



What is Prop U?

Union residents will have an opportunity to vote on Proposition U on the April 7 ballot. Prop U would approve a “use tax” on the purchase of goods from out-of-state vendors.

What is a local use tax?

A local use tax is a tax placed on goods purchased out of state for delivery to use in Union. **A purchase will never be subject to both a use tax and a sales tax.** The use tax must be applied at the same rate as the City’s sales tax, currently 2%.

Why a local use tax?

1. Funding for basic services provided by the City of Union including public safety, street maintenance, parks and recreation rely heavily on revenues from taxes.
2. Consumer shopping has shifted to online shopping causing sales tax revenue to be flat or even start declining.
3. Online retailers’ products will be more competitive with local retailers.
4. The expected additional revenue for the City will be \$100,000 per year.

What is this going to cost me?

1. This tax will add 2% to your online purchases from companies that have a physical presence outside of Missouri.
2. The Use Tax rate is the same as making a purchase from a local retailer, currently 2%. For example, say you purchased \$40 worth of product.
 - If you purchase from a local retailer, you’ll pay \$40 and a 2% local **SALES** tax or 80 cents.
 - If you purchase that same product from an online retailer, such as Amazon for \$40, you’ll pay a 2% local **USE** tax or 80 cents.



You only pay one or the other.

Never both.

Why is this important to retail businesses located in Union?

Currently, by not charging the local use tax, out-of-state companies have an advantage over our local businesses. And, as online sales increase, local businesses and City budgets stand to see reduced revenues from this loophole.

I'm a business owner, how does this impact my business?

If you are a business in Union who sells items through a catalog or online store, the use tax does **NOT** mean you would have to begin collecting use tax on those sales. The use tax is only applied to purchases from out-of-state vendors (with a nexus in Missouri) if the item is shipped to Missouri.

The use tax is a way of applying our existing sales tax to those not currently required to pay it. The City would be able to collect a use tax on online, catalog or other direct sales from out-of-state businesses that also have a physical presence in the state (Walmart, Target, Amazon, etc.)

Facts . . .

- A Use Tax is a way of compensating cities and counties for sales tax lost when purchases are made across state lines and brought back to MO for use. The State of MO already has a Use Tax on such purchases (4.225%).
- An estimated \$100,000 would be generated annually and allocated to Union’s parks and recreation programs, and to improve streets, public safety and city services.
- Union’s Use Tax rate would be the exact same as Union’s Sales Tax Rate – currently 2%.

Please vote on April 7th

And remember, shop local to support our local businesses!