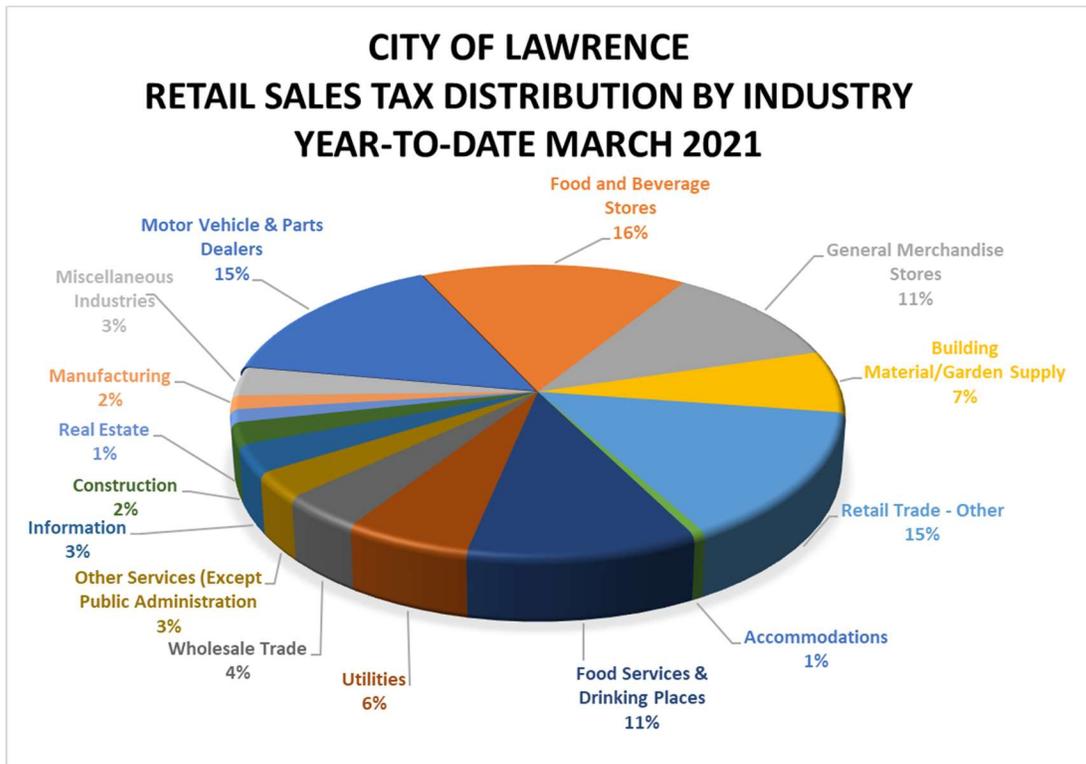
This chart has been modified to include FY 2019 (baseline) as well as FY 2020 (COVID-19 impacted), and our projection for FY 2021. As you can see from the chart, through the first two months, our sales tax is lower than we projected, but only by about 1%. Our 2021 Budget was revised to recognize the 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.

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



### Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 64% 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 2021 compared to the same period last year. There was also growth in Manufacturing, Wholesale Trade, and Construction, but all other major categories were showing declines when compared to the same period last year. Overall total sales were down by \$139,156 or -2.14% 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>	\$ 927,272	\$ 969,122	\$ 41,851	4.51%
<b>Food and Beverage Stores</b>	952,283	1,014,013	61,730	6.48%
<b>General Merchandise Stores</b>	725,918	725,274	(644)	-0.09%
<b>Building Material/Garden Supply</b>	388,262	437,464	49,202	12.67%
<b>Retail Trade - Other</b>	876,365	927,334	50,969	5.82%
<b>Accommodations</b>	103,012	35,513	(67,500)	-65.53%
<b>Food Services &amp; Drinking Places</b>	776,434	691,903	(84,531)	-10.89%
<b>Utilities</b>	386,610	380,377	(6,233)	-1.61%
<b>Wholesale Trade</b>	249,365	250,220	855	0.34%
<b>Other Services (Except Public Admin)</b>	373,843	184,995	(188,848)	-50.52%
<b>Information</b>	207,243	196,633	(10,610)	-5.12%
<b>Construction</b>	141,104	152,826	11,722	8.31%
<b>Real Estate</b>	107,871	89,484	(18,386)	-17.04%
<b>Manufacturing</b>	92,307	97,306	4,999	5.42%
<b>Miscellaneous Industries</b>	186,792	203,062	16,269	8.71%
<b>Grand Total</b>	\$ 6,494,681	\$ 6,355,525	\$(139,156)	-2.14%

### Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 64% of all use taxes (Noted in the table below in blue).



