



PROP 1

USE TAX
Columbia, MO
April 5, 2022

USE TAX VOTER INFORMATION

The Columbia City Council has voted to call a special election on the question of whether to impose a local use tax. The election will take place Tuesday, April 5, 2022.

A use tax would ensure that purchases from online vendors located outside of the state are subject to the same local tax rates as those purchases made from Columbia vendors.

OFFICIAL BALLOT LANGUAGE

PROPOSITION 1

Shall the City of Columbia, Missouri impose a local use tax at the same rate as the total local sales tax rate, 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?

☐ YES ☐ NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

WHAT IS A USE TAX?

- A use tax is a local tax on goods purchased from out of state (most often online) for delivery to and use in the City of Columbia.
- The City of Columbia collects a 2% local sales tax on all goods and services purchased from local businesses.
- Currently, that is not the case for purchases made online from out-of-state vendors.

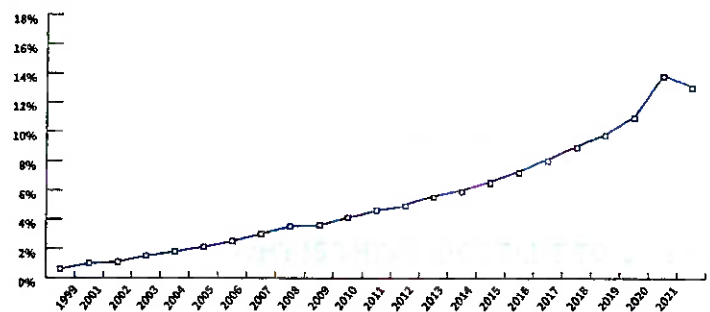
WHAT IS PROP 1?

- If you purchase a piece of furniture at a store located here in Columbia, the vendor collects a state and local sales tax on that item.
- However, if the same person purchased the same piece of furniture online from a vendor located outside the state of Missouri, the vendor is not required to collect the same local sales tax.
- If voters approve Prop 1 on April 5, 2022, a 2% local use tax would be collected on goods and services purchased from out-of-state vendors.
- The revenue generated from the use tax would be allocated in the same manner as the City's local sales tax.

MODERNIZING COLUMBIA'S REVENUE SOURCES

- Nationwide, online sales rose 30% during the pandemic and now represent more than 13% of total retail sales.
- Because of the prominence of online shopping, the City has missed out on approximately \$30 million in tax revenue over the last five years.
- If voters approve Prop 1, it's estimated that a use tax would bring \$5.6 million back into our community each year.
- Those additional funds would go toward public safety, public health, streets, sidewalks and more.

ONLINE SHOPPING AS A PERCENT OF TOTAL RETAIL (NATIONWIDE)



HOW WOULD THE CITY SPEND USE TAX REVENUE?

With a use tax, the city could fund and maintain the following:



7
NEW
FIREFIGHTERS



8
NEW
POLICE OFFICERS



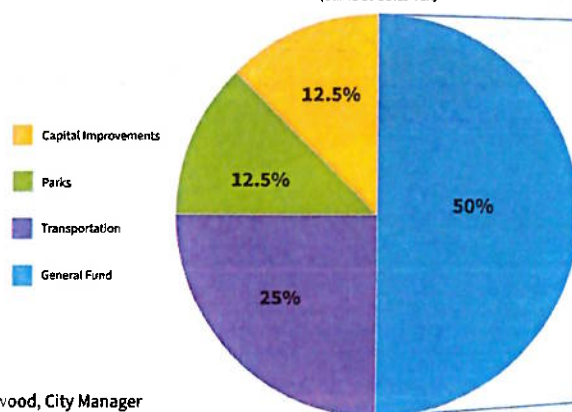
15
LANE MILES OF ANNUAL STREET
MAINTENANCE AND REPAIRS



30
BLOCKS OF ANNUAL SIDEWALK
MAINTENANCE AND REPAIRS

WHAT WOULD A USE TAX MEAN FOR COLUMBIA BUSINESSES?

Use Tax Breakdown
(Same as Sales Tax)



General Fund Breakdown



Paid for by the City of Columbia, Missouri. De'Carlon Seewood, City Manager
701 E. Broadway, P.O. Box 6015, Columbia, MO 65205.

FREQUENTLY ASKED QUESTIONS

- **DOES BOONE COUNTY ALSO HAVE A SEPARATE USE TAX QUESTION ON THE APRIL 5 BALLOT?**

Yes. Boone County has also placed its own use tax question on the April ballot. That means two use tax questions will be on the ballot, one for Boone County and one for the City of Columbia. Currently, neither the county nor the City collect a 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. Use tax is not a double tax. Residents would never have to pay both use and sales tax on the same purchase.

- **WHAT IS THE USE TAX RATE?**

The use tax is imposed at the same rate as the total local sales tax rate, currently 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 MUCH WILL THE CITY OF COLUMBIA RECEIVE FROM A LOCAL USE TAX?**

It's estimated that the City would collect \$5.6 million annually through the use tax.

- **WHY IS THIS IMPORTANT TO CITY OF COLUMBIA RESIDENTS?**

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. More than 220 Missouri cities have a use tax. Large cities such as Kansas City, St. Louis and Springfield have a use tax. Cities in the mid-Missouri area with a use tax are Boonville, Fayette, Fulton, Holts Summit, Mexico, Moberly and Sturgeon.

- **WILL THE USE TAX APPLY TO ALL ONLINE PURCHASES?**

It depends on where the transaction occurs. If goods are purchased online from a vendor located in Missouri, sales tax is applied at the rate applicable to the vendor's location. If goods are purchased online from a vendor outside of Missouri the use tax applies.

VOTING INFORMATION FOR APRIL 5, 2022, ELECTION

- **Last day to register to vote:**
Wednesday, March 9
- **Application deadline to vote absentee by mail:**
Wednesday, March 23
- **Deadline for absentee voting in person in the county clerk's office:**
Monday, April 4
- **County clerk's office Saturday hours:**
March 5 and April 2, 9 a.m. to 1 p.m.





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