

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: June 27, 2022

RE: June 2022 Sales and Use Tax Report

The City received its June sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$4,514,932. This is predominately from sales that occurred in April 2022. Of this amount, \$3,731,681 was from sales taxes and \$738,498 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$44,753 was from sales and use taxes within the three Transportation Development Districts (TDD).

June Sales and Use Tax

Sales and Use Tax Budget Comparison (excluding special districts)

Sales and use tax for June 2022 compared to budget:

The City's sales taxes experienced a \$402,337 increase (17.89%).

The City's use taxes experienced a \$120,838 increase (31.22%).

The City's portion of the County's general sales and use tax experienced a \$200,295 increase (19.42%).

Sales and use tax for Jan. – June 2022 compared to budget:

The City's sales taxes experienced a \$754,530 increase (5.56%).

The City's use taxes experienced a \$579,308 increase (24.77%).

The City's portion of the County's general sales and use tax experienced a \$506,961 increase (7.71%).

Year-to-date total sales and use tax revenues experienced a \$1,840,799 increase (5.97%) compared to the budget.

All Sales Taxes Collected	June Budget	June 2022	2022 Budget	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,249,000	\$ 2,651,337	\$ 13,579,000	\$ 14,333,530	\$ 754,530	5.56%
Use Taxes	387,000	507,838	2,339,000	2,918,308	579,308	24.77%
City portion of County Taxes	1,089,000	1,289,295	6,577,000	7,083,961	506,961	7.71%
All Sales Taxes Collected	\$ 3,725,000	\$ 4,448,470	\$ 22,495,000	\$ 24,335,799	\$ 1,840,799	8.18%
Sales Tax by Category						
City Sales tax	\$ 1,451,000	\$ 1,707,894	\$ 8,758,000	\$ 9,233,193	\$ 475,193	5.43%
City Use tax	251,000	327,637	1,521,000	1,882,779	361,779	23.79%
City Share County Sales Tax	916,000	1,058,635	5,531,000	5,729,810	198,810	3.59%
City Share County Use Tax	173,000	230,660	1,046,000	1,354,151	308,151	29.46%
Total General Fund Receipts	2,791,000	3,324,827	16,856,000	18,199,933	1,343,933	7.97%
Infrastructure Sales Tax	436,000	514,605	2,634,000	2,782,002	148,002	5.62%
Infrastructure Use Tax	74,000	98,291	444,000	564,834	120,834	27.21%
Total Capital Impr. Reserve Receipts	510,000	612,897	3,078,000	3,346,836	268,836	8.73%
Transit Sales Tax	290,000	343,070	1,752,000	1,854,668	102,668	5.86%
Transit Use Tax	50,000	65,527	304,000	376,556	72,556	23.87%
Total Transit Receipts	340,000	408,598	2,056,000	2,231,224	175,224	8.52%
Affordable Housing Sales Tax	72,000	85,768	435,000	463,667	28,667	6.59%
Affordable Housing Use Tax	12,000	16,382	70,000	94,139	24,139	34.48%
Total Affordable Housing Receipts	84,000	102,149	505,000	557,806	52,806	10.46%
Total Receipts*	\$ 3,725,000	\$ 4,448,470	\$ 22,495,000	\$ 24,335,799	\$ 1,840,799	8.18%

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

Sales and Use Tax Trends Year to date

Sales and use tax for June 2022 compared to prior year:

The City's sales taxes experienced a \$270,727 increase (11.30%).

The City's use taxes experienced a \$155,637 increase (44.19%).

The City's portion of the County's general sales and use tax experienced a \$173,674 increase (15.47%).

Sales and use tax for Jan. - June 2022 compared to prior year:

The City's sales taxes experienced a \$1,373,561 increase (10.54%).

The City's use taxes experienced a \$766,780 increase (35.64%).

The City's portion of the County's general sales and use tax experienced a \$849,176 increase (13.54%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$3,008,025 increase (13.88%) compared to the prior year.

