

# **City of Kearney Question Use Tax Election: November 2, 2021**

## **City Council places local Use Tax on Nov. 2 ballot**

On Aug. 16<sup>th</sup>, 2021, City Council voted to place City of Kearney Question, a local Use Tax, on the Nov. 2, 2021 ballot. A local Use Tax applies to purchases made from out-of-state vendors.

## **Official Ballot Language**

“Shall the City of Kearney 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."

## **Frequently Asked Questions about City of Kearney Question**

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

A local Use Tax applies to purchase of goods made from out-of-state vendors. Also known as a vehicle sales tax, it must be adopted in order for the City to preserve current vehicle sales tax collections. If a Kearney resident buys a car in Overland Park tomorrow, the sales tax that you pay on that car is currently received by the City of Kearney. If a use tax is not adopted by a state-imposed deadline of Nov. 2022, those funds will no longer be received by the City. Loss of this revenue source will have a negative impact on the City's budget, if the Use Tax is not approved by voters.

### ***How will these funds be spent?***

New revenues generated by a use tax will be dedicated to Police, Pets, Parks, and Pathways. The specific projects these funds will be dedicated to are:

- A. **Police:** \$150,000 will be allocated to hire two new police officers and vehicles.
- B. **Pets:** \$100,000 will allow Kearney to hire our first animal control officer and equipment.
- C. **Parks:** \$200,000 will help in the creation of Hall Park, a park dedicated to our senior community, as well as the addition of new Pickleball courts.
- D. **Pathways:** \$150,000 will be dedicated to a Nation Road Sidewalk, from Cottonwood Creek Avenue north to Woodridge Road.

***I already pay Sales Tax, is this the same thing?***

No. The Sales Tax applies to purchases made at retail within Missouri. The Use Tax only applies to purchases made from out-of-state vendors. It's one or the other, never both. A purchase would not be taxed twice.

***What is the Use Tax rate?***

The Use Tax is imposed at the same rate as the total local Sales Tax rate, currently three percent (3%). If the local Sales Tax rate is reduced or raised by voter approval, the local Use Tax rate will also be reduced or raised by the same amount.

***How much will the City of Kearney receive from a local Use Tax?***

In 2018, the MO Department of Revenue estimated that Kearney would have received approximately \$600,000, if a use tax was in place.

***Why is this important to Kearney Business Owners?***

Our local businesses invest in our community, employ our residents, and contribute to local fund-raising events and community projects. Out-of-state vendors currently avoid local taxes, putting local businesses at a competitive disadvantage. A use tax would eliminate the disparity in tax rates collected by local and out-of-state sellers by imposing the same rate on all sellers.

Without a Use Tax in place, consumers have an incentive to purchase items from out-of-state vendors, rather than shopping local.

***Why is this important to Kearney Residents?***

The City relies heavily on revenues from local sales tax to fund basic services. Nationwide, e-commerce sales rose 14.9% in 2019, and represented 11% of total sales. In order to continue to provide the essential services and amenities that our residents expect and deserve, the City must adjust to this trend and modernize its revenue sources.

***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. Neighboring cities with a Use Tax include Liberty, Gladstone, Smithville and Excelsior Springs. Clay County also has a county use tax.

**ADDITIONAL FAQ'S**

***If approved, when will the local use tax go into effect?***

April 1, 2022

***Will the Use Tax apply if I buy something from a Missouri vendor or retailer?***

No. The use tax does not apply to purchases made by Missouri residents from a Missouri vendor or retailer. The use tax applies to out-of-state vendors.

***Now that Amazon is collecting Missouri Use Tax, won't our city revenue increase?***

No. Only cities that have passed a local use tax can expect a revenue increase from Amazon sales.

***Are any items exempt from Use Taxes?***

Yes. If an item is exempt from state and local sales tax it is also exempt from the state and local use tax.

***When will I vote on this Question?***

November 2, 2021

For more information and details for businesses, visit [Missouri Department of Revenue](#).

Paid for by the City of Kearney, Missouri. Jim Eldridge, Administrator  
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