PROPOSITION B

Re: Out-of-State Sales Tax on the Purchase of Motor Vehicles, Trailers, Boats and Outboard Motors

On Tuesday, April 5th, Winchester 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 Winchester) must receive voter approval by November 2016 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 has collected this tax for many years. 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 2017.

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 Winchester is 0.5%.

What is the sales taxes rate that I currently pay on a vehicle purchased as a Winchester resident? Currently, any vehicle purchased by a Winchester resident is subject to a 7.6125% sales tax (4.225% state tax, 0.5% city sales tax, 2.888% St. Louis County sales tax).

Are other cities like Winchester affected? Yes. A number of cities across the state will be voting on this issue at various times during 2016. Any city desiring to place this question on its ballot must do so by November 2016. Locally, over 35 cities will be voting on the issue this April.

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? Collections of the city's 0.5% sales tax goes to General Revenue.

What impact does the tax have on Winchester revenues? The General Fund provides for a number of basic city services such as police, parks, code enforcement, licensing, inspections, street and sidewalk improvements/repairs, street lighting, snow removal, street signs and street sweeping.

City staff estimates that the budget impact of discontinuing collection of the out-of-state vehicle sales tax is an annual loss of approximately $1,381.64 beginning in 2017. New revenues would have to be identified or services would have to be cut to account for this loss of funding.

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 <u>in-state purchases</u>. Local sales tax collections on eligible <u>out-of-state purchases</u> will end and the revenues the City is currently receiving will be lost.

What is the exact ballot language that I will see on Election Day?

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Shall the City of Winchester, Missouri 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 Winchester, Missouri 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?

<div align="center">

Yes O   No O

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INSTRUCTIONS TO VOTERS: If you are in favor of the Proposition, fill in the circle opposite the word "Yes". If you are opposed to the Proposition, fill in the circle opposite the word "No".