

# Memorandum

## City of Lawrence

### Finance Department

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

**FROM: Jeremy Willmoth, Finance Director**

**DATE: October 28, 2022**

**RE: October 2022 Sales and Use Tax Report**

The City received its October sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,697,317. This is predominately from sales that occurred in August 2022. Of this amount, \$3,180,679 was from sales taxes and \$406,759 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$109,880 was from sales and use taxes within the three Transportation Development Districts (TDD).

### October Sales and Use Tax

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

Sales and use tax for October 2022 compared to budget:

The City's sales taxes experienced a \$119,419 decrease (-4.94%).

The City's use taxes experienced a \$134,820 decrease (-32.41%).

The City's portion of the County's general sales and use tax experienced a \$429,401 decrease (-10.73%).

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

The City's sales taxes experienced a \$1,037,498 increase (4.52%).

The City's use taxes experienced a \$909,056 increase (22.98%).

The City's portion of the County's general sales and use tax experienced a \$673,536 increase (6.06%).

Year-to-date total sales and use tax revenues experienced a \$2,620,090 increase (6.89%) compared to the budget.

All Sales Taxes Collected	October Budget	October 2022	2022 Budget	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,416,000	\$ 2,296,581	\$ 22,964,000	\$ 24,001,498	\$ 1,037,498	4.52%
Use Taxes	416,000	281,180	3,956,000	4,865,056	909,056	22.98%
City portion of County Taxes	1,170,000	994,838	11,122,000	11,795,536	673,536	6.06%
All Sales Taxes Collected	\$ 4,002,000	\$ 3,572,599	\$ 38,042,000	\$ 40,662,090	\$ 2,620,090	6.89%
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,558,000	\$ 1,479,819	\$ 14,812,000	\$ 15,461,815	\$ 649,815	4.39%
City Use tax	271,000	181,406	2,571,000	3,138,746	567,746	22.08%
City Share County Sales Tax	984,000	869,259	9,353,000	9,548,785	195,785	2.09%
City Share County Use Tax	186,000	125,579	1,769,000	2,246,751	477,751	27.01%
Total General Fund Receipts	2,999,000	2,656,063	28,505,000	30,396,097	1,891,097	6.63%
Infrastructure Sales Tax	469,000	445,507	4,455,000	4,658,009	203,009	4.56%
Infrastructure Use Tax	79,000	54,422	752,000	941,624	189,624	25.22%
Total Capital Impr. Reserve Receipts	548,000	499,929	5,207,000	5,599,633	392,633	7.54%
Transit Sales Tax	312,000	297,005	2,962,000	3,105,339	143,339	4.84%
Transit Use Tax	54,000	36,281	514,000	627,749	113,749	22.13%
Total Transit Receipts	366,000	333,286	3,476,000	3,733,088	257,088	7.40%
Affordable Housing Sales Tax	77,000	74,251	735,000	776,335	41,335	5.62%
Affordable Housing Use Tax	12,000	9,070	119,000	156,937	37,937	31.88%
Total Affordable Housing Receipts	89,000	83,321	854,000	933,272	79,272	9.28%
Total Receipts*	\$ 4,002,000	\$ 3,572,599	\$ 38,042,000	\$ 40,662,090	\$ 2,620,090	6.89%

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

## Sales and Use Tax Trends Year to date

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

The City's sales taxes experienced a \$56,004 increase (2.49%).

The City's use taxes experienced a \$154,220 decrease (-35.42%).

The City's portion of the County's general sales and use tax experienced a \$182,191 decrease (-4.70%).

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

The City's sales taxes experienced a \$1,936,148 increase (8.73%).

The City's use taxes experienced a \$1,197,516 increase (32.65%).

The City's portion of the County's general sales and use tax experienced a \$1,117,623 increase (10.41%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$4,381,736 increase (11.86%) compared to the prior year.

