The purpose of the proposal is to assess the same tax rate on out-of-state purchases as local purchases.

Vote April 5, 2022!

Learn more about Proposition U at:

https://www.chesterfield.mo.us/proposition-u.html

City of Chesterfield

Chesterfield City Hall
690 Chesterfield Pkwy W
Chesterfield, MO 63017
636.537.4000

This brochure was prepared by the Missouri Municipal League and the Municipal League of Metro St. Louis solely to educate and inform about Proposition U.

Paid for by the City of Chesterfield.

PROPOSITION U

LOCAL USE TAX

The Facts!

- *Funds Community Services*
- *Generates Local Revenue*
- *Not a Double Tax*

A Local Use Tax will help pay for Public Safety & Parks.

PROP. U
Local Use Tax






- **The purpose of the proposal is to assess the same tax rate on out-of-state purchases as local purchases.**
- **If you already pay local sales tax on a purchase, you will NOT pay a Use Tax on the same purchase.**
- **The local Use Tax rate is the same amount as the sales tax rate.**
- **A local Use Tax ensures out-of-state purchases are taxed at the same rate as purchases from your local business.**
- **A local Use Tax provides revenues to pay for vital municipal services including public safety and parks.**

Funds Community Services • Generates Local Revenue
NOT A Double Tax!

What is a local Use Tax?

A Use Tax is a tax on the purchase of goods by Missouri residents from out-of-state vendors. Products exempt from the sales tax would be exempt from the Use Tax.

I already pay sales tax. Is this the same thing?

No. The sales tax applies to purchases made at local retailers within Missouri, while the Use Tax applies to purchases made from out-of-state vendors. Purchases cannot fall into both groups and cannot be taxed twice.

How can a Use Tax benefit my community?

As internet purchases increase, local revenues decrease. Funds generated from the Use Tax can be used to pay for vital municipal services including public safety and parks.

What is the rate of the Use Tax?

The local Use Tax rate is the same rate as the local sales tax rate. If the local Sales Tax is reduced or raised by voter approval, the local Use Tax shall also be reduced or raised by the same action.

PROPOSITION U
LOCAL USE TAX

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PROPOSITION U

LOCAL USE TAX

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PROP. U
Local Use Tax

Election Day
April 5, 2022

- If you already pay local sales tax on a purchase, you will NOT pay a Use Tax on the same purchase.
- The local Use Tax rate is the same amount as the sales tax rate.
- A local Use Tax ensures out-of-state purchases are taxed at the same rate as purchases from your local business.
- A local Use Tax produces local funds for community services.
- Funds generated will help pay for public safety and parks.

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- Fact: If you already pay local sales tax on a purchase, you will NOT pay a Use Tax on the same purchase.
- Fact: The local Use Tax rate is the same amount as the sales tax rate.
- Fact: Funds generated will help pay for public safety and parks.
- Fact: Consumers will pay the EXACT same tax on purchases, whether it is purchased locally, or out-of-state. Local and out-of-state vendors will charge the same total amount.

City of Chesterfield
690 Chesterfield Parkway W
Chesterfield, MO 63017

Election Day:
April 5, 2022

For more information, visit:
www.chesterfield.mo.us/proposition-u.html

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Election Day:
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For more information, visit:
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Mayor's Message

Proposition U

What is it, what are the relevant facts and history surrounding the upcoming ballot issue? The term "use tax" is just another way of saying sales tax, however, the sale does not take place at a physical location. Therefore, purchasers are charged a "use tax" based on where they use or receive the item purchased from an out-of-state retailer.

The reason this is coming about is that a loophole was created in the tax laws first in 1967, and then re-affirmed in 1992, when the Supreme Court ruled in Quill Corp. versus North Dakota that sales tax could not be collected/imposed on purchases made from out-of-state vendors. For a sales tax to apply, the retailer had to have a significant physical presence in that particular state. This originally created an advantage for catalog purchases, and subsequently for online sales. This probably was not tremendously impactful in 1992 when there was relatively little online shopping. With the tremendous increase in e-commerce (even more so with COVID), the disadvantage it creates for local brick and mortar stores has become very significant. This consequence extends to local governments that depend heavily on sales tax revenue to pay for police, parks, public works, etc. Unlike many cities, Chesterfield receives no property tax, and is heavily dependent on sales tax revenues.

What happened

In its 2018 decision of the South Dakota versus Wayfair case, the Supreme Court overturned the 1992 Quill decision, which closed the loophole and again allowed states and local governments to impose what is called a "use tax" on out of state purchases. This Supreme Court decision cleared the way for state governments to provide enabling legislation applicable to their respective states. Missouri was the very last state in the union to pass what was called "Wayfair" (Senate Bill 153) legislation. This legislation was sponsored by State Senator Andrew Koenig, who coincidentally happens to be one of the senators representing a portion of Chesterfield. Senator Koenig is a well-respected public servant and is thought to be among the most conservative members of our legislature.

Local Voter Approval Needed

In order for a "use tax" to be imposed on out-of-state purchases, a ballot measure must be passed locally for the municipal taxes and a separate ballot for the county-wide taxes. The Chesterfield ballot will be labeled Proposition U (associated with existing Parks ½ cent and Capital Improvement ½ cent taxes) and I understand that the St. Louis County ballot measure will be labeled Proposition C. The county ballot would be applicable to the existing county-wide taxes, from which Chesterfield would receive a proportionate share based on population. If the ballot measures obtain voter approval, the earliest effective date would be January, 2023. Regardless of the passage of either ballot, the state portion (4.225%) has been and will continue to be in effect. The sales tax rates will remain the same, but out of state purchases would become subject to existing rates

Continued On Next Page...

Proposition U is on the Ballot April 5

The Chesterfield City Council has placed PROPOSITION U on the April 5 ballot, allowing residents to vote to close the tax loophole that was created in 1967. If passed, Proposition U will require all out-of-state retailers to remit the exact same sales tax as Missouri retailers already do. Missouri was the last state in the union to address this issue when the legislature addressed the problem in 2021. To be absolutely clear: If Proposition U is approved by voters in April, the exact same sales tax rate that is currently charged on any purchase from a local retailer, would also be applied to out-of-state retailers. Not more, not less. Exactly the same local sales tax that you pay at the store today!

Any purchases from a Missouri retailer will be wholly unaffected. Missouri retailers currently remit sales tax for any purchases outside of Missouri, but out-of-state retailers are not required to collect Missouri sales tax, which results in higher sales taxes for local retail goods. The Missouri Retailers Association, The Missouri Chamber of Commerce, and The Greater Chesterfield Chamber of Commerce all support passage of the use tax, sometimes referred to as Wayfair.

The history of how this loophole evolved goes back to 1967, when a Federal Court ruled that catalog purchases from out of state retailers would not include collection of sales taxes (National Bella Hess V Illinois Department of Revenue). That created a growing disadvantage for brick and mortar retailers as catalog sales transitioned into online sales, now consisting of up to 22% of all retail purchases and growing rapidly.

The second issue involves the declining sales tax revenues for local taxing agencies, like the City of Chesterfield, as out-of-state sellers avoid remitting sales tax to agencies in the State of Missouri. In 2021, the State of Missouri became the absolute last state in the United States to adopt legislation to eliminate this loophole. Since 2014, the City of Chesterfield has lost more than $4.7 million in total revenues. Fortunately, voters approved County Proposition P in 2017, which has partially offset this revenue loss by roughly $2.6 million, still leaving Chesterfield with $2.14 million less net revenue than it received in 2014. This revenue loss has occurred despite significant growth throughout the City which comes with increased demand for public services; police, public works, and parks.

If Proposition U is approved, proceeds would serve to preserve and sustain the City's law enforcement capacity as well as to support our local parks programs. Police and Parks operations are a priority for the City of Chesterfield and the costs to provide those critical services have increased significantly. The passage of Proposition U would assist in offsetting the actual revenue losses.

Additional information about Proposition U can be found on the City website at https://www.chesterfield.mo.us/proposition-u.html.

International Earth Hour

International Earth Hour is for individuals, families, businesses, and communities, locally and globally, for one hour on March 26 from 8:30 p.m. – 9:30 p.m. to turn off non-essential lights. This is for consideration of nature and commitment to it. Consider how lights impact our planet and the life on it, especially at night. Check out the Chesterfield Citizens Environmental Advisory Committee (CCEAC) page on the City's website for the 'International Earth Hour' flyer for family fun and youth-centered activities! Youth may also consider becoming a "Stellar Green Youth Team" member, too! To view the flyer, visit https://www.chesterfield.mo.us/earth-hour-2022.html.

Proposition U Goes on the Ballot

What is Proposition U?

The local use tax is essentially applying the same sales tax rate on out-of-state purchases. If approved, the local use tax rate will mirror the local sales tax rate.

What's the difference between a sales tax and a local use tax?

Local brick-and-mortar stores are currently required to collect sales tax, while a local use tax would be charged for sales from out-of-state vendors. The rate of the local use tax is identical to the sales tax that they are currently avoiding, resulting in exactly the same amount being charged for local and out-of-state retailers. Sales and local use taxes CANNOT be applied at the same time. The use tax simply requires out-of-state retailers to pay the same sales tax as a local business.

What happens if Proposition U passes?

The City does not levee a property tax. Chesterfield receives no property tax revenue whatsoever. Sales taxes are the City's primary source of revenue. However, in recent years more and more sales have shifted to online from out-of-state vendors. Current estimates indicate online sales make up 22% of all purchases, and that number is expected to continue to grow in future years. A local use tax will help ensure that the City is able to keep a balanced budget in future years. Proceeds from Proposition U will sustain and preserve law enforcement and parks operations.

VOTE APRIL 5!

What happens if Proposition U fails?

The same law allowing the local use tax collection also gradually reduces another existing revenue source for the City - cable franchise fees. That is the fee you pay on your bill for cable services. Between this and the loss of sales tax revenues as online shopping continues to grow, the erosion of revenue will challenge the City to maintain current service levels. Furthermore, local brick and mortar business owners and stores will continue to be disadvantaged because they have to charge a higher rate of sales tax for the exact same consumer goods purchased online.

What will this issue look like on the ballot?

The ballot language is set by the state and will contain the following language: "Shall the City of Chesterfield 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?"

Do Other Cities Have a Local Use Tax?

Approximately half of all Missouri cities with populations of 2,000 or more already have a use tax in place. Chesterfield is one of many St. Louis entities placing a use tax on the ballot this year. For example, St. Louis County, Ellisville, Ballwin, Manchester, and Town & Country are each bringing this issue to voters on April 5. If approved by voters, Chesterfield will join more than 200 Missouri cities that currently impose a use tax, including the cities of O'Fallon, Brentwood, Clayton, Crestwood, Des Peres, Hazelwood, Kirkwood, University City, Maplewood, and Frontenac.

Learn more about Proposition U at https://www.chesterfield.mo.us/proposition-u.html.

Wayfair Tax Supports Tax Fairness

The Chesterfield Regional Chamber of Commerce has been asked to weigh in on the issue of the City of Chesterfield applying sales taxes to online purchases from out-of-state vendors.

First, a little history. For decades, the United States Supreme Court required that taxation of sales required a physical nexus, or connection, between the seller and the state imposing the sales tax. Not surprisingly, large national online sellers found a way to sidestep this tax: By using multiple subsidiaries, they could avoid establishing the nexus, even if the fulfillment center was in the state where the sale occurred. Using this strategy, companies like Amazon, eBay and Wayfair avoided charging their customers sales tax – creating an unfair advantage over their brick-and-mortar local competitors.

David Weiss

But brick-and-mortar businesses remained relevant, even to many online shoppers. Consumers would regularly check out electronic goods and other products at a local store, and then buy the products online and save the sales tax.

In 2018, the U.S. Supreme Court again waded into the imposition of a local sales tax on online sales, even if no physical nexus existed between seller and consumer within the same state. This time, the Supreme Court ruled in favor of leveling the playing field.

During the last legislative session this past year, the Missouri General Assembly authorized counties and municipalities to collect an online use tax to protect Missouri's brick-and-mortar businesses. Now, the City of Chesterfield is submitting the question of whether to do so to its electorate. The Chesterfield City Council voted to put the use tax proposal on the April 5, 2022, ballot. If approved, the tax will go into effect in January 2023.

So where does the Chamber stand on this issue?

This begs another question: If services to the City's residents are denied because of a lack of funding, should every resident have to pay more through other means of taxation to make up the shortfall and get the services we expect? We say no – that's not fair.

"A level playing field is fair, but there is no level playing field when one of the players has to play at an economic disadvantage."

We support the imposition of sales tax for online sales. A level playing field is fair, but there is no level playing field when one of the players has to play at an economic disadvantage. We've seen too many of our business owner neighbors fight against these behemoths, only to slowly lose their businesses.

Some of you may oppose the tax proposal because you don't want to pay online sales tax. Understandable. But I urge you to consider the big picture. What would Chesterfield look like without the small, mom-and-pop stores that make up our community? Are we willing to pay sales tax on our online purchases to give them at least a fair shot at competing with the big guys?

At the Chamber, we say yes. It's only right to have big online companies collect sales taxes on sales made in Chesterfield – not only to level the competitive playing field but to more equitably support the amenities we want as a community.

