

# Memorandum

## City of Lawrence

### Finance Department

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

**FROM: Jeremy Willmoth, Finance Director**

**DATE: November 29, 2022**

**RE: November 2022 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 \$4,552,007. This is predominately from sales that occurred in September 2022. Of this amount, \$3,759,908 was from sales taxes and \$738,331 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$53,769 was from sales and use taxes within the three Transportation Development Districts (TDD).

#### November Sales and Use Tax

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

Sales and use tax for November 2022 compared to budget:

The City's sales taxes experienced a \$365,710 increase (15.87%).

The City's use taxes experienced a \$107,255 increase (27.02%).

The City's portion of the County's general sales and use tax experienced a \$663,032 increase (17.37%).

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

The City's sales taxes experienced a \$1,403,208 increase (5.55%).

The City's use taxes experienced a \$1,016,311 increase (23.35%).

The City's portion of the County's general sales and use tax experienced a \$862,602 increase (7.05%).

Year-to-date total sales and use tax revenues experienced a \$3,282,121 increase (7.84%) compared to the budget.

All Sales Taxes Collected	November Budget	November 2022	2022 Budget	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,305,000	\$ 2,670,710	\$ 25,269,000	\$ 26,672,208	\$ 1,403,208	5.55%
Use Taxes	397,000	504,255	4,353,000	5,369,311	1,016,311	23.35%
City portion of County Taxes	1,116,000	1,306,066	12,239,000	13,101,602	862,602	7.05%
All Sales Taxes Collected	\$ 3,818,000	\$ 4,481,032	\$ 41,861,000	\$ 45,143,121	\$ 3,282,121	7.84%
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,487,000	\$ 1,720,998	\$ 16,298,000	\$ 17,182,813	\$ 884,813	5.43%
City Use tax	258,000	325,326	2,829,000	3,464,072	635,072	22.45%
City Share County Sales Tax	938,000	1,071,991	10,293,000	10,620,775	327,775	3.18%
City Share County Use Tax	178,000	234,075	1,946,000	2,480,827	534,827	27.48%
Total General Fund Receipts	2,861,000	3,352,390	31,366,000	33,748,487	2,382,487	7.60%
Infrastructure Sales Tax	447,000	518,025	4,902,000	5,176,034	274,034	5.59%
Infrastructure Use Tax	75,000	97,598	827,000	1,039,222	212,222	25.66%
Total Capital Impr. Reserve Receipts	522,000	615,623	5,729,000	6,215,255	486,255	8.49%
Transit Sales Tax	297,000	345,350	3,260,000	3,450,689	190,689	5.85%
Transit Use Tax	52,000	65,065	566,000	692,814	126,814	22.41%
Total Transit Receipts	349,000	410,415	3,826,000	4,143,504	317,504	8.30%
Affordable Housing Sales Tax	74,000	86,337	809,000	862,672	53,672	6.63%
Affordable Housing Use Tax	12,000	16,266	131,000	173,204	42,204	32.22%
Total Affordable Housing Receipts	86,000	102,604	940,000	1,035,876	95,876	10.20%
Total Receipts*	\$ 3,818,000	\$ 4,481,032	\$ 41,861,000	\$ 45,143,121	\$ 3,282,121	7.84%

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

## Sales and Use Tax Trends Year to date

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

The City's sales taxes experienced a \$618,430 increase (29.96%).

The City's use taxes experienced a \$65,192 increase (14.85%).

The City's portion of the County's general sales and use tax experienced a \$1,039,676 increase (29.60%).

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

The City's sales taxes experienced a \$2,554,578 increase (10.53%).

The City's use taxes experienced a \$1,262,708 increase (30.75%).

The City's portion of the County's general sales and use tax experienced a \$1,463,311 increase (12.51%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$5,421,412 increase (13.40%) compared to the prior year.