All Sales Taxes Collected	October 2021	October 2022	2021 YTD Collected	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,250,740	\$ 2,306,744	\$ 22,188,879	\$ 24,125,027	\$ 1,936,148	8.73%
Use Taxes	435,400	281,180	3,667,540	4,865,056	1,197,516	32.65%
City portion of County Taxes	1,160,226	999,514	10,736,038	11,853,662	1,117,623	10.41%
Special District Taxes	33,142	109,880	347,775	478,224	130,448	37.51%
<b>All Sales Taxes Collected</b>	<b>\$ 3,879,508</b>	<b>\$ 3,697,317</b>	<b>\$ 36,940,233</b>	<b>\$ 41,321,969</b>	<b>\$ 4,381,736</b>	<b>11.86%</b>
<b>Sales Tax by Category</b>						
City Sales tax	\$ 1,441,948	\$ 1,479,819	\$ 14,238,814	\$ 15,461,815	\$ 1,223,001	8.59%
City Use tax	280,903	181,406	2,366,155	3,138,746	772,591	32.65%
City Share County Sales Tax	947,303	869,259	8,968,215	9,548,785	580,570	6.47%
City Share County Use Tax	207,246	125,579	1,724,351	2,246,751	522,401	30.30%
Total General Fund Receipts	2,877,400	2,656,063	27,297,534	30,396,097	3,098,563	11.35%
Infrastructure Sales Tax	434,444	445,507	4,287,273	4,658,009	370,736	8.65%
Infrastructure Use Tax	84,271	54,422	709,846	941,624	231,777	32.65%
Total Capital Impr. Reserve Receipts	518,715	499,929	4,997,119	5,599,633	602,514	12.06%
Transit Sales Tax	289,630	297,005	2,858,182	3,105,339	247,158	8.65%
Transit Use Tax	56,181	36,281	473,231	627,749	154,518	32.65%
Total Transit Receipts	345,810	333,286	3,331,413	3,733,088	401,676	12.06%
Affordable Housing Sales Tax	72,407	74,251	714,545	776,335	61,789	8.65%
Affordable Housing Use Tax	14,045	9,070	118,308	156,937	38,630	32.65%
Total Affordable Housing Receipts	86,453	83,321	832,853	933,272	100,419	12.06%
Free State TDD	22,999	101,477	270,894	375,088	104,194	38.46%
Oread TDD	6,200	5,204	52,095	64,882	12,787	24.55%
Oread TIF City Share	6,200	5,204	52,095	64,882	12,787	24.55%
Oread TIF City Share of County	3,539	2,941	29,708	36,777	7,070	23.80%
Total Oread Receipts**	15,940	13,350	133,898	166,541	32,643	24.38%
9th NH South TDD	3,942	3,199	24,786	38,253	13,468	54.34%
9th NH South TIF City Share	6,111	4,958	37,971	58,648	20,677	54.45%
9th NH South TIF City Share of Co	2,138	1,735	13,766	21,349	7,583	55.08%
Total 9th NH South Receipts	12,191	9,892	76,522	118,250	41,727	54.53%
Total Special Districts	51,130	124,718	481,315	659,879	178,565	37.10%
<b>Total Receipts</b>	<b>\$ 3,879,508</b>	<b>\$ 3,697,317</b>	<b>\$ 36,940,233</b>	<b>\$ 41,321,969</b>	<b>\$ 4,381,736</b>	<b>11.86%</b>

\*\*Oread distributions are currently under review.

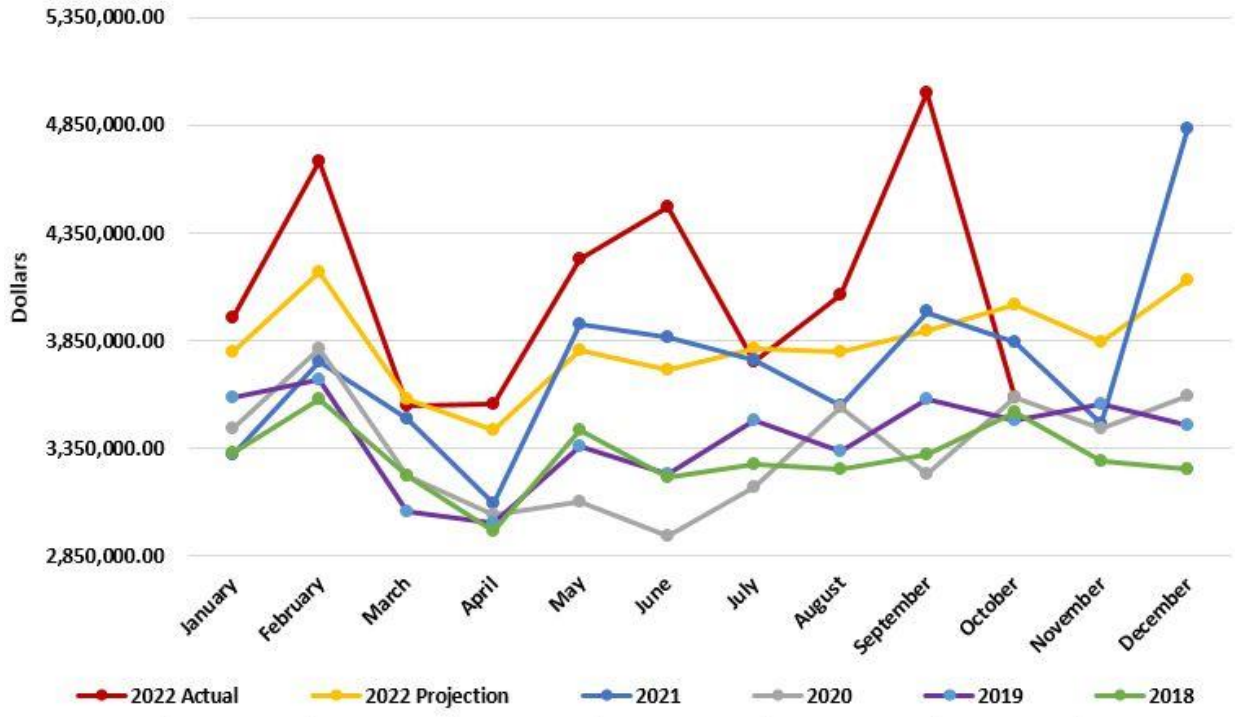
Given the City's reliance on sales tax, and the significant impact that COVID-19 has had on sales in the City, we felt a little deeper analysis of where we are in relation to where we have been, and where we believe we are headed would be beneficial.

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 6.89%.

As the chart illustrates for October:

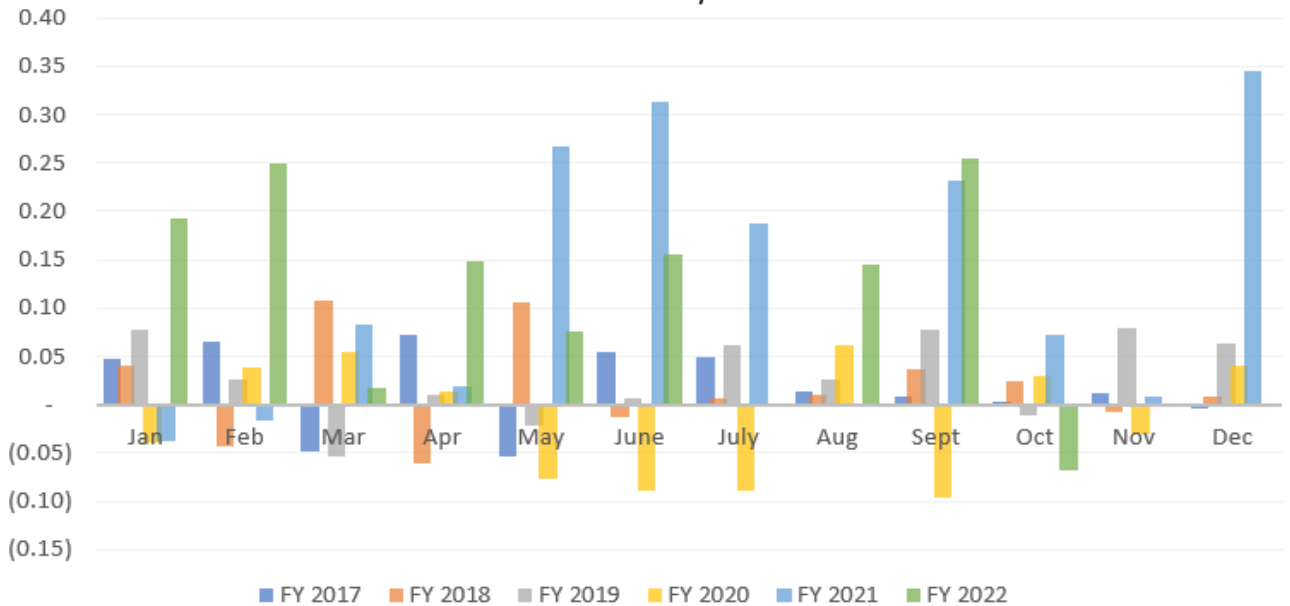
- FY 2020 collections were \$33.10 million.
- FY 2021 collections were \$36.59 million. 10.56% growth over the prior year.
- FY 2022 collections are \$40.84 million. 11.62% growth over the prior year.

