

Memorandum

City of Lawrence

Finance Department

TO: Thomas Markus, City Manager

FROM: Bryan Kidney, Finance Director

Date: December 27, 2017

RE: December 2017 Sales and Use Tax Distribution

The City received its December sales and use tax, along with its share of County sales and use tax distribution. Total received was \$3,254,647.70 of this amount, \$2,911,060.85 was from sales taxes and \$314,216 was from use taxes. The remaining \$29,371.03 was from sales and use taxes from within 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 25th day the month after collection. Smaller retailers may remit sales taxes quarterly on the 25th 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 December distribution is based on retail sales which occurred on or before October 25, 2017.

December Sales and Use Tax Collections

Source	Tax Rate	2017 Budget	Current Month	Year-to-date Collected 100% of Year	% Collect
General	1.00%	\$17,963,000	\$1,485,835	\$17,985,345	100.1%
Infrastructure	0.30%	5,463,000	445,751	5,395,604	98.8%
Transit Op	0.20%	3,798,000	297,167	3,597,070	94.7%
Transit Exp	0.05%	944,000	74,292	899,267	95.3%
Total City Sales and Use Tax	1.55%	28,168,000	2,303,045	27,877,286	99.0%
City Share County Sales Tax		11,246,000	922,234	11,155,653	99.2%
Total		\$39,414,000	\$3,225,279	\$39,032,939	99.0%

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.

