

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: May 31, 2022

RE: May 2022 Sales and Use Tax Report

The City received its May sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$4,267,288. This is predominately from sales that occurred in March 2022. Of this amount, \$3,507,564 was from sales taxes and \$723,964 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$35,761 was from sales and use taxes within the three Transportation Development Districts (TDD).

May Sales and Use Tax

Sales and Use Tax Budget Comparison (excluding special districts)

Sales and use tax for May 2022 compared to budget:

The City's sales taxes experienced a \$185,163 increase (8.03%).

The City's use taxes experienced a \$97,568 increase (24.58%).

The City's portion of the County's general sales and use tax experienced a \$114,971 increase (10.30%).

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

The City's sales taxes experienced a \$353,192 increase (3.12%).

The City's use taxes experienced a \$459,471 increase (23.55%).

The City's portion of the County's general sales and use tax experienced a \$307,665 increase (5.61%).

Year-to-date total sales and use tax revenues experienced a \$1,120,328 increase (5.97%) compared to the budget.

All Sales Taxes Collected	May Budget	May 2022	2022 Budget	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,305,000	\$ 2,490,163	\$ 11,329,000	\$ 11,682,192	\$ 353,192	3.12%
Use Taxes	397,000	494,568	1,951,000	2,410,471	459,471	23.55%
City portion of County Taxes	1,116,000	1,230,971	5,487,000	5,794,665	307,665	5.61%
All Sales Taxes Collected	\$ 3,818,000	\$ 4,215,702	\$ 18,767,000	\$ 19,887,328	\$ 1,120,328	5.97%
Sales Tax by Category						
City Sales tax	\$ 1,487,000	\$ 1,604,518	\$ 7,307,000	\$ 7,525,299	\$ 218,299	2.99%
City Use tax	258,000	319,076	1,267,000	1,555,142	288,142	22.74%
City Share County Sales Tax	938,000	1,001,574	4,614,000	4,671,175	57,175	1.24%
City Share County Use Tax	178,000	229,396	873,000	1,123,491	250,491	28.69%
Total General Fund Receipts	2,861,000	3,154,565	14,061,000	14,875,107	814,107	5.79%
Infrastructure Sales Tax	447,000	483,079	2,198,000	2,267,396	69,396	3.16%
Infrastructure Use Tax	75,000	95,723	371,000	466,543	95,543	25.75%
Total Capital Impr. Reserve Receipts	522,000	578,802	2,569,000	2,733,939	164,939	6.42%
Transit Sales Tax	297,000	322,053	1,461,000	1,511,598	50,598	3.46%
Transit Use Tax	52,000	63,815	254,000	311,028	57,028	22.45%
Total Transit Receipts	349,000	385,868	1,715,000	1,822,626	107,626	6.28%
Affordable Housing Sales Tax	74,000	80,513	363,000	377,899	14,899	4.10%
Affordable Housing Use Tax	12,000	15,954	59,000	77,757	18,757	31.79%
Total Affordable Housing Receipts	86,000	96,467	422,000	455,656	33,656	7.98%
Total Receipts*	\$ 3,818,000	\$ 4,215,702	\$ 18,767,000	\$ 19,887,328	\$ 1,120,328	5.97%

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

Sales and Use Tax Trends Year to date

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

The City's sales taxes experienced a \$111,481 increase (4.67%).

The City's use taxes experienced a \$97,948 increase (24.70%).

The City's portion of the County's general sales and use tax experienced a \$91,376 increase (7.98%).

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

The City's sales taxes experienced a \$1,102,833 increase (10.37%).

The City's use taxes experienced a \$611,143 increase (33.97%).

The City's portion of the County's general sales and use tax experienced a \$675,502 increase (13.12%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$2,405,162 increase (13.54%) compared to the prior year.

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Sales Tax by Category						
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Total Receipts*	\$ 3,818,000	\$ 4,215,702	\$ 18,767,000	\$ 19,887,328	\$ 1,120,328	5.97%

