



# CITY OF WEST PLAINS

# USE TAX

ELECTION: April 3, 2018



On Nov. 20, the West Plains City Council voted to place a local Use Tax on the April 3, 2018 ballot. A local use Tax is a tax that applies to purchases made from out-of-state vendors.

## Official Ballot Language

Shall the City of West Plains, Missouri impose a local use tax at the same rate as the total local sales tax rate, currently 2.00%, provided that if the local sales tax rate is reduced or raised by voter approval, the local use tax shall also be reduced or raised by the same action? A use tax return shall not be required to be filed by persons whose purchases from out-of-state vendors do not exceed two thousand dollars (\$2,000.00) in any calendar year.

YES

NO

The purpose of the proposal is to eliminate the current sales tax advantage that non Missouri vendors have over Missouri vendors.

## Frequently Asked Questions About the Use Tax:

### ***I already pay Sales Tax, is this the same thing?***

No. The Sales Tax applies to purchases made at retail within Missouri, while the Use Tax applies to purchases made from out-of-state vendors. Purchases cannot fall into both groups and therefore a purchase would not be taxed twice.

### ***What is the Use Tax?***

The Use Tax is imposed at the same rate as the local Sales Tax rate, currently two percent (2%). If the local Sales Tax rate is reduced or raised by voter approval, the local Use Tax shall also be reduced by the same action.

### ***How is the Use Tax reported?***

Businesses report their use tax quarterly to the State of Missouri. If the business does not collect the tax, the consumer is responsible for self-reporting purchases subject to the Use Tax exceeding two thousand dollars (\$2,000.00) in a calendar year to the Missouri Department of Revenue. Residents self-report annually on their taxes due every April 15. This not a new reporting obligation imposed by the Use Tax. The reporting requirement is currently in existence for the State Use Tax of 4.225%.

### ***How much will the City of West Plains receive from a local Use Tax?***

The Missouri Department of Revenue issues public information reports for Use Tax taxable sales and purchases by locality. Using the 2% local tax rate, the Use Tax revenue that West Plains would have received from 2015 and 2016 is approximately \$120,000 annually.

### ***Why is this important to West Plains residents?***

The Use Tax levels the playing field for local businesses who are required to pay the local Sales Tax. With no local Use Tax in place, consumers have an incentive to purchase items from out-of-state vendors instead of buying locally. This costs the city local jobs and tax revenue because millions of dollars are sent out of our state and local economy.

The City of West Plains needs to maintain this revenue stream for vital City services such as:

- Public Safety
- Roads
- Sidewalks
- Parks
- Emergency vehicles and equipment

### ***Do other Missouri cities have a Use Tax?***

YES! Approximately half of all Missouri cities with populations of 2,000 or more already have a Use Tax in place. The City of West Plains does not.

### ***Where can I go for more information?***

Please visit the Missouri Department of Revenue website at [dor.mo.gov/business/sales](http://dor.mo.gov/business/sales).