JASPER COUNTY REGION

LOCAL USE TAX

QUESTION & ANSWER

Q. What is a Local Use Tax?

A. A Local Use Tax applies to purchases made out-of-state and brought back for use in Missouri. By contrast, a sales tax requires a sale at retail *in Missouri*. One of the main areas that a Local Use Tax affects is out-of-state vehicle purchases. Please see the next question for more details.

Q. Why are the area cities and counties asking for a local use tax? Who is asking for a local use tax?

A. A recent Missouri Supreme Court ruling, *Craig A. Street vs. Director of Revenue,* eliminated the collection of local sales taxes on vehicles purchased out-of-state or from an individual. Before this ruling, local sales taxes were collected on all vehicles, no matter where it was purchased. Carl Junction, Joplin, Webb City, and Jasper County have all placed this question on the ballot for November 5th.

Q. How does this court ruling affect me and my community?

A. Because of our location near three neighboring states, local businesses as well as local communities could be significantly impacted. Local businesses could lose business, which could impact jobs, as area residents cross state lines when making large-ticket purchases to save sales tax dollars.

Q. Could other areas besides local jobs be affected by these out-of-state purchases?

A. Yes. Local cities and counties have already been impacted by this ruling losing approximately $1.2 million in tax revenues each year that were being collected prior to this court interpretation. This could impact services such as police & fire protection, street & road maintenance, parks services, etc. in local cities and Jasper County.

Q. How can the change caused by this court ruling be addressed?

A. A ***Local Use Tax*** can be approved by the voters to replace the local sales taxes that used to be charged on these purchases. A Local Use Tax applies only on transactions made outside of the State, where no sales tax is assessed. Thus, there is no “double taxation” when both a sales tax and a use tax are in place in the specific jurisdiction.

Q. Is the Local Use Tax a brand new tax?
A. No, prior to the court ruling, citizens paid the same total tax on vehicle and boat purchases made outside the state as paid on vehicle and boat purchases made inside the state.

Q. Will I be responsible for paying a Local Use Tax?
A. Residents won't pay this tax, unless you purchase a vehicle or other item over $2,000 out-of-state or from an individual. If you recently bought a vehicle or other item over $2,000 out-of-state, you did pay the State use tax. However after the court ruling, you did not pay the tax to local cities or Jasper County on these types of out-of-state purchases.

Q. Are goods other than vehicles subject to the Local Use Tax?
A. If you purchase $2,000 or more worth of goods from out-of-state and no tax is paid, you would self-report the Use Tax with your individual income tax return.

Q. Why is a Local Use Tax important to the Jasper County Region?
A. Our local businesses are at a competitive disadvantage to out-of-state businesses, which do not charge sales tax on vehicle purchases. These out-of-state businesses do not create local jobs or reinvest in our community. Thus, the court ruling encourages residents to leave Missouri to make large purchases. By doing so, local tax revenues have declined and the region depends on this important revenue source to fund ongoing county and city projects.

Q. Why is a Local Use Tax necessary?
A. It levels the playing field for local businesses, which would otherwise be at an unfair competitive disadvantage to out-of-state businesses when local taxes are avoided. The Local Use Tax not only provides this balance for our businesses, but it also provides an important source of local funding to complete public programs and services.

Q. What is the Local Use Tax Rate?
A. The use tax rate must equal the local county or city's sales tax rate currently in effect. Please see the chart on page four for your specific community's current rate.

Q. Do other Cities and Counties in Missouri have a Local Use Tax?
A. Nearly half of all Missouri cities with populations of 2,000 or more already have a use tax in place. Fifty-six Missouri counties have a use tax in place.

Q. Does the Local Use Tax apply to private (individual) vehicle sales?
A. Yes. A State Use Tax is already collected when a privately sold vehicle is licensed. The Local Use Tax would be collected in the same manner.

Q. Does the Use Tax apply to Internet sales?
A. It could. If a business has a "nexus" or presence in your community or county, the business would collect and remit the use tax to the State on behalf of the county and city or you would self-report with your income tax return.

Q. When will voters see the Use Tax questions on the ballot?
A. November 5, 2013.

Q. How will this item be addressed on the ballot, since it covers several cities as well as Jasper County?
A. Voters will see two questions. One is for a use tax at the County level and one is for a use tax at the Local level. It is important to note that for both the County and the local city to collect on these purchases, they must both pass a use tax individually. Therefore, voters will see two separate questions-their city will be named in one question and the second question references Jasper County. Again, this is not "double taxation", but simply allows both the County and the City to have a use tax.

Q. What is the language of the use tax question on the ballot?
A. **Ballot Question-**"Shall the City impose a local use tax at the same rate as the total local sales tax rate, currently XXXX, 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 in any calendar year."
Ballot Question-"Shall the County impose a local use tax at the same rate as the total local sales tax rate, currently XXXX, 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 in any calendar year."

Q. Who can I contact to learn more about the Local Use Tax?
A. There are a number of individuals who can talk with you about this important issue. Because this issue covers a number of communities, there are several local officials available, as well as representatives from the area Chamber of Commerce offices in each city. Here are the various contacts:

Leslie Haase, City of Joplin, Finance Director	417-624-0820 ext. 251
Darieus Adams, Jasper County Commissioner	417-625-4350
Maribeth Matney, City of Carl Junction, City Clerk	417-649-7237

Gary Stubblefield, Carl Junction Chamber of Commerce	417-649-8846
Rob O'Brian, Joplin Chamber of Commerce	417-624-4150
Carl Francis, Webb City, Interim City Administrator	417-673-4651
Gwen Allen, Webb City Chamber of Commerce	417-673-1154

If you have a group that you would like a representative to speak to about this important community issue, please contact Lynn Onstot, Joplin Public Information Officer at 417-624-0820, ext. 204 to coordinate a speaker to meet with your group.

Thank you for taking time to review this material and learn more about this issue.

Tax Rate Table:

LOCATION	CURRENT SALES TAX RATE (SAME AS PROPOSED USE TAX RATE)
Jasper County	.975%
Carl Junction	2.50%
Joplin	2.625%
Webb City	2.50%

Paid for by:

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