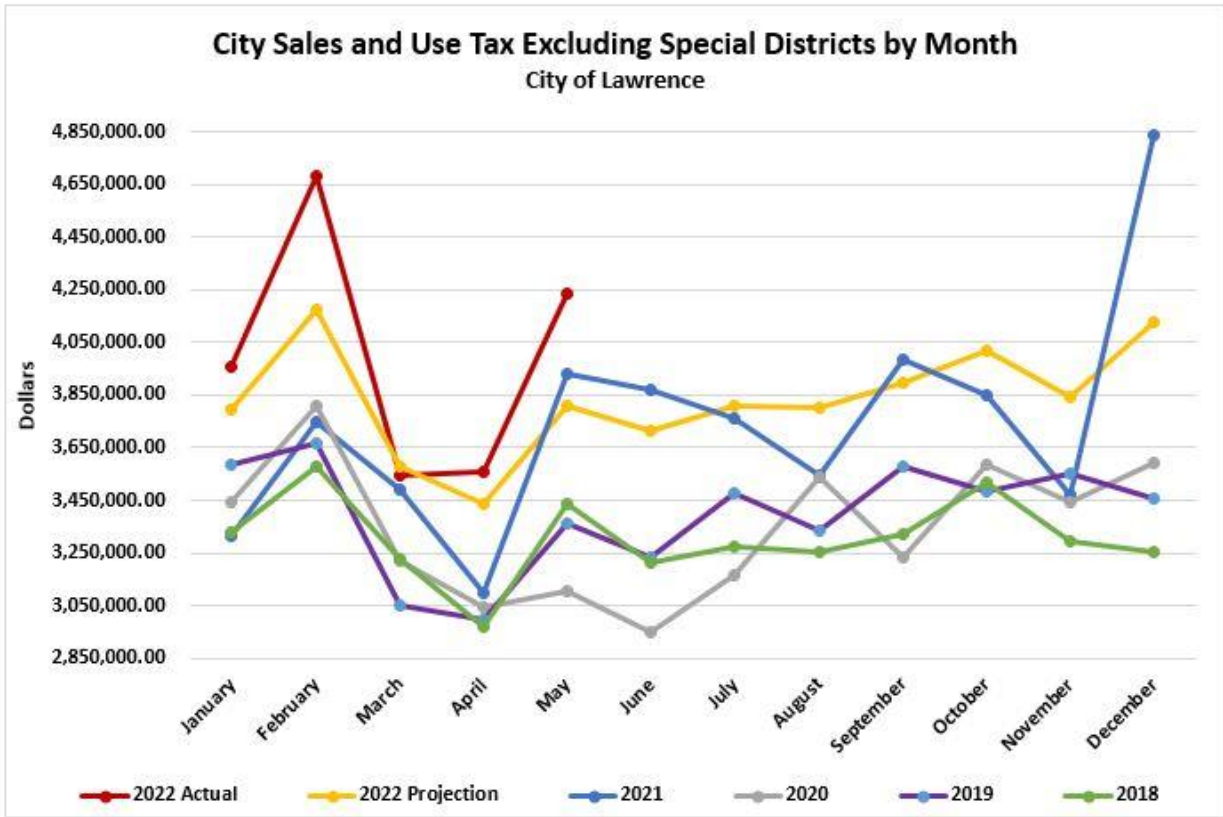
*Excluding the portion paid to a Tax Increment Finance District.

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.

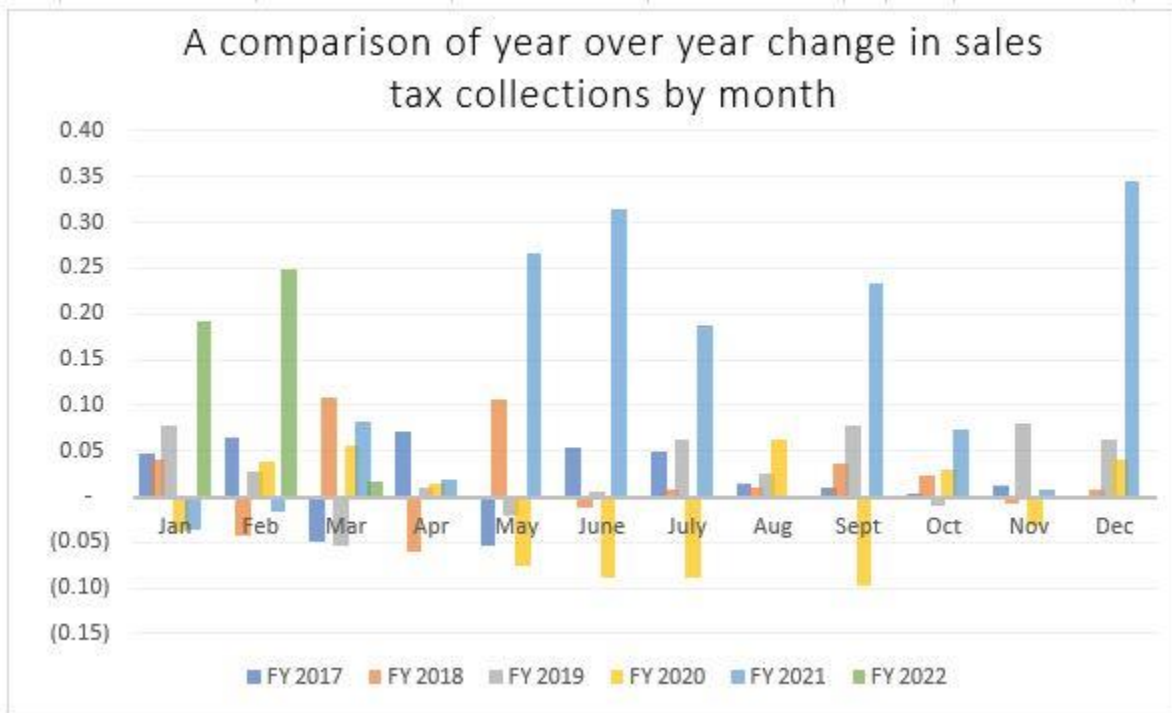
This chart has been modified to include FY's 2018-2021 and our actual results and current projection for FY 2022. As you can see from the chart, our sales and use tax is higher than we projected, by 6.31%.

