



CITY OF Houston USE TAX ELECTION: April 3, 2018



On Dec 04, 2018, the Houston 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 Houston, Missouri impose a local use tax at the same rate as the total local sales tax rate, currently 1.50%, 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

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 one and a half percent (1.5%). 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 Houston receive from a local Use Tax?

The amount Houston will receive is unknown. We do know internet purchasing is here to stay and the amount of purchases is growing. Estimates from Missouri Municipal League show about \$7,000.

Why is this important to Houston residents?

Local businesses 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. A Use Tax would ensure that if you are already paying tax on items purchased online, that revenue would stay in your community.

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

- Public Safety
- 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 Houston does not.

Where can I go for more information?

Please visit the Missouri Department of Revenue website at dor.mo.gov/business/sales.