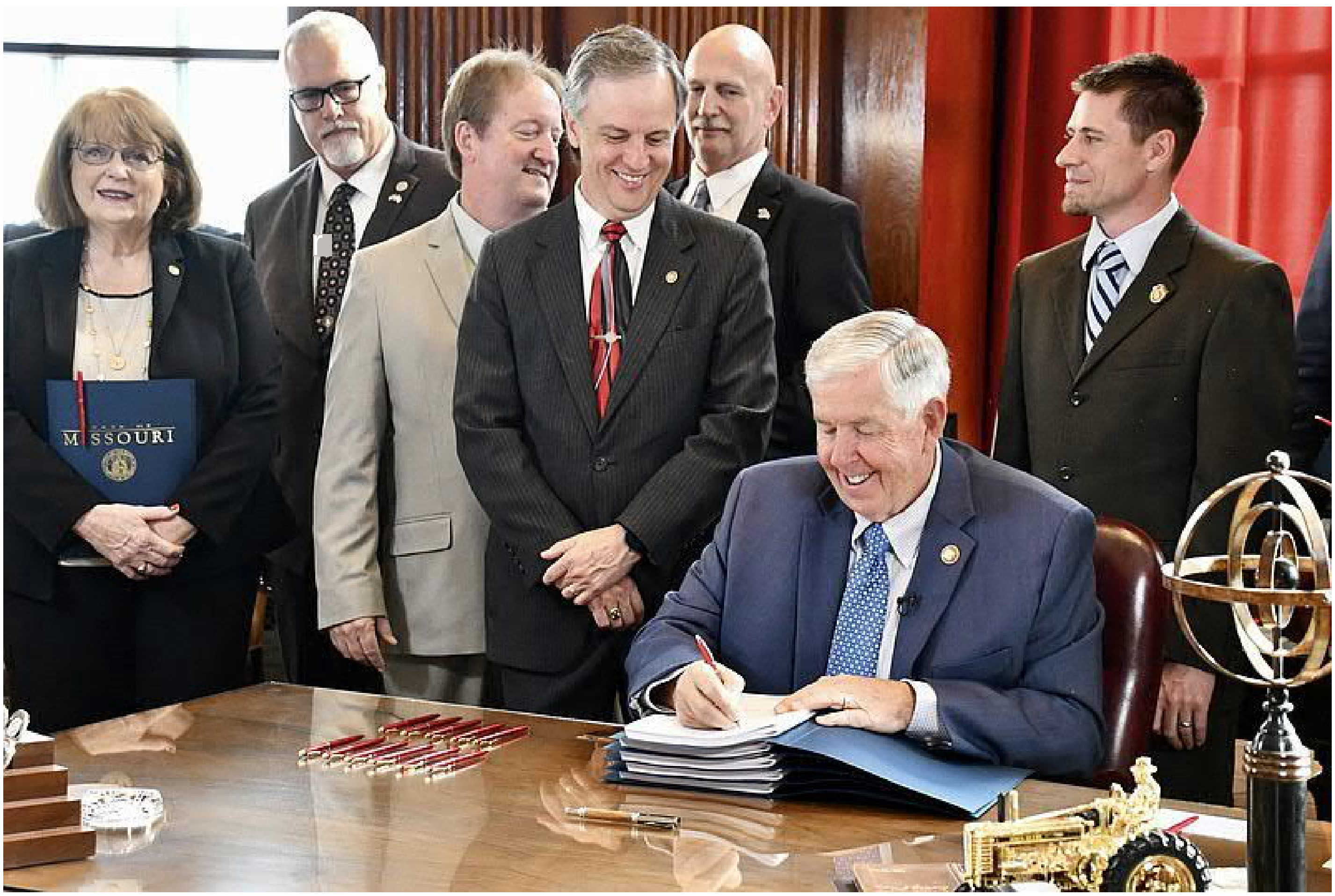
Now is the time to end the online seller's exemption from collecting sales taxes.

It's only fair.

David Weiss is an attorney and Chesterfield Regional Chamber Board of Director.

Gov. Parson signs Wayfair tax legislation

*by **Ryan Pivoney** | June 30, 2021 at 6:40 p.m. | Updated June 30, 2021 at 6:46 p.m.*



Gov. Mike Parson on Wednesday, June 30, 2021, signed Senate Bills 153 and 97, also known as the Wayfair legislation.

Gov. Mike Parson on Wednesday signed legislation allowing state and local governments to impose an online use tax, making Missouri the last state in the nation to do so.

Senate Bills 153 and 97, also known as the Wayfair legislation, have long been a priority of the

"This law will help even the playing field between Missouri small businesses and large out-of-state retailers," Parson said in a news release. "With more than 570,000 small businesses in the state of Missouri, it is time that we establish a 21st-century tax code that benefits our Main Street businesses rather than companies that don't invest in our communities or employ our citizens."

The taxes will be levied against online retailers that sell and deliver more than $100,000 in products to Missouri residents annually.

The Missouri Department of Revenue will begin collecting the tax Jan. 1, 2023.

All forty-nine other states and Washington, D.C., have similar taxes.

The new law comes after a 2018 U.S. Supreme Court ruling determined states could establish sales and use taxes on businesses not physically located in the state that still sell and deliver goods there.

Parson said Missouri has been losing money to out-of-state and online retailers because they are not subject to the same state sales taxes as local businesses.

"To be able to sign this into law today is a big deal for the state of Missouri, and it's a big deal for our small businesses, especially after everything we've been through," Parson said. "This crisis over the last 15-16 months, if there was ever a time to get it done and get it right, now is the time."

The act exempts federal stimulus money from being included in a taxpayer's adjusted gross income and taxed. There are also provisions to reduce the top tax rate beginning in 2024 and create the Missouri Working Family Tax Credit Act to form a tax credit that can be applied to a taxpayer's state income tax liability starting in 2023.

The legislation also limits video service provider fees, modifies regulations for community improvement districts, and changes requirements for assessing aircraft taxes, among other local tax policy reforms.

State Sen. Andrew Koenig, R-St. Louis County, sponsored the legislation to help keep business within the state.

"Literally, we had the worst thing you'd want in a tax code, and that tells Missourians to purchase from encourage entrepreneurship.

Parson said the legislation maintains Missouri's status as a business-friendly state and could help grow the population.

"Your first priority is your businesses here in your state, so you got to try to take care of them," Parson said. "We've seen what happened in the last 15-16 months in the middle of a crisis, how important it is for these small businesses to keep their doors open, so this is just another way to make them competitive."

According to U-Haul's migration trends, based on the net gain of one-way trucks entering the state, Missouri is No. 7 in growth for the country - a figure promoted by the governor. Last year, people entering the state in one-way U-Haul trucks increased 8 percent.

Koenig said he was happy to include the income tax cuts in the legislation because he thinks it will attract more people and businesses to the state.

"When I came into the House our income tax rate was 6 percent," Eggleston said. "By the time all this gets implemented it's going to be down to 4.8 percent, so a 20 percent reduction, but done in a prudent way where we know we can still finance all the things the state government has to finance."

Parson said as the budget has grown over the last four years, more education, workforce development and infrastructure projects have taken the forefront.

"I think we're on the right track here," Parson said. "We're able to do some of these things along with a tax cut. That's why people want to come to this state."

The Supreme Court Decision That Saved States Billions

BY: Alan Greenblatt | January 22, 2021

Glenn Hegar had some good news to share earlier this month. Texas faces a shortfall of nearly $1 billion -- not great, but a lot healthier than the $4.6-billion budget hole the state's comptroller projected back in July.

One big reason for the relative recovery, Hegar says, is online sales taxes. By July, collections from remote and online retailers were higher than they'd been during the previous holiday shopping season.

“Online sales taxes have been a critical source of revenue that has helped state and local governments in Texas weather this pandemic,” says Hegar.

Texas is not unique. In at least one way, the pandemic was well-timed for state and local governments. After years of trying, they got the Supreme Court to agree in 2018 to allow collection of taxes on sales by vendors who don’t have a physical presence in their states. A year earlier, Amazon, the largest online retailer, had agreed to collect sales taxes in all 45 states that impose such taxes.

In other words, the pandemic, bad as it has been, would have been worse financially for state and local governments if it had struck in 2015, rather than in 2020.

“We’ve talked to a lot of cities who said this was a key element that helped them keep going in this crisis,” says Michael Gleeson, legislative manager for finance at the National League of Cities. “There would be a much bigger loss of revenues for cities, and there would be a much bigger hole that cities would be facing right now, if revenues had not been picked up while everyone was shopping online.”

Online retail sales topped $200 billion in both the second and third quarter of last year. They peaked as a share of total retail at 16.1 percent during the second quarter (April through June, when many states had imposed stay-at-home orders), according to the U.S. Census Bureau. Their share dipped in the third quarter to 13.5 percent of total sales – but that still represented a jump of nearly 40 percent, compared to the same period in 2019.

That’s real money. Cities and states still mourn the hit that stores on Main Street and shopping malls have taken, but at least they were able to capture a substantial share of the purchases that shifted online.

“That revenue was not only helpful, but in some ways it’s become almost essential,” says Patrick Murphy, vice president of public finance at Arnold Ventures, a philanthropic foundation. “Purchases at brick-and-mortar stores going down is bad enough, but if they hadn’t been able to capture some of the money online, what a problem that would have been.”

States Were Ready to Act

The 2018 Supreme Court decision, in South Dakota v. Wayfair, overturned prior decisions that had made it impossible for states to collect sales taxes from remote sellers. They certainly tried in different ways, but were shot down by various courts. It was the long-sought Wayfair decision, as it’s known, that opened the door for states to collect taxes on most online sales.

“Prior to the Wayfair decision, although some ecommerce sellers were going down the path of starting to collect sales tax on their sales, online sales was still a potential avenue to avoid the sales tax,” says Chuck Maniace, vice president of regulatory analysis at Sovos, a tax compliance firm.

Wayfair allows states to demand that businesses without a physical presence collect and remit taxes, assuming they make at least $100,000 worth of in-state sales. Following the decision, large states such as California and Texas have set the threshold higher, at $500,000. States differ in terms of how many in-state transactions can take place before a seller has to collect taxes (generally, about 200).

States had been laying the groundwork for collecting taxes on online sales for many years. Since 2000, a consortium called the Streamlined Sales Tax Governing Board has worked on ways to make tax systems more uniform. Half the states have adopted its system of definitions, rules and exemptions.

That was key, since figuring out sales tax codes even in individual states can be a chore. A state might exempt raisins and yogurt while taxing yogurt-covered raisins because they're considered candy, for example. Wisconsin devotes five pages of its tax code to questions about taxing ice.

“For some reason, clay pigeons are tax-exempt,” says John Macco, who chairs the Ways and Means Committee in the Wisconsin Assembly. “I didn’t know we had a clay pigeon lobby.”

Having pushed the question all the way to the Supreme Court, states were ready to act once they had the green light. Forty-three of the 45 states that collect sales taxes had implementing legislation in place in time for the pandemic.

“Addressing the issues raised as a result of the Wayfair decision … ensured that my agency was prepared when collections began to increase sharply in April 2020,” says Hegar, the Texas comptroller, who notes that the state collected $1.3 billion from online sales in the first year after implementing Wayfair. “For the most part, this revenue would not have been collected but for marketplace legislation and the requirement that certain remote sellers collect taxes on sales.”

Who’s Still Missing Out

The two sales-tax states without Wayfair legislation on the books are Florida and Missouri. In Florida, extending the sales tax to online commerce sounded like a new tax, making it politically tricky. In Missouri, the question was how to untangle the complicated local and state sales and use tax system.

“It actually came up on the Senate floor the day we broke for COVID-19,” Missouri Sen. Andrew Koenig told *The Missouri Times*. “When we came back to session, we just didn’t have the time to work out a compromise on it.”

Lawmakers in both states are expected to make another run at the issue this year. The pandemic, with all its disruptions to in-person transactions, has proven to be no time for failure in taxing online purchases.

“Bills have been filed in both chambers and we’re already hearing bipartisan support for the measure,” says Scott Shalley, president of the Florida Retail Federation. “It has been a years-long effort in Florida to fix the glitch in state statute to remove the burden from the consumer and ensure that Florida retailers are competing on a level playing field.”

Other states are still tinkering with their rules. Under Wayfair, states can’t impose requirements that present an “undue burden” to online sellers. There are differences of opinion about whether retailers should have to collect sales taxes for every locality that imposes its own rates above and beyond what a state may charge.

In Texas, retailers can ask to be part of a simplified program that exempts them from collecting or tracking all the local rates, instead working with one rate statewide. Still, modern software means that if retailers can figure out where to ship a package, they can figure out the local sales tax.

“We ended up just exceeding our sales tax estimate for the year,” says John Bruggen, assistant budget and finance administrator for Hamilton County, Ohio. “We ended up hitting budget on the sales tax, which is our major revenue source.”

For most states, cities and counties, being able to collect taxes on online sales has proven to be a boon at a time of continuing financial troubles.

“It did come at a good time for them,” says David Hitchcock, a senior director at S&P Global, a financial ratings firm. “With revenues down, they need every dollar they can get.”

This article was printed from: **https://www.governing.com/finance/The-Supreme-Court-Decision-That-Saved-States-Billions.html** hlLps://w vw.ne vspressnovv.com/opiiiion/edilorials/missouri-needs-lo-acL-on-sales-Lax/arlicle_od9c6e20-6bia-iieb-8ca7-0778o8d68i97-hLnil

Missouri needs to act on sales tax

News-Press NOW

FEB IO, 2021

Submi Lied pholo

It seems so simple.

Retail sales shift to the internet, first as a niche phenomenon, then as a flood. The U.S. Supreme Court makes a significant ruling that clears the way for states to collect a tax on these online sales, just as they do from brick-and-mortar establishments. If the need isn't yet obvious, the COVID-19 pandemic accelerates the trend away from in-person commerce. Jeff Bezos now has enough money to start his own space program.

Most legislatures got the memo after the Supreme Court, in 2018, ruled in South Dakota v. Wayfair that states could require far-flung businesses to collect and remit a tax on sales made over the internet. Previously, courts had held that tax collection was largely limited to businesses with a physical presence in a given state.

In the wake of Wayfair, states that already collect a sales tax were eager to establish "economic nexus laws" that allowed them to collect revenue from direct dot-com sellers and from marketplace facilitators, like Amazon or eBay, that don't make anything but account for a significant share of online commerce.

But not Missouri. The Show-Me State remains a stubborn holdout, despite overwhelming evidence that the time has come to modernize tax law to reflect the reality of how people buy things.

Part of this is an issue of fairness. As some brick-and-mortar retailers struggle to survive, online competitors offer convenience and selection that can be difficult to match. There's little to be done about that, but the state should even the playing field by demanding that buyers are at least subject to the same level of taxation on every purchase, whether it's in person or online.

Then there's the issue of local government viability. Cities and counties rely on sales tax to pay for essential services, from parks and policing to the filling of potholes, but they miss out on a key revenue stream in today's economy.

A Missouri House committee was scheduled Wednesday to hear competing versions of legislation to begin taxing online purchases. These measures share similar goals, although differences might emerge on how an online tax relates to an existing local use tax and when local jurisdictions might need to give voter approval.

Another issue is whether Missourians should get income tax relief to offset any increased revenue from an online sales tax. State Rep. Bill Falkner, a former St. Joseph mayor, said income tax discussions are best left to the budget committee in order to take into account education funding, Medicaid expansion and other state needs.

We agree. An income tax cut would be nice, but it shouldn't be the roadblock that keeps Missouri from joining the rest of the country in establishing an online sales tax.