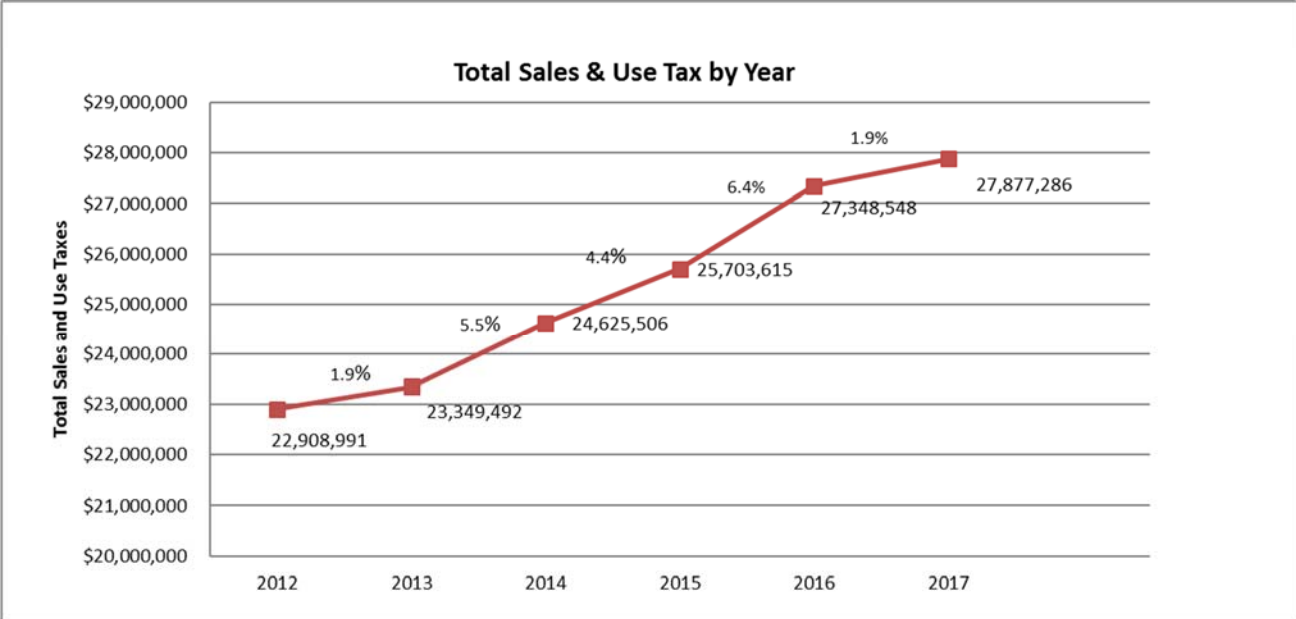
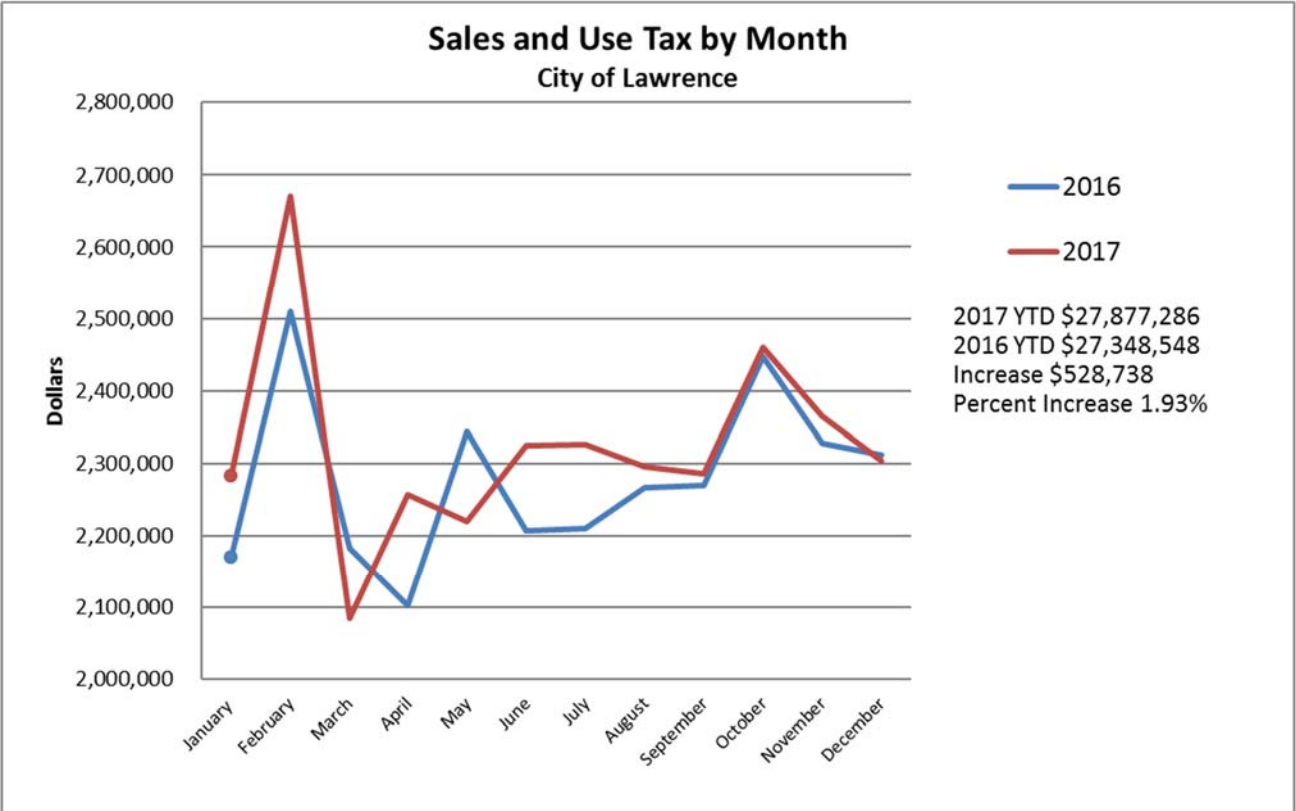
The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

December TIF and TDD Collections

Sources	Tax Rate	Current Month	Year-to-date Collected
Free State TDD	1.00%	\$16,808	\$216,182
Oread TDD	1.00%	8,153	79,386
9 th NH S. TDD	1.00%	4,410	46,419
Oread TIF	1.00%	8,153	79,386
9 th NH S. TIF	1.55%	6,835	46,419
Total City TDD/TIF		\$44,359	\$537,682
City share of County TDD/TIF		7,143	78,585
Total		\$51,503	\$616,267

Sales Tax Trends

December 2017 sales tax receipts were \$8,427 (0.36%) below the same period in 2016. Collections are roughly 1.93% over 2016 levels and ended the year below our 2.1% projection for the 2017 revised budget.