As the chart illustrates for May:

- FY 2020 collections were \$16.63 million.
- FY 2021 collections were \$17.59 million. 5.78% growth over the prior year.
- FY 2022 collections are \$19.98 million. 13.59% growth over the prior year.

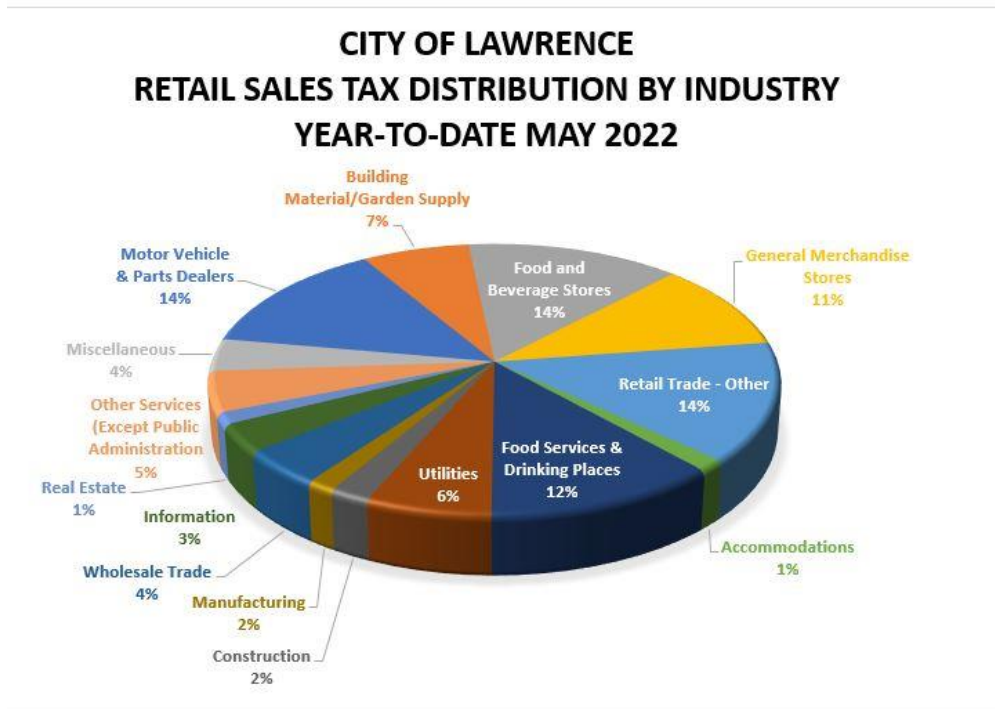


This chart shows month over month change for FY's 2017-2021, and our actual results for FY 2022. The City has had growth in monthly sales tax collection for the past fifteen months.



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).

