

# Memorandum

## City of Lawrence

### Finance Department

**TO: Thomas Markus, City Manager**

**FROM: Bryan Kidney, Finance Director**

**Date: November 30, 2017**

**RE: November 2017 Sales and Use Tax Distribution**

The City received its October sales and use tax, along with its share of County sales and use tax distribution. Total received was \$3,352,196.32 of this amount, \$3,318,314.97 was from sales and use taxes city-wide. The remaining \$33,881.35 was from sales in the three Transportation Development Districts (TDD).

#### Sales and Use Tax Cycle

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. Retailers collect sales tax at the time of sale. Retailers remit sales tax collections to the State on the 25<sup>th</sup> day the month after collection. Smaller retailers may remit sales taxes quarterly on the 25<sup>th</sup> day after the quarter of collection.

Use taxes are, aside from some specific exceptions, 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.

Typically, the State remits both sales and use tax collections to the City during the last week of the following month. Therefore, the October distribution is based on retail sales which occurred on or before September 25, 2017.

#### November Sales and Use Tax Collections

Source	Tax Rate	2017 Budget	Current Month	Year-to- date Collected 91.7% of Year	% Collect
General	1.00%	\$17,963,000	\$1,525,793	\$16,499,510	91.9%
Infrastructure	0.30%	5,463,000	457,738	4,949,853	90.6%
Transit Op	0.20%	3,798,000	305,159	3,299,903	86.9%
Transit Exp	0.05%	944,000	76,289	824,975	87.4%
<b>Total City Sales and Use Tax</b>	<b>1.55%</b>	<b>28,168,000</b>	<b>2,364,979</b>	<b>25,574,241</b>	<b>90.8%</b>
<b>City Share County Sales Tax</b>		<b>11,246,000</b>	<b>953,335</b>	<b>10,233,419</b>	<b>91.0%</b>
<b>Total</b>		<b>\$39,414,000</b>	<b>\$3,318,314</b>	<b>\$35,807,660</b>	<b>90.9%</b>

The City has formed three separate Transportation Development Districts (TDD) and two Tax Increment Financing Districts (TIF). A TDD district has an additional sales tax added to retail sales that are located or goods received within the TDD. A TIF District is not an additional sales tax. Rather, increased sales since the establishment of the TIF district are captured for uses identified when established.

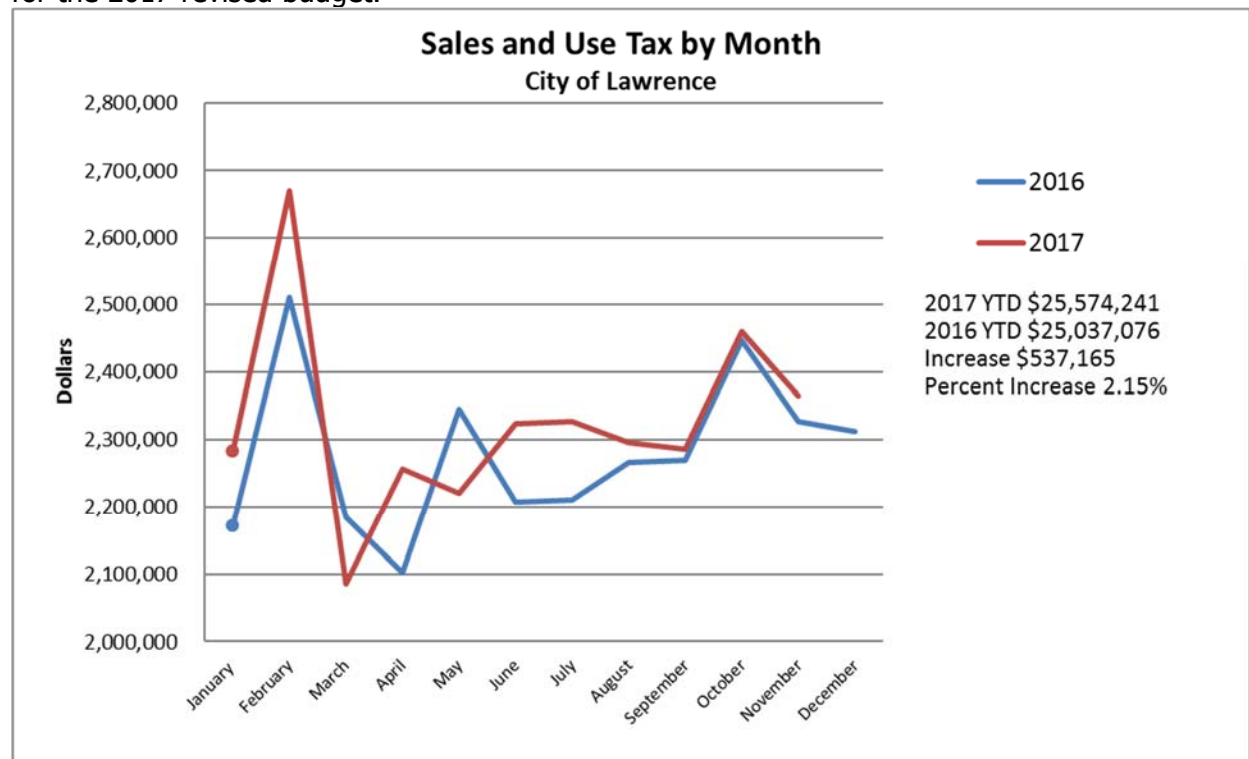
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

