

SECOND REGULAR SESSION

# HOUSE JOINT RESOLUTION NO. 131

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MAYHEW.

5095H.011

JOSEPH ENGLER, Chief Clerk

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## JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing Sections 6, 17, 18, and 18(e) of Article X of the Constitution of Missouri, and adopting five new sections in lieu thereof relating to taxation.

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*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 following the first Monday in November, 2026, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to Article X of the Constitution of the state of Missouri:

Section A. Sections 6, 17, 18, and 18(e), Article X, Constitution of Missouri, are repealed and five new sections adopted in lieu thereof, to be known as Sections 6, 17, 18, 18 (e), and 27, to read as follows:

Section 6. 1. All property, real and personal, of the state, counties and other political subdivisions, and nonprofit cemeteries, and all real property used as a homestead as defined by law of any citizen of this state who is a former prisoner of war, as defined by law, and who has a total service-connected disability, shall be exempt from taxation; all personal property held as industrial inventories, including raw materials, work in progress and finished work on hand, by manufacturers and refiners, and all personal property held as goods, wares, merchandise, stock in trade or inventory for resale by distributors, wholesalers, or retail merchants or establishments shall be exempt from taxation; and all property, real 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.

9 personal, not held for private or corporate profit and used exclusively for religious worship,  
10 for schools and colleges, for purposes purely charitable, for agricultural and horticultural  
11 societies, or for veterans' organizations may be exempted from taxation by general law. In  
12 addition to the above, household goods, furniture, wearing apparel and articles of personal use  
13 and adornment owned and used by a person in his home or dwelling place may be exempt  
14 from taxation by general law but any such law may provide for approximate restitution to the  
15 respective political subdivisions of revenues lost by reason of the exemption. All laws  
16 exempting from taxation property other than the property enumerated in this article, shall be  
17 void. The provisions of this section exempting certain personal property of manufacturers,  
18 refiners, distributors, wholesalers, and retail merchants and establishments from taxation shall  
19 become effective, unless otherwise provided by law, in each county on January 1 of the year  
20 in which that county completes its first general reassessment as defined by law.

21       2. All revenues lost because of the exemption of certain personal property of  
22 manufacturers, refiners, distributors, wholesalers, and retail merchants and establishments  
23 shall be replaced to each taxing authority within a county from a countywide tax hereby  
24 imposed on all property in subclass 3 of class 1 in each county. For the year in which the  
25 exemption becomes effective, the county clerk shall calculate the total revenue lost by all  
26 taxing authorities in the county and extend upon all property in subclass 3 of class 1 within  
27 the county, a tax at the rate necessary to produce that amount. The rate of tax levied in each  
28 county according to this subsection shall not be increased above the rate first imposed and  
29 will stand levied at that rate unless later reduced according to the provisions of subsection 3.  
30 The county collector shall disburse the proceeds according to the revenue lost by each taxing  
31 authority because of the exemption of such property in that county. Restitution of the  
32 revenues lost by any taxing district contained in more than one county shall be from the  
33 several counties according to the revenue lost because of the exemption of property in each  
34 county. Each year after the first year the replacement tax is imposed, the amount distributed  
35 to each taxing authority in a county shall be increased or decreased by an amount equal to the  
36 amount resulting from the change in that district's total assessed value of property in subclass  
37 3 of class 1 at the countywide replacement tax rate. In order to implement the provisions of  
38 this subsection, the limits set in section 11(b) of this article may be exceeded, without voter  
39 approval, if necessary to allow each county listed in section 11(b) to comply with this  
40 subsection.

41       3. Any increase in the tax rate imposed pursuant to subsection 2 of this section shall  
42 be decreased if such decrease is approved by a majority of the voters of the county voting on  
43 such decrease **or by the elected governing body of the county as provided by the rules**  
44 **and procedures of such county. The provisions of section 22 of this article shall apply to**  
45 **the tax levy imposed under subsection 2 of this section.** A decