

FIRST REGULAR SESSION

HOUSE JOINT RESOLUTION NO. 76

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CUPPS.

2377H.011

JOSEPH ENGLER, Chief Clerk

JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing Sections 20 and 26 of Article X of the Constitution of Missouri, and adopting three new sections in lieu thereof relating to state revenue.

Be it resolved by the House of Representatives, the Senate concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next
2 following the first Monday in November, 2026, or at a special election to be called by the
3 governor for that purpose, there is hereby submitted to the qualified voters of this state, for
4 adoption or rejection, the following amendment to Article X of the Constitution of the state of
5 Missouri:

Section A. Sections 20 and 26, Article X, Constitution of Missouri, are repealed and
2 three new sections adopted in lieu thereof, to be known as Sections 20, 20(a), and 26, to read
3 as follows:

Section 20. **1.** No expenses of state government shall be incurred in any fiscal year
2 which exceed the sum of the revenue limit established in sections 18 and 19 of this article
3 plus federal funds and any surplus from a previous fiscal year.

4 **2. (1) The appropriation authority of the general assembly under Section 36 of**
5 **Article III of this constitution shall be limited as provided under this subsection. The**
6 **total amount of moneys available for appropriation each fiscal year shall be limited as**
7 **follows:**

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

8 (a) If the population of the state increased in the most recent full calendar year
9 by more than one percent from the calendar year immediately preceding such calendar
10 year, the general assembly shall have a spending limit equal to one hundred percent of
11 the most recent year's appropriation in which no appropriation is made under
12 subsection 3 of this section plus the percentage of the state population increase, which
13 shall be applied as the percent of the total moneys available for appropriation;

14 (b) If the population of the state increased in the most recent full calendar year
15 by one percent or less from the calendar year immediately preceding such calendar year,
16 the general assembly shall have a spending limit equal to one hundred and one percent
17 of the most recent year's appropriation in which no appropriation is made under
18 subsection 3 of this section; or

19 (c) If the population of the state decreased in the most recent full calendar year,
20 the general assembly shall have a spending limit equal to one hundred percent of the
21 most recent year's appropriation in which no appropriation is made under subsection 3
22 of this section minus the percentage of the state population decrease.

23 (2) When calculating the spending limitation on the appropriation authority of
24 the general assembly as provided under this subsection, all deductions, exemptions,
25 credits, and other tax preferences issued in the previous fiscal year shall be included in
26 the calculation of the spending limitation.

27 3. (1) The spending limitation on the appropriation authority of the general
28 assembly under subsection 2 of this section may be raised if the following conditions are
29 met:

30 (a) The governor requests the general assembly to approve and authorize an
31 appropriation; and

32 (b) The general assembly approves the request in accordance with the specifics
33 of the governor's request by a two-thirds vote of the members elected to and serving in
34 each house.

35 (2) Once the conditions under subdivision (1) of this subsection are met, the
36 spending limitation on the appropriation authority of the general assembly shall be
37 equal to one hundred two percent of the previous year's appropriation. This one-
38 hundred-two-percent limit shall remain in effect until the governor's appropriation
39 request is rescinded or until twelve months have passed since the request was made,
40 whichever occurs first.

Section 20(a). 1. (1) There is hereby established within the state treasury a fund
2 to be known as the "Tax Reform Fund", which shall consist of moneys collected under
3 subsection 2 of this section. Moneys in the fund shall be kept in a singular account to be
4 expended pursuant to appropriation by the general assembly if the conditions under

5 subsection 3 of this section are met and used solely for the purpose of supplementing a
6 full fiscal year budgetary shortfall as described under subsection 3 of this section and
7 for no other purpose.

8 (2) The state treasurer shall invest moneys in the fund in the same manner as
9 other funds are invested. Any interest and moneys earned on such investments shall be
10 credited to the fund.

11 (3) Subject to the provisions of subsection 3 of this section, the unexpended
12 balance in the tax reform fund at the close of any fiscal year shall remain in the fund.

13 2. (1) For all fiscal years beginning on or after July 1, 2027, if the amount of net
14 general revenue collected, as defined under Section 27(a) of Article IV of this
15 constitution, exceeds the anticipated general fund revenue expenditures for a fiscal year
16 by one million dollars or more, each fiscal year that such surplus is realized, such
17 surplus in excess of one million dollars shall be deposited into the tax reform fund.

