

SECOND REGULAR SESSION

# HOUSE BILL NO. 2690

## 103RD GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE CHAPPELL.

5006H.01I

JOSEPH ENGLER, Chief Clerk

---

### AN ACT

To amend chapter 144, RSMo, by adding thereto one new section relating to the fair tax act of 2026, with a referendum clause.

---

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 144, RSMo, is amended by adding thereto one new section, to be 2 known as section 144.001, to read as follows:

144.001. 1. **This section shall be known and may be cited as the "Fair Tax Act of 2 2026".**

2. **For all tax years beginning on or after January 1, 2028, no tax shall be 3 imposed upon any income derived from any source within this state, and all revenues 4 lost as a result of the prohibition on the taxation of income under this section shall be 5 replaced by the levy and imposition of a tax upon all use or consumption of taxable 6 property or services in this state. The rate of such tax shall be five and eleven one- 7 hundredths percent. The general assembly may enact one adjustment after the 8 imposition of such tax if the revenue lost as a result of the prohibition on the taxation of 9 income is greater than or less than the revenue received from the tax imposed under this 10 section. Such adjustment shall be calculated to ensure that the amount of revenue 11 received is equal to the amount of revenue lost under this section.**

3. **The taxes that shall be replaced under this section are as follows:**

- 14 **(1) Withholding taxes and individual and corporate income taxation;**
- 15 **(2) Corporation franchise and bank franchise taxes;**
- 16 **(3) All tax exemptions and deductions related to income and sales taxes;**
- 17 **(4) The estate tax; and**

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.

18                   **(5) All other state taxes on any source of income.**

19                   **4. The department of revenue shall determine a method for providing a monthly**  
20 **sales tax rebate for each qualified family. The sales tax rebate shall be distributed to**  
21 **each qualified family on or before the first business day of the month for which the sales**  
22 **tax rebate is being provided. The amount of the sales tax rebate shall be determined**  
23 **annually and be equal to the product of the rate of sales tax established under this**  
24 **section and one-twelfth of the annual poverty guidelines updated periodically in the**  
25 **Federal Register by the U.S. Department of Health and Human Services under the**  
26 **authority of 42 U.S.C. Section 9902(2), as amended.**

27                   **5. The department of revenue may promulgate all necessary rules and**  
28 **regulations for the administration of this section. Any rule or portion of a rule, as that**  
29 **term is defined in section 536.010, that is created under the authority delegated in this**  
30 **section shall become effective only if it complies with and is subject to all of the**  
31 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**  
32 **536 are nonseverable and if any of the powers vested with the general assembly**  
33 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
34 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**  
35 **and any rule proposed or adopted after the effective date of this section shall be invalid**  
36 **and void.**

Section B. Section A of this act is hereby submitted to the qualified voters of this state  
2 for approval or rejection at an election which is hereby ordered and which shall be held and  
3 conducted on Tuesday next following the first Monday in November, 2026, under the  
4 applicable laws and constitutional provisions of this state for the submission of referendum  
5 measures by the general assembly, and this act shall become effective when approved by a  
6 majority of the votes cast thereon at such election and not otherwise.

Section C. 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 act to the voters of this state, the official summary statement of this act shall be as  
4 follows:

"Shall the Missouri statutes be amended to eliminate individual and corporate income  
6 tax and estate tax, and to enact a single, revenue-neutral sales tax of five and eleven one-  
7 hundredths percent on new purchases of goods and services, and to provide each family with  
8 a monthly sales tax rebate?".