

# PROPOSITION

# U

## LOCAL USE TAX ... Know The Facts!

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



Learn more about  
Prop. U by visiting  
[www.fentonmo.org](http://www.fentonmo.org)

**ELECTION DAY  
APRIL 4, 2023**

*Paid for by the City of Fenton, MO*

Residents living in the City of Fenton will have the opportunity to vote in the April 4<sup>th</sup> election on Proposition U – A proposal to enact a local *use* tax.

A *use* tax is a tax applied to the purchase of goods from *out-of-state* vendors. Out-of-state purchases are usually made online through vendors such as Wayfair, Amazon, and Overstock.

For example, when a purchase is made by anyone at a retail store in the City of Fenton they pay a local *sales* tax to the City of Fenton. However, if a purchase is made online through an *out-of-state* vendor by a Fenton resident or business, the City does NOT currently collect a tax. For the City to receive tax revenue from that online purchase, the City's voters must authorize the collection of a *use* tax by approving Proposition U. If approved, the *use* tax rate would mirror the City's existing local sales tax rate at a ½ cent per \$1 (or \$.50 per \$100).

The City's *primary* source of revenue is *sales* tax, which is only collected when a purchase is made through a vendor located in the City. Also, unlike most cities, Fenton does not impose a real estate or personal property tax. Tax revenues are needed to provide local services, and as online purchases through out-of-state vendors have steadily increased, the City is not capturing eligible taxes on these purchases. Current estimates indicate online sales represent about 13-15% of all purchases and that number is expected to grow in future years.

Revenue received through the *use* tax will be used by the City to pay for vital municipal services including trash and recycling, annual bulk pickup, and yard waste and leaf pick up. Currently, these services are provided to City of Fenton residents *at no charge*. Additionally, use tax funds can be used for other municipal services, such as public safety, including police services, City vehicles and equipment, and street and sidewalk maintenance and repair.

## FREQUENTLY ASKED QUESTIONS (FAQ)

**What is a use tax?** A *use* tax is a tax imposed on the purchase of goods from *out-of-state* vendors. These purchases are typically made through online vendors such as Amazon, Wayfair, and Overstock.

**What's the difference between *sales* tax and a *use* tax?** Sales tax is collected on purchases made through *in-state* Missouri vendors. A use tax is collected on purchases made through *out-of-state* vendors. Keep in mind, sales tax and the proposed use tax CANNOT be applied to the same purchase – this is NOT a double tax.

**What is the use tax rate?** If approved, the use tax rate will mirror the City's current local sales tax rate of a ½ cent per \$1 (or \$.50 per \$100 purchase).

**Don't we already pay taxes online to out-of-state vendors?** Currently, the *State of Missouri* collects taxes for online purchases from out-of-state vendors, but the City of Fenton *does not*. In 2021, the state legislature passed a new law ("Wayfair") that allows cities to collect taxes from out-of-state vendors beginning in 2023, but only if the voters of that city approve a local *use* tax (proposed Proposition U).

**Doesn't the City already levy a local *use* tax?** No. The City currently levies a local *sales* tax, which only applies to goods purchased at local vendors within the City of Fenton.

**Will this tax be shared with St. Louis County. No.** Taxes collected from the use tax will be kept by the City of Fenton and used for City services. This tax will *not* be shared with St. Louis County.

**Do other cities have a local use tax?** There are more than 250 Missouri cities that currently impose a use tax, including O’Fallon, Brentwood, Clayton, Crestwood, Des Peres, Hazelwood, Kirkwood, University City, Maplewood, Olivette, Sunset Hills, Warson Woods, Wentzville, St. Louis, and Frontenac – just to name a few.

**Are other cities having a local use tax on the April ballot?** Including Fenton, the other municipalities that will have the local use tax measure on the ballot in April 2023 are: Chesterfield, Flordell Hills, Maryland Heights, Northwoods, and Town & Country.

**What happens if Proposition U passes?** Purchases by Fenton residents and businesses from out-of-state vendors would be taxed at the same rate as the City’s local sales tax rate of a ½ cent per \$1 (or \$.50 per \$100).

**What happens if Proposition U fails?** Because of increased online shopping through out-of-state vendors, the City may experience a decline in revenue as the City’s *primary* source of revenue through sales tax is only captured through local, in-state purchases. Such a decline could result in a reduction of City services.

**Does the local use tax apply to purchases made online by both residents and businesses located in the City of Fenton?** Yes, the use tax will be paid by both residents and businesses located in the City when making a qualified purchase through an out-of-state vendor.

**What if I buy something from a Missouri business online, will the use tax apply?** No. The use tax does not apply to purchases made from an in-state Missouri business. The use tax applies to purchases from *out-of-state vendors only*.

## BALLOT LANGUAGE

The ballot language for Proposition U is set by the State and will contain the following language:

“Shall the City of Fenton, Missouri, impose a local use tax at the same rate as the total local sales tax rate, provided that if the local sales tax rate is reduced or raised by voter approval, the local use tax rate shall also be reduced or raised by the same action?”

Yes                       No

If you are in favor of the question, place an “X” in the box opposite “Yes.”

If you are opposed to the question, place an “X” in the box opposite “No.”

## QUESTIONS REGARDING THE LOCAL USE TAX

Should you have any questions, comments, or concerns regarding Proposition U, please contact the City Clerk, Jane Hungler, at 636-343-2080 or via email at [jhungler@fentonmo.org](mailto:jhungler@fentonmo.org).

*This fact sheet was prepared by the Missouri Municipal League, the Municipal League of Metro St. Louis, and the City of Fenton solely to educate and inform about Proposition U.*

*Paid for by City of Fenton, Missouri  
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