

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: May 2, 2023

RE: April 2023 Sales and Use Tax Report

The City received its April sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$4,031,149. This is predominately from sales that occurred in February 2023. Of this amount, \$3,343,822 was from sales taxes and \$656,372 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$30,954 was from sales and use taxes within the three Transportation Development Districts (TDD).

April Sales and Use Tax

Sales and Use Tax Budget Comparison (excluding special districts)

Sales and use tax for April 2023 compared to budget:

The City's sales taxes experienced a \$302,668 increase (14.53%).

The City's use taxes experienced a \$102,333 increase (25.56%).

The City's portion of the County's general sales and use tax experienced a \$140,490 increase (13.92%).

Sales and use tax for Jan. – April 2023 compared to budget:

The City's sales taxes experienced a \$1,042,370 increase (11.52%).

The City's use taxes experienced a \$595,615 increase (38.20%).

The City's portion of the County's general sales and use tax experienced a \$637,670 increase (14.55%).

Year-to-date total sales and use tax revenues experienced a \$2,275,655 increase (15.18%) compared to the budget.

All Sales Taxes Collected	April Budget	April 2023	2023 Budget	2023 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,083,000	\$ 2,385,668	\$ 9,052,000	\$ 10,094,370	\$ 1,042,370	11.52%
Use Taxes	359,000	450,756	1,559,000	2,154,615	595,615	38.20%
City portion of County Taxes	1,009,000	1,149,490	4,384,000	5,021,670	637,670	14.55%
All Sales Taxes Collected	\$ 3,451,000	\$ 3,985,914	\$ 14,995,000	\$ 17,270,655	\$ 2,275,655	15.18%
Sales Tax by Category						
City Sales tax	\$ 1,343,000	\$ 1,537,701	\$ 5,838,000	\$ 6,504,780	\$ 666,780	11.42%
City Use tax	233,000	290,810	1,013,000	1,390,074	377,074	37.22%
City Share County Sales Tax	849,000	943,874	3,688,000	4,021,127	333,127	9.03%
City Share County Use Tax	160,000	205,616	696,000	1,000,544	304,544	43.76%
Total General Fund Receipts	2,585,000	2,978,002	11,235,000	12,916,524	1,681,524	14.97%
Infrastructure Sales Tax	404,000	462,527	1,756,000	1,957,958	201,958	11.50%
Infrastructure Use Tax	68,000	87,243	296,000	417,022	121,022	40.89%
Total Capital Impr. Reserve Receipts	472,000	549,770	2,052,000	2,374,980	322,980	15.74%
Transit Sales Tax	269,000	308,351	1,168,000	1,305,306	137,306	11.76%
Transit Use Tax	47,000	58,162	203,000	278,015	75,015	36.95%
Total Transit Receipts	316,000	366,513	1,371,000	1,583,320	212,320	15.49%
Affordable Housing Sales Tax	67,000	77,088	290,000	326,326	36,326	12.53%
Affordable Housing Use Tax	11,000	14,541	47,000	69,504	22,504	47.88%
Total Affordable Housing Receipts	78,000	91,628	337,000	395,830	58,830	17.46%
Total Receipts*	\$ 3,451,000	\$ 3,985,914	\$ 14,995,000	\$ 17,270,655	\$ 2,275,655	15.18%

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

Sales and Use Tax Trends Year to date

Sales and use tax for April 2023 compared to prior year:

The City's sales taxes experienced a \$354,703 increase (17.38%).

The City's use taxes experienced a \$33,884 decrease (-6.99%).

The City's portion of the County's general sales and use tax experienced a \$122,455 increase (11.87%).

Sales and use tax for Jan. - April 2023 compared to prior year:

The City's sales taxes experienced a \$897,291 increase (9.71%).

The City's use taxes experienced a \$238,712 increase (12.46%).

The City's portion of the County's general sales and use tax experienced a \$455,059 increase (9.92%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$1,607,491 increase (10.11%) compared to the prior year.