All Sales Taxes Collected	November 2021	November 2022	2021 YTD Collected	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,064,110	\$ 2,682,540	\$ 24,252,990	\$ 26,807,568	\$ 2,554,578	10.53%
Use Taxes	439,063	504,255	4,106,603	5,369,311	1,262,708	30.75%
City portion of County Taxes	965,756	1,311,443	11,701,794	13,165,105	1,463,311	12.51%
Special District Taxes	43,402	53,769	391,177	531,992	140,815	36.00%
<b>All Sales Taxes Collected</b>	<b>\$ 3,512,331</b>	<b>\$ 4,552,007</b>	<b>\$ 40,452,564</b>	<b>\$ 45,873,976</b>	<b>\$ 5,421,412</b>	<b>13.40%</b>
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,322,197	\$ 1,720,998	\$ 15,561,010	\$ 17,182,813	\$ 1,621,802	10.42%
City Use tax	283,267	325,326	2,649,421	3,464,072	814,650	30.75%
City Share County Sales Tax	785,064	1,071,991	9,753,278	10,620,775	867,497	8.89%
City Share County Use Tax	175,362	234,075	1,899,712	2,480,827	581,114	30.59%
<b>Total General Fund Receipts</b>	<b>2,565,889</b>	<b>3,352,390</b>	<b>29,863,423</b>	<b>33,748,487</b>	<b>3,885,064</b>	<b>13.01%</b>
Infrastructure Sales Tax	398,606	518,025	4,685,878	5,176,034	490,155	10.46%
Infrastructure Use Tax	84,980	97,598	794,826	1,039,222	244,395	30.75%
<b>Total Capital Impr. Reserve Receipts</b>	<b>483,586</b>	<b>615,623</b>	<b>5,480,705</b>	<b>6,215,255</b>	<b>734,551</b>	<b>13.40%</b>
Transit Sales Tax	265,737	345,350	3,123,919	3,450,689	326,770	10.46%
Transit Use Tax	56,653	65,065	529,884	692,814	162,930	30.75%
<b>Total Transit Receipts</b>	<b>322,390</b>	<b>410,415</b>	<b>3,653,803</b>	<b>4,143,504</b>	<b>489,700</b>	<b>13.40%</b>
Affordable Housing Sales Tax	66,434	86,337	780,980	862,672	81,693	10.46%
Affordable Housing Use Tax	14,163	16,266	132,471	173,204	40,733	30.75%
<b>Total Affordable Housing Receipts</b>	<b>80,598</b>	<b>102,604</b>	<b>913,451</b>	<b>1,035,876</b>	<b>122,425</b>	<b>13.40%</b>
Free State TDD	33,915	44,096	304,809	419,184	114,375	37.52%
Oread TDD	6,489	5,752	58,584	70,634	12,049	20.57%
Oread TIF City Share	6,489	5,752	58,584	70,634	12,049	20.57%
Oread TIF City Share of County	3,704	3,251	33,412	40,028	6,616	19.80%
<b>Total Oread Receipts**</b>	<b>16,683</b>	<b>14,754</b>	<b>150,581</b>	<b>181,295</b>	<b>30,714</b>	<b>20.40%</b>
9th NH South TDD	2,998	3,921	27,784	42,175	14,391	51.80%
9th NH South TIF City Share	4,647	6,078	42,618	64,726	22,108	51.88%
9th NH South TIF City Share of Co	1,626	2,127	15,392	23,475	8,084	52.52%
<b>Total 9th NH South Receipts</b>	<b>9,271</b>	<b>12,126</b>	<b>85,793</b>	<b>130,376</b>	<b>44,583</b>	<b>51.97%</b>
<b>Total Special Districts</b>	<b>59,868</b>	<b>70,976</b>	<b>541,183</b>	<b>730,855</b>	<b>189,672</b>	<b>35.05%</b>
<b>Total Receipts</b>	<b>\$ 3,512,331</b>	<b>\$ 4,552,007</b>	<b>\$ 40,452,564</b>	<b>\$ 45,873,976</b>	<b>\$ 5,421,412</b>	<b>13.40%</b>

\*\*Oread distributions are currently under review.