All Sales Taxes Collected	June 2021	June 2022	2021 YTD Collected	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,395,392	\$ 2,666,119	\$ 13,034,132	\$ 14,407,693	\$ 1,373,561	10.54%
Use Taxes	352,200	507,838	2,151,528	2,918,308	766,780	35.64%
City portion of County Taxes	1,122,549	1,296,223	6,270,089	7,119,264	849,176	13.54%
Special District Taxes	41,928	44,753	215,339	233,848	18,509	8.60%
All Sales Taxes Collected	\$ 3,912,069	\$ 4,514,932	\$ 21,671,087	\$ 24,679,113	\$ 3,008,025	13.88%
Sales Tax by Category						
City Sales tax	\$ 1,536,594	\$ 1,707,894	\$ 8,367,678	\$ 9,233,193	\$ 865,515	10.34%
City Use tax	227,226	327,637	1,388,082	1,882,779	494,697	35.64%
City Share County Sales Tax	955,660	1,058,635	5,239,012	5,729,810	490,798	9.37%
City Share County Use Tax	161,863	230,660	1,007,464	1,354,151	346,687	34.41%
Total General Fund Receipts	2,881,342	3,324,827	16,002,236	18,199,933	2,197,697	13.73%
Infrastructure Sales Tax	462,868	514,605	2,519,197	2,782,002	262,805	10.43%
Infrastructure Use Tax	68,168	98,291	416,425	564,834	148,409	35.64%
Total Capital Impr. Reserve Receipts	531,036	612,897	2,935,622	3,346,836	411,214	14.01%
Transit Sales Tax	308,579	343,070	1,679,465	1,854,668	175,203	10.43%
Transit Use Tax	45,445	65,527	277,616	376,556	98,939	35.64%
Total Transit Receipts	354,024	408,598	1,957,081	2,231,224	274,143	14.01%
Affordable Housing Sales Tax	77,145	85,768	419,866	463,667	43,801	10.43%
Affordable Housing Use Tax	11,361	16,382	69,404	94,139	24,735	35.64%
Total Affordable Housing Receipts	88,506	102,149	489,270	557,806	68,536	14.01%
Free State TOD	33,108	32,570	173,900	171,755	(2,144)	-1.23%
Oread TOD	6,301	7,458	29,645	40,146	10,502	35.43%
Oread TIF City Share	6,301	7,458	29,645	40,146	10,502	35.43%
Oread TIF City Share of County	3,590	4,235	16,892	22,798	5,906	34.96%
Total Oread Receipts**	16,192	19,150	76,181	103,091	26,909	35.32%
9th NH South TOD	2,519	4,725	11,795	21,946	10,152	86.07%
9th NH South TIF City Share	3,905	7,324	18,282	34,017	15,735	86.07%
9th NH South TIF City Share of Co.	1,436	2,692	6,721	12,505	5,785	86.07%
Total 9th NH South Receipts	7,860	14,741	36,797	68,468	31,671	86.07%
Total Special Districts	57,160	66,462	286,878	343,314	56,436	19.67%
Total Receipts	\$ 3,912,069	\$ 4,514,932	\$ 21,671,087	\$ 24,679,113	\$ 3,008,025	13.88%