18 (2) In a subsequent year where a surplus of one million dollars or more is
19 realized, if the tax reform fund reaches and maintains a minimum balance that is
20 greater than or equal to one hundred twenty million dollars, the general assembly shall
21 authorize by general law a personal income tax decrease trigger of one-tenth of one
22 percent or greater. If the balance of the tax reform fund exceeds one hundred twenty
23 million dollars, the general assembly shall authorize by general law additional personal
24 income tax decreases in an amount equal to or greater than one-twentieth of one percent
25 for every sixty million dollars over one hundred twenty million dollars in the tax reform
26 fund. There shall be no cap on the number of reductions authorized under this
27 subdivision and such decreases shall remain in effect until the personal income tax is
28 reduced to zero.

29 (3) Upon the reduction and elimination of the personal income tax, the general
30 assembly shall utilize the tax reform fund to gradually reduce and eliminate the
31 corporate income tax.

32 (4) After both personal income taxes and corporate income taxes have been
33 reduced to zero, the tax reform fund shall continue to collect revenue and shall be used
34 only to supplement budget shortfalls as described under subsection 3 of this section
35 following fiscal years where the general assembly enacted a tax reduction.

36 (5) After personal income tax is reduced to zero, it shall remain at zero.

37 (6) After corporate income tax is reduced to zero, it shall remain at zero.

38 (7) The general assembly may appropriate funds to the credit of the tax reform
39 fund.

40 3. If the state experiences a budgetary shortfall in the next fiscal year
41 immediately succeeding the implementation of a personal income tax decrease, the tax

42 reform fund may be used during the immediately succeeding appropriation period to
43 supplement areas of necessary funding in the order of the general assembly's authorized
44 appropriations priority for the next fiscal year's budget. The moneys from the fund that
45 may be used for such supplemental funding shall be in an amount not to exceed the
46 lesser of that year's budgetary shortfall or sixty million dollars for every one-twentieth
47 of one percent decrease from the personal income tax from the previous year.

48 4. (1) Subject to the enactment of a personal income tax decrease trigger by
49 general law as provided under subdivision (2) of subsection 2 of this section, if the one-
50 million-dollar surplus trigger under subdivision (2) of subsection 2 of this section was
51 realized in the previous fiscal year, the personal income tax decrease trigger shall be
52 implemented by the department of revenue to take effect on January first of the
53 calendar year immediately following the close of the fiscal year in which the one-million-
54 dollar surplus amount was realized.

55 (2) The department of revenue shall implement an annual process to review and
56 report future reduction conditions at the same time and in the same manner as under
57 chapter 143.

58 5. The general assembly shall enact such laws as may be necessary to carry out
59 the provisions of this section.

Section 26. ~~[In order to prohibit an increase in the tax burden on the citizens of~~
2 ~~Missouri, state and local sales and use taxes (or any similar transaction based tax) shall not be~~
3 ~~expanded to impose taxes on any service or transaction that was not subject to sales, use or~~
4 ~~similar transaction based tax on January 1, 2015]~~ 1. (1) The total amount of state sales tax
5 imposed by general law, excluding any additional sales tax imposed under this
6 constitution, shall be capped and the rate of sales tax shall be a tax equivalent to three
7 and seven hundred seventy-five thousandths percent, levied and imposed upon all sellers
8 for the privilege of selling tangible personal property or rendering taxable services at
9 retail in this state upon the sales and services that now are or hereafter are listed and set
10 forth in, and except as to the amount of tax, subject to the provisions of and to be
11 collected as provided in the "Sales Tax Law" and subject to the rules and regulations
12 promulgated in connection therewith.

13 (2) The provisions of subdivision (1) of this subsection shall become effective
14 upon the passage by the general assembly and approval by the governor of any bill
15 authorizing the statutory imposition of a state sales or use tax on any service that was
16 not subject to sales, use, or similar transaction-based tax on January 1, 2015. The
17 reduction in the rate of tax under subdivision (1) of this subsection shall take effect on
18 the immediately succeeding January first, following the passage and approval of such
19 bill.

20 **2. An additional state sales tax is levied for the rendering of lobbying services in**
21 **this state. The tax shall be at a rate equivalent to six percent.**

 Section B. Pursuant to chapter 116, and other applicable constitutional provisions and
2 laws of this state allowing the general assembly to adopt ballot language for the submission of
3 this joint resolution to the voters of this state, the official summary statement of this
4 resolution shall be as follows:

5 "Shall the Missouri Constitution be amended to:

- 6 • Create a "Tax Reform Fund", that uses excess revenue to gradually eliminate
7 Missouri income taxes;
8 • Impose an annual spending limit on the Missouri General Assembly;
9 • Cap the statutory state sales tax rate;
10 • Impose a sales tax on lobbying services; and
11 • Repeal the prohibition on new sales and use taxes?".

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