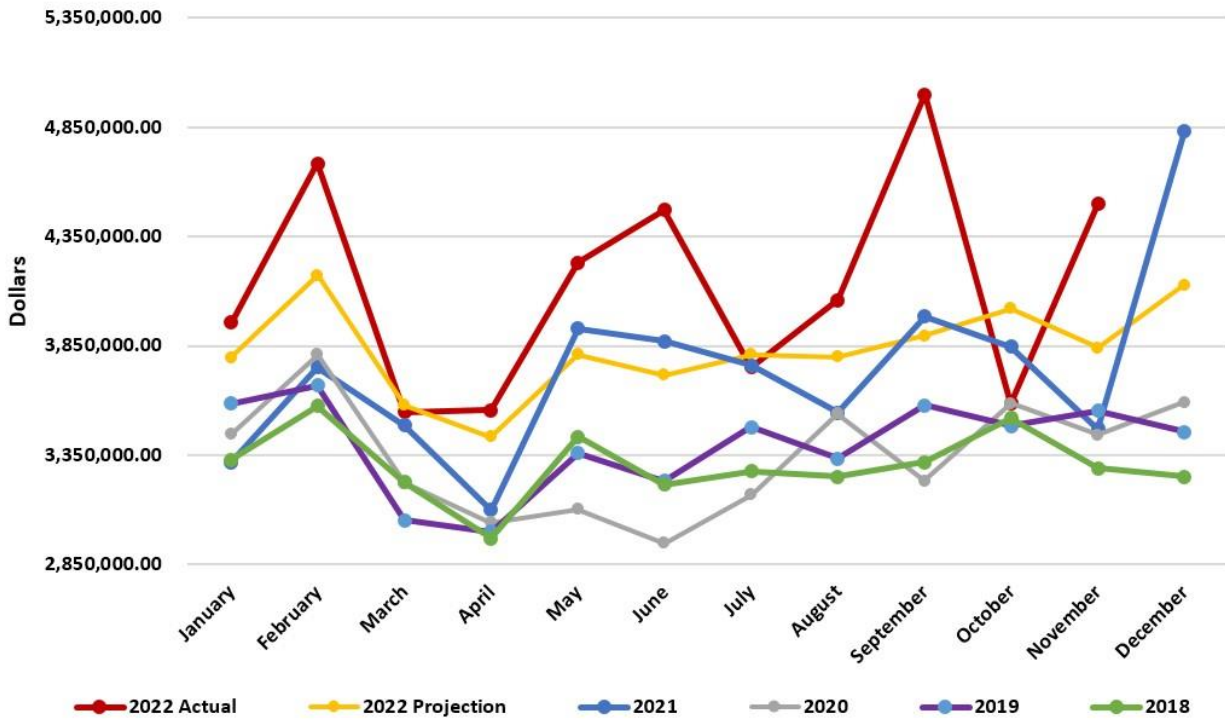
Given the City's reliance on sales tax, and the significant impact that COVID-19 has had on sales in the City, we felt a little deeper analysis of where we are in relation to where we have been, and where we believe we are headed would be beneficial.

This chart has been modified to include FY'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 7.84%.

As the chart illustrates for November:

