

HB 5 -- FAIR TAX ACT OF 2025

SPONSOR: Chappell

This bill establishes the "Fair Tax Act of 2025".

Beginning January 1, 2028, no tax will be imposed upon any income derived from any source within Missouri. All revenues lost as a result of this prohibition will be replaced by the imposition of a tax upon all use or consumption of taxable property or services. The rate of the tax will be 5.11%. If the revenue lost is greater than or less than the revenue received under this program, the General Assembly may enact one adjustment. The adjustment must be calculated to ensure that the amount of revenue received is equal to the amount of revenue lost under this program.

The taxes that will be repealed are as follows:

- (1) Withholding taxes and individual and corporate income tax;
- (2) Corporation franchise and bank franchise tax;
- (3) All tax exemptions and deductions related to income and sales tax;
- (4) The estate tax; and
- (5) All other state taxes on any source of income.

The Department of Revenue must determine a method for providing a monthly sales tax rebate for each qualified family. The amount of the rebate will be determined annually and be equal to the product of the rate of sales tax established under this program and 1/12 of the annual federal poverty guidelines.

This bill is effective upon voter approval.

This bill is the same as HB 821 (2025).