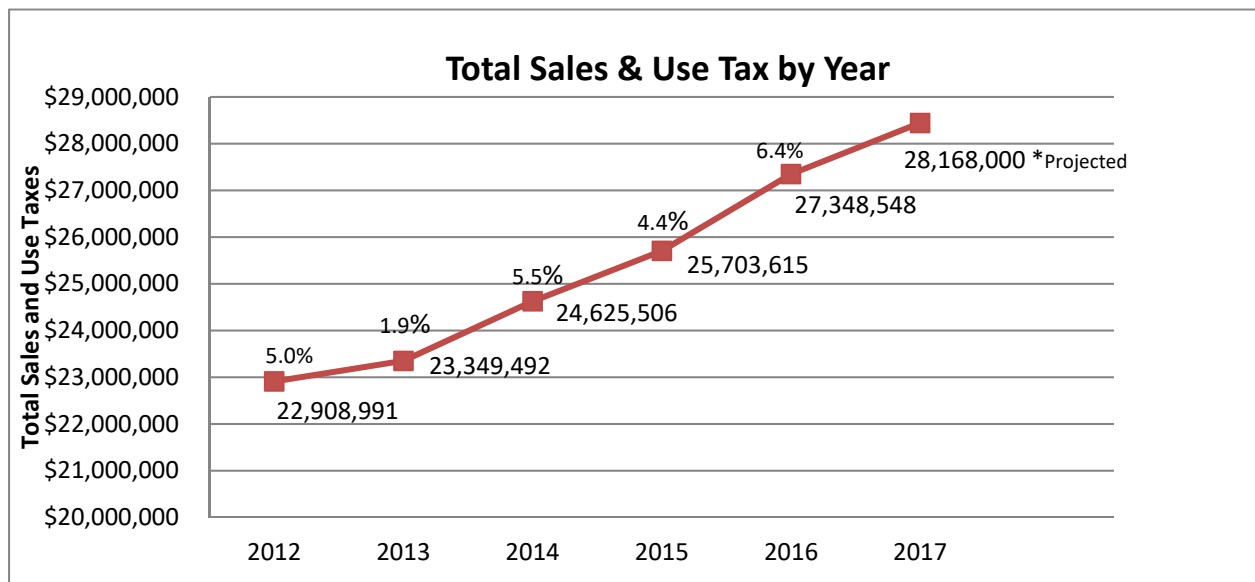
### October TIF and TDD Collections

Sources	Tax Rate	Current Month	Year-to-date Collected
Free State TDD	1.00%	\$21,200	\$216,182
Oread TDD	1.00%	8,529	79,386
9 <sup>th</sup> NH S. TDD	1.00%	4,152	46,419
Oread TIF	1.00%	8,529	79,386
9 <sup>th</sup> NH S. TIF	1.55%	6,436	46,419
<b>Total City TDD/TIF</b>		<b>\$48,846</b>	<b>\$493,323</b>
<b>City share of County TDD/TIF</b>		<b>7,210</b>	<b>71,441</b>
<b>Total</b>		<b>\$56,057</b>	<b>\$564,764</b>

### Sales Tax Trends

November 2017 sales tax receipts were \$37,510 (1.7%) above the same period in 2016. Collections are roughly 2.1% over 2016 levels and are currently the same as our 2.1% projection for the 2017 revised budget.