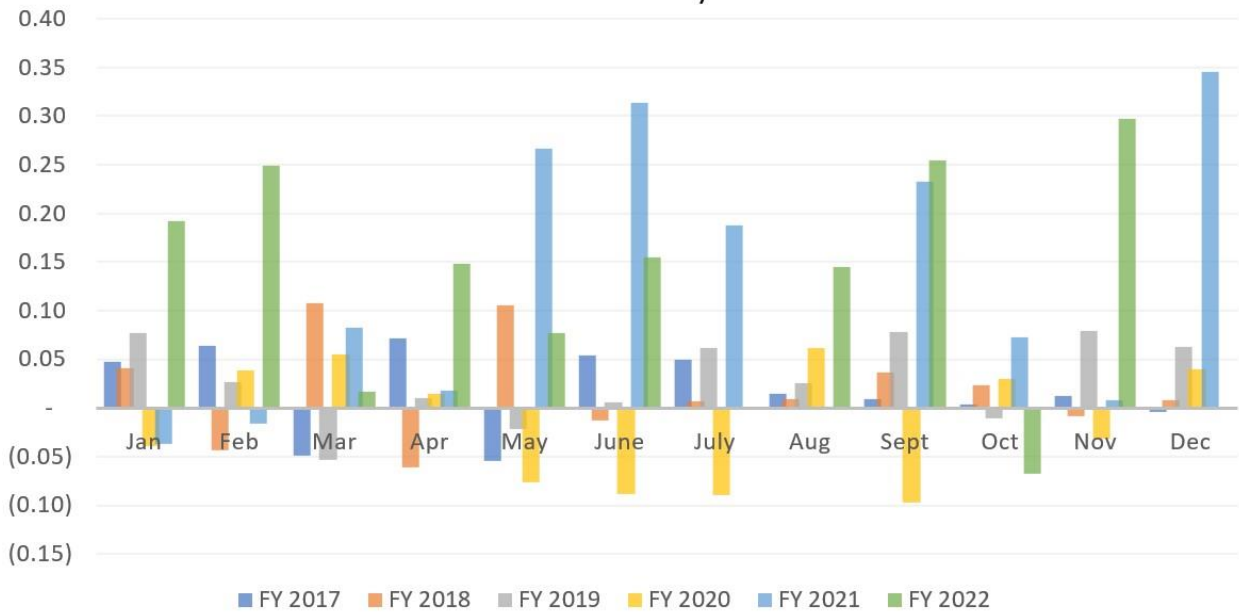
- FY 2020 collections were \$36.54 million.
- FY 2021 collections were \$40.06 million. 9.64% growth over the prior year.
- FY 2022 collections are \$45.34 million. 13.18% growth over the prior year.

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



This chart shows month over month change for FY's 2017-2021, and our actual results for FY 2022.

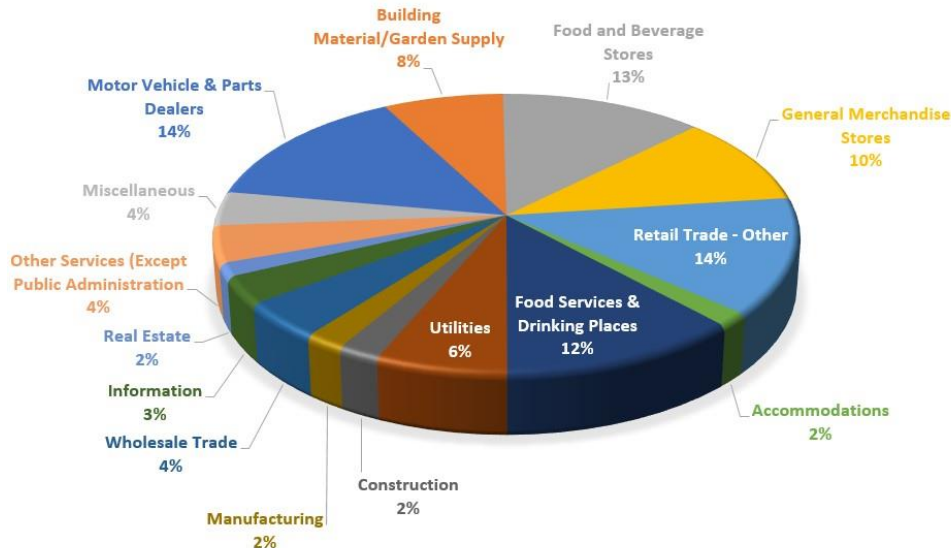
### A comparison of year over year change in sales tax collections by month



