



E-Alliance Extra

Missouri Alliance for Home Care

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FYI Purposes Only

November 4, 2016

While the Missouri Alliance for Home Care is not taking a position on Amendment 4 we wanted to encourage members to devote some time and energy to fully understanding this Amendment in helping to make your own decision on Election Day.

Below is just a sampling of general information and pro and con opinions we obtained in our research.

What is Amendment 4?

Amendment 4 to the Missouri Constitution would prohibit state and local governments from imposing any new sales tax or use tax on services. Services are not currently taxed, and Amendment 4 would protect Missouri from new taxes on services.

What kinds of services would amendment 4 keep tax-free?

Amendment 4 is designed to prohibit the state from putting a new sales tax on services that Missourians use every day. Here are just a few examples:

FAMILY SERVICES: Day care, rent, health care, self-defense instruction and tutoring.

PERSONAL SERVICES: Haircuts, manicures, tattoos, dry cleaning, car repairs and funerals.

PROFESSIONAL SERVICES: Banking, accounting, advertising, technical installations and real estate.

HEALTH CARE SERVICES: Physicians, surgeons, nurses, physical therapists, dentists, eye doctors and counselors.

HOME SERVICES: Construction, plumbing, lawn care, heating and air conditioning, installations and repairs, appraisals and inspections.

Supporters

- Home Builders Association of Greater Kansas City
- Home Builders Association of Greater St. Louis
- Independent Bankers Association
- Mid-Mo Apartment Association
- Missouri Amusement & Music Operators Association
- Missouri Appraisers Advisory Committee

- Missouri Association of Home Inspectors
- Missouri Association of Trial Lawyers
- Missouri Automobile Dealers Association
- Missouri Bankers Association
- Missouri Broadcasters Association
- Missouri Cattlemen's Association
- Missouri Coalition for Interior Design
- Missouri Funeral Directors & Embalmers Association
- Missouri Grocers Association
- Missouri Independent Bankers Association
- Missouri Land Title Association
- Missouri Optometric Association
- Missouri Press Association
- Missouri Realtors
- Missouri Society of Certified Public Accountants
- Missouri Society of Professional Surveyors
- Missouri State Chiropractic Association
- National Federation of Independent Business
- Ozarks Realtor Association

Opponents

- Missouri Municipal League
- Missouri Budget Project (*see their opposition statements in St. Louis Public Radio section further in this document*)

The **Missouri Municipal League** Board of Directors voted to oppose Amendment 4 for the following reasons:

- Placing a sales/use tax expansion prohibition in the Missouri Constitution would not allow this vitally important local revenue source to adjust to new technologies and an ever-shifting economy.
- Amendment 4 could lead to the elimination or reduction of vital local services.
- There are no current efforts in Missouri to tax services. Placing a broad constitutional prohibition on the ballot to prevent an action that has not yet or may never occur is bad public policy.
- With existing constitutional requirements, any proposals to extend sales tax to services in Missouri require a vote of the people. Amendment 4 focuses on a problem that does not exist.

Media Editorials

Support

- ***Hannibal Courier-Post*** said: "We live in tax-happy times. This amendment prevents unsensible taxation on services. Everyone has a budget, and often they don't include unforeseen taxes on previously untaxable parts of life, like a haircut, flower deliveries or more. Simple and concise, Amendment 4 deserves a "yes" vote to prevent egregious over-taxation."

- **The Joplin Globe** said: "As a rule, we don't favor efforts to amend the Constitution, the state's primary governing document. But we understand the protections that are being sought in a proposal that which would ensure state residents, who already pay sales tax on most tangible goods, would not also have to pay them on services."
- **St. Joseph News-Press** said: "Think this could not happen here? New sales taxes on services have been proposed each of the past seven years in the Missouri General Assembly. Fortunately, none has been approved."

Opposition

- The **Herald-Whig** said: "While we would oppose taxing many services, a constitutional amendment would be shortsighted in an ever-changing world. This issue should be left up to elected state and local officials, rather than changing the Constitution."
- **The Kansas City Star** said: "However, this amendment would unjustifiably cripple local governments' ability to approve targeted sales taxes for specific needs."
- **St. Louis Post-Dispatch** said: "Many economists argue that consumption taxes are more rational than wealth taxes, which they claim sap incentive. Any debate over a more fair and rational tax system is worth having. But until that debate happens, voters should not foreclose their revenue options."

From St. Louis Public Radio – Election 2016: Pros and cons of Missouri's Amendment 4, covering new taxes on services, transactions

St. Louis on the Air hosted a town hall with a proponent and opponent of Missouri's proposed Constitutional Amendment 4. The following is a summary of their discussions.

Scott Charton, a spokesperson for [Missourians for Fair Taxation](#), represented the "pro" side of the argument. Amy Blouin, the executive director of the [Missouri Budget Project](#), represented the "con" side of the argument.

PRO: Scott Charton hopes people will vote "yes" on Constitution Amendment 4. Here are his main points:

- The amendment would ensure through a constitutional amendment that no new sales taxes would be applied to services or transactions without tangible commodities.
- Other states, like North Carolina, have passed new sales taxes on services like car repair. That means people are paying sales tax on both equipment and an individual's services.
- The Missouri legislature for the last seven sessions has tried to expand sales tax to services in some way.
- Sales tax is a regressive tax that would hurt lower income and fixed income individuals more than wealthier individuals — expanding taxes to services would make the tax load higher on individuals
- Charton does not want a sales tax to be applied to services because that would be a way to dramatically increase sales tax revenue to the state, making it easier to eliminate the income tax, which Charton does not support.

- This would not impact taxes on goods or other special taxes like that of conservation.
- The Missouri Broadcasters Association and the Missouri Press Association endorsed the amendment. [Editor's note: St. Louis Public Radio is a member of the Missouri Broadcasters Association, but does not endorse nor oppose any amendment or proposition.]

Essentially, Charton hopes the people of Missouri will amend the constitution as a fail-safe to make sure services and formerly untaxed items will not be taxed in a future effort to increase state revenue or eliminate the income tax.

CON: Amy Blouin hopes people will vote “no” on Amendment 4. Here are her main points:

- The constitutional amendment has unintended consequences because of changing business structures that are moving goods transactions online.
- This amendment would make it impossible for a sales tax to be added to online transactions or music downloads, which have replaced in-store purchases that could formerly be taxed.
- In the future, more commodities could move to be purchased online without sales tax and localities and the state would not get that sales tax revenue that was previously collected.
- Expanding sales tax to apply to services would require a vote of the people; this amendment is not the only way to protect against sales tax on services.
- Another constitutional amendment could go on the ballot that would override this one about sales tax on services; this amendment does not completely protect citizens from sales tax on services.
- The Missouri Municipal League and the Missouri Budget Project do not endorse this amendment.

Essentially, Blouin hopes the people of Missouri will vote not to amend the constitution because amending the constitution could have long-term unintended consequences that reduce the amount of sales taxes that could be collected from goods as business moves from brick-and-mortar stores to online transaction. She does not support widespread sales tax applied to services and sees that as unrelated to this amendment.