NAICS Industry Sector	2020	2021	FY21 vs. FY20	
			Increase (Decrease)	% Change
<b>Nonstore Retailers</b>	\$ 224,319	\$ 324,747	\$ 100,428	44.77%
<b>Miscellaneous Store Retailers</b>	36,244	40,920	4,675	12.90%
<b>Clothing Stores</b>	32,877	38,578	5,700	17.34%
<b>Building Material/Garden Supply</b>	20,290	25,660	5,370	26.47%
<b>General Merchandise Stores</b>	25,168	32,770	7,602	30.20%
<b>Sporting Goods</b>	14,550	22,502	7,952	54.65%
<b>Motor Vehicle &amp; Parts Dealers</b>	116,702	158,612	41,911	35.91%
<b>Electronics</b>	11,737	19,818	8,081	68.86%
<b>Retail Trade - Other</b>	23,007	37,592	14,585	63.39%
<b>Wholesale Trade</b>	110,054	131,646	21,592	19.62%
<b>Real Estate and Rental and Leasing</b>	55,484	56,480	995	1.79%
<b>Manufacturing</b>	46,886	55,800	8,914	19.01%
<b>Information</b>	37,599	45,561	7,962	21.18%
<b>Professional Services</b>	34,311	30,488	(3,823)	-11.14%
<b>Construction</b>	20,114	15,727	(4,387)	-21.81%
<b>Other Services (Except Public Admin)</b>	13,946	15,065	1,119	8.02%
<b>Miscellaneous</b>	24,330	51,447	27,118	111.46%
<b>Grand Total</b>	\$ 847,619	\$ 1,103,414	\$ 255,795	30.18%

# 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.

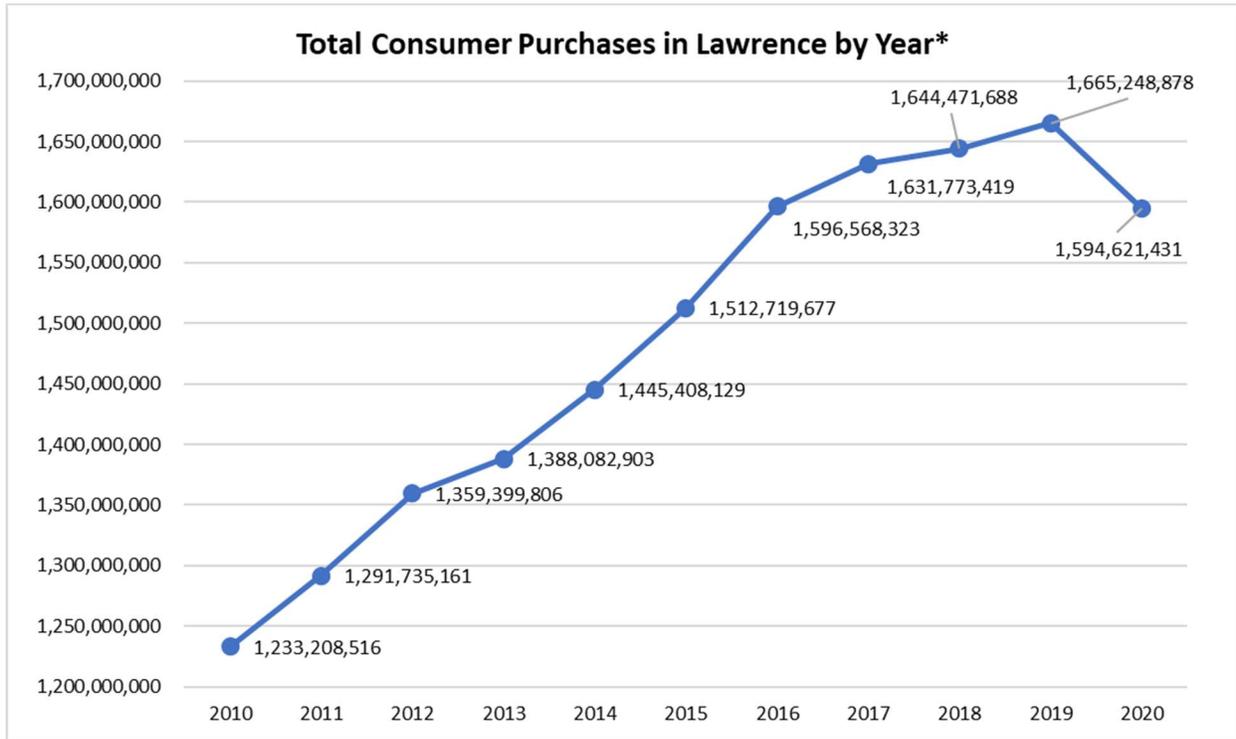
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

#### **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

**March 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 03/30/2021. The details are as follows:

Detail Description	County	Amount
<b>Mar 2021 Compensating Use Tax</b>		
City Tax File	Douglas	400,713.02
City Share From County Tax	Douglas	191,653.15
<b>Total for Mar 2021 Compensating Use Tax:</b>		<b>\$592,366.17</b>
<b>Mar 2021 Sales Tax</b>		
City Tax File	Douglas	2,046,142.66
City Share From County Tax	Douglas	849,466.22
<b>Total for Mar 2021 Sales Tax:</b>		<b>\$2,895,608.88</b>
<b>Mar 2021 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	25,870.99
Lawrence 2 Transportation	Douglas	5,102.08
Lawrence 9thnh Transport	Douglas	2,137.26
<b>Total for Mar 2021 Transportation Dev Dist Tax:</b>		<b>\$33,110.33</b>
<b>Grand Total Amount:</b>		<b>\$3,521,085.38</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