All Sales Taxes Collected	April 2022	April 2023	2022 YTD Collected	2023 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,040,816	\$ 2,395,518	\$ 9,240,680	\$ 10,137,972	\$ 897,291	9.71%
Use Taxes	484,640	450,756	1,915,903	2,154,615	238,712	12.46%
City portion of County Taxes	1,031,466	1,153,920	4,586,975	5,042,034	455,059	9.92%
Special District Taxes	35,191	30,954	153,334	169,763	16,429	10.71%
All Sales Taxes Collected	\$ 3,592,112	\$ 4,031,149	\$ 15,896,892	\$ 17,504,384	\$ 1,607,491	10.11%
Sales Tax by Category						
City Sales tax	\$ 1,306,428	\$ 1,537,701	\$ 5,920,781	\$ 6,504,780	\$ 583,999	9.86%
City Use tax	312,671	290,810	1,236,066	1,390,074	154,008	12.46%
City Share County Sales Tax	807,923	943,874	3,669,600	4,021,127	351,526	9.58%
City Share County Use Tax	217,728	205,616	894,094	1,000,544	106,449	11.91%
Total General Fund Receipts	2,644,749	2,978,002	11,720,542	12,916,524	1,195,982	10.20%
Infrastructure Sales Tax	393,831	462,527	1,784,317	1,957,958	173,641	9.73%
Infrastructure Use Tax	93,801	87,243	370,820	417,022	46,202	12.46%
Total Capital Impr. Reserve Receipts	487,632	549,770	2,155,137	2,374,980	219,843	10.20%
Transit Sales Tax	262,554	308,351	1,189,545	1,305,306	115,761	9.73%
Transit Use Tax	62,534	58,162	247,213	278,015	30,802	12.46%
Total Transit Receipts	325,088	366,513	1,436,758	1,583,320	146,562	10.20%
Affordable Housing Sales Tax	65,638	77,088	297,386	326,326	28,940	9.73%
Affordable Housing Use Tax	15,634	14,541	61,803	69,504	7,700	12.46%
Total Affordable Housing Receipts	81,272	91,628	359,189	395,830	36,641	10.20%
Free State TDD	24,964	23,160	112,386	133,917	21,530	19.16%
Oread TDD	6,341	4,056	26,943	21,747	(5,195)	-19.28%
Oread TIF City Share	6,341	4,056	26,943	21,747	(5,195)	-19.28%
Oread TIF City Share of County	3,601	2,299	15,300	12,330	(2,970)	-19.41%
Total Oread Receipts**	16,284	10,411	69,185	55,825	(13,360)	-19.31%
9th NH South TDD	3,886	3,739	14,005	14,099	94	0.67%
9th NH South TIF City Share	6,023	5,795	21,708	21,854	146	0.67%
9th NH South TIF City Share of Co	2,214	2,130	7,981	8,034	54	0.67%
Total 9th NH South Receipts	12,124	11,664	43,694	43,987	293	0.67%
Total Special Districts	53,371	45,235	225,266	233,729	8,463	3.76%
Total Receipts	\$ 3,592,112	\$ 4,031,149	\$ 15,896,892	\$ 17,504,384	\$ 1,607,491	10.11%