### 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.

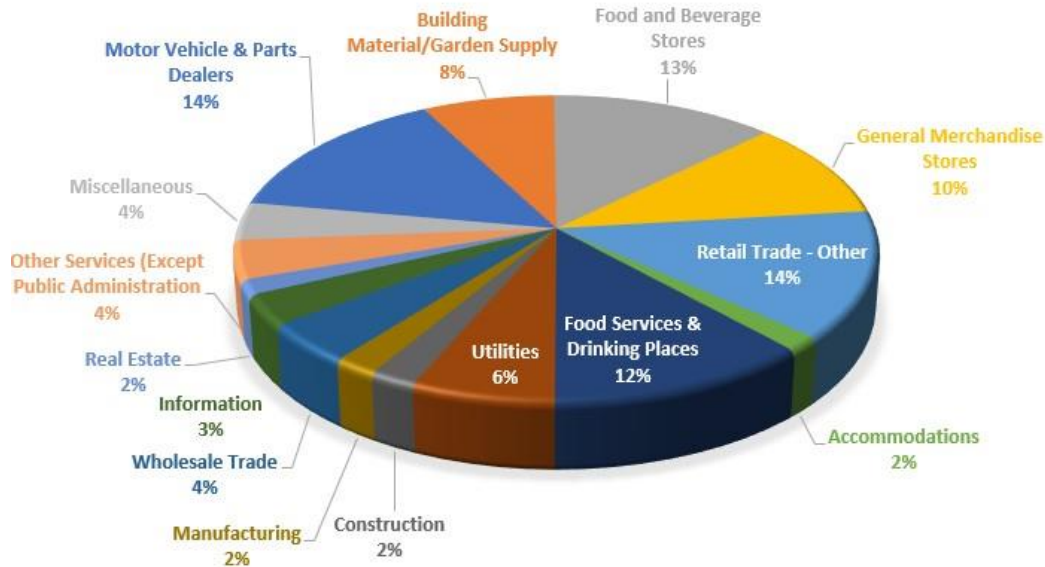
### A comparison of year over year change in sales tax collections by month



## 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 OCTOBER 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 \$1,936,148 or 8.73% when compared to last year.

#### Sales Tax

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 3,696,901	\$ 3,500,309	\$ (196,592)	-5.32%
Building Material/Garden Supply	1,805,663	1,827,154	21,492	1.19%
Food and Beverage Stores	2,935,478	3,108,274	172,796	5.89%
General Merchandise Stores	2,393,342	2,507,080	113,739	4.75%
Retail Trade - Other	3,053,045	3,261,041	207,996	6.81%
Accommodations	260,636	373,737	113,100	43.39%
Food Services & Drinking Places	2,592,612	2,863,237	270,625	10.44%
Utilities	1,314,431	1,556,435	242,003	18.41%
Construction	470,861	505,910	35,049	7.44%
Manufacturing	318,450	474,616	156,166	49.04%
Wholesale Trade	939,566	1,041,900	102,334	10.89%
Information	655,940	775,727	119,787	18.26%
Real Estate	320,842	375,040	54,198	16.89%
Other Services (Except Public Administration)	726,941	991,890	264,949	36.45%
Miscellaneous	704,170	962,678	258,507	36.71%
<b>Grand Total</b>	<b>\$22,188,879</b>	<b>\$24,125,027</b>	<b>\$1,936,148</b>	<b>8.73%</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).

### CITY OF LAWRENCE USE SALES TAX DISTRIBUTION BY INDUSTRY YEAR-TO-DATE OCTOBER 2022



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 seven of the other significant categories when compared to last year. Overall total use taxes were up by \$1,197,516 or 32.65% when compared to last year.

Use Tax

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 576,151	\$ 576,572	\$ 421	0.07%
Electronics	59,754	72,671	12,917	21.62%
Building Material and Garden Equipment and Supplies Dealers	83,350	105,397	22,047	26.45%
Clothing and Clothing Accessories Stores	116,599	132,391	15,792	13.54%
Sporting Goods	63,149	75,056	11,907	18.86%
General Merchandise Stores	88,956	97,986	9,030	10.15%
Miscellaneous Store Retailers	139,396	76,363	(63,033)	-45.22%
Nonstore Retailers	1,140,193	1,995,947	855,754	75.05%
Retail Trade - Other	148,819	179,583	30,764	20.67%
Construction	47,934	49,728	1,794	3.74%
Manufacturing	170,792	276,481	105,688	61.88%
Wholesale Trade	401,594	492,173	90,579	22.55%
Information	156,551	194,738	38,187	24.39%
Real Estate and Rental and Leasing	130,687	122,341	(8,346)	-6.39%
Professional Services	118,045	168,336	50,291	42.60%
Other Services (Except Public Administration)	55,130	66,207	11,077	20.09%
Miscellaneous	170,439	183,088	12,648	7.42%
<b>Grand Total</b>	<b>\$3,667,540</b>	<b>\$4,865,056</b>	<b>\$1,197,516</b>	<b>32.65%</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.

