

**FREQUENTLY ASKED QUESTIONS:  
Out-of-State Sales Tax on the Purchase of Motor Vehicles, Trailers, Boats and  
Outboard Motors**

On Tuesday, April 4<sup>th</sup>, Osborn voters will be asked to consider the continuation of an existing sales tax on purchases of out-of-state motor vehicles, trailers, boats and outboard motors.

**What is the sales tax about?** A Missouri Supreme Court Case (Street vs. the Director of Revenue) in 2012, followed by subsequent state legislation (HB 184/SB 182) in 2013, required that cities without a use tax (such as Osborn) must receive voter approval to continue sales tax collections on purchases of out-of-state motor vehicles, trailers, boats and outboard motors.

**Is this a new tax?** No. The city started collecting this tax in October 2016. The question is on the ballot only as a result of the Missouri Supreme Court decision and the state legislation that followed. If the question is not placed on the ballot, or if the tax is discontinued by voters, the tax would cease to be collected beginning January 2018.

**How does the tax affect me?** The tax only applies to you if you purchase a motor vehicle, trailer, boat or outboard motor from out-of-state. Similar purchases made in-state will be subject to the local sales tax regardless of the vote on this ballot question.

**What is the city's sales tax rate?** The rate for Osborn is 1%.

**What is the sales taxes rate that I currently pay on a vehicle purchased as an Osborn resident?** Currently, any vehicle purchased by an Osborn resident is subject to a 6.725% sales tax (4.225% state tax, 1% city sales taxes, 1.5% county taxes). If the out-of-state vehicle sales tax is discontinued, a resident would be subject to a 5.725% sales tax (4.225% state tax, 1.5% county taxes) on a vehicle purchased out-of-state, but would remain subject to a 6.725% sales on a vehicle purchased in-state.

**Are other cities like Osborn affected?** Yes. A number of cities across the state will be voting on this issue at various times during 2016-2017. Locally, Maysville and Cameron have already voted on and passed this issue.

**Is there an impact on local dealerships?** Yes. The existence of the tax creates a level playing field for Missouri dealerships. If the existing tax were to end, Missouri dealerships would be at a competitive disadvantage with out-of-state dealerships which would no longer be required to collect the tax.

**Where do the collections from the tax go?** 100% of the collections of the city's 1% sales tax goes directly to the Street Department.

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**What impact does the tax have on Osborn revenues?** The Street Department funds services such as gravel, street improvements/repairs, street lighting, snow removal, and street signs.

**What does a “Yes” or “No” vote mean?**

- A “Yes” vote means the existing tax will continue; no new tax will be implemented.
- A “No” vote means that local sales taxes will **only** be collected on eligible in-state purchases. Local sales tax collections on eligible out-of-state purchases will end and the revenues the City is currently receiving will be lost.
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**What is the exact ballot language that I will see on Election Day?**

*Shall the City of Osborn continue applying and collecting the local sales tax on the titling of motor vehicles, trailers, boats, and outboard motors that were purchased from a source other than a licensed Missouri dealer?*

*Rejection of this measure will result in a reduction of local revenue to provide for vital services for the City of Osborn and it will place Missouri dealers of motor vehicles, outboard motors, boats, and trailers at a competitive disadvantage to non-Missouri dealers of motor vehicles, outboard motors, boats, and trailers.*

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".*