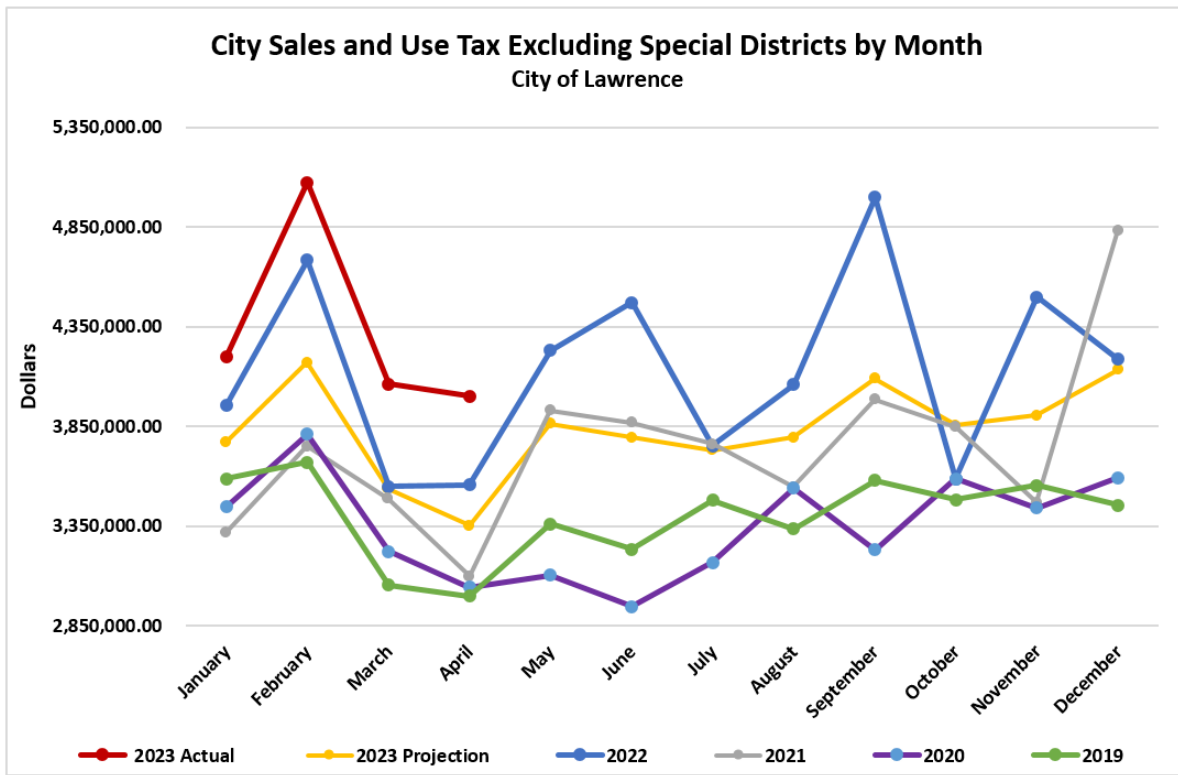
**Oread distributions are currently under review.

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.

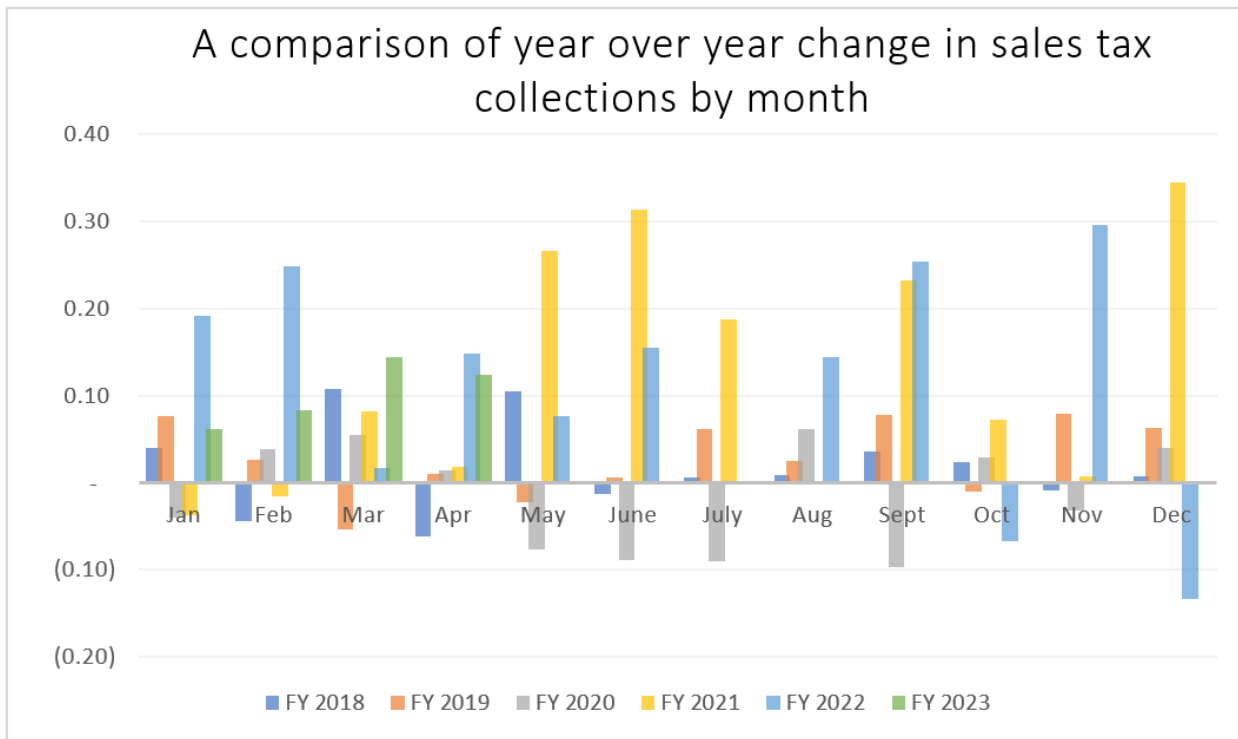
This chart has been modified to include FY's 2019-2022 and our actual results and current projection for FY 2023. As you can see from the chart, our sales and use tax is higher than we projected, by 15.18%.