## 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 NOVEMBER 2022



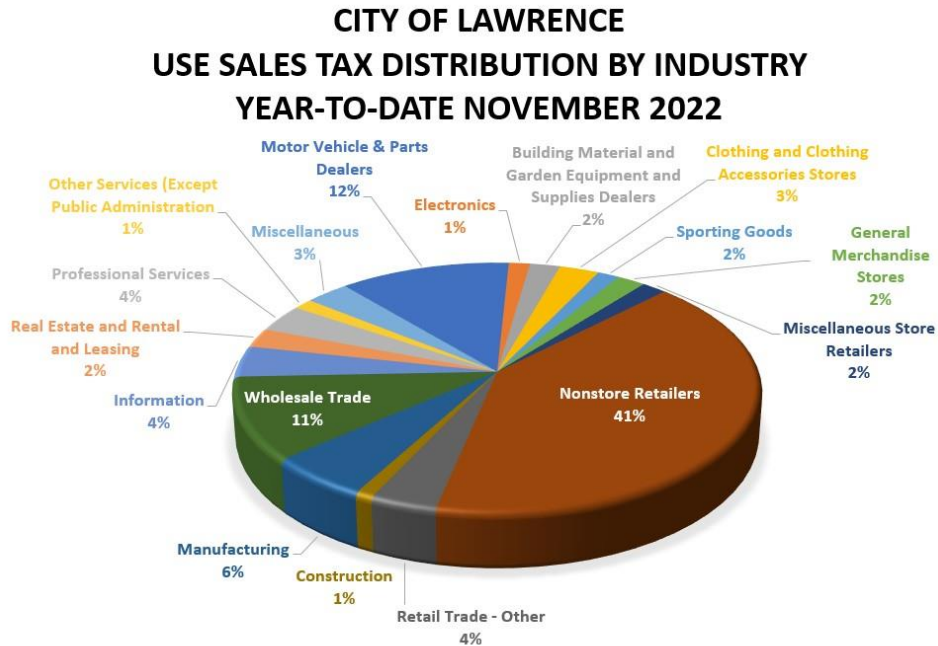
The following table is divided by the North American Industry Classification System (NAICS) sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth 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 \$2,554,578 or 10.53% when compared to last year.

Sales Tax

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 3,986,348	\$ 3,877,039	\$ (109,309)	-2.74%
Building Material/Garden Supply	1,950,454	2,022,129	71,675	3.67%
Food and Beverage Stores	3,187,216	3,434,862	247,646	7.77%
General Merchandise Stores	2,648,588	2,773,763	125,174	4.73%
Retail Trade - Other	3,343,842	3,628,008	284,166	8.50%
Accommodations	287,201	422,345	135,144	47.06%
Food Services & Drinking Places	2,804,089	3,192,066	387,977	13.84%
Utilities	1,489,833	1,742,342	252,509	16.95%
Construction	535,424	562,609	27,185	5.08%
Manufacturing	343,097	531,019	187,922	54.77%
Wholesale Trade	1,009,997	1,154,005	144,008	14.26%
Information	729,932	853,062	123,130	16.87%
Real Estate	345,159	413,991	68,832	19.94%
Other Services (Except Public Administ	820,797	1,146,018	325,221	39.62%
Miscellaneous	771,013	1,054,310	283,297	36.74%
<b>Grand Total</b>	<b>\$24,252,990</b>	<b>\$26,807,568</b>	<b>\$2,554,578</b>	<b>10.53%</b>

## Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 68% 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 five of the other significant categories when compared to last year. Overall total use taxes were up by \$1,262,708 or 30.75% when compared to last year.

Use Tax

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 638,391	\$ 639,685	\$ 1,294	0.20%
Electronics	65,636	78,911	13,275	20.23%
Building Material and Garden Equipm	90,701	113,140	22,439	24.74%
Clothing and Clothing Accessories Stor	130,440	148,171	17,732	13.59%
Sporting Goods	69,037	81,662	12,624	18.29%
General Merchandise Stores	97,757	105,954	8,198	8.39%
Miscellaneous Store Retailers	151,457	93,547	(57,910)	-38.24%
Nonstore Retailers	1,321,234	2,198,048	876,814	66.36%
Retail Trade - Other	164,577	199,262	34,685	21.08%
Construction	52,461	52,403	(58)	-0.11%
Manufacturing	189,575	302,374	112,799	59.50%
Wholesale Trade	442,102	576,246	134,144	30.34%
Information	171,276	215,408	44,131	25.77%
Real Estate and Rental and Leasing	142,731	133,745	(8,986)	-6.30%
Professional Services	132,053	191,018	58,964	44.65%
Other Services (Except Public Administ	62,941	73,668	10,727	17.04%
Miscellaneous	184,233	166,070	(18,163)	-9.86%
<b>Grand Total</b>	<b>\$4,106,603</b>	<b>\$5,369,311</b>	<b>\$1,262,708</b>	<b>30.75%</b>