News-Press NOW

Opinion: COVID-19 pandemic recovery requires Missouri Legislature to pass Wayfair internet sales tax bill

BY THOMAS P. SCHNEIDER ON APRIL 15, 2020

Missouri has been moving to the back of the line compared to other states for almost 10 years. For more than a decade, the dogmatic anti-tax Republican-dominated legislature has compromised progress in our state in important areas, including infrastructure, education, economic development, and more. As with the fuel tax ballot issue of November 2018, Republican Governor Mike Parson stepped out of the shadow of his party last December to support the Wayfair internet sales tax legislation, allowing Missouri to join 48 other states in collecting sales tax from internet purchases. Only Missouri and Florida are holding out.

The issue of not taxing internet sales in Missouri was a very important one to retailers and government agencies prior to the COVID-19 pandemic, but now it is DO or DIE. Prior to the virus crisis, internet sales were climbing and retail sales were in decline. Part of the problem was that the brick and mortar stores were competing on an uneven playing field since they had to collect sales taxes and the internet vendors did not. During the pandemic, the problem has inadvertently magnified exponentially and uneven taxation will make it more difficult for consumers to go back to supporting local merchants.


Thomas P. Schneider

There are two cataclysmic consequences that can be mitigated by taxing internet sales. One is that if our retail establishments cannot reopen, then we will live in ghost towns of shuttered stores and shops making our existence monotonous, austere, and impersonal. The second consequence is worse yet: Our cities, counties, and state will not have nearly the adequate revenue for even our basic needs of police protection and infrastructure maintenance.

Governor Parson recognized and announced last December that Missouri needed the $60-80 million per year that the state would receive from internet sales tax for emergencies and for basic highway and other infrastructure maintenance and construction. In 2018, Parson accepted the recommendation of the 21st Century Missouri Transportation Task Force and supported Prop D for a modest increase in Missouri's very low fuel taxes just so that MoDOT could tread water.

The only way the Republican-dominated legislators finally put the Prop D 10 cent fuel tax increase on the November 2018 ballot was to tack it on at the last minute to an unrelated bill and then weighing it down with confusing language. Prop D surprised ultra-conservatives with a stronger than expected showing, losing by only 4 percentage points despite the handicaps imposed.

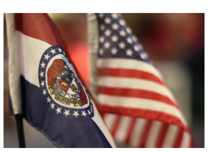
The challenge for cities and counties to balance their budgets to provide police, public works, and parks services had already been increasingly difficult because a majority of their revenue comes from sales taxes. The 2020 COVID-19 pandemic has exacerbated this challenge by driving consumers to the internet and conditioning society to buy online.

Citizens still need and demand police protection and road and bridge maintenance, but by sidestepping sales tax on the internet, there will not be enough money to pay for police officers and public works improvements. Citizens want parks and recreation opportunities, and during the pandemic, many get some fresh air in a local park to unwind and get a break from being cooped up. Those parks and their maintenance are paid for largely by sales taxes without which parks could become unaffordable luxuries.

In 2018, as a panel member of the bi-partisan 21st Century Missouri Transportation Task Force, I appreciated the leadership of Governor Parson in accepting our recommendation for a modest 10 cent fuel tax increase. In 2020, as the former Florissant mayor and as one of the millions of Missourians worried about the health and economic recovery from the COVID-19 epidemic by our communities, counties, and state, I appreciate the leadership of Governor Parson regarding internet sales tax revenue.

Once again Governor Parson has stepped out of the notorious tax-stingy shadow of his party. Let us join him in advocating for the passage of a meaningful 2020 internet sales tax bill by the Missouri Legislature. We need a law without counterproductive revenue-neutral language so as to raise the money we need to recover from the crisis of our lifetime and to give our retailers the level playing field they need to recover on.

EDITOR'S NOTE: *For up-to-date information on coronavirus, check with the* *CDC* *and* *DHSS*.



Thomas P. Schneider

Thomas P. Schneider was the mayor of Florissant from 2011 to 2019. Prior to that, he served on the Florissant City Council from 1979 to 2011.

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O'Fallon mayor says city thrived in 2020 despite pandemic

By JOHN TREMMEL

In his annual State of the City address, Mayor Bill Hennessy acknowledged that 2020 was not what he or anyone else expected at the beginning of the year. However, he said the "city's economy not only survived but thrived during this pandemic."

Despite everything, Hennessy said 2020 actually was a solid year for the city, economically. He credited much of that success to residents who adjusted to wearing masks and social distancing, and who continued to "Keep it in the O" by supporting O'Fallon's restaurants and retailers.

Hennessy also credited voters with passing Proposition 1 in June, adding a use tax to many out-of-state purchases. "Because of that tax, we can ensure our local businesses can compete fairly with online giants, and the city will see a new stream of revenues that will improve technology in the O'Fallon Police Department and allow city street crews to make even more repairs in residential neighborhoods," he said.

Hennessy described several key 2020 accomplishments as:

• Completion in December of the first phase of the I-70 corridor project, which means the city's primary northern entrance has been completely redone. The project included extended new one-way south and north outer roads between Hwy. K. and TR Hughes Boulevard for 'traffic calming,' with New Jersey U-Turn ramps at each end. In 2021, the one-way north and south outer roads will be extended between Hwy. K and Woodlawn Avenue, with New Jersey U-Turn ramps there as well. The I-70 corridor project is expected to be a major driver of economic development, as new commercial and industrial land is now available in that area for development.

• Construction by Payne Family Homes of the $400 million Streets of Caledonia project, the largest mixed-use development in O'Fallon's history. Located at the intersection of I-64 and Hwy. DD, the development will include more than 650 single-family homes and townhomes and nearly 100 acres dedicated to commercial, office and retail development.

• Significant improvements in infrastructure, such as beginning construction on the new $26 million sewer plant needed to meet Missouri Department of Natural Resources requirements and allow for a cleaner, more efficient system. The new plant is on schedule to open in fall 2022.

• The city engineering team securing more than $8 million in state and federal funding for 2021 road improvements on many major streets, including Main Street, Winghaven, Mexico Road and Hwy. DD.

• Almost 300,000 square feet of industrial space developed in O'Fallon in 2020 by advanced manufacturing firms. One of those, Cosmos Corporation and its 200 employees, moved into a new global headquarters on Pearl Drive and immediately stepped up to help the community. A family-owned business, Cosmos donated 100 cases of much-needed hand sanitizer to the city and the O'Fallon Chamber in spring 2020, Hennessy said.

• The O'Fallon Police Department completed its accreditation process and introduced a new golf cart program that helped officers engage with residents safely throughout the summer. Over the next two years, the Police Department will begin significantly upgrading its technology with new records management and dispatch systems, plus new body and dash cameras. These improvements, Hennessy said, are being funded with use tax funds.

• A future savings of nearly $17 million and lowering the planned sewer rate increase by more than 7% as a result of changes in the way the city removes biosolid waste.

• Replacement of water and sewer lines throughout north O'Fallon and improved sewer lines throughout the system. This year, the city will continue to replace older lines and rehabilitate several wells and water towers to ensure a continued safe and clean water supply.

• An increase in the city's bond rating from an Aa2 to Aa1, which is one of the highest ratings available from Moody's.

Also in 2020, O'Fallon's Planning Department began the process of creating a new Comprehensive Plan for the entire city. That process will continue throughout 2021.

A video recording of the mayor's full address can be found at ofallon.mo/us in the Government tab; click on the Watch City Meetings link in the drop-down menu.

2021 LEGISLATIVE AGENDA

MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY

TAXATION AND FISCAL POLICY

2021 Recommended Legislative Policies

Adopt a responsible framework for collection of sales tax from out-of-state sellers in response to the *Wayfair* decision:

Missouri should adopt a law to require the collection of sales tax for online and other transactions involving out-of-state sellers without a physical presence, taking into account the U.S. Supreme Court's guidance in the Wayfair decision, while maintaining current sales and use tax exemptions the state has historically permitted.

The Missouri Chamber recommends legislation that would require all remote sellers meeting specific criteria to collect and remit vendor's use tax on sales of tangible personal property in Missouri. In an effort to minimize the administrative burden on both the sellers and the Missouri Department of Revenue, the Missouri Chamber recommends that remote sellers register, collect and remit vendor's use tax only if they meet or exceed a threshold of $500,000 or more in sales of tangible personal property from outside Missouri to a destination within Missouri. In addition, the Missouri Chamber does not support having any secondary sales threshold defined in terms of the number of items sold or the number of transactions, as some states have mandated. The Missouri Chamber also does not support any retroactive "look-back" provisions for the collection of taxes under this new legislation.

Finally, Missouri should consider the responsible application and use of additional revenues resulting from sales tax collections from online and other transactions involving out-of-state sellers without a physical presence.

Phase in full deduction for the federal income tax:

In 1993, Missouri taxpayers suffered the largest tax increase in Missouri history. This legislative change forced Missouri corporations and many small-business owners to pay state income taxes on part of the federal income tax dollars they had already paid. This tax policy is particularly burdensome because businesses are required to pay an income tax on an income tax. The double tax occurs because businesses are prohibited from making use of the portion of money they pay to the federal government in taxes, yet they must pay tax on the

Missouri News

Effort renewed to expand Missouri's online sales tax

In an attempt to level the playing field for Missouri businesses, all online retailers could soon be required to pay sales taxes in the state.

by Wicker Perlis, Missouri News Network Feb. 12 2021 @ 9:30am

In an attempt to level the playing field for Missouri businesses, all online retailers could soon be required to pay sales taxes in the state.

Three bills attempting to do just that were brought before the Senate Ways and Means Committee on Thursday, each differing on how to address the resulting increase in state revenue.

These bills are collectively known as "Wayfair bills," a reference to the 2018 U.S. Supreme Court case South Dakota v. Wayfair, which formally allowed state sales taxes to be applied to out-of-state online retailers. Missouri is one of only two states with sales taxes to not also have a Wayfair tax.

Committee Chairperson Sen. Andrew Koenig, R-Manchester, has been pushing for a Wayfair tax since the 2019 legislative session. Similar bills were again proposed during the 2020 session, which was heavily impacted by the COVID-19 pandemic, but they ultimately failed.

One of the main sticking points, especially for Republicans who control both the House and Senate, has been finding a balance where businesses are all taxed fairly but an increase in revenue does not lead to increased spending.

Koenig's latest Wayfair bill would lower rates for individual income taxes, something the senator in 2019 called "the most destructive tax known to man." While this is intended to make the program

Koenig said the focus should be kept on making the tax system fair for Missouri businesses rather than increasing the overall amount of taxes collected.

"This is not a question of how much we should be taxed but rather of how we should be taxed," Koenig said.

Another bill was proposed by Sen. Lauren Arthur, D-Kansas City. Rather than directly lowering income taxes, Arthur's bill would cancel out increased revenue by putting in place an Earned Income Tax Credit. She said similar credits, which give tax breaks to low- to moderate-income workers, have proven to be the strongest incentive for low-income people to work and would be needed because of the pandemic and subsequent economic fallout.

"In a time when families are under distress, this would provide much needed relief," Arthur said.

A third bill was proposed by Sen. Denny Hoskins, R-Warrensburg. His bill would decrease the state sales tax over time in order to account for the new revenue coming in from businesses that previously had not been paying.

"My main goal is that our brick-and-mortar stores can compete with online businesses," Hoskins said.

Multiple witnesses testified in support of all three bills.

"We are neutral on the policy decision of what to do with the money," said Chuck Pierce, representing the Missouri Society of Certified Public Accountants and the Associated Industries of Missouri. "We ask that that not get in the way of getting Wayfair done."

Sen. Bob Onder, R-Lake St. Louis, told Pierce he thinks the easiest way to get the tax done is with a simple bill that leaves out things like a tax credit or an elimination of sales taxes for feminine hygiene products, which has also been proposed.

"You mention that they're neutral with what to do with the money, that's what this has been hung up on," Onder said. "Lets keep this as simple as possible and get it done this year."

One notable point is that increases to revenue may be overestimated because many large online retailers voluntarily pay state sales taxes already.

The Ways and Means Committee also passed a bill on to the full Senate on Thursday. The bill, another proposed by Koenig, would allow for taxpayers to receive a tax credit if use of their property was limited by local restrictions, including those in place for COVID-19.

The work of the Missouri News Network is written by Missouri School of Journalism students and editors for publication by Missouri Press Association member newspapers.

ECONOMY LEGISLATURE

Missouri lawmakers pass bill to collect taxes on online sales

BY: **RUDI KELLER** - MAY 14, 2021 6:59 AM

State Rep. J. Eggleston, R-Maysville (photo by Tim Bommel/Missouri House Communications).

In legislative jargon, it's called the Wayfair fix.

What it means is a change in state law that makes online retailers liable to the state for sales tax on purchases delivered into Missouri. And Thursday, House and Senate negotiators agreed on a compromise bill based on the Supreme Court's 2018 ruling upholding South Dakota's tax law.

The Senate voted 25-4 at 2:15 a.m. Friday to approve the bill. The House followed suit early Friday afternoon, sending it to Gov. Mike Parson on a vote of 145-6.

If signed by Parson, Missouri would be the last state with a sales tax to adopt a law capturing revenue from out of state sales. The only other state that had not done so, Florida, enacted a similar law in late April.

The major differences between the House and Senate were over provisions intended to offset the estimated $80 million to $120 million collecting the tax will add annually to the general revenue fund. The total general revenue fund is about $10 billion a year.

The House wanted an immediate income tax cut plus extensions of a currently planned cut. The Senate pushed for extending the current series of incremental cuts and to create a state version of the federal earned income tax credit.

The compromise is a mandated tax cut in 2024, after the sales tax is fully implemented, and the Senate got the Working Families Tax Credit.

It's a good compromise because not everyone is happy with every provision, said state Rep. J. Eggleston, R-Maysville, who said the House got "a third of a loaf" out of the compromise.

"I don't think anybody is 100 percent, but everybody has something in this bill that they love and that is why it is going to pass," Eggleston said.

Collecting the tax would also raise up to $41 million for public schools, $5 million for the Department of Conservation and $4.5 million for state parks and soil conservation.

Putting off any mandated tax cut until the revenue starts flowing from the sales tax was an important negotiating point for the Senate, said Senate Ways and Means Committee Chairman Andrew Koenig, R-Manchester.

Under current tax law, when general revenue grows by $150 million or more in a fiscal year, it triggers the next step in a five-step tax cut enacted in 2014.

"One thing we did was make sure there would not be a triggered cut and a mandated cut in the same year," Koenig said.

Online sales have increasingly cut into the growth of state and local sales tax revenue. State general revenue sales tax receipts grew by $88.3 million, or 4.4 percent, in fiscal 2016. The growth was down to $39.2 million, or 1.7 percent, in fiscal 2020.