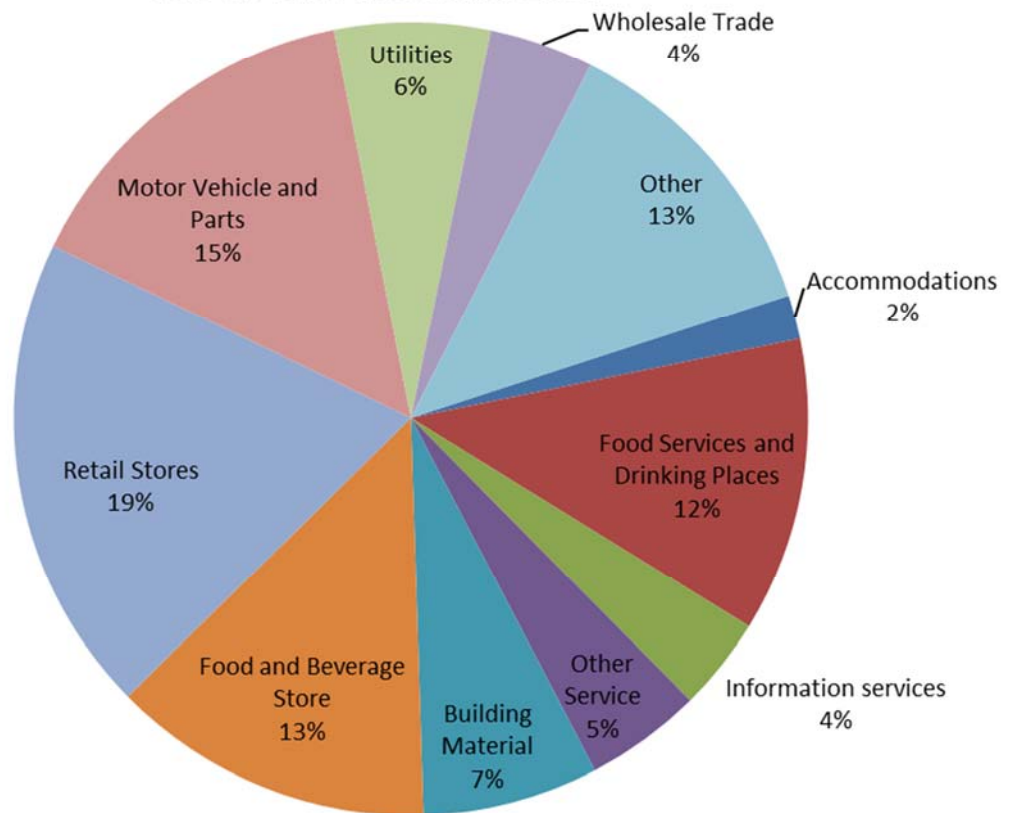
### Retail Sales Tax Distribution

Retail sales within the City are from a wide variety of retailers. The percentages of collection by industry type, shown below, do not vary materially from year to year, but do vary seasonally.

The increase in 2017 sales taxes year-to-date over 2016 is attributed to three key industries:

- 6% increase in motor vehicle and parts
- 5% increase in food services and drinking places
- 7 % increase in building material

