Continuation of the Local Motor Vehicle Sales Tax "Proposition B" – Talking Points

Background

- Ballwin residents used to pay city sales tax and Missouri highway use tax (equal to state sales tax) on vehicles bought out of state when we licensed them. All tax was paid in Missouri, not in the state where the vehicle was purchased.
- A 2012 change in the interpretation of the law changed everything. Under the ruling when a Ballwin resident license a car purchased out of state or from an individual, they did not pay city sales tax. (They don't pay sales tax in the state where they made the purchase, either.)
- In 2013, the Missouri Legislature provided municipalities with temporary relief from this tax loophole. Local sales tax on such sales would be collected, but cities must receive voter approval to keep the loophole closed by November of 2016.
- If the loophole is not closed, a Ballwin resident who purchases a vehicle from a Missouri car dealer must still pay local sales tax. This means that with tax, the same car sold at the same price will cost more if purchased locally than if it is purchased from out-of-state dealers. This puts local dealers at a disadvantage, encouraging Ballwin residents to do business outside of Missouri.
- Ballwin needs these tax dollars for basic services like public safety, street maintenance, and park maintenance.
- This is not a "double tax." The Local Use Tax applies only on transactions where no sales tax was already applied. If you paid tax when you made the purchase, you don't pay it a second time.

The Ballot Measure

Proposition B

- Ballwin's measure to continue the Local Sales Tax on Vehicle Purchases issue will be on the **April 5, 2016 ballot**.

Why is the Continuation of the Local Sales Tax on Out-Of-State Vehicle Purchases so important to Ballwin?

- Ballwin has depended on this important revenue source in the past to fund ongoing city projects, police officers, and street maintenance. It has also allowed the city to maintain its commitment to operating city services without issuing a city property tax for 28 straight years in Ballwin.

- Today, Ballwin businesses are at a competitive disadvantage to out-of-state businesses, who don't charge sales tax on our vehicle purchases. These out-of-state businesses don't create local jobs or reinvest in our community. It's not fair or wise that tax policy encourage Ballwin residents to leave Missouri to make large purchases.

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Benefits from the Local Use Tax

Why is a vote to discontinue the Local Sales Tax on Out-of-State Vehicles necessary?
A 2012 court ruling created a loophole allowing out-of-state vehicle sales to escape paying the local sales tax. The state sales tax is still imposed on these sales. In 2013, the Missouri Legislature re-imposed the local sales tax on out-of-state vehicle purchases with the caveat that citizen be provided the option to discontinue the tax by November 2016.

How much annual revenue does Ballwin expect to generate from the imposition of the local sales tax on out-of-state vehicle purchases?
The City of Ballwin collects approximately $170,000 annually

Will continuation of the Sales Tax on Out-Of-State vehicle purchases have other local benefits?
In addition to providing an important source of revenue for city services, continuation of the local Sales Tax on Out-Of-State Vehicle purchases is an important tool in leveling the playing field for local businesses. With no local use tax in place, local residents have an incentive to cross state lines to buy instead of buying locally. This costs us local jobs and sends hundreds of thousands dollars out of our local economy.

Election Information

What is the date of the election when the continuation of the local Sales Tax on Out-Of-State Vehicles will be on the ballot?
The Ballwin Use Tax measure **(PROPOSTION B)** has been placed on the **April 5th ballot**.

Can I vote absentee?
Yes. Absentee votes will be accepted by mail until March 30th and in person at the Election Board until April 4th. Contact The St. Louis County Election Board at (314) 615-1800 to obtain a City of Ballwin absentee ballot.

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