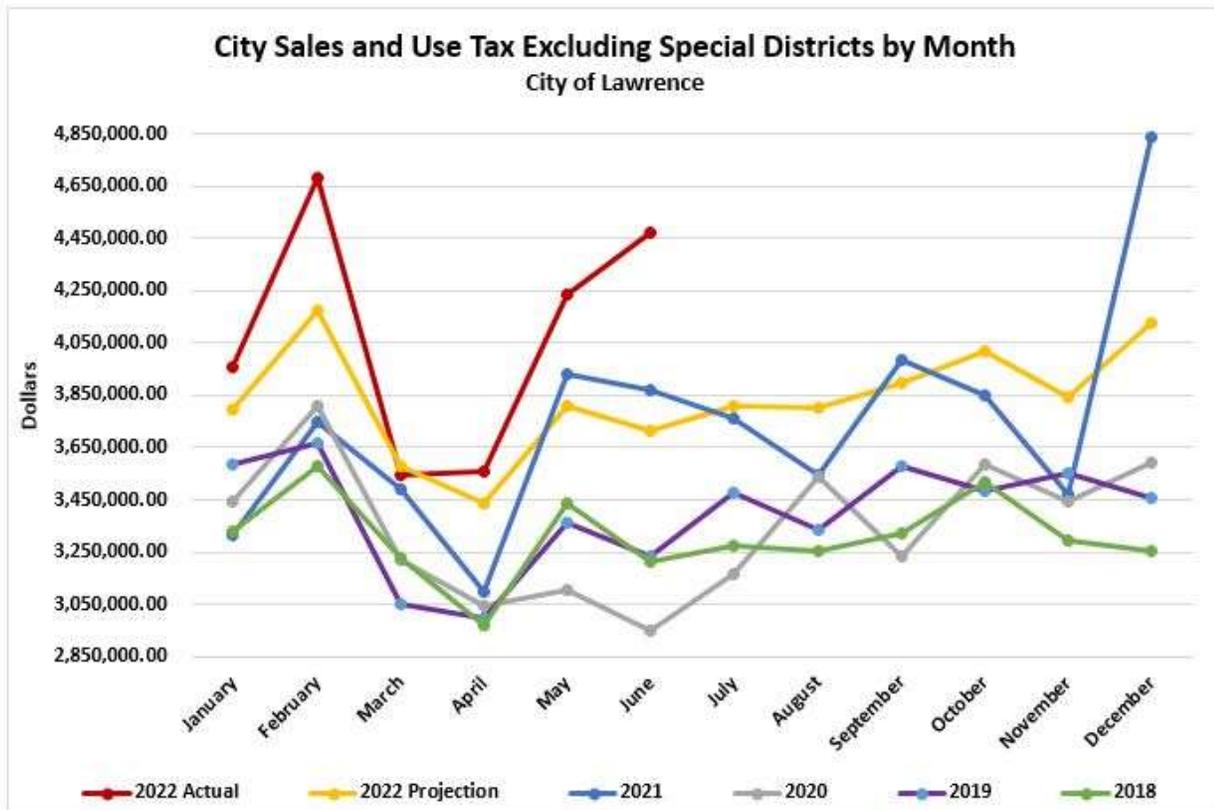
**Oread distributions are currently under review.

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.

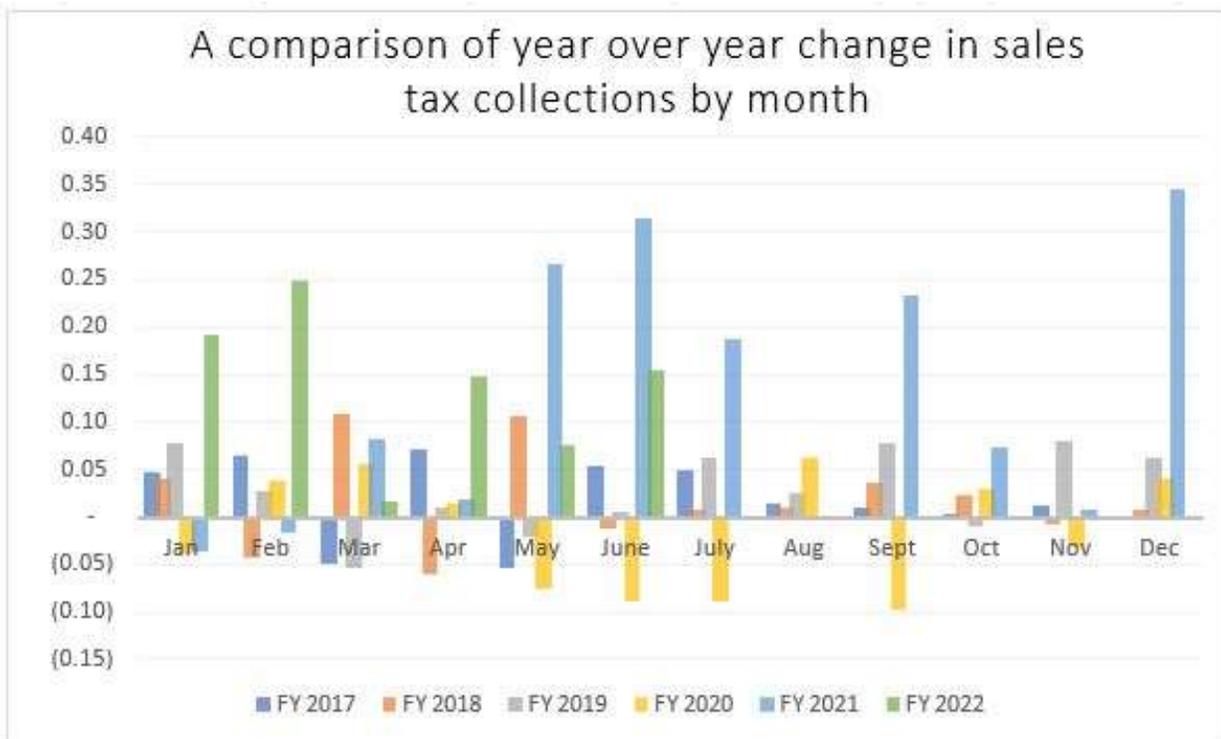
This chart has been modified to include FY's 2018-2021 and our actual results and current projection for FY 2022. As you can see from the chart, our sales and use tax is higher than we projected, by 8.62%.