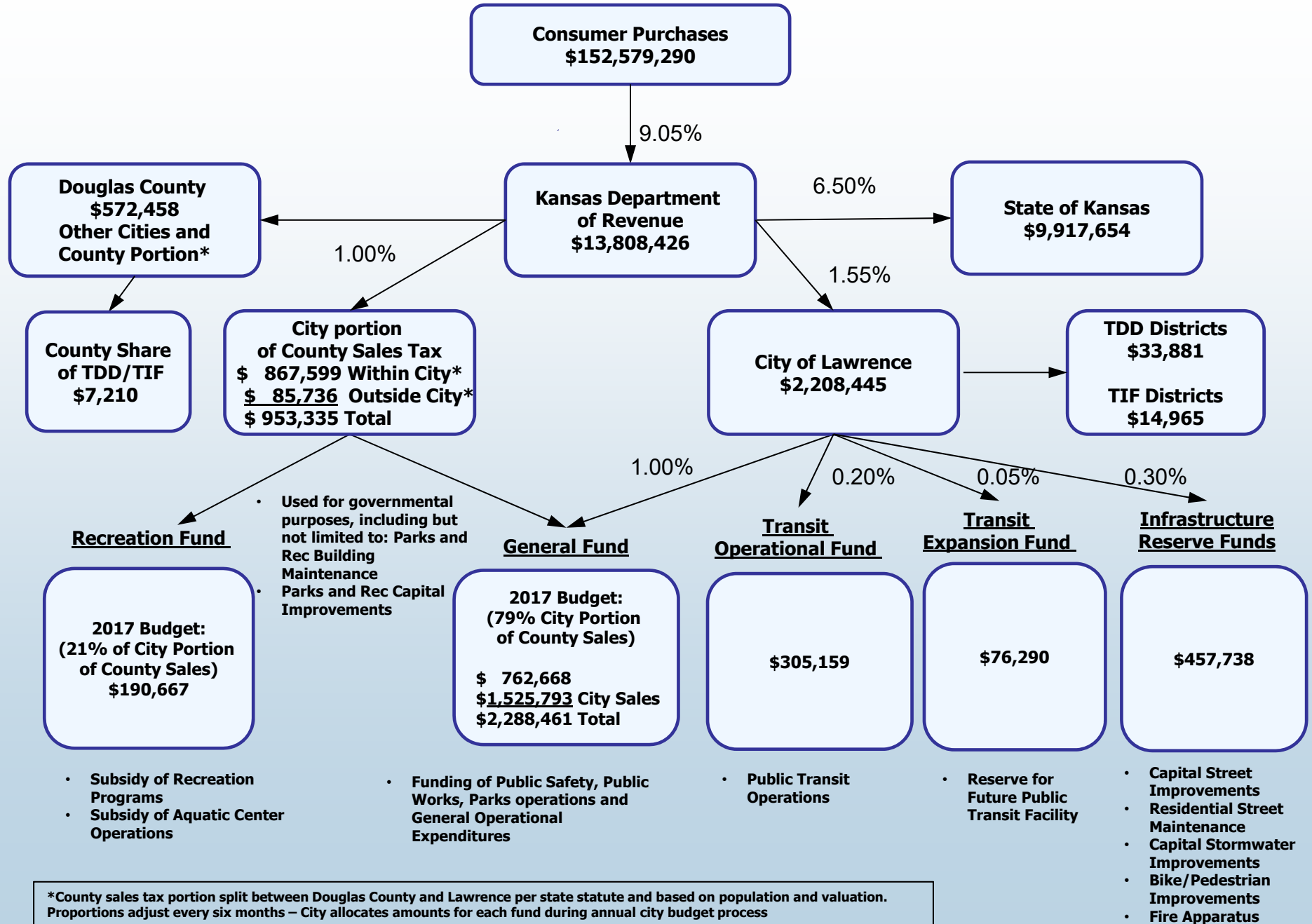
**City of Lawrence  
Retail Sales Tax Distribution  
By Industry Type  
Year-To-Date November 2017**



**Distribution of Sales Taxes within the City**

We have multiple funds where sales taxes are received. The following flowchart breaks down the September sales tax received and where the funds are used by the City:

# November 2017 Sales and Use Tax





STATE OF KANSAS  
**Jake LaTurner**  
TREASURER

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

TELEPHONE  
(785) 296-4151

BRYAN KIDNEY  
PO BOX 708  
LAWRENCE, KS 66044-0708

**November 22, 2017**

Dear Mr. Kidney

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 Lucinda at 785.296.4151 to add or modify email addresses for your notifications.

You will receive an EFT to settle 11/28/2017. The details are as follows:

Detail Description	County	Amount
<b>Nov 2017 Sales Tax</b>		
City Tax File	Douglas	2,165,294.87
City Share From County Tax	Douglas	862,567.11
<b>Total for Nov 2017 Sales Tax:</b>		<b>\$3,027,861.98</b>
<b>Nov 2017 Compensating Use Tax</b>		
City Tax File	Douglas	199,684.71
City Share From County Tax	Douglas	90,768.28
<b>Total for Nov 2017 Compensating Use Tax:</b>		<b>\$290,452.99</b>
<b>Nov 2017 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	21,200.28
Lawrence 2 Transportation	Douglas	8,528.92
Lawrence 9thnh Transport	Douglas	4,152.15
<b>Total for Nov 2017 Transportation Dev Dist Tax:</b>		<b>\$33,881.35</b>
<b>Grand Total Amount:</b>		<b>\$3,352,196.32</b>

Additional information can be found at <http://kansasstatetreasurer.com/prodweb/dist> or contact Lucinda Anstaett at 785.296.4151 or [lucinda@treasurer.state.ks.us](mailto:lucinda@treasurer.state.ks.us).

Sincerely,

Lucinda Anstaett  
Director Of Cash Management