

 **CITY OF COLUMBIA**
PROP 1
— USE TAX —
ELECTION: NOVEMBER 7, 2017

On Aug. 21 City Council voted to place Proposition 1, a local Use Tax, on the Nov. 7, 2017 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 Columbia, Missouri impose a local use tax at the same rate as the total local sales tax rate, currently two percent (2%), provided that if the local sales tax rate is reduced or raised by voter approval, the local use tax rate 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 in total exceed two thousand dollars (\$2,000.00) in any calendar year.

- YES
- NO

If you are in favor of the proposition, darken the oval opposite “YES”. If you are opposed to the proposition, darken the oval opposite “NO”.

Frequently Asked Questions about Proposition 1:

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 rate?

The Use Tax is imposed at the same rate as the total 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 rate shall also be reduced or raised 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 is not a new reporting obligation imposed by Proposition 1. The reporting requirement is currently in existence for the State Use Tax of 4.225%.

How much will the City of Columbia receive from a local Use Tax?

The Missouri Department of Revenue issues public information reports for Use Tax taxable sales and purchases by locality. From 2007 to 2016, the yearly average Use Tax taxable sales and purchases for Columbia was approximately \$45 million. Using the two percent (2%) local tax rate, the Use Tax revenue that Columbia would have received each year from 2007 to 2016 would have been approximately \$900,000.

Why is this important to City of Columbia’s 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 Columbia needs to maintain this revenue stream for vital City services such as:

- Public safety (police and fire)
- Roads
- Sidewalks

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 Columbia does not. Large cities with a Use Tax are Kansas City, St. Louis and Springfield. Cities in the mid-Missouri area with a Use Tax are Boonville, Moberly and Fayette.

For more information and additional details for businesses, visit the City of Columbia website at CoMo.gov/usetax or the Missouri Department of Revenue at dor.mo.gov/business/sales.