As the chart illustrates for June:

- FY 2020 collections were \$19.57 million.
- FY 2021 collections were \$21.46 million. 9.63% growth over the prior year.
- FY 2022 collections are \$24.46 million. 13.93% growth over the prior year.



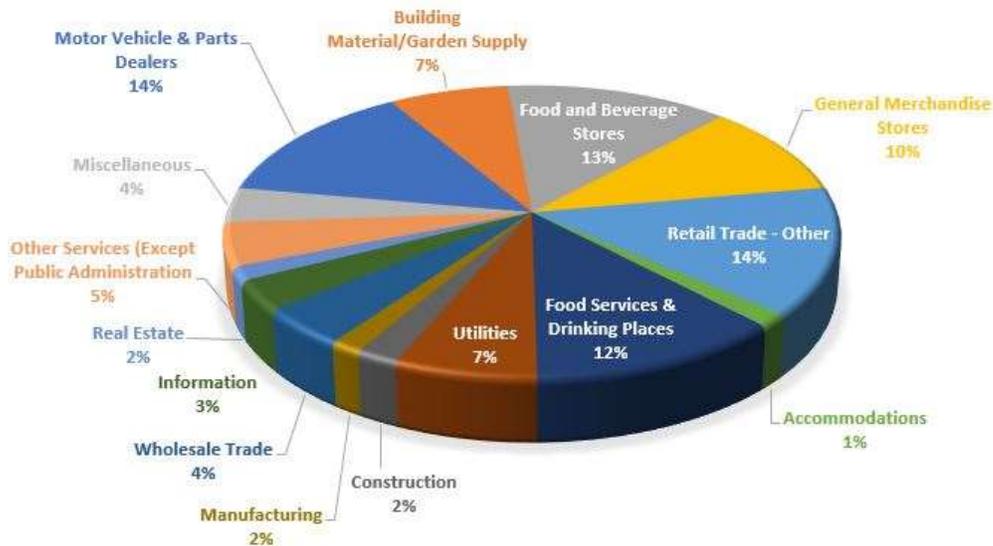
This chart shows month over month change for FY's 2017-2021, and our actual results for FY 2022. The City has had growth in monthly sales tax collection for the past sixteen months.



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).