# 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.

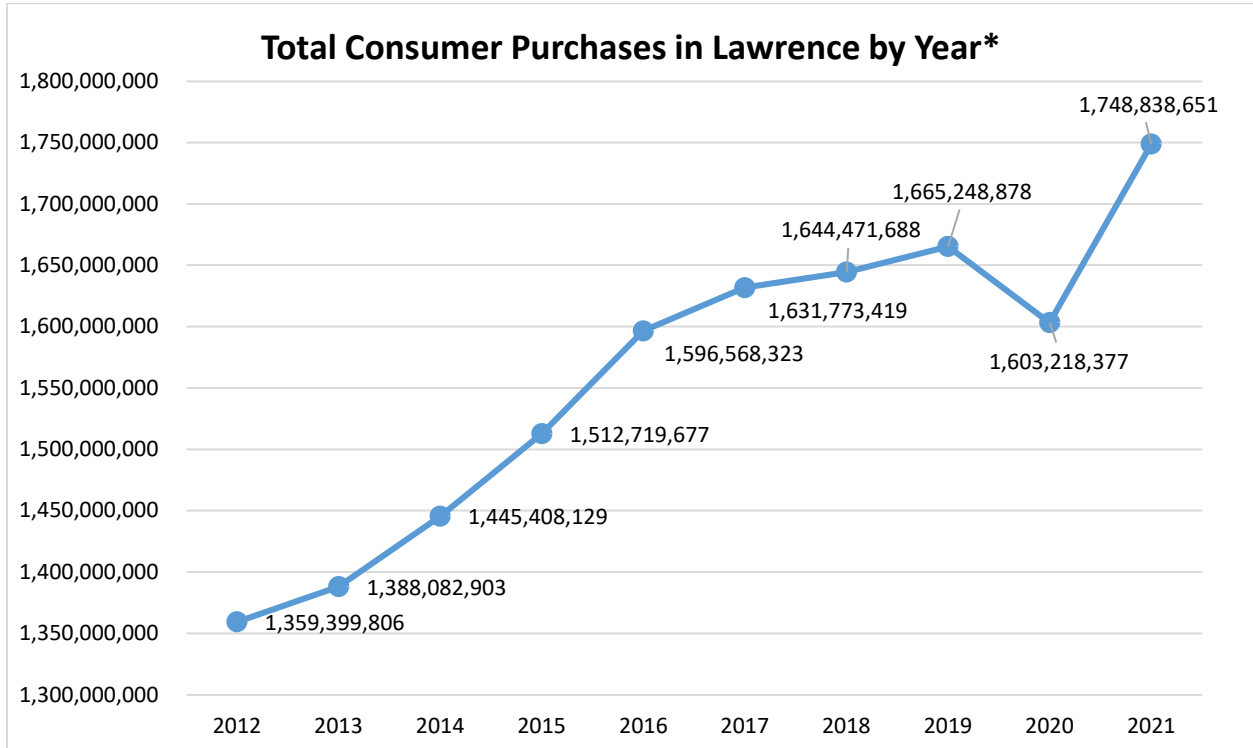
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

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

Retailers collect sales tax at the time of sale. Retailers remit sales tax collections to the State on the 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

COURTNEY SHANKS  
 PO BOX 708  
 LAWRENCE, KS 66044-0708

**November 23, 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 11/30/2022. The details are as follows:

Detail Description	County	Amount
<b>Nov 2022 Sales Tax</b>		
City Tax File	Douglas	2,682,540.14
City Share From County Tax	Douglas	1,077,367.66
<b>Total for Nov 2022 Sales Tax:</b>		<b>\$3,759,907.80</b>
<b>Nov 2022 Compensating Use Tax</b>		
City Tax File	Douglas	504,255.25
City Share From County Tax	Douglas	234,075.46
<b>Total for Nov 2022 Compensating Use Tax:</b>		<b>\$738,330.71</b>
<b>Nov 2022 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	44,095.53
Lawrence 2 Transportation	Douglas	5,751.73
Lawrence 9thnh Transport	Douglas	3,921.36
<b>Total for Nov 2022 Transportation Dev Dist Tax:</b>		<b>\$53,768.62</b>
<b>Grand Total Amount:</b>		<b>\$4,552,007.13</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