The South Dakota case tested a long-standing precedent that states could only impose sales tax on products sold by businesses with physical locations within the state. That is why state sales tax law also has provisions for what is called a use tax, which is a tax of the same rate that each individual in the state is supposed to pay on purchases of goods out of state.

There is a $2,000 exemption on those purchases, so the most typical purchase subject to the use tax is a vehicle purchase from an out-of-state dealer.

The Wayfair tax makes collecting the use tax the responsibility of the seller instead of the purchaser. Only retailers selling more than $100,000 worth of goods into the state would have to pay it, Eggleston said.

“If you’re a business and you don’t do $100,000 worth of sales into our state, then you’re not big enough that we’re going to bother you,” Eggleston said.

The state tax rate would be 4.225 percent. Local tax rates would apply for cities and counties that have or do adopt ballot measures imposing a local use tax.

The bill changes the ballot language for local use tax elections, removing a reference to the $2,000 exemption and stating that the rate will be the same as at stores in the community.

Unlike sales taxes at physical stores, which goes into the coffers of the communities where the retailer is located, the local use tax paid by out-of-state retailers will go to the community where the purchaser lives.

The House wanted every community that has already approved a use tax to vote again. Koenig said the Senate was adamant that did not happen.

“The Senate was not going to accept any version that had a revote,” Koenig said.

Under current tax law, when general revenue grows by $150 million or more in a fiscal year, it triggers the next step in a five-step tax cut enacted in 2014. The shifts in revenue collections during the current fiscal created a large increase, and the top tax rate, 5.4 percent, will fall to 5.3 percent for 2022.

But those same shifts may cause revenues to decline or stagnate during the coming fiscal year, so no tax cut is expected for 2023.

The flow of Wayfair revenue would likely have triggered a 2024 tax cut, so the result of the mandate is the same, Koenig said. The bill would add two additional 0.1 cuts when revenues hit the target.

The Working Family Tax Credit would initially be equal to 10 percent of the federal credit. Unlike the federal credit, it is not refundable. Like the rate cut, it would double the first year after general revenues increase by $150 million.

Amy Blouin, president of the liberal Missouri Budget Project, praised the Senate passage of the bill. Enacting a state earned income credit and taxing online sales has been a lengthy process, she said in a prepared statement.

“For more than two decades, lawmakers and advocates have been fighting for a state earned income tax credit that targets tax relief to low and middle-income families,” she said. “And for the last 14 years, lawmakers and advocates have been working to collect sales taxes from online purchases just as they are at brick and mortar retail stores.”

Blouin’s group opposed the income tax cuts included in the bill.

The most important aspect of the bill is not the tinkering with revenue at the margins, Koenig said.

It is to fix a flaw in the tax system, he said.

“Literally we have one of the worst things you can have in a tax code,” Koenig said, “which is basically we are telling Missourians to go purchase from a non-Missouri business and we will give you a tax break.”

REPUBLISH

RUDI KELLER

Rudi Keller covers the state budget, energy and the legislature. He’s spent 22 of his 30 years in journalism covering Missouri government and politics, most recently as the news editor of the Columbia Daily Tribune. Keller has won awards for spot news and investigative reporting.

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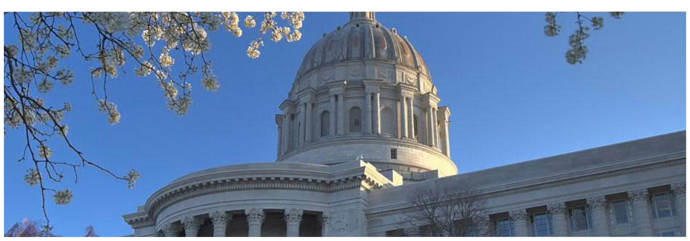
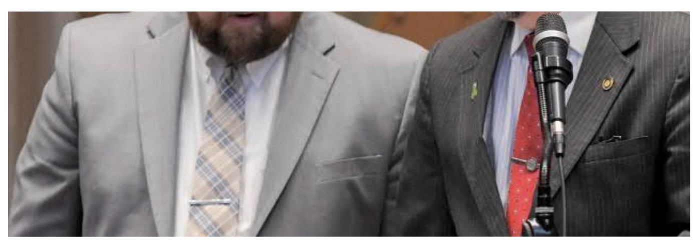


Capitol Perspectives: A possible tax increase

BY **PHILL BROOKS**

April 29, 2021



Missouri tax bills unlikely to trigger penalties in...

BY **RUDI KELLER**

March 18, 2021

WE SHOW YOU THE STATE

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TAX & ACCOUNTING

MAY 17, 2021

Missouri Set to Become Last State to Require Remote/Online Sellers to Collect and Remit Sales Tax

By: Mark Friedlich, ESQ., CPA

The Missouri legislature passed legislation late Friday, May 14 that would impose the requirement to collect and remit sales tax on out-of-state businesses who sell their products into the state. The bill was passed just before the deadline was to pass for the legislature to act. Governor Mike Parson is expected to sign the legislation into law.

another the so-called "Wayfair" economic presence nexus standard approved by the Supreme Court almost three years ago. The "Wayfair: ruling replaced the requirement of physical presence for a state to compel a business selling their products into that state to collect sales taxes and file returns and remit to the state's tax authority.

After both Florida and Kansas passed its economic nexus laws in the last few weeks, Missouri was the only state with a general sales tax that hadn't approved a requirement that out-of-state (remote) sellers collect and remit sales taxes on items sold to the residents and businesses in the state.

Missouri's Legislation Details

The legislation would require out-of-state sellers with at least $100,000 of annual sales in Missouri to collect state and local taxes beginning in 2023. It also would require online marketplace facilitators to collect Missouri's taxes on sales made through their sites, beginning in 2023. Unlike many other states, Missouri would not have a minimum "number of sales" threshold for the compliance requirements to apply.

In order to get the bill though the legislature, lawmakers agreed to reduce state income taxes. The individual income tax rate would fall by one-tenth of a percentage point in 2024 and could fall by two additional one-tenth percentage point increments in subsequent years if Missouri's net general revenues grow by $150M. The bill would also establish a state tax credit for lower income working families modeled after the existing federal earned income tax credit. That tax credit would start in 2023 and could increase in future years if the state's revenues increase by at least $150M. Finally, the legislation would exempt federal coronavirus relief payments from state income taxes.

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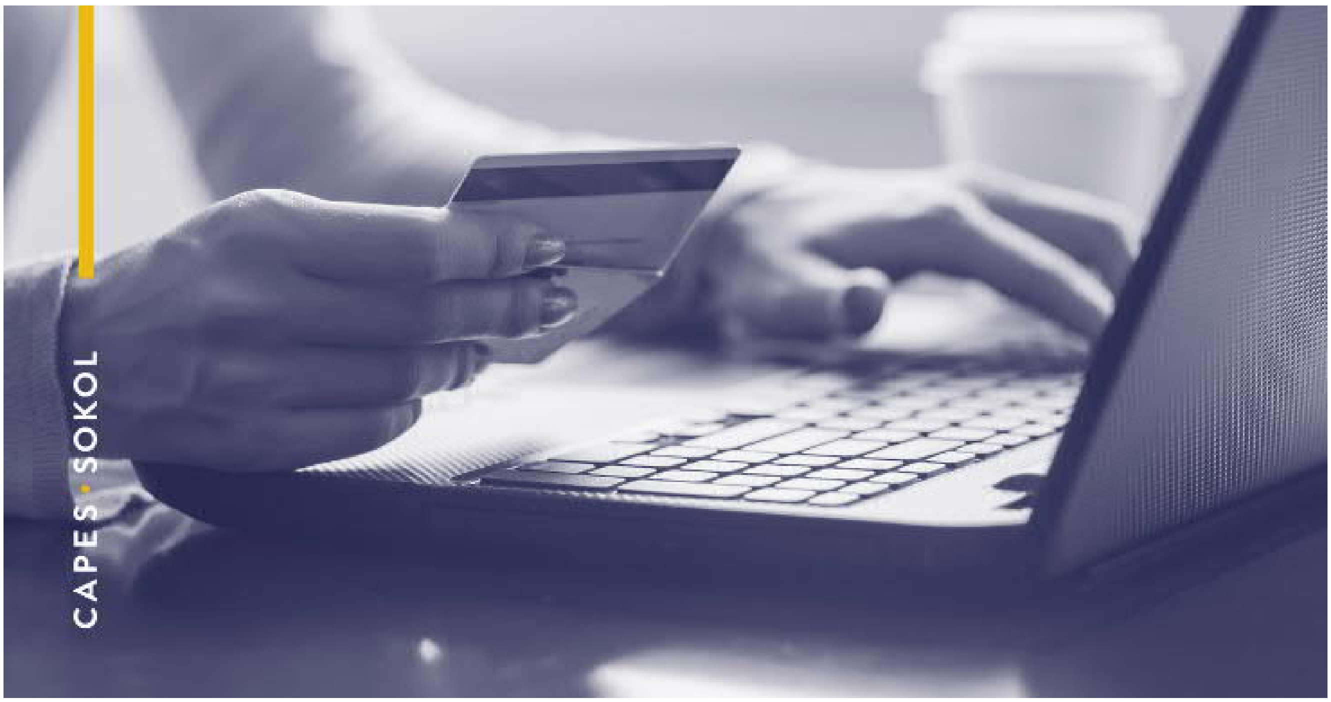

Better Late Than Never: The Wayfair Impact & Missouri's New Sales Tax Legislation

August 5, 2021 | Capes Sokol

Over the past decade, online retail has exploded - for many sellers, it is now almost non-optional to offer products via online sales. Until recently, however, a state could not impose sales tax obligations on retailers who lacked a physical presence within that state's borders. Thus, online retailers with a national customer base avoided collecting and remitting sales tax on a significant portion of their sales.

On June 21, 2018, in *South Dakota v. Wayfair,* the United States Supreme Court issued a landmark decision concerning the taxability of online sales. In a 5-4 decision, the Court reversed its prior determination and recognized the reality of today's marketplace —that an entity can transact business in a meaningful and real way without physically being in the state. The Court concluded that a state may impose tax obligations on businesses who have a "virtual presence" within the state.

Not surprisingly, before the ink on the Court's Wayfair opinion had even dried, states raced to see how fast they could cash in on the decision by implementing some Wayfair-based legislation. This was, after all, an additional source of revenue. In fact, some states, anticipating the Court's decision in *Wayfair,* enacted legislation even before the Court issued the decision.

Missouri was the very last state (with a state sales tax) to implement a *Wayfair* bill (SB 153), which Governor Parsons signed on June 30, 2021. The measure takes effect on January 1, 2023. Let's take a close look at how states and retailers have responded to *Wayfair* and the issues Missouri faced when passing its own legislation.

What are states doing about *Wayfair?*

Each state enacts its own set of laws defining "nexus"- the minimum level of connection between a business and the state that allows the state to tax the business' activity (in this case, sales tax). After *Wayfair,* states may define nexus without requiring a seller to have a physical presence within the state. Each state determines when a business' operations constitute a nexus, bringing the business within the reach of the state's taxing authority. For example, a state may determine that a certain number of sales or a certain dollar value of total sales to residents of the state establishes nexus with that state.

Wayfair Checklist

In *Wayfair,* Justice Kennedy set forth a list, now informally called the "Wayfair Checklist", of the elements which a constitutionally acceptable definition of nexus must include:

1. **A Safe harbor** to exclude "those who transact only limited business" in the state
   (For example, South Dakota's safe harbor exempts businesses with either (a) less than $100,000 in sales or (b) fewer than 200 transactions and Alabama's safe harbor exempts businesses with less than $250,000 in sales)
2. **No retroactive collection of tax on sales predating the sales tax statute**
3. **A single, state-level administration** addressing all sales tax reporting and collection within the state
4. **Uniform definitions** of products and services
5. **A Simplified tax rate structure**
   (For example, South Dakota requires the same tax base between state and local sales tax, has only three sales tax rates, and limited exemptions from the tax.)
6. **Sales Tax Administration Software** provided by the state to facilitate reporting and compliance

The Economic Impact of *Wayfair* on States

The National Conference of State Legislatures' State Tax Actions 2018 report estimates that the economic impact resulting from remote sales tax collections ranges between $7 million to $190 million per *state* for fiscal year 2019.

State Tax Actions Database: To illustrate what tax actions states are taking, NCSL put together a database detailing the states' tax changes. The database includes all actions enacted from 2015 through 2020.

What are online retailers doing about *Wayfair?*

Between states, counties, cities, and specialized taxing districts, over 10,000 sales tax jurisdictions exist throughout the United States. Now, in addition to complying with the tax laws of the states in which they are physically located, online retailers must also track and manage the collecting, reporting and remitting requirements of the states and various taxing jurisdictions into which they sell. This has become a significant administrative burden.

Because each jurisdiction has **a different threshold** ($100,000 in sales or 200 transactions, $250,000 in sales or 200 transactions, $500,000 in sales, etc.) and **tax different goods** (some exclude all clothing or clothing under a certain dollar value, some exclude groceries completely or apply a lower rate on groceries, etc.), and many have **different reporting and remission dates,** the analysis might trigger an anxiety attack in a retailer's compliance officer. At a minimum, it is overwhelming.

A business must register for a permit or license in each state in which it has an obligation to collect and remit sales and use tax. In addition, most sellers use software programs to track sales by state, invest in accounting and tax return preparation services to assure compliance, and keep up to date on changes in the tax law. The costs of compliance are not insignificant - many businesses have and will continue to revise their IT structures, business models, data collection, and processes for calculating, reporting and paying their tax obligations.

Missouri's *Wayfair* Legislative Issues

Missouri, the last "sales-tax state" to implement the *Wayfair* bill, missed out on revenue from out-of-state retailers by failing to enact legislation for close to three years. For almost a year, the legislators agreed that Missouri needed a *Wayfair* sales tax regime. However, they couldn't get their act together to reach a consensus on how to use the revenue generated from such tax.

Missouri Wayfair Nexus

- Starting in 2023, under the new law, **out-of-state retailers** with cumulative gross receipts of $100,000 from the sale *of tangible* personal property into Missouri in the twelve months preceding the current quarter (i.e., economic nexus) must register with the Department of Revenue.
- In addition, **marketplace facilitators** (i.e., an eBay or Amazon) will be liable for sales tax on direct sales into Missouri and sales made on behalf of a third-party.

Missouri has over 2,000 tax jurisdictions that sometimes overlap, each with its own standards and tax rates. The newly enacted law requires the Department of Revenue to generate and maintain a tax mapping tool to aid potential taxpayers with compliance.

Financial impacts of Missouri's *Wayfair* Bill

Missouri Senator Andrew Koenig characterized the bill as a "$380 million income tax cut". Missouri legislators built actual and potential reductions in state income taxes into the new statute. Starting in 2024, income tax rates will drop by one-tenth of a percentage. If the state's general revenues grow by $150M in subsequent years, the income tax rate might be reduced twice, in additional tenth of a percentage increments.

In addition, the bill establishes a nonrefundable **Missouri Working Family Tax Credit Act,** calculated based on a percentage of the taxpayer's federal earned income tax credit, which will go into effect /£the state meets certain net general revenue growth thresholds.

It is unfortunate that Missouri missed out (and will continue to miss out) on the revenue generated from remote sales until 2023. The reality is that Missouri businesses have been tracking, collecting and remitting sales tax on out-of-state sales for the past three years. Out of state retailers have been making money off of Missouri residents without having to engage in the same exercise. Nonetheless, Missouri is now on board, and the Department of Revenue will work over the next 17 months to build the infrastructure to administer and manage this new sales tax source.

https://www.westnewsmagazine.com/news/chesterfield/use-tax-could-appear-on-chesterfield-s-april-ballot/article_c92e8e31-0669-54d4-b62b-34fa2cbd00d3.html

Use tax could appear on Chesterfield's April ballot

By Cathy Lenny
Sep 23, 2021

Sales tax paid in Chesterfield Valley will continue to be divided out of St. Louis County's tax pool.

A use tax proposal is currently under consideration to be put on the city's April 5 ballot in 2022.

On June 30, Missouri Gov. Mike Parson signed into law the Wayfair bill to impose online sales tax on out-of-state vendors. The legislation allows municipalities to collect a use tax from online retailers who sell and deliver more than $100,000 in tangible goods in the state.

However, the tax must be approved by the voters of Chesterfield.

With a tax issue on the April ballot in 2022, the earliest the city could start collecting sales tax revenue would be January 2023, said Mayor Bob Nation.

Other municipalities, including St. Louis County, are expected to put the issue on the ballot in April to share the cost, he said.

The use tax would be the same rate as the local sales tax of 1%.

This is revenue that has been siphoned off from local retailers as more and more people resort to online shopping, according to Nation.

City Attorney Chris Graville noted that the tax is similar to the motor vehicle titling tax that was approved a couple of years ago to collect sales tax revenue on vehicles purchased out of state. Prior to the change in law, it was up to the consumer to report the purchase and pay the tax, he said.

With this new use tax, it would shift the burden to report the tax to retailers instead of shoppers, and level the playing field for brick-and-mortar businesses, Graville said.

A final vote on the proposal is slated to be taken at Chesterfield's next regular council meeting.

ChamberSTL, the public policy initiative of Greater St. Louis, Inc., recently hosted a virtual webinar on the Wayfair internet sales tax legislation making its way through the Missouri General Assembly.

Missouri remains one of only two states in the nation without a mechanism to collect internet sales tax from out-of-state sellers, commonly referred to as the "Wayfair Fix." This unfair treatment places Missouri businesses at a distinct disadvantage. As the volume of online sales continues to grow, accelerating even faster during the pandemic, the disparity between our state's small businesses and out-of-state sellers will widen. Passing the Wayfair Fix this legislative session is essential to keeping Missouri businesses on a level playing field with out-of-state competitors.

ChamberSTL was joined by business, civic, and government leaders who voiced their support for the Wayfair Fix, each bringing a unique perspective to the debate:

- Amy Blouin, President & CEO of the Missouri Budget Project, highlighted the impact Wayfair could have on the state's budget.
- Dan Mehan, President & CEO of the Missouri Chamber, emphasized that passing a Wayfair internet sales tax is important for small business growth in Missouri.
- Missouri State Senator Andrew Koenig (R-Ballwin), the sponsor of the Senate Wayfair bill, gave investors an inside look on the debate happening between the different House and Senate Wayfair bills.

TAX FOUNDATION

Florida and Missouri, the Last Wayfair Holdouts, Consider Remote Sales Tax Bills

February 5, 2021

Janelle Cammenga

Since 2018's landmark *South Dakota v. Wayfair* Supreme Court case, most states have jumped at the chance to use their newfound authority to tax a greater share of online sales. Some states designed their systems better than others, and many still include relics of previous regulations dealing with physical presence, but nearly every state was quick to take advantage of the broader nexus standards permitted by the *Wayfair* decision—all but two.

States' enthusiasm is warranted, considering that online shopping made up a little over a fifth (https://www.digitalcommerce360.com/article/us-ecommerce-sales/) of all retail sales in 2020. This big increase from 2019's 15.8 percent was driven in part by the pandemic and its accompanying shutdowns, both because a larger share of tangible goods was purchased online and because more consumption was shifted to physical purchases, with many services and experiences less readily available during the pandemic.

But two states—Florida and Missouri—have held back on online sales taxes thus far. Now, lawmakers in both states have filed bills to address the issue this session.

In Florida, SB 50 (https://www.flsenate.gov/Session/Bill/2021/50) would adopt a remote sales tax regime, but the bill has engendered a fair amount of opposition (https://www.orlandoweekly.com/Blogs/archives/2021/01/25/florida-lawmakers-dont-want-you-to-call-this-new-proposal-to-collect-online-sales-tax-a-new-sales-tax). The bill includes several important elements: a narrow definition of marketplace providers (platforms like eBay, Amazon Marketplace, and Etsy) and a $100,000 gross sales threshold for sellers and marketplace providers alike.

It's possible that the Sunshine State, which forgoes an income tax, is simply trying to sweeten the pot for residents by not taxing online sales. But as the state relies heavily on sales to make up for income tax revenue, it would do well to broaden its base to include online shopping. This would help stabilize revenues, something the state could use in the current recession. It's worth noting that Florida actually puts small local retailers at a disadvantage here, as those sellers have to continue collecting sales taxes even if out-of-state retailers do not. Florida, moreover, has taken a hit to sales tax collections that most other states have avoided, given that tourists normally contribute substantially to sales tax collections, but most vacations have been put on hold during the pandemic.

An ideal sales tax is levied on the final consumption of all goods and services, and artificially maintaining a smaller base that favors online retailers will not foster the competitive business environment that the state wants. Theoretically, of course, both Florida and Missouri tax remote sales through their use taxes, with in-state consumers obligated to report their untaxed purchases and remit use tax to the state. Compliance is, unsurprisingly, quite low; shifting that burden to remote sellers, subject to reasonable thresholds, is prudent.

remote sales tax legislation in his 2021 State of the State address at the end of January, giving proponents a bit more momentum this time around. However, such hopes always depend on cooperation, and the House, the Senate, and governor will need to be on the same page in order to get this bill across the finish line.

This year, lawmakers will consider SB 97 (https://www.senate.mo.gov/21info/BTS_Web/Bill.aspx?SessionType=R&BillID=54105474), which would impose remote seller obligations beginning in 2022. The bill requires sellers to collect and remit sales taxes if they surpassed $100,000 in Missouri sales in a year, avoiding the pitfalls associated with including a transaction threshold, which can require filing and payment obligations on incredibly low dollar amounts for small sales. It also requires the Department of Revenue to create and manage a database of tax rates and jurisdictions in the state, and it absolves sellers of liability in the case of database errors.

Beyond these common elements, Missouri's bill is notable because it cashes in on one benefit of a broader sales tax base: lower rates. Under this bill, the state rate must be adjusted downward, beginning in 2023, to produce substantially the same amount of revenue as the sales tax did prior to the expansion to remote sellers. Any locality that wants to collect remote sales taxes must do likewise. Because the biggest online retailers already had nexus in Missouri and elsewhere prior to the *Wayfair* decision, these rate reductions will likely not be huge, but making this bill a revenue neutral change is admirable.

Florida and Missouri both have an opportunity this year to join their peers in adopting post-*Wayfair* sales tax regimes, and maybe even provide some rate relief in the process.

Institute of Public Policy
Missouri Legislative Academy
Harry S Truman School of Public Affairs
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April 2012

Internet Sales and Use Tax Issues in Missouri

Ying Huang, John Kosash, and Andrew Wesemann

Ying Huang has a Masters of Public Affairs from the Truman School of Public Affairs and a Law degree from the Southwest University of Political Science and Law in Chongqing, China. and is pursuing a PhD in Sociology at SUNY Albany.

John Kosash has a Masters of Public Affairs from the Truman School of Public Affairs, focusing on Public Policy.

Andrew Wesemann has a Masters of Public Affairs and is pursuing a PhD from the Truman School of Public Affairs.

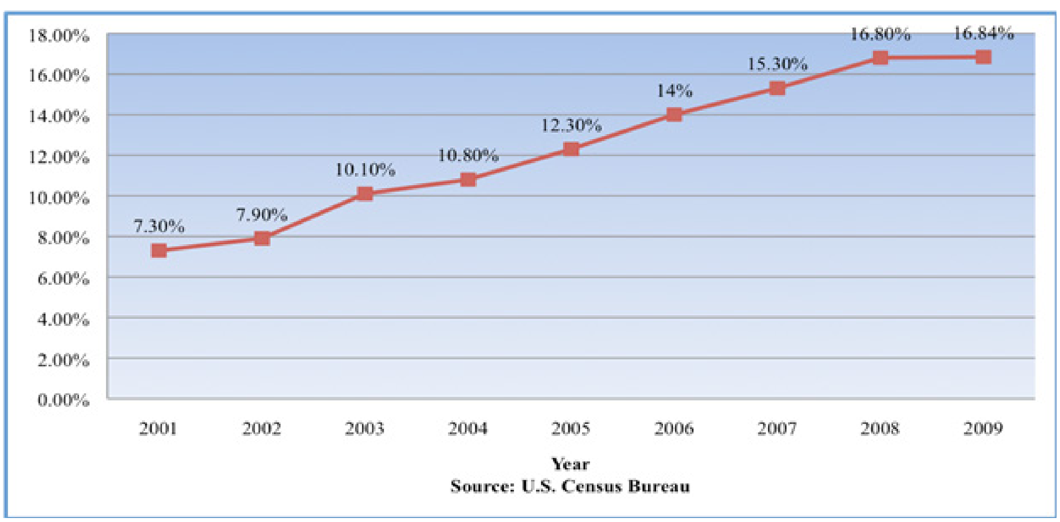
Abstract

The amount of tax revenue lost due to untaxed interstate e-commerce is a growing concern for states throughout the United States. Research suggests that states, including Missouri, lose millions of dollars each year in e-commerce tax revenue because federal legislation prohibits them from collecting sales and use taxes from entities that do not have a physical presence in their given state. As a result, many states have considered, and some have adopted, policy options that may resolve this issue. Missouri has considered but has not acted upon proposals to permit the taxing of internet sales. This report expands on previous research to develop a unique formula to predict how much revenue Missouri forgoes due to e-commerce. Lastly, this report discusses alternatives for capturing the revenue if deemed appropriate by the Missouri legislature.

Introduction

Over the past decade, e-commerce[1] has grown at a substantial rate throughout the United States. As shown in Graph 1, the U.S. Census Bureau suggests that sales and use transactions which are classified as e-commerce have increased at a national level by 9.54% from 2001 to

Graph 1: National Proportion of E-commerce Relative to Total U.S. Commerce (2001 to 2009)



[1] The United States Census Bureau defines e-commerce as the value of goods and services sold online with "online" being noted as the use of the Internet, intranet, extranet, as well as other networks that run similar technological systems. E-commerce applies to businesses selling to other businesses and businesses selling retail products and/or services to consumers (U.S. Census Bureau, 2011a).

[2] The total commerce is comprised of total business-to-business and business-to-consumer transactions.

2009 and e-commerce now stands at almost 17% of total US commerce[2] (U.S. Census Bureau, n.d.). Additional research indicates that this is also a growing trend in Missouri and numerous other states (Strauss, 2011; Bruce, Fox & Luna, 2009; Chupick & Davila, 2009; Scanlan, 2007; Reddick, 2006). A prominent and highly utilized study conducted by Bruce, Fox, and Luna (2009) estimates that e-commerce has increased substantially in Missouri over the past four years and will continue to do so well into the future.

As e-commerce increases, Missouri lawmakers and citizens have expressed concern primarily due to the potential tax revenue loss and the imbalances that it introduces in the market economy. Currently, Missouri collects sales and use taxes on e-commerce transactions only from businesses that have sufficient nexus, or physical location, within the state, and from a small number of out-of-state filers who willingly choose to remit these taxes.[3] The latter is especially important because of a 1992 ruling in *Quill v. North Dakota* by the U.S. Supreme Court that states cannot levy a sales and use tax on entities unless they have nexus in their state (Duplantier, 2011). As a result, businesses and consumers are able to easily avoid paying sales and use taxes on products; in fact most do not know that these taxes are payable. This provides a competitive advantage for consumers and producers that purchase products and services online, and in turn, carries negative implications for the Missouri tax system, Missouri retailers, and the Missouri economy. For example, when a Missourian purchases a product from an online company that does not have a physical presence in Missouri, the state forgoes sales and use tax revenue on that transaction (such as amazon.com vs. Barnes and Noble). Bruce et al. (2009) estimate that Missouri may have lost up to $3 billion in tax revenue, due to e-commerce, from 2007 to 2011 because of this exception, and this amount is only expected to increase far into the future, if the state fails to find systematic tools to collect e-commerce tax revenue.

As previously mentioned, e-commerce creates large consequences for the Missouri economy for several reasons. First, because Missouri is unable to require non-nexus entities to remit e-commerce sales and use taxes, firms may elect to change their best business practices in order to avoid tax collection responsibilities in the state. For example, firms may choose to physically operate outside of Missouri to avoid establishing nexus and thus avoid being subject to taxation. Second, local entities which have established a physical presence within Missouri face competitive disadvantages as consumers are induced to make purchases online because they pay cheaper prices. Finally, lower income consumers in Missouri may face economic disadvantages, as they may not have access to the Internet and thus are forced to shop at local stores where sales and use tax is collected (Bruce et al., 2009, p. 2).