CITY OF LAWRENCE RETAIL SALES TAX DISTRIBUTION BY INDUSTRY YEAR-TO-DATE JUNE 2022

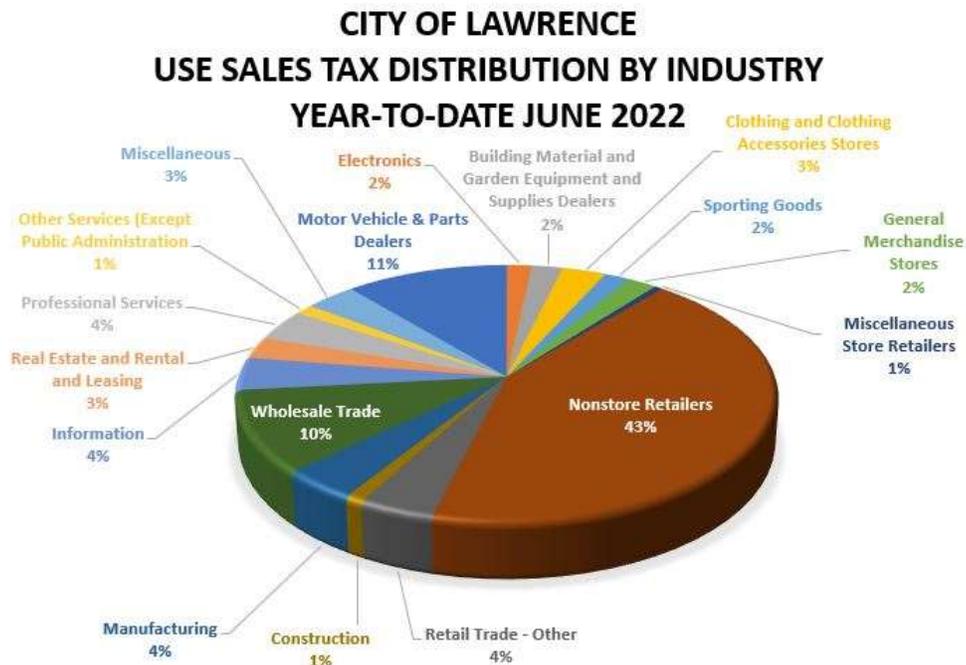


The following table is divided by the North American Industry Classification System (NAICS) sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in all but one significant categories in Retail Trade compared to last year. There was also growth in all other significant categories. Overall total sales were up by \$1,373,561 or 10.54% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 2,134,284	\$ 1,957,878	\$ (176,406)	-8.27%
Building Material/Garden Supply	1,003,425	1,036,206	32,781	3.27%
Food and Beverage Stores	1,887,324	1,930,482	43,157	2.29%
General Merchandise Stores	1,396,174	1,472,467	76,293	5.46%
Retail Trade - Other	1,824,445	2,042,885	218,440	11.97%
Accommodations	115,191	209,609	94,419	81.97%
Food Services & Drinking Places	1,490,996	1,722,450	231,454	15.52%
Utilities	794,087	964,492	170,404	21.46%
Construction	278,258	290,064	11,805	4.24%
Manufacturing	185,597	211,679	26,083	14.05%
Wholesale Trade	517,847	618,394	100,546	19.42%
Information	383,279	484,531	101,252	26.42%
Real Estate	178,297	220,502	42,205	23.67%
Other Services (Except Public Administration)	445,518	690,235	244,717	54.93%
Miscellaneous	399,410	555,820	156,409	39.16%
Grand Total	\$13,034,132	\$14,407,693	\$1,373,561	10.54%

Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 69% 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 two category in Retail Trade when compared to last year. There was also growth in five of the other significant categories when compared to last year. Overall total use taxes were up by \$766,780 or 35.64% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 324,585	\$ 324,452	\$ (133)	-0.04%
Electronics	36,677	49,247	12,570	34.27%
Building Material and Garden Equipment and Supplies Dealers	48,595	61,249	12,654	26.04%
Clothing and Clothing Accessories Stores	74,576	87,280	12,704	17.03%
Sporting Goods	40,554	50,313	9,760	24.07%
General Merchandise Stores	56,830	58,998	2,168	3.82%
Miscellaneous Store Retailers	89,233	16,208	(73,026)	-81.84%
Nonstore Retailers	618,863	1,250,731	631,868	102.10%
Retail Trade - Other	72,564	118,687	46,124	63.56%
Construction	31,984	27,971	(4,013)	-12.55%
Manufacturing	99,482	117,468	17,986	18.08%
Wholesale Trade	249,695	302,042	52,347	20.96%
Information	90,383	120,188	29,805	32.98%
Real Estate and Rental and Leasing	106,467	79,574	(26,892)	-25.26%
Professional Services	71,988	115,426	43,438	60.34%
Other Services (Except Public Administration)	33,006	36,475	3,469	10.51%
Miscellaneous	106,046	101,999	(4,048)	-3.82%
Grand Total	\$2,151,528	\$2,918,308	\$766,780	35.64%

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: January 26, 2022

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.