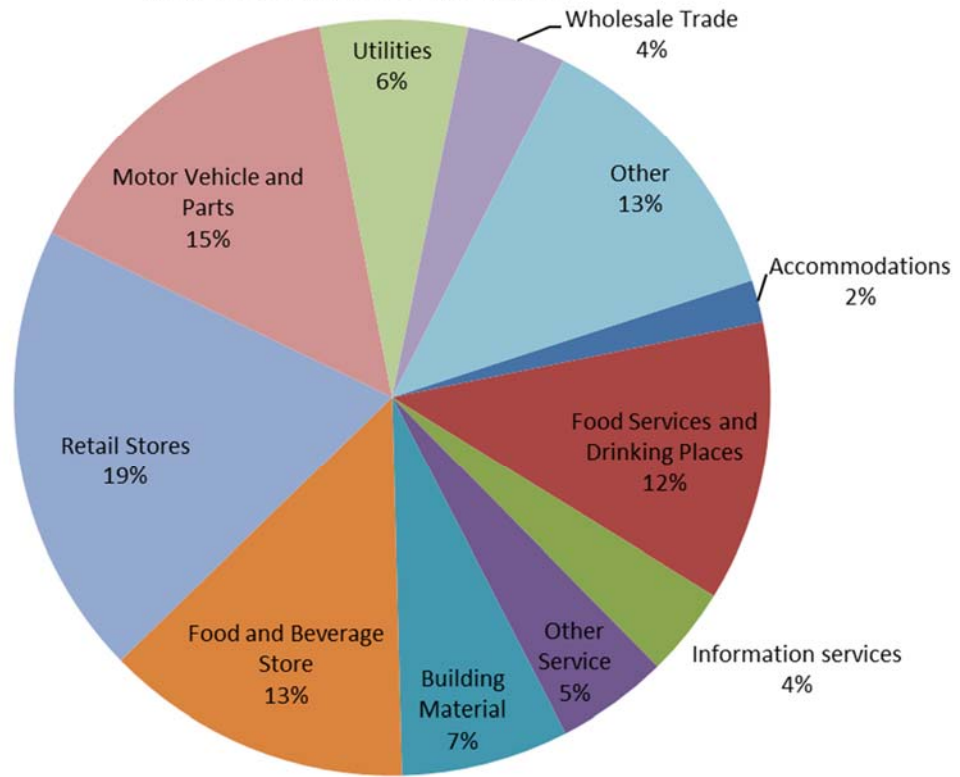
Retail Sales Tax Distribution

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:

- 4% increase in motor vehicle and parts
- 4% increase in food services and drinking places
- 7% increase in building material