Many researchers and scholars assert that most, if not all, states lose a substantial amount of tax revenue due to e-commerce. Furthermore, many states currently face budget shortfalls yet e-commerce tax revenue collections have been less than optimal, because states are limited by federal law—in particular the Commerce Clause,[4] —in that they cannot require out-of-state companies to collect and remit sales and use taxes. Additionally, enforcing individual citizens to remit due taxes is impracticable.[5] While federal law currently prohibits states from imposing sales or use taxes on companies that do not have a physical presence in the state, many states have been able to partially overcome this situation by entering into the Streamlined Sales and Use Tax Agreement (Duplantier, 2011). This Agreement assists participating states in collecting additional tax revenue by encouraging companies that sell over the Internet and by mail order, to collect taxes on sales to customers in streamlined states (Streamlined Sales Tax Governing Board, 2011).

The purpose of this Agreement is to lessen the burden on out-of-state companies without nexus by "simplifying the complex patchwork of state and local sales and use tax laws existing throughout the country" (Haile & Gaylord, 2011, p.117). By adopting this streamlined approach, participating states seek to mitigate the possible strain on out-of-state businesses and also attempt to persuade Congress to pass legislation permitting states to require out-of-state retailers to collect taxes (Haile & Gaylord, 2011). Thus far, 24 states have passed conforming legislation with the aforementioned agreement, and Missouri lawmakers have proposed this legislation in the 2012 session and past sessions (Duplantier, 2011; Streamlined Sales and Use Tax Governing Board, 2011).[6]

Assuredly, e-commerce in Missouri and throughout the nation has grown substantially over the past decade

[3] Revised Statutes of Missouri (RSMO) § 144.665.5 requires Missourians to remit use tax after the first $2,000 of goods or services purchased online from out-of-state businesses. However, the effectiveness of this statute is hampered by issues of compliance and enforcement.

[4] Article 1 Section 8 Clause 3 states "[Congress has power]…To regulate Commerce…among the several States…"

[5] See Amazon .com, LLC v. Lay, 2010; Stanley v. Georgia, 1969.

[6] Five bills were introduced in The MissouriHouse in 2012 to enter the Streamlined Sales and Use Tax Agreement. See www.house.mo.gov for details.

and will continue to do so over the next several years. Furthermore, it is reasonable to assume that Missouri and other states alike will continue to lose sales and use tax revenue as a result of e-commerce (Strauss, 2011; Bruce, Fox & Luna, 2009; Chupick & Davila, 2009; Scanlan, 2007; Reddick, 2006). Therefore, this study builds upon existing research to estimate sales and use tax revenue losses attributed to e-commerce in Missouri, evaluates potential policy alternatives for resolving the e-commerce sales and use tax issue in Missouri, and provides recommendations for future legislative action.

E-commerce Tax Revenue Loss in Missouri

This study examines two aspects of possible Missouri e-commerce tax revenue losses:

1) The tax revenue that may have been collected had Missouri broadened its sales and use tax base to e-commerce from 2001 to 2009; and
2) Projections for future e-commerce tax revenue losses if no substantial action is taken in Missouri.

The methodology employed to estimate the first aspect is based primarily on the 2009 research of Bruce et al., but designed specifically for Missouri as shown in Appendix A. This study then utilized a three year moving average[7] in order to project future revenue losses due to e-commerce. It must be noted that the estimations provided throughout this study are referred to as e-commerce tax revenue losses; however, these figures include both taxable and nontaxable e-commerce. That is, they include tax revenue that has been collected and will be collected in addition to tax revenue that cannot be collected due to nexus limitations(*Quill v. North Dakota,* 1992). Yet, because it is nearly impossible to estimate the proportion of nexus entities and non-nexus entities selling in Missouri, a percentage of this study's final loss estimations, in fact, includes some sales and use tax revenue(Marr, 2012).

• Missouri Estimated Tax Revenue Losses from 2001 to 2009

Over the course of nine years, the national e-commerce rate has risen by 9.54%(U.S. Census Bureau, n.d.). The figures shown in Graph 1 represent e-commerce at a national level, yet, the U.S. Census Bureau (2011) reports that the national Internet usage rate closely mirrors that of Missouri: 80.23% versus 78.21%. Therefore, these estimates have been applied to calculate e-commerce in Missouri as well.

Table 1: *Actual and Potential E-commerce Tax Revenue in Missouri (2001 to 2009)*

Year	Actual and Potential Ecommerce Tax Revenue in Missouri	Actual and Potential Ecommerce Tax Revenue in Missouri Less Noncompliance
2001	$201,079,166.92	$138,530,260.69
2002	$216,582,832.06	$149,000,582.01
2003	$282,457,104.60	$194,274,084.05
2004	$317,642,396.04	$218,897,166.18
2005	$377,096,884.30	$259,855,654.15
2006	$450,370,193.05	$310,328,318.56
2007	$499,423,118.94	$343,796,929.92
2008	$543,484,345.21	$372,796,184.92
2009	$515,788,603.75	$352,508,595.08

Graph 2: *Actual and Potential E-commerce Tax Revenue in Missouri (2001 to 2009)*

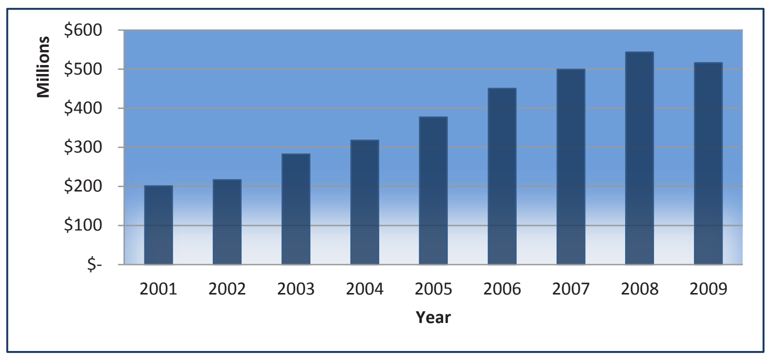


Table 2: *Future Projections for Actual and Potential E-commerce Tax Revenue in Missouri (2010 to 2014)*

Year	Moving Average – Actual and Potential Ecommerce Tax Revenue in Missouri	Percentage Change (%)	Moving Average – Actual and Potential Ecommerce Tax Revenue In Missouri Less Noncompliance	Percentage Change (%)
2010	$ 519,565,355.96	0.73	$ 356,367,236.64	1.09
2011	$ 526,279,434.97	1.29	$ 360,557,338.88	1.18
2012	$ 520,544,464.89	-1.09	$ 356,477,723.53	-1.13
2013	$ 522,129,751.94	0.30	$ 357,800,766.35	0.37
2014	$ 522,984,550.60	0.16	$ 358,278,609.59	0.13

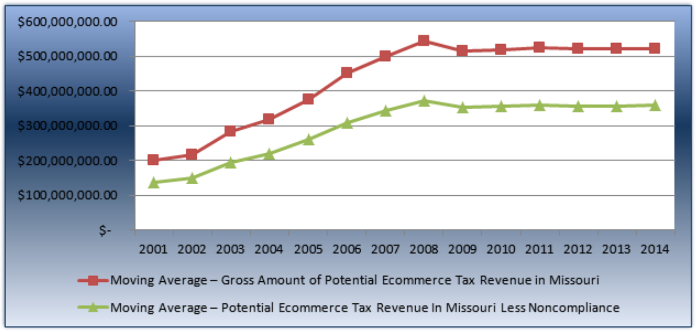
By applying the national proportion of e-commerce to Missouri's total sales and use transactions, this study concludes that Missouri fails to collect a substantial portion of e-commerce sales and use tax revenue (U.S.Census Bureau, n.d.). As shown in Table 1 and

[7] When there is a clear trend, the variations within a series can be ironed out by what is known as the method of moving average. A moving average is calculated by averaging two or more consecutive values in the series and accepting the computed value to be the forecast for the next period" (Gupta, 2010, p.263). "Using this method, we would predict for Xt+1 as follows: $\hat{X}_{t+1}=(X_t+X_{t-1}+X_{t-2})/3$ (Gupta, 2010, p.263)." Further, this method employs a smoothing technique which reduces the effects of random variation in the data and more clearly reveals underlying trends across years. It is important to note that this ensures more conservative predictions in which revenue forecasts are not overestimated or underestimated (Information Technology Laboratory, n.d.)

[8] It is important to note that our calculations include taxable and nontaxable e-commerce (i.e. entities that hold a physical presence in the state vs. those that do not). However, given data limitations and e-commerce growth trends we assume that while this factor may inflate our calculations, it is not a significant enough discrepancy to compromise our final estimations.

Graph 2, Missouri lost approximately $2.3 billion in e-commerce tax revenue over a nine-year time span.[8]

Graph 3: *Future Projections for Actual and Potential E-commerce Tax Revenue in Missouri (2010 to 2014)*



Furthermore, on average,this represents an approximate revenue loss of $259 million each year.

• Projections for Future E-commerce Tax Revenue Losses (2011 to 2014)

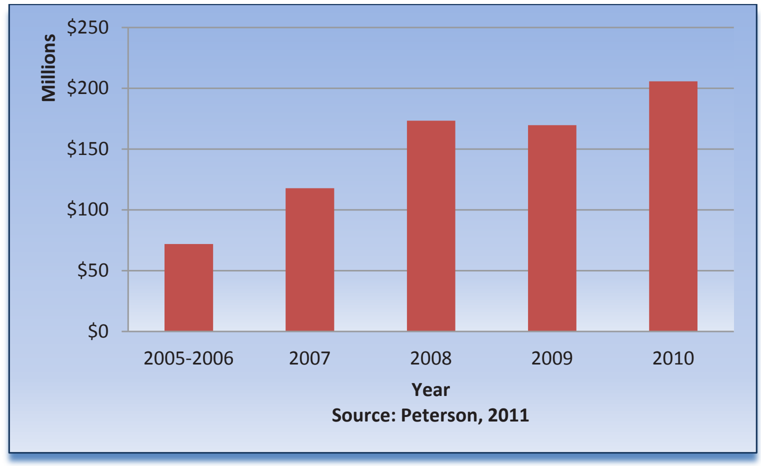
Given the growing trends of e-commerce depicted in Graph 1, it is important to make projections for potential e-commerce tax revenue losses in the future. Using a three year moving average and factoring in estimated noncompliance rates, this study made future estimations for uncollected e-commerce tax revenue in Missouri (shown in Table 2 and Graph 3).[10] Missouri is predicted to lose $1.4 billion from 2011 to 2014. This equates to $358.2 million in annual average losses.
These findings clearly suggest that Missouri loses a significant amount of tax revenue and will continue to forgo an increasing amount with its current law and enforcement efforts.

E-commerce Policy Options

If Missouri shares the same concern as other states about tax revenue losses attributed to e-commerce, it might be of interest for the state to seek policy alternatives to mitigate this issue. Therefore, it is the recommendation of this study that the State of Missouri consider the following policy options:

•Short-Term: Enter into the Streamlined Sales and Use Tax Agreement

Graph 4: *Total Amount of Additional E-commerce Tax Revenue Collected by Streamlined States (2005 to 2010)*