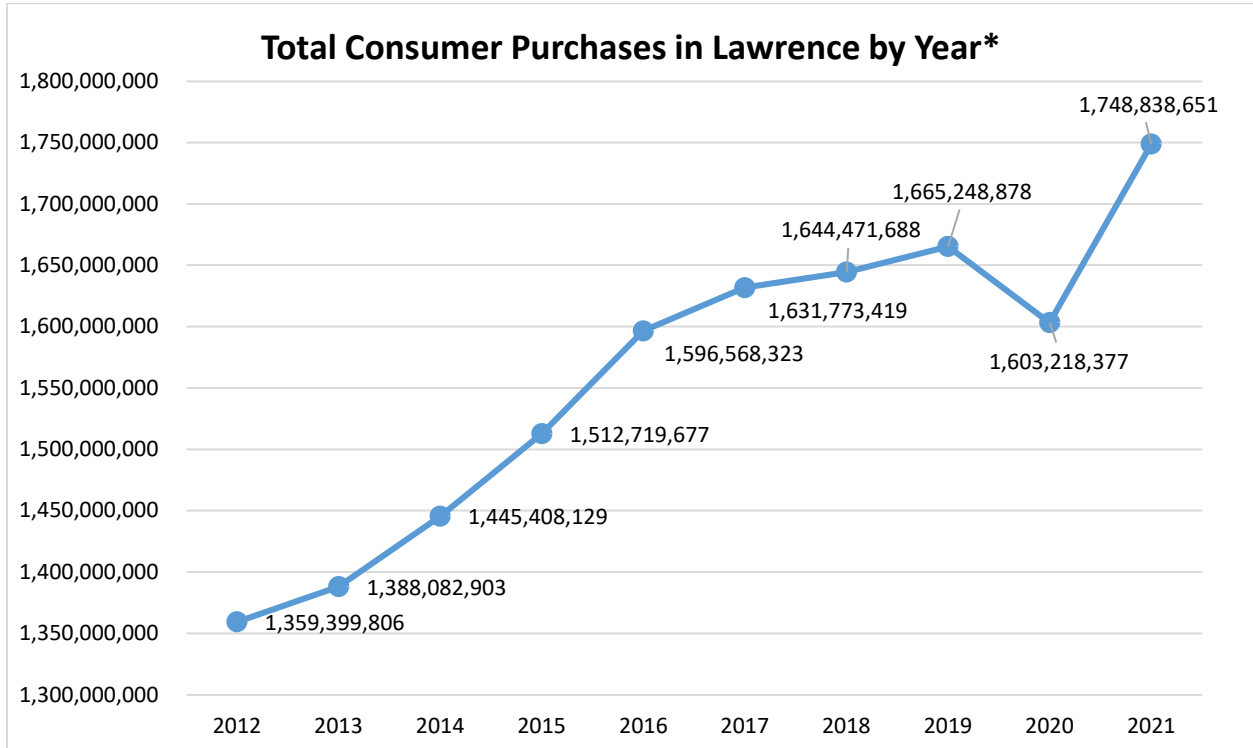
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

#### **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

**RYLIE BERTELS**  
 P O BOX 708  
 LAWRENCE, KS 66044-0708

**October 26, 2022**

Dear Ms. Bertels,

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 10/31/2022. The details are as follows:

Detail Description	County	Amount
<b>Oct 2022 Compensating Use Tax</b>		
City Tax File	Douglas	281,179.71
City Share From County Tax	Douglas	125,578.84
<b>Total for Oct 2022 Compensating Use Tax:</b>		<b>\$406,758.55</b>
<b>Oct 2022 Sales Tax</b>		
City Tax File	Douglas	2,306,743.91
City Share From County Tax	Douglas	873,935.18
<b>Total for Oct 2022 Sales Tax:</b>		<b>\$3,180,679.09</b>
<b>Oct 2022 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	101,476.53
Lawrence 2 Transportation	Douglas	5,204.26
Lawrence 9thnh Transport	Douglas	3,198.96
<b>Total for Oct 2022 Transportation Dev Dist Tax:</b>		<b>\$109,879.75</b>
<b>Grand Total Amount:</b>		<b>\$3,697,317.39</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