

PROP U

Local Use Tax
FLORISSANT, MO
April 5, 2022

The Florissant City Council has voted to call for an election on the question of whether to impose a local use tax. The election will take place on Tuesday, April 5th, 2022.

A use tax would ensure that purchases from online vendors located outside of the state are subject to the same local tax rates as those purchases made from Florissant vendors.

It would also help the City maintain its revenue while continuing to provide the services our residents expect.

If voters approve Prop U, it's estimated that a use tax would bring \$2.9 million back into our community each year.

Official ballot language PROPOSITION U

Shall the City of Florissant, Missouri 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".

What is a Local Use Tax?



Police Services



**Updated Roadways
& Sidewalks**



Senior Services



Capital Improvements

A local use tax is a local tax on goods purchased from out of state (most often online) for delivery to and use in the City of Florissant.

Currently, the City of Florissant collects a 1.25% local sales tax on all goods and services purchased from local businesses. However, that tax is not collected on purchases made online from out-of-state vendors.

For example, if a person purchases a piece of furniture at a store located here in Florissant, the vendor collects a local sales tax on that item. However, if that same person purchased the same piece of furniture online from a vendor located outside the state of Missouri, the vendor is not required to collect the same local sales tax.

If voters approve Prop U on April 5, 2022, a 1.25% local use tax would be collected on goods purchased from out-of-state vendors. The revenue generated from the local use tax would be allocated in the same manner as the City's local sales tax which funds public safety, public health, streets and sidewalks, and parks and recreation.

Residents would benefit from a local use tax as it is estimated the City would be able to provide additional police services, senior services, capital improvement projects, improvements to city streets and sidewalks, health and environment projects, and improvements to parks and recreation centers and programs.

The local use tax rate would be the exact same as the resident's local sales tax rate. Residents would never have to pay both use and sales tax on the same purchase.

What would a use tax mean for Florissant businesses?

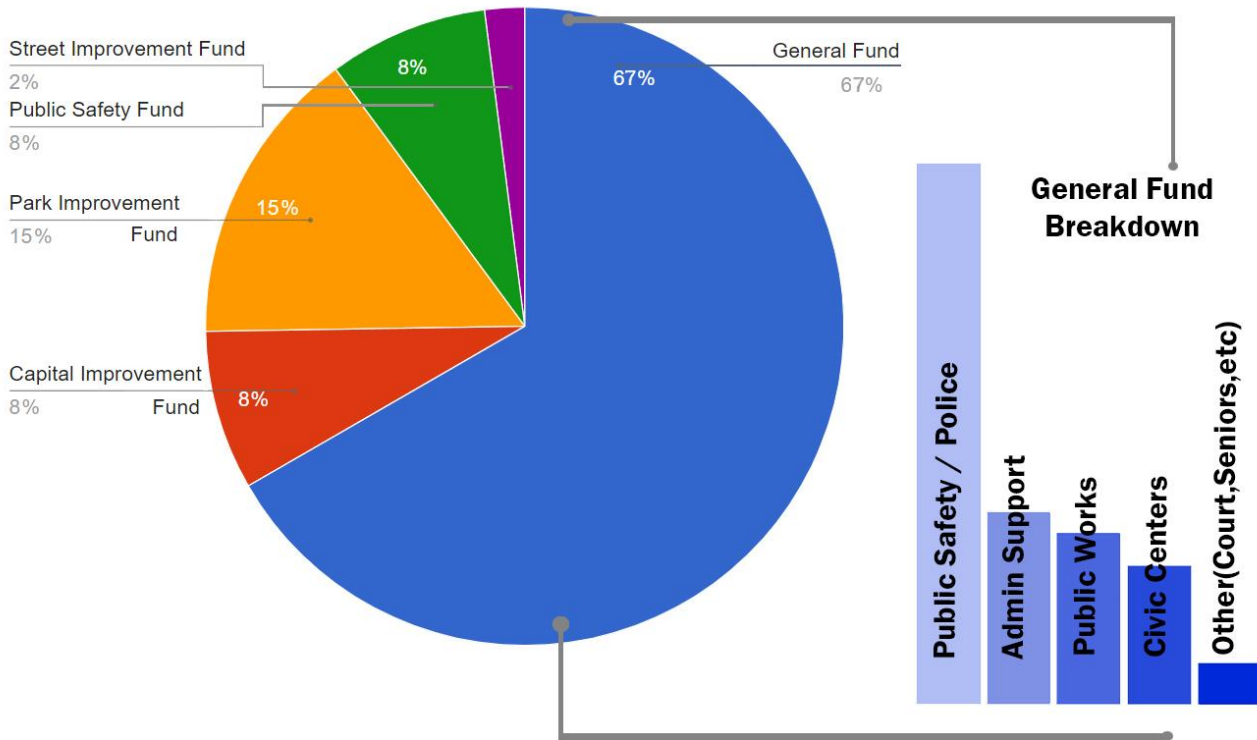
A local use tax would eliminate the disparity in tax rates collected by local and out-of-state sellers by imposing the same rate on all sellers. With no local use tax in place, consumers have an incentive to purchase goods and services from out-of-state vendors instead of buying locally.