As the chart illustrates for April:

- FY 2021 collections were \$13.65 million.
- FY 2022 collections were \$15.74 million. 15.30% growth over the prior year.
- FY 2023 collections are \$17.33 million. 10.11% growth over the prior year.



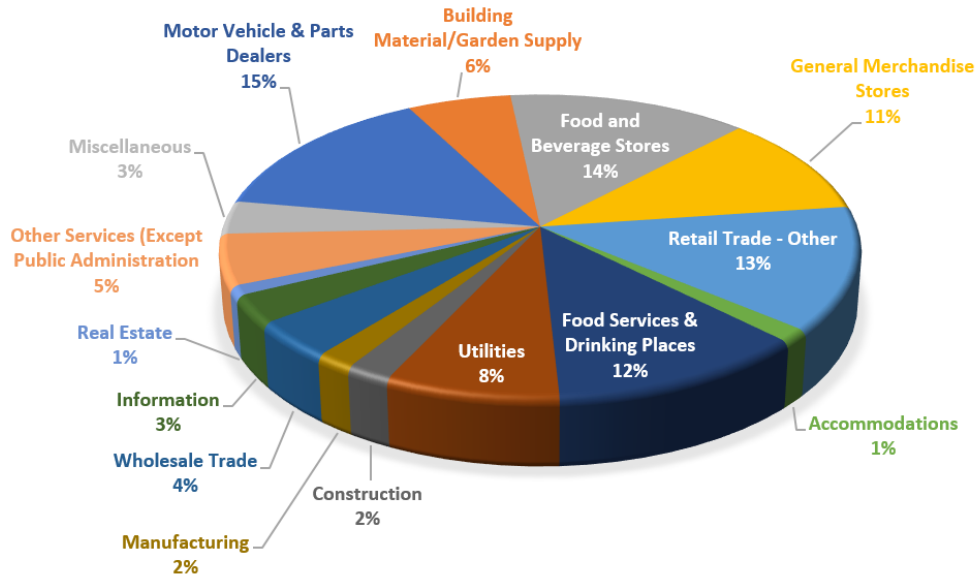
This chart shows month over month change for FY's 2018-2022, and our actual results for FY 2023.



Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 58% of all sales (Noted in the table below in blue).