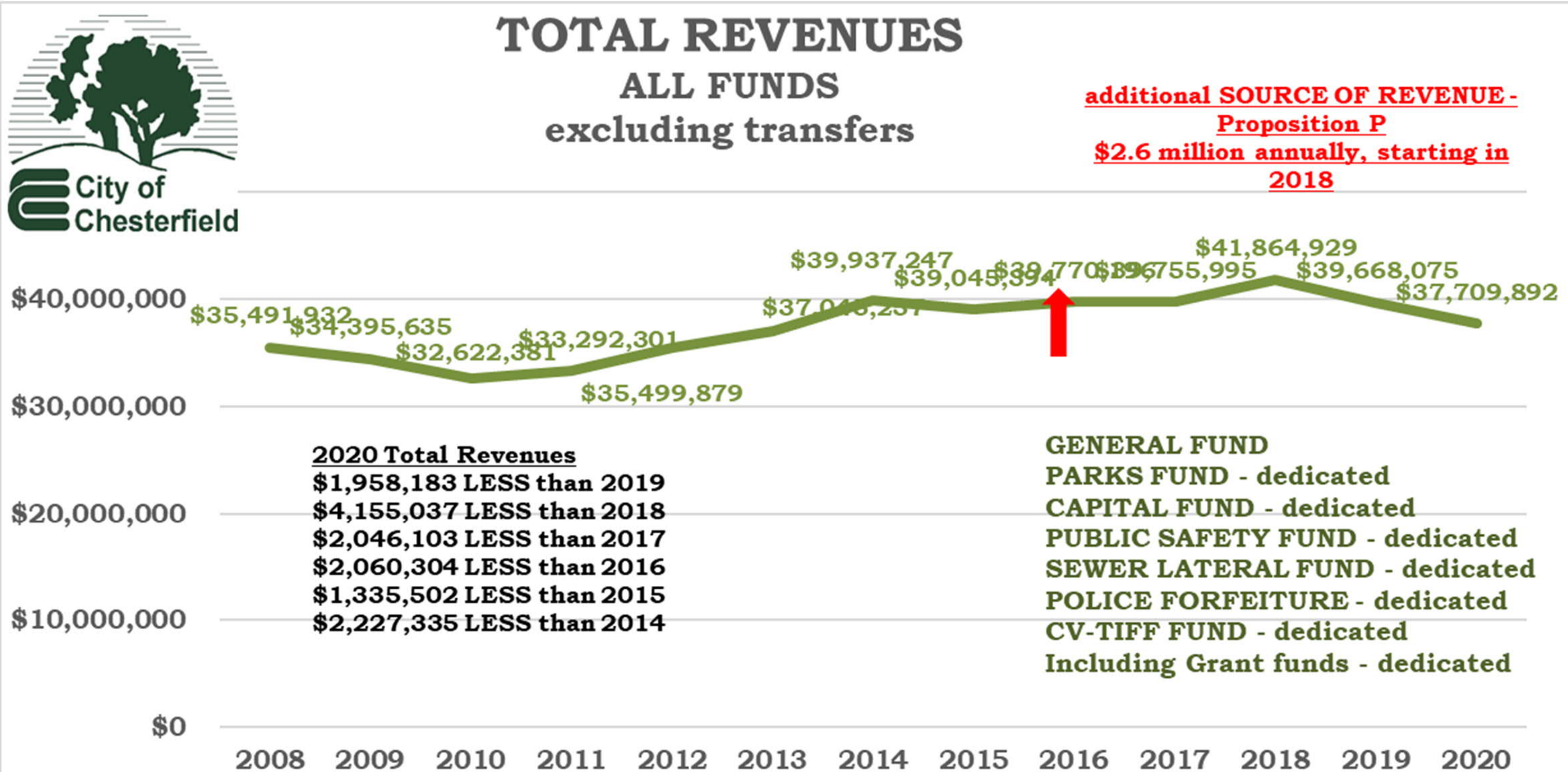


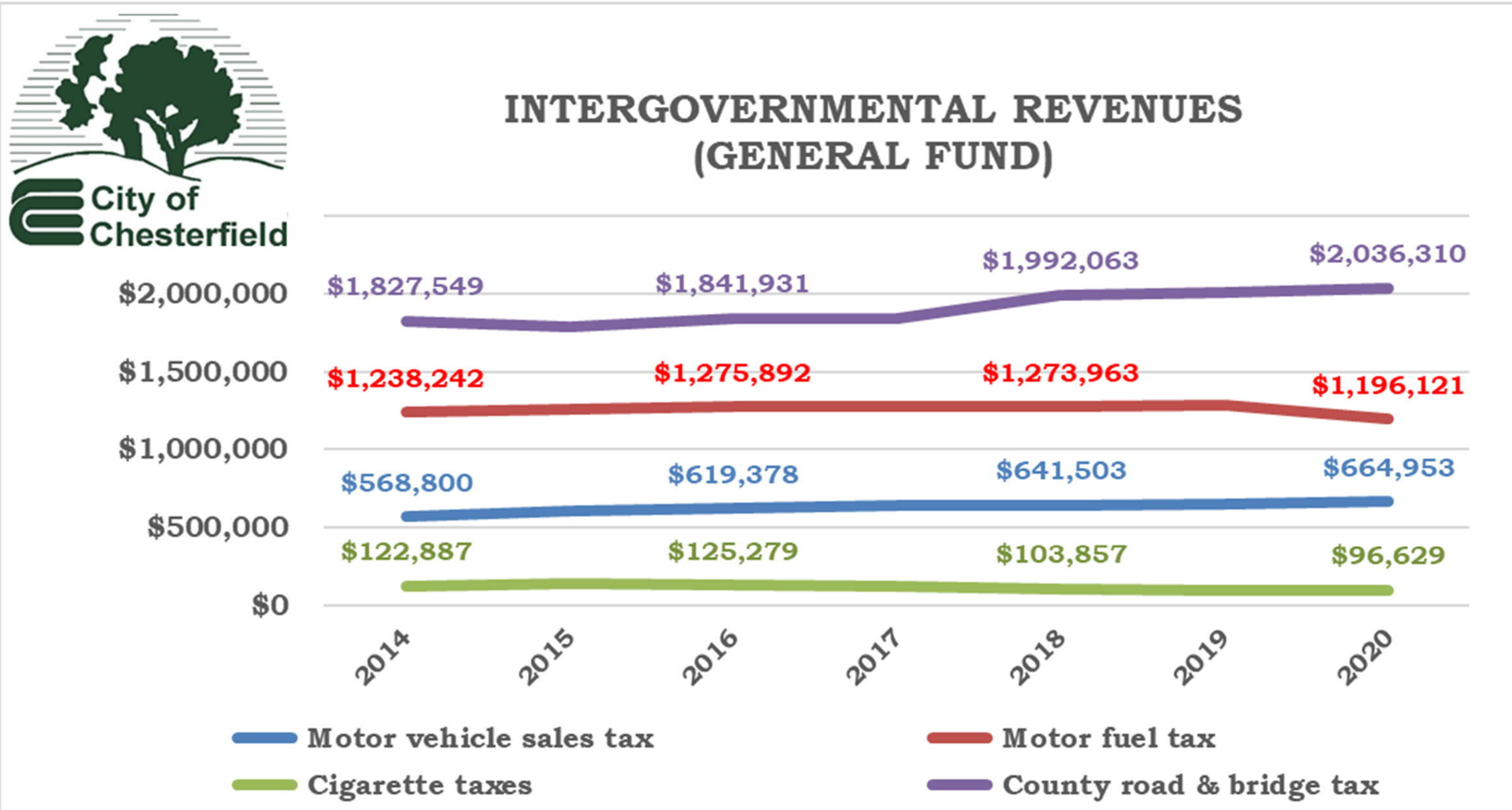
The Streamlined Sales and Use Tax Agreement encourages entities that sell over the Internet or by mail order to collect taxes on sales to consumers who live in streamlined states. One option that Missouri can consider is to pass legislation which permits the State to enter into the Streamlined Sales and Use Tax Agreement in order to partially collect e-commerce sales and use tax revenue. The Streamlined Sales Tax Governing Board (2010) suggests that this Agreement has proven to be beneficial to many states and this is why so many others have passed conforming legislation allowing them to enter into the Agreement. Furthermore, all streamlined states have confirmed significant revenue gains that have resulted from entering into the Streamlined Sales and Use Tax Agreement. As shown in Graph 4, from 2005 to 2010, these streamlined states' departments of revenue reported that they were able to collect an added $738.2 million in e-commerce tax revenue. Of this total, each state collected an average of $30.7 million in e-commerce tax revenue over this time span (Peterson, 2011).

However, these benefits do not fully compensate for the tax revenue losses that result from e-commerce. Reddick (2006) notes states that enter this Agreement cannot bypass federal law because it is purely voluntary and does not allow the state to penalize businesses or consumers for not remitting e-commerce taxes. Therefore, many entities have elected not to collect and remit these sales and use taxes and, as a result, the amount of revenue gains attributed to the Agreement is minimal when compared to the calculated e-commerce tax revenue lost in this study and other research (Bruce et al., 2009; Streamlined Sales Tax Governing Board, 2011). Consequently, the Streamlined Sales and Use Tax Agreement does not fully resolve the revenue loss issue attributed to e-commerce. It is for this reason that this study suggests

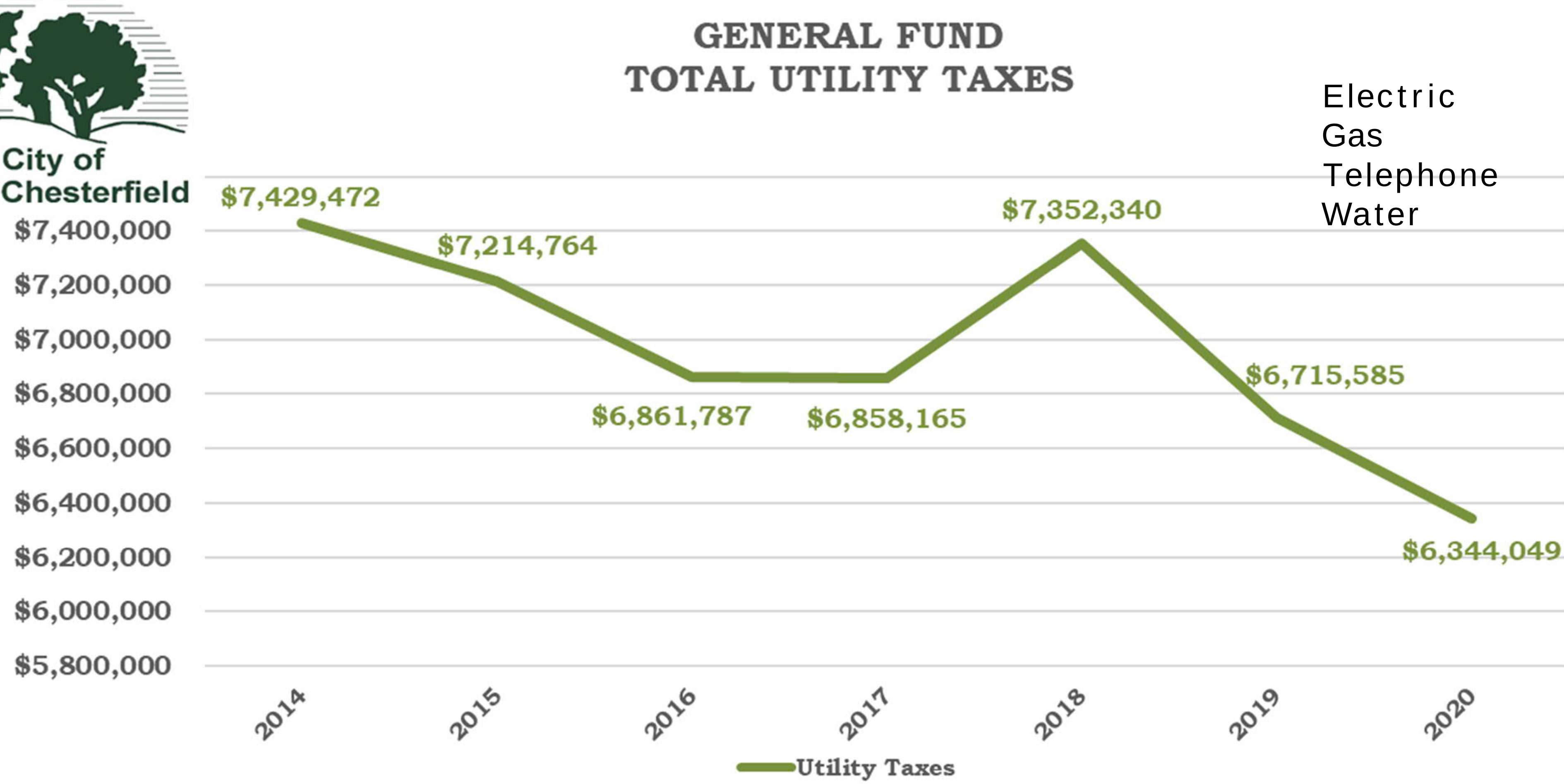
[9] Research has shown the current compliance rates for Business-to-Business and Business-to-Consumer is 94% and 66.1%, respectively (Bruce, et. al, 2009; Strong-Goeke, 2011). This study asserts that noncompliance does exist within the state and therefore, all estimations in the study have factored this component into the final calculations.

[10] The e-commerce estimates provided by the U.S. Census Bureau is only available from 2001 to 2009. Therefore, the moving average is used starting in 2007.


TOTAL REVENUES
ALL FUNDS
excluding transfers
City of
Chesterfield
additional SOURCE OF REVENUE -
Proposition P
$2.6 million annually, starting in
2018
$41,864,929
$39,937,247
$39,045,394
$39,668,075
$37,709,892
$35,491,932
$34,395,635
$32,622,381
$33,292,301
$35,499,879
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
2020 Total Revenues
$1,958,183 LESS than 2019
$4,155,037 LESS than 2018
$2,046,103 LESS than 2017
$2,060,304 LESS than 2016
$1,335,502 LESS than 2015
$2,227,335 LESS than 2014
GENERAL FUND
PARKS FUND - dedicated
CAPITAL FUND - dedicated
PUBLIC SAFETY FUND - dedicated
SEWER LATERAL FUND - dedicated
POLICE FORFEITURE - dedicated
CV-TIFF FUND - dedicated
Including Grant funds - dedicated
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020



City of Chesterfield
INTERGOVERNMENTAL REVENUES
(GENERAL FUND)
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$1,827,549
$1,841,931
$1,992,063
$2,036,310
$1,238,242
$1,275,892
$1,273,963
$1,196,121
$568,800
$619,378
$641,503
$664,953
$122,887
$125,279
$103,857
$96,629
2014
2015
2016
2017
2018
2019
2020
Motor vehicle sales tax
Motor fuel tax
Cigarette taxes
County road & bridge tax