If voters approve the Prop U ballot measure, online purchases from out-of-state vendors would be taxed at the exact same rate as in-state purchases.

It is estimated that the City would collect \$2.9 million annually through the local use tax. The funds collected by the local use tax would be spent in the same manner as the local sales tax.

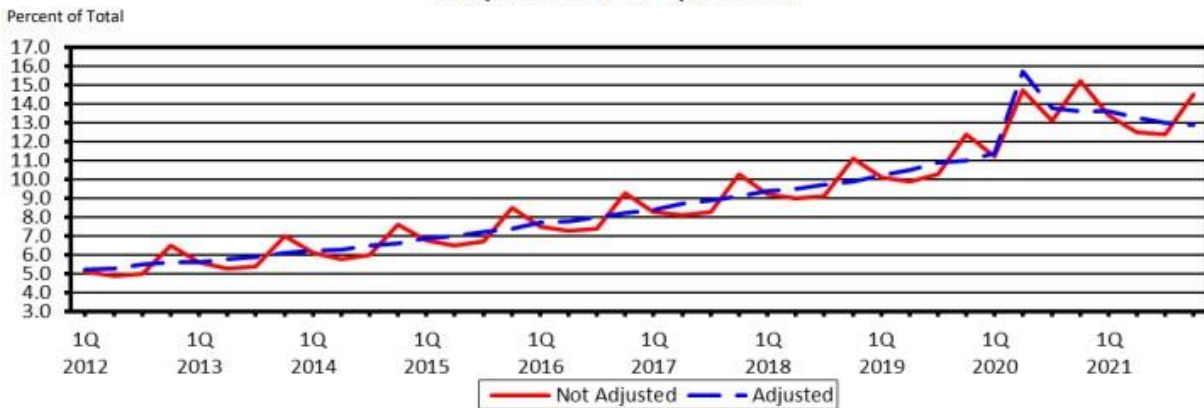
As noted in the accompanying chart, the local use tax funds would be allocated to capital improvements, parks improvements, public safety, street improvements and the City's general fund. The 66% that is allocated to the general fund is then further broken down into public safety, administrative support, public works, civic centers, and other areas such as municipal court and senior services. The largest piece of the general fund goes to fund public safety (50%).

Local Use Tax Breakdown



Funding sources that better reflect consumer behavior

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales: 1st Quarter 2012 – 4th Quarter 2021



As shown in the above graph published by the U.S. Census Bureau, online shopping has become much more prominent in recent years, and the general trend is that in-store shopping is decreasing steadily.

Nationwide, online sales rose 30% during the pandemic and now represent more than 13% of total retail sales.

With the rise in e-commerce, the City is seeing a decline in sales tax growth. To keep pace with this trend, the City must modernize its revenue sources to continue to provide the essential services our residents expect.

The City relies heavily on revenues from local sales tax to fund basic services, such as street maintenance and public safety.

Because the City doesn't have a local use tax in place, Florissant has missed out on approximately \$11.7 million in estimated tax revenue due to online shopping over the last five years.

Frequently asked questions

Does St. Louis County also have a separate use tax question on the April 5 ballot?

Yes. St. Louis County has also placed its own local use tax question on the April ballot. That means two local use tax questions will be on the ballot, one for St. Louis County (Prop C) and one for the City of Florissant (Prop U). Currently, neither the county nor the City collect a local use tax.

Do other Missouri cities have a local use tax?

Yes. Approximately half of all Missouri cities with populations of 2,000 or more already have a local use tax in place. The City of Florissant does not. Large cities with a local use tax are Kansas City, St. Louis and Springfield. Cities in the North St. Louis County area with a local use tax are Hazelwood, Bridgeton, Black Jack, Calverton Park and Normandy to name a few.

- [Full list of Missouri cities with a use tax](#) opens pdf file

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 rate?

The local use tax is imposed at the same rate as the total local sales tax rate, currently 1.25 percent (1.25%). If the local sales tax rate is reduced or raised by voter approval, the local use tax rate would also be reduced or raised by the same action.

How much will the City of Florissant receive from a local use tax?

It's estimated that the City would collect \$2.9 million annually through the local use tax.

Why is this important to City of Florissant's residents?

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.

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

- Public safety
- Streets
- Sidewalks
- Senior Services
- Infrastructure

Will the use tax apply to online purchases?

It depends on where the transaction occurs. If goods are purchased from a vendor located in Missouri, sales tax is applied at the rate applicable to the vendor's location. If goods are purchased from a vendor outside of Missouri the use tax applies.

- * *The information on this website was prepared by the City of Florissant solely to educate and inform the public regarding the propositions on the upcoming ballot. Paid for by the City of Florissant, Mayor Timothy J. Lowery, 955 rue St. Francois, Florissant MO 63031.*