

**Kearney FAQ - Local Use Tax Information**  
**Election: Tuesday, April 6, 2021**  
**FAQ Informational Handout**

At their January 19<sup>th</sup> meeting, the City of Kearney Board of Aldermen will consider placing a local Use Tax, on the April 6, 2021 ballot.

### **What is a Use Tax?**

Local Use Tax is a tax placed on goods purchased out of state for use in state. It applies only to transactions where a sales tax was not already charged. To keep things simple and fair, local use tax is applied at the same rate as the sales tax.

### **Why is this needed?**

Two reasons:

- 1) A use tax, or a vehicle sales tax, must be adopted by a State imposed deadline of November 2022 in order for the City to preserve current vehicle sales tax collections. Loss of this critical revenue source will have detrimental budgetary effects on the City, if not approved by voters.
- 2) New revenues generated by a use tax would be used to address capital improvements and provide financial aid in addressing critical City services:
  - **Stormwater Improvements** Increasingly heavier rainstorms have identified numerous critical weaknesses in the City's stormwater system—both undersized pipes, and failing pipes have caused household flooding and sink hole damages to public and private property. Stormwater problems effect property values, which impact the entire community.
  - **Improved Parks and Recreation Opportunities** The City's redevelopment of Lion's Park, adding a spray park, is a relevant example of capital improvements these funds may be dedicated. If you like what the City is doing in Lion's Park, we also need to reinvest in our softball/baseball fields. A dog park is being planned. The Use tax will give the City the ability to address those capital improvement needs.
  - **Street Capital Improvements and Infrastructure** The City Street Department has long needed a salt storage facility, which will require capital investment—the Use tax could aid in addressing this needed improvement.
  - **Animal Control and Pet Rescue** The City currently does not have an animal control officer, or a pet rescue shelter. Use Tax funds can help address these needs.

### **How does this help local business?**

Approving the use tax means all retail sales are taxed at the same rate. Currently out-of-state vendors have a competitive advantage; local stores pay the local sales tax rate, while out-of-state vendors do not. Approving the use tax will treat all sales the same whether you buy in Kearney or on line from an out-of-state vendor.

### **Why is this tax fair?**

It creates a level playing field for local businesses and provides needed funding for important City services.

All retail sales will be treated the same and will pay the same local tax rate. When you order something online, delivery trucks use Kearney streets to deliver your package and our police patrols discourage anyone from taking that package from your porch. Online vendors benefit from our local services but pay no taxes to support this work.

## Will this cause me to be double taxed on any purchase?

No. The use tax is not applied to any purchase that has already paid a sales tax, a transaction is charged either a use tax or a sales tax, never both.

## How much will the City of Kearney receive from a local Use Tax if approved?

The City estimates the use tax would generate approximately \$600,000 in new revenues annually, while also preserving current revenues from vehicle sales tax collections that will end November, 2022, if not approved by voters.

## Do other cities and counties have a local use tax?

Yes. Approximately half of all Missouri cities already have a voter approved use tax including Kansas City, Liberty, Gladstone, Smithville and Excelsior Springs. Clay County also has a county use tax.

## Who pays the Local Use Tax?

You don't pay the Local Use Tax unless you buy over \$2,000 in merchandise a year out-of-state, on which no other sales or use taxes have been collected. Both the State of Missouri and Clay County already collect local use taxes. If you do not already pay these, you will not be affected by Kearney's local use tax.

## Official Ballot Language:

**Shall the City of Kearney impose a local use tax at the same rate as the total local sales tax rate, currently 3%, provided that if the local sales tax 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 in total exceed two thousand dollars in any calendar year.**

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."

*This educational information was paid for by: City of Kearney, Missouri  
Randy Pogue, Mayor, 100 East Washington Street, Kearney, MO 64060*

QUESTIONS? Please contact Mayor Randy Pogue at [rponce@kearneymo.us](mailto:rponce@kearneymo.us)

*THANKS!*