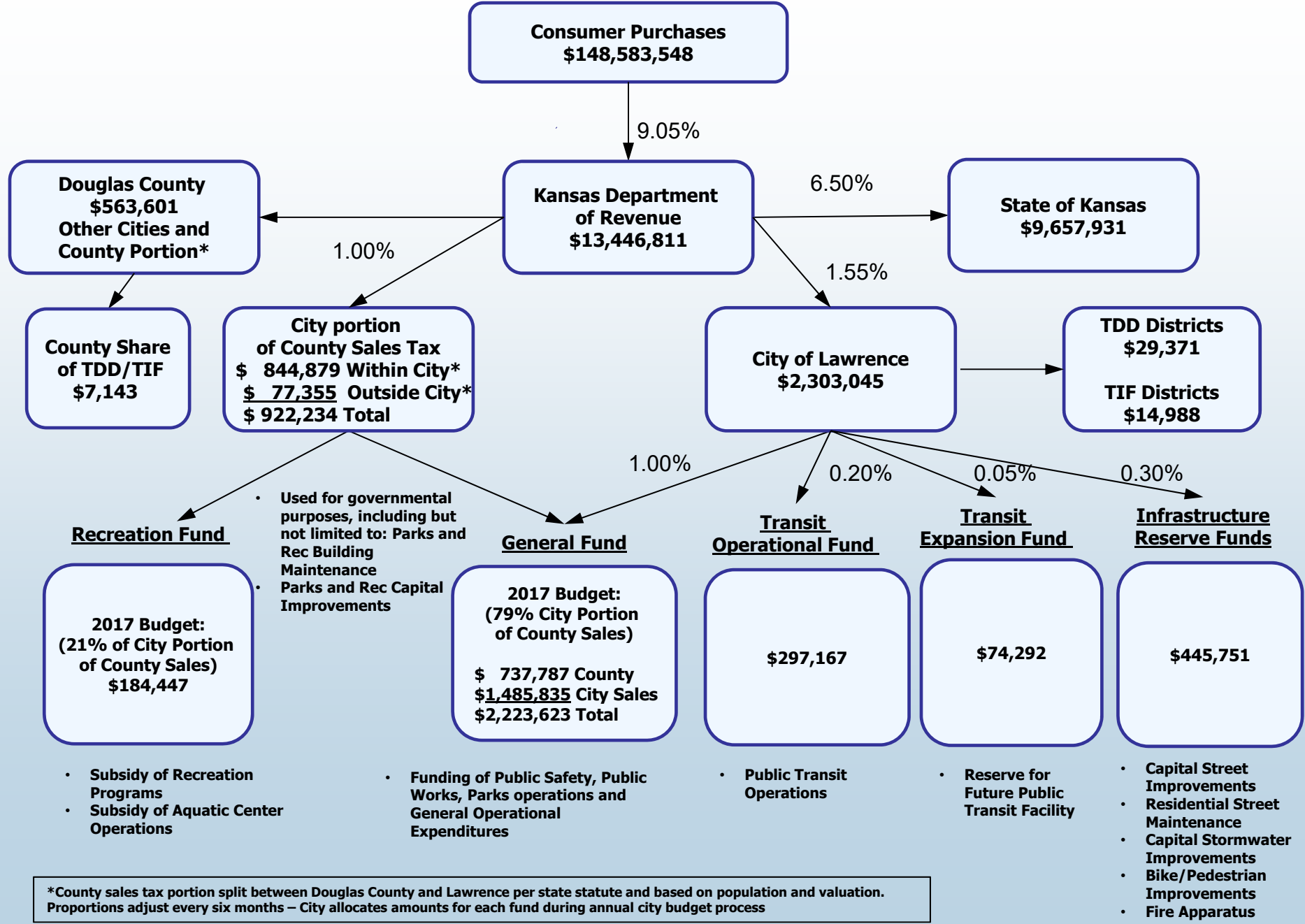
**City of Lawrence
Retail Sales Tax Distribution
By Industry Type
Year-To-Date December 2017**



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:

December 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

December 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 12/28/2017. The details are as follows:

Detail Description	County	Amount
Dec 2017 Transportation Dev Dist Tax		
Lawrence Transportation	Douglas	16,808.34
Lawrence 2 Transportation	Douglas	8,152.71
Lawrence 9thnh Transport	Douglas	4,409.98
Total for Dec 2017 Transportation Dev Dist Tax:		\$29,371.03
Dec 2017 Compensating Use Tax		
City Tax File	Douglas	217,742.32
City Share From County Tax	Douglas	96,473.50
Total for Dec 2017 Compensating Use Tax:		\$314,215.82
Dec 2017 Sales Tax		
City Tax File	Douglas	2,085,301.25
City Share From County Tax	Douglas	825,759.60
Total for Dec 2017 Sales Tax:		\$2,911,060.85
Grand Total Amount:		\$3,254,647.70

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.

Sincerely,

Lucinda Anstaett
 Director Of Cash Management