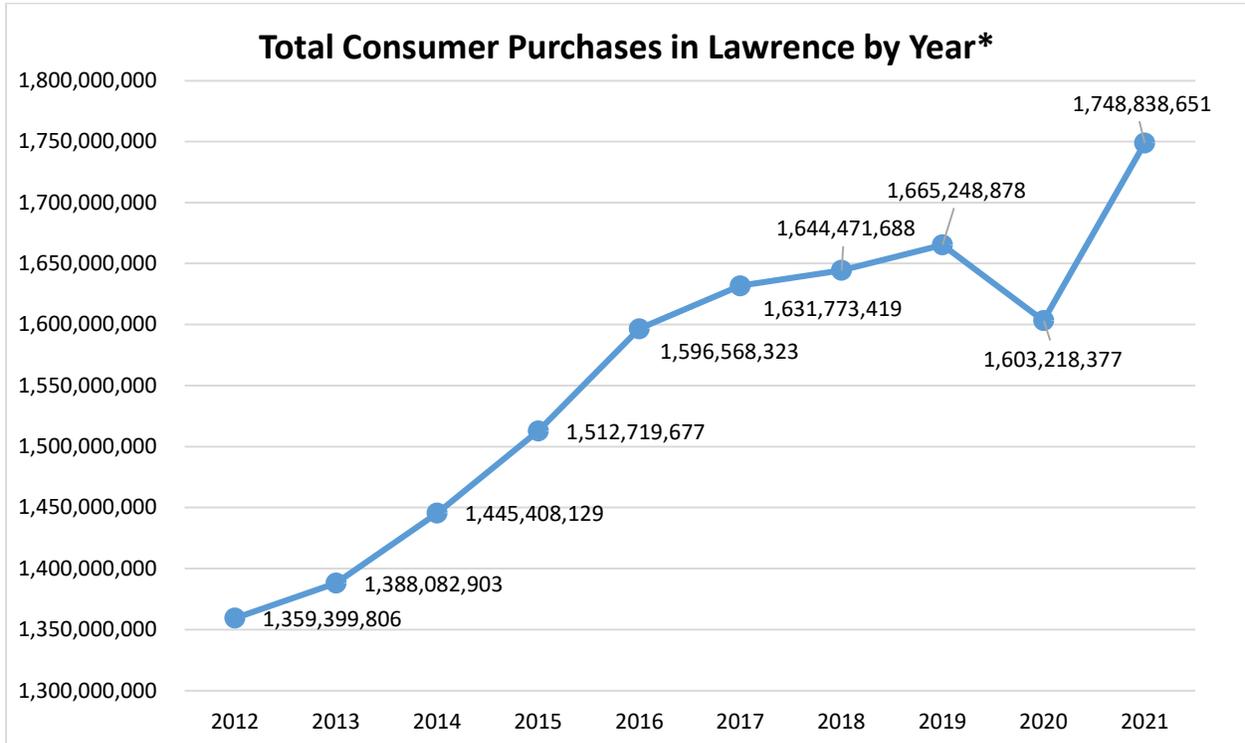
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

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
Lynn W. Rogers
 TREASURER

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

TELEPHONE
 (785) 296-4153

COURTNEY SHANKS
 PO BOX 708
 LAWRENCE, KS 66044-0708

June 22, 2022

Dear Mrs Shanks,

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 06/27/2022. The details are as follows:

Detail Description	County	Amount
Jun 2022 Compensating Use Tax		
City Tax File	Douglas	507,837.51
City Share From County Tax	Douglas	230,660.43
Total for Jun 2022 Compensating Use Tax:		\$738,497.94
Jun 2022 Sales Tax		
City Tax File	Douglas	2,666,118.74
City Share From County Tax	Douglas	1,065,562.37
Total for Jun 2022 Sales Tax:		\$3,731,681.11
Jun 2022 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	32,570.33
Lawrence 2 Transportation	Douglas	7,457.58
Lawrence 9thnh Transport	Douglas	4,725.03
Total for Jun 2022 Transportation Dev Dist Tax:		\$44,752.94
Grand Total Amount:		\$4,514,931.99

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