

MISSOURI GROSS RECEIPTS TAX (GRT)

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**MISSOURI
GROSS RECEIPTS TAX (GRT)
FREQUENTLY ASKED
QUESTIONS**

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The questions and answers in this paper are used strictly for convenience for the reader and do not express the intent in the enactment of the article. The article is the ultimate authority.

Missouri Gross Receipts Tax (GRT) FAQ

1. What is the Missouri GRT?

The Missouri GRT is a 3% **state tax** on all goods and services sold in the state, included in the price of whatever is sold, sent into the government by sellers only and **replaces all** other state and local taxes, fees, assessments, permits and licenses.

2. Will the 3% raise enough money to fully fund the state, counties and cities budgets?

YES! The GRT is a very low transactional tax, but it touches almost every exchange of goods and services, thus making it a very powerful tax with very few exceptions. Calculations indicate the GRT will fully fund all levels of the government.

3. What are the exceptions?

There is no tax paid on:

- (a) Social Security or retirement, pensions, or disability plan payments.
- (b) Incidental sales or barter outside of normal course of business for the sale of goods and services less than \$2500 per year.
- (c) Sale of securities, interest and dividends received by individuals, Sub-chapter S Corps or other pass thru entities. (Further detail are contained in the GRT Articles)
- (d) Intergovernmental transactions.

(e) Any other gross consideration that the legislative assembly exempts i.e., churches, etc.

4. **Are there any places where the GRT/Fee is currently used?**

Yes! Parts of the GRT/Fee are used in several countries around the world and in seven states in America including Oregon and some cities such as Kirksville, MO.

5. **What happens if the government collects more revenue than is needed to fully fund state and local budgets?**

The excess revenues are deposited into a **Stabilization Fund**:

- (a) To accumulate enough revenue to cover two budgetary periods, i.e. a safety net,
- (b) To pay off state and local bonded indebtedness, and
- (c) Any excess revenues thereafter are used to reduce the state GRT rate.
- (d) The Stabilization Fund also receives revenues from fines, penalties, and forfeitures. Any excess revenues are thereafter used to reduce the state GRT rate.

6. **Can the government increase the budget or the GRT rate?**

- (a) The GRT rate can only be **increased** by a majority of the popular vote and a majority of the counties in the state vote, in a general election, but the rate will **decrease** automatically through the stabilization fund.
- (b) The state and local budgets are initially calculated by determining the highest budget in the last ten years plus 10%. This establishes a baseline budget only to be changed by changes in population, inflation, and the creation of new tax districts.

7. **Can the government change the articles of the GRT?**

The articles of the GRT are by constitutional amendment and can only be changed by a super majority (60%) vote of the people in a general election, both of the popular vote and a majority number of counties.

8. **What happens if a business does not send in the GRT to the government within the specified time?**

The business is subject to a civil penalty as provided by law.

9. **What happens if there is inflation?**

The budgets for the state, and local budgets will be adjusted to the C.P.I., but the rate will remain unchanged.

10. **Who has the authority to increase the GRT rate or change the articles of the GRT?**

The only authority authorized to change the articles of the GRT or the rate are the people using their rights through a fair and honest voting process.

11. **What if a city or county wants or needs to make improvements or do projects?**

The GRT provides for a temporary **Local GRT** in addition to the **State GRT**, for local taxing districts for local projects with a majority vote in the taxing district and a majority vote of the precincts. The funds are kept separate to be used for that specific project.

12. **What happens to funding for schools?**

Each school district receives an amount per student equal to the average amount per student received by the 15 school districts that received the highest amount per student.

13. What happens if the GRT is not able to fund the budgets for a given year?

The state may use funds from the stabilization fund to cover any temporary shortfalls in revenue.

14. What if the state, county or city want to raise revenue on their own by selling bonds, etc?

Bonding authority is abolished and the state and local governments are prohibited from using any other revenue generating mechanism other than those prescribed in the GRT.

15. What liens can the government put on my property, home, cars, or equipment?

The government is not allowed to lien any property or anything else for nonpayment of taxes or fees since all taxes and fees are abolished. Once an item, whether it be a loaf of bread or a house, is purchased, is yours to do with as you will. Upon death your assets can be left to whomever you want without any taxes, fees, assessments, liens or any other government attachments. Any properties that pose a health or safety problem are subject to penalties levied by the courts and the fines etc., are deposited to the stabilization fund.

16. What funds are available if the state wants to engage in a statewide project?

The state rate may be increased upon approval at a general election or for a period of two years upon approval at a special election, only if:

- (a) the ballot measure proposing the rate increase specified the period of time in which the rate increase would be in effect;
- (b) and the rate increase is approved by a majority of the voters voting on the question;

- (c) the number of counties in which a majority of voters voting on the question approve the rate increase is a majority of the counties in this state.

17. Who determines the taxing districts?

The legislative assembly shall make up the taxing districts using criteria set forth in the GRT.

18. How come there is a double vote for state and local elections on the ballot?

If the issue being voted on is a state issue and passed only with the popular vote then because of the demographics of the state, the voice of the rural areas are always overwhelmed and their voices are never heard, With the GRT, the vote has to passed with a majority of the popular vote AND a majority of the counties in the state. The same with a local election. There has to be a majority popular vote AND a majority of the precincts in the taxing district.

19. Why are fines, penalties and forfeitures deposited to the Stabilization fund instead of funding the courts?

The purpose of fines, penalties and forfeitures is to bring about behavioral change - not to fund the court system. The courts should be independently funded from the state budget to ensure that the justice system remains just.

20. With the streamlining in the system, what happens to all the public service jobs that will be lost when their jobs become redundant and unnecessary any more?

The legislative assembly will decide on the funding of redundant jobs, but because the state and local budgets are fully funded the government workers can be transferred to other government jobs, seek employment in the private sector or remain in their current position until retirement. Over time, all redundant jobs will be eliminated through attrition.

As the government becomes more efficient, there will be excess revenue in the budgets. Any excess revenue will be deposited to the stabilization fund and eventually go to reduce the rate. At the discretion of the legislature, it is hoped that no public employees will immediately lose their jobs.

21. What do the sellers have to do?

Sellers will be required to send into the government the tax rate (3%) of their gross receipts. There are provisions for audits and civil penalties for non-compliance. Businesses may withhold the GRT for their employees and send the GRT for them.