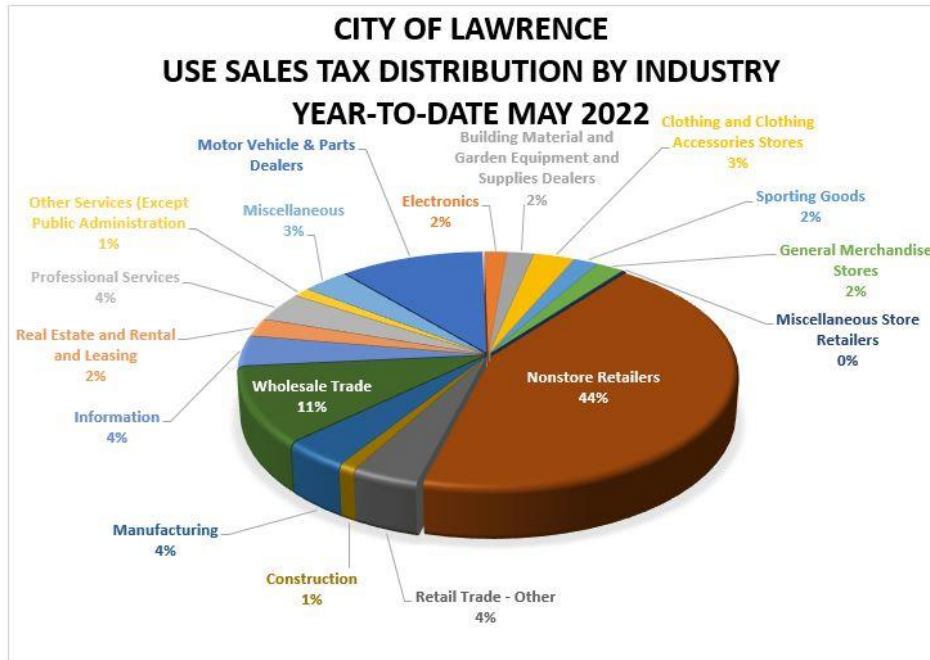


The following table is divided by the North American Industry Classification System (NAICS) sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in all but one significant categories in Retail Trade compared to last year. There was also growth in nine of the other significant categories. Overall total sales were up by \$1,102,833 or 10.37% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 1,716,150	\$ 1,598,654	\$ (117,496)	-6.85%
Building Material/Garden Supply	759,805	814,962	55,157	7.26%
Food and Beverage Stores	1,567,655	1,624,854	57,198	3.65%
General Merchandise Stores	1,173,002	1,231,465	58,463	4.98%
Retail Trade - Other	1,506,440	1,677,331	170,891	11.34%
Accommodations	86,249	159,332	73,084	84.74%
Food Services & Drinking Places	1,201,494	1,390,999	189,506	15.77%
Utilities	681,978	748,236	66,257	9.72%
Construction	236,434	241,440	5,006	2.12%
Manufacturing	153,735	168,368	14,632	9.52%
Wholesale Trade	427,896	506,806	78,910	18.44%
Information	320,394	392,781	72,388	22.59%
Real Estate	147,285	161,547	14,262	9.68%
Other Services (Except Public Administration)	330,250	571,180	240,930	72.95%
Miscellaneous	329,974	453,619	123,645	37.47%
Grand Total	\$10,638,741	\$11,741,574	\$1,102,833	10.37%

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 one category in Retail Trade when compared to last year. There was also growth in six of the other significant categories when compared to last year. Overall total use taxes were up by \$611,143 or 33.97% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 254,536	\$ 261,076	\$ 6,540	2.57%
Electronics	29,243	40,263	11,020	37.68%
Building Material and Garden Equipment and Supplies Dealers	42,171	48,076	5,904	14.00%
Clothing and Clothing Accessories Stores	61,850	73,441	11,591	18.74%
Sporting Goods	34,974	43,834	8,860	25.33%
General Merchandise Stores	48,217	49,930	1,713	3.55%
Miscellaneous Store Retailers	70,605	(1,882)	(72,487)	-102.66%
Nonstore Retailers	527,086	1,055,355	528,269	100.22%
Retail Trade - Other	60,849	95,455	34,605	56.87%
Construction	28,678	23,659	(5,019)	-17.50%
Manufacturing	87,136	94,016	6,880	7.90%
Wholesale Trade	216,683	255,787	39,104	18.05%
Information	76,870	100,691	23,821	30.99%
Real Estate and Rental and Leasing	90,751	60,029	(30,721)	-33.85%
Professional Services	52,398	97,071	44,673	85.26%
Other Services (Except Public Administration)	27,636	30,024	2,388	8.64%
Miscellaneous	89,645	83,646	(5,999)	-6.69%
Grand Total	\$1,799,328	\$2,410,471	\$611,143	33.97%