

Use Tax Frequently Asked Questions

What is a local use tax?

A local use tax applies to the purchase of goods from out-of-state businesses and delivered to a Belton address. It applies only to transactions where a sales tax was not already charged. To keep things simple, local use tax is applied at the same rate as the city's sales tax. A purchase will never be taxed twice.

The State of Missouri and Cass County already have use taxes in place that apply to the out-of-state purchases made by Belton residents and businesses. The State of Missouri mandates a local use tax be the same rate as the city's sales tax, currently 3.25%.

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

In 2020, the Missouri Department of Revenue calculated that Belton would have received \$1.9 million if the use tax were in place.

How will the fund be spent?

The funds would pay for pavement, pathways, parks and pets, provide for capital improvements projects as well as maintain city services.

If approved and if revenues come in as projected, this would allow the city to:

- Widen I-49 to six lanes from 155th Street to North Cass Parkway (through a regional partnership with Raymore, Grandview, Cass County and the State)
- Trail improvements
- Sidewalk grant program
- Dog park improvements
- Splash pad & park improvements
- Ongoing street/stormwater projects & maintain city services

How do I know the funds will be spent as promised?

On January 11, 2022, the City Council approved the creation of an Oversight Committee to ensure funds are spent as promised, through Resolution 2022-04.

Why is this important to Belton residents?

The funds generated by the use tax would pay for community amenities and upgrade and maintain existing city services that our residents expect and deserve. The city needs to modernize its revenue sources to keep pace with emerging and evolving retail purchasing trends.

Traditionally dependable revenue sources are changing. Consumer shopping habits have shifted from brick-and-mortar sales toward online shopping.

In 2010, less than 5% of total retail sales happened online. During this decade of eCommerce growth, that number more than tripled to 18%. Much of that growth happened in 2020, when eCommerce sales increased by 44%. eCommerce growth may slow, but the share of retail sales that moved online will continue to go up, not down.

¹Ecommerce growth from 2010 to 2020. Red Stag Fulfillment. (2021, September 14). Retrieved December 27, 2021, from <https://redstagfulfillment.com/2010s-ecommerce-growth-decade/>

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Why is this important to Belton business owners?

A use tax levels the playing field for Belton businesses (both online & in-store). Our local businesses invest in our community, employ our residents and contribute to local fund-raising events and community projects. Out-of-state businesses currently avoid local taxes, putting local businesses at a competitive disadvantage. A use tax would eliminate the inequality in tax rates collected by local and out-of-state businesses by imposing the same rate on all businesses. Without a use tax in place, consumers have an incentive to purchase items from out-of-state businesses, rather than shopping local.

I already pay sales tax; is this the same thing?

No. The sales tax applies to retail purchases from a Missouri business (both online and in-store). The use tax only applies to purchases made from out-of-state businesses. It's one or the other, never both. A purchase would never be taxed twice.

What is the use tax rate for Belton?

To keep things simple, the State of Missouri mandates that any use tax be applied at the same rate as the city's sales tax, currently 3.25%. If the local sales tax rate is reduced or raised by voter approval, the local use tax rate will also be reduced or raised by the same action.

If approved by voters, when would the use tax take affect?

July 1, 2022

How is the tax collected?

The out-of-state and/or online business will collect the local use tax, along with the state use tax, and remit both to the Missouri Department of Revenue (MoDOR).

Is this a double tax?

No, if you already paid a local sales tax, you would NOT pay a use tax. You pay one or the other, but never both.

Do other Missouri cities have use tax?

Yes, 2,000 or more already have a use tax in place. Neighboring cities with a use tax include Peculiar, Grandview, Lee's Summit, Kansas City, Independence, Lake Lotawana and Rich Hill. Cass County and the State of Missouri also currently collect use tax.

What if I already pay a sales tax on an out-of-state purchase?

Use tax is only applicable if you have not already paid local sales tax on an out-of-state purchase.

Will the use tax apply if I buy something from a Missouri business or retailer?

No. The use tax does not apply to purchases made by Missouri residents from a Missouri business or retailer. The use tax applies to out-of-state businesses.

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Now that Amazon is collecting Missouri use tax, won't our city revenue increase?

No. Only cities that have passed a local use tax can expect a revenue increase from Amazon sales.

Are any items exempt from use taxes?

Yes. If an item is exempt from state and local sales tax it is also exempt from the state and local use tax.

Question 4: Use Tax for Pavement, Pathways, Pets & Parks Frequently Asked Questions

