

# OUT-OF-STATE VEHICLE SALES TAX

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# What is the issue on the ballot?

- Recent state legislation required that cities without a use tax (such as Parkville) must receive voter approval by November 2016 to continue sales tax collections on purchases of out-of-state motor vehicles, trailers, boats and outboard motors.

# Why is this issue on the ballot?

- A Missouri Supreme Court Case in 2012, followed by subsequent state legislation in 2013, has led to the question being placed on the April ballot.

# Is this a new tax?

- No. The city has collected this tax for many years. The question is on the ballot only as a result of the Missouri Supreme Court decision and the state legislation that followed.
- If the question is not placed on the ballot, or if the tax is discontinued by voters, the tax would cease to be collected beginning January 2017.

# Where do the collections from the tax go?

## Two-Thirds General Fund

- The General Fund provides for a number of basic city services such as police, parks, code enforcement, licensing and inspections.

## One-Third Transportation Fund

- The Transportation Fund funds services such as street and sidewalk improvements/repairs, street lighting, snow removal, street signs, street sweeping, and tree maintenance.

# Ballot Language:

*Shall the City of Parkville discontinue applying and collecting the local sales tax on the titling of motor vehicles, trailers, boats, and outboard motors that were purchased from a source other than a licensed Missouri dealer?*

*Approval of this measure will result in a reduction of local revenue to provide for vital services for Parkville and it will place Missouri dealers of motor vehicles, outboard motors, boats, and trailers at a competitive disadvantage to non-Missouri dealers of motor vehicles, outboard motors, boats, and trailers.*

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".*

# What does a “Yes” or “No” vote mean?

## “Yes”

- A “Yes” vote means that local sales taxes will **only** be collected on eligible in-state purchases. Local sales tax collections on eligible out-of-state purchases will end and the revenues the City is currently receiving will be lost.
- Estimated \$90,000 to \$112,500 yearly revenue reduction beginning January 2017.

## “No”

- A “No” vote means the existing tax will continue; no new tax will be implemented.

# Tax Impact

If the out-of-state vehicle sales tax continues:

- A Parkville resident would remain subject to a 7.1% sales tax for out-of-state and in-state vehicle purchases.

If the out-of-state vehicle sales tax is discontinued:

- A Parkville resident would be subject to a 5.6% sales tax on a vehicle purchased out-of-state, but would remain subject to a 7.1% sales on a vehicle purchased in-state.

# Resident Impact

- The tax only applies to a Parkville Resident if they purchase a motor vehicle, trailer, boat or outboard motor from out-of-state.
- Similar purchases made in-state will be subject to the local sales tax regardless of the vote on this ballot question

# Dealership Impact

- The existence of the tax creates a level playing field for Missouri dealerships.
- If the existing tax were to end, Missouri dealerships would be at a competitive disadvantage with out-of-state dealerships which would no longer be required to collect the tax.

# Other Communities

A number of cities across the state will be voting on this issue at various times during 2016. Locally, Platte City and North Kansas City will be voting on the issue this April.

Any city desiring to place this question on their ballot must do so by November 2016.

Questions?