CITY OF LAWRENCE RETAIL SALES TAX DISTRIBUTION BY INDUSTRY YEAR-TO-DATE APRIL 2023

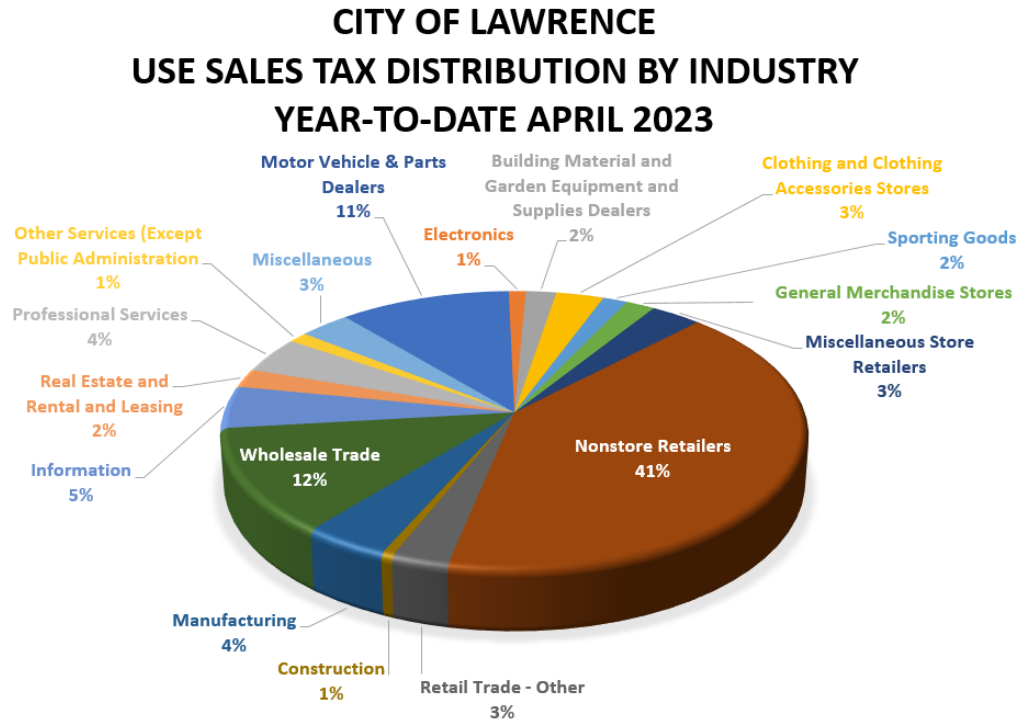


The following table is divided by the North American Industry Classification System (NAICS) sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in all but one significant category in Retail Trade compared to last year. There was also growth in eight of the other significant categories. Overall total sales were up by \$897,291 or 9.71% when compared to last year.

NAICS Industry Sector	2022	2023	FY23 vs. FY22	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 1,203,689	\$ 1,475,542	\$ 271,853	22.59%
Building Material/Garden Supply	634,523	604,510	(30,014)	-4.73%
Food and Beverage Stores	1,320,971	1,401,546	80,575	6.10%
General Merchandise Stores	985,968	1,085,174	99,206	10.06%
Retail Trade - Other	1,332,730	1,341,660	8,930	0.67%
Accommodations	122,864	137,721	14,857	12.09%
Food Services & Drinking Places	1,080,559	1,189,008	108,449	10.04%
Utilities	574,950	800,216	225,266	39.18%
Construction	187,454	208,295	20,841	11.12%
Manufacturing	135,837	177,194	41,357	30.45%
Wholesale Trade	386,485	403,260	16,775	4.34%
Information	313,724	304,167	(9,557)	-3.05%
Real Estate	132,048	102,669	(29,379)	-22.25%
Other Services (Except Public Administration)	474,583	549,150	74,567	15.71%
Miscellaneous	354,294	357,860	3,565	1.01%
Grand Total	\$ 9,240,680	\$ 10,137,972	\$ 897,291	9.71%

Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 67% 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 five categories 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 239,520 or 12.51% when compared to last year.

NAICS Industry Sector	2022	2023	FY23 vs. FY22	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 210,416	\$ 231,894	\$ 21,478	10.21%
Electronics	33,737	23,072	(10,665)	-31.61%
Building Material and Garden Equipment and Supplies Dealers	36,756	40,816	4,060	11.05%
Clothing and Clothing Accessories Stores	59,534	64,551	5,017	8.43%
Sporting Goods	37,026	33,124	(3,902)	-10.54%
General Merchandise Stores	41,633	39,407	(2,225)	-5.34%
Miscellaneous Store Retailers	(20,706)	69,021	89,727	-433.33%
Nonstore Retailers	868,165	884,630	16,465	1.90%
Retail Trade - Other	70,676	61,441	(9,235)	-13.07%
Construction	18,001	12,370	(5,632)	-31.28%
Manufacturing	70,430	91,207	20,777	29.50%
Wholesale Trade	198,095	264,810	66,715	33.68%
Information	79,486	105,641	26,154	32.90%
Real Estate and Rental and Leasing	49,735	46,896	(2,839)	-5.71%
Professional Services	74,761	89,872	15,110	20.21%
Other Services (Except Public Administration)	22,054	26,157	4,103	18.60%
Miscellaneous	65,296	69,706	4,410	6.75%
Grand Total	\$ 1,915,095	\$ 2,154,615	\$ 239,520	12.51%