GENERAL FUND
TOTAL UTILITY TAXES
Electric
Gas
Telephone
Water
$7,429,472
$7,214,764
$6,861,787
$6,858,165
$7,352,340
$6,715,585
$6,344,049
$7,400,000
$7,200,000
$7,000,000
$6,800,000
$6,600,000
$6,400,000
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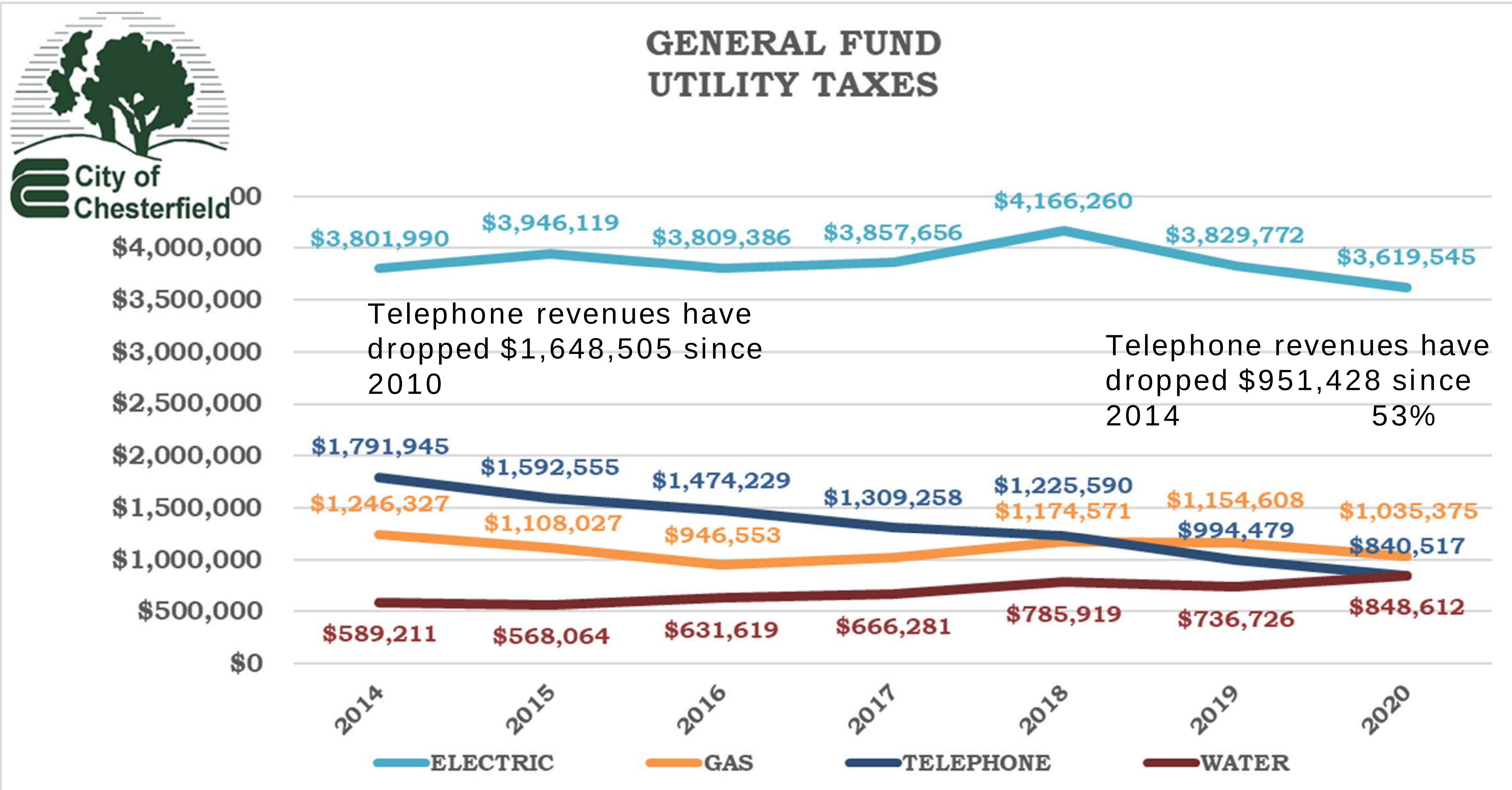
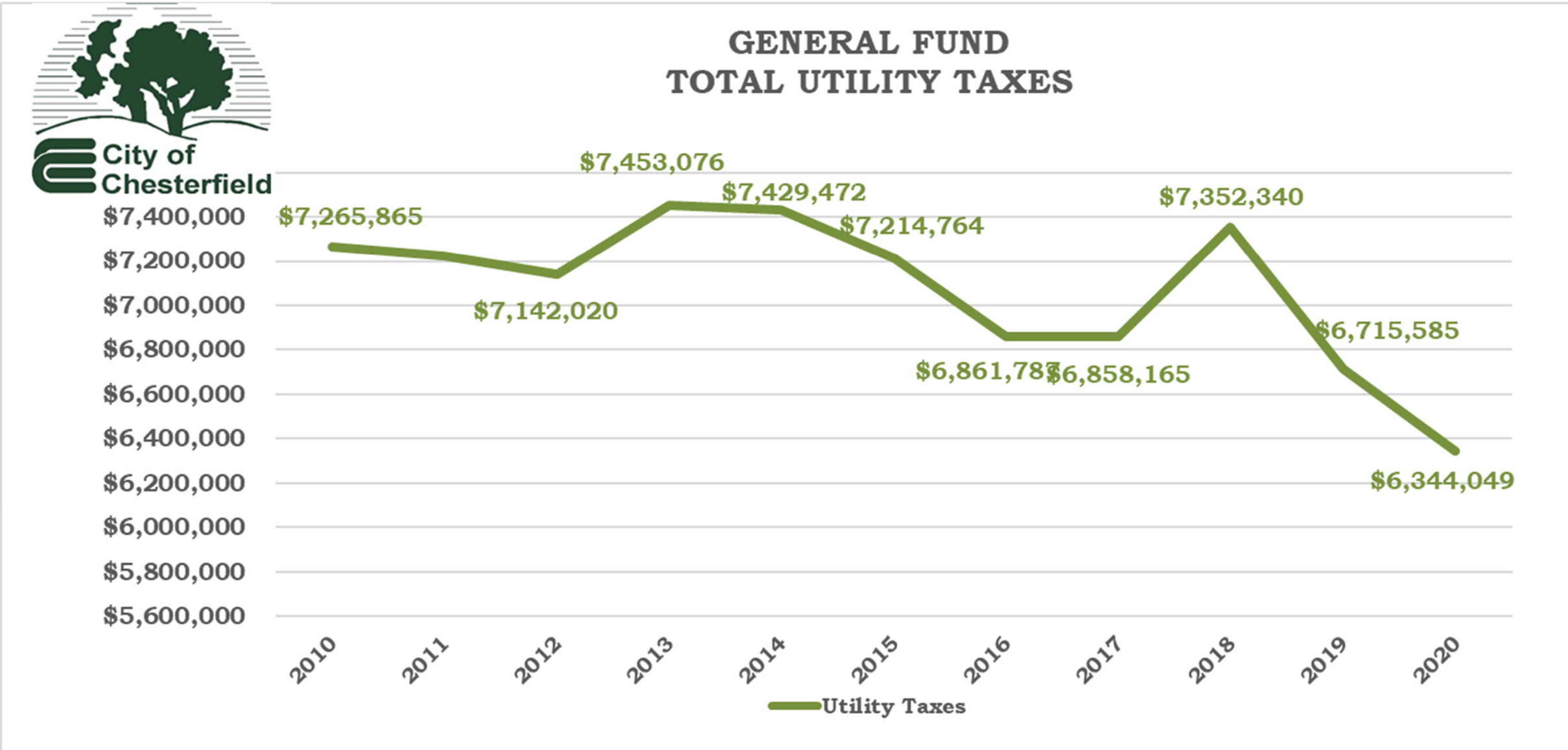
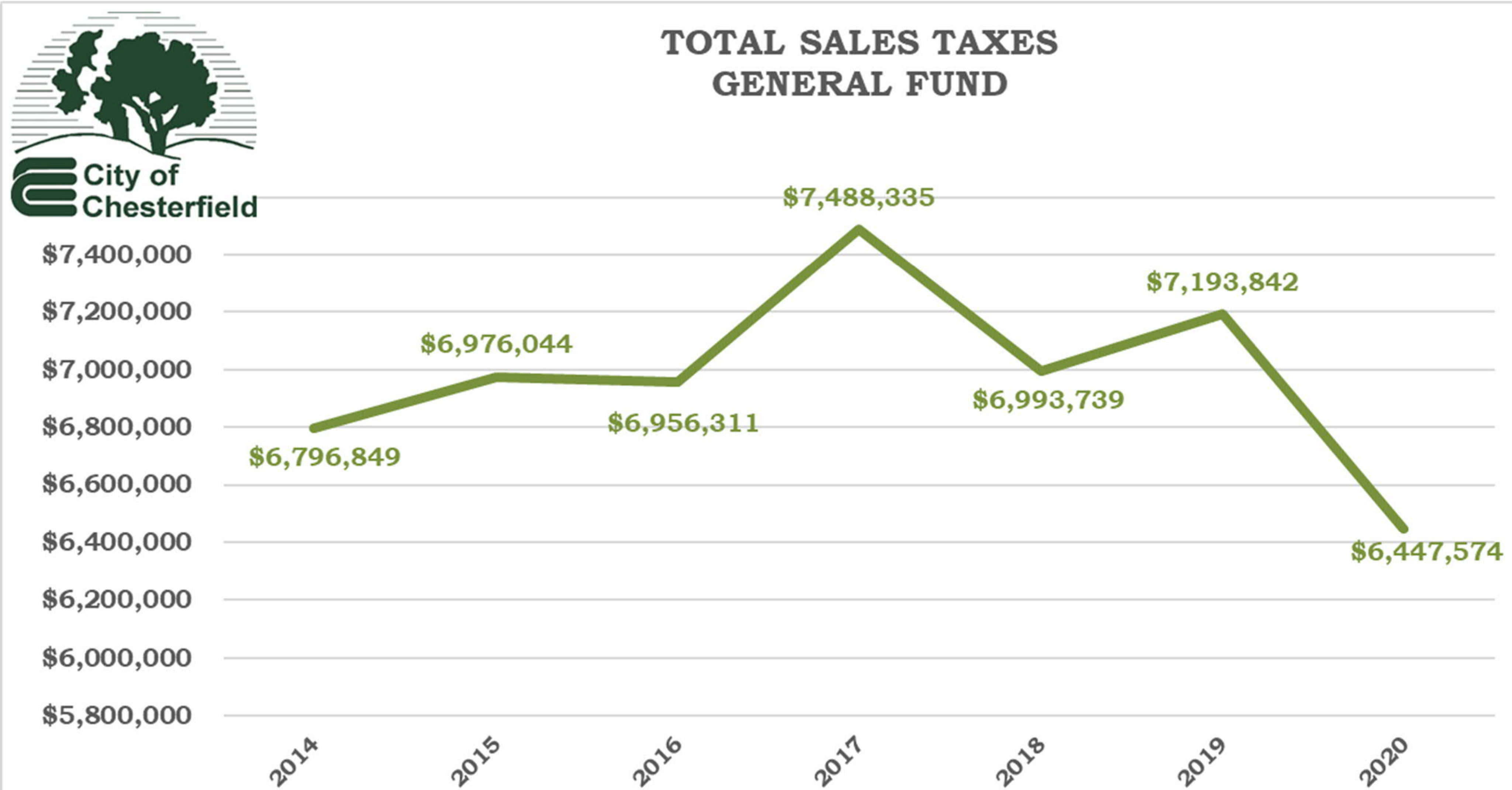
$5,800,000
2014
2015
2016
2017
2018
2019
2020
Utility Taxes


GENERAL FUND
UTILITY TAXES
City of Chesterfield
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$3,801,990
$3,946,119
$3,809,386
$3,857,656
$4,166,260
$3,829,772
$3,619,545
Telephone revenues have dropped $1,648,505 since 2010
Telephone revenues have dropped $951,428 since 2014
53%
$1,791,945
$1,592,555
$1,474,229
$1,309,258
$1,225,590
$994,479
$840,517
$1,246,327
$1,108,027
$946,553
$1,174,571
$1,154,608
$1,035,375
$589,211
$568,064
$631,619
$666,281
$785,919
$736,726
$848,612
2014
2015
2016
2017
2018
2019
2020
ELECTRIC
GAS
TELEPHONE
WATER


City of Chesterfield
GENERAL FUND
TOTAL UTILITY TAXES
$7,400,000
$7,200,000
$7,000,000
$6,800,000
$6,600,000
$6,400,000
$6,200,000
$6,000,000
$5,800,000
$5,600,000
$7,265,865
$7,142,020
$7,453,076
$7,429,472
$7,214,764
$6,861,787
$6,858,165
$7,352,340
$6,715,585
$6,344,049
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Utility Taxes


City of Chesterfield
TOTAL SALES TAXES
GENERAL FUND
$7,400,000
$7,200,000
$7,000,000
$6,800,000
$6,600,000
$6,400,000
$6,200,000
$6,000,000
$5,800,000
$6,796,849
$6,976,044
$6,956,311
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$6,993,739
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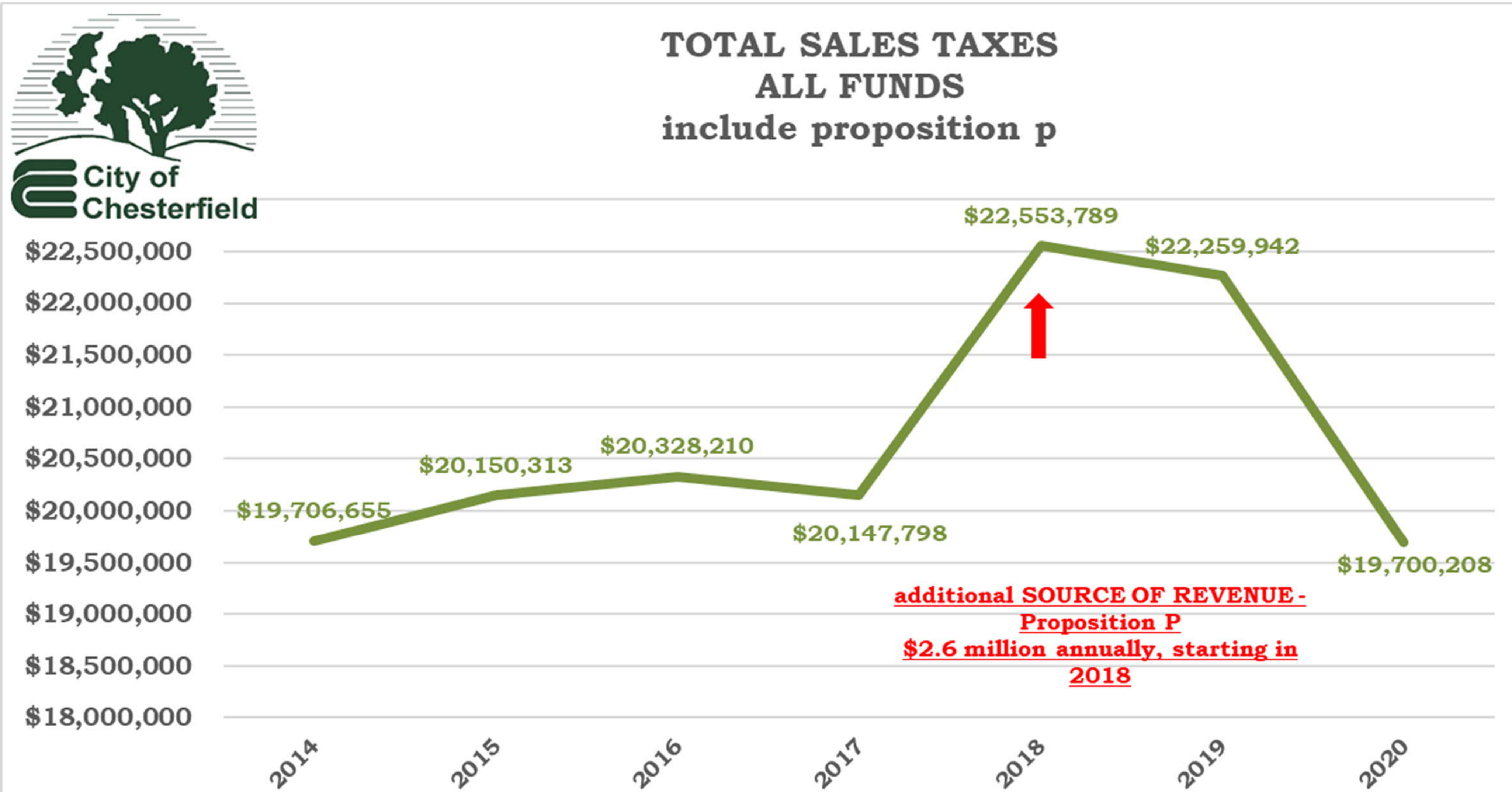
$6,447,574
2014
2015
2016
2017
2018
2019
2020


TOTAL SALES TAXES
ALL FUNDS
include proposition p
City of
Chesterfield
$22,500,000
$22,000,000
$21,500,000
$21,000,000
$20,500,000
$20,000,000
$19,500,000
$19,000,000
$18,500,000
$18,000,000
$19,706,655
$20,150,313
$20,328,210
$20,147,798
$22,553,789
$22,259,942
$19,700,208
additional SOURCE OF REVENUE - Proposition P
$2.6 million annually, starting in 2018
2014
2015
2016
2017
2018
2019
2020

St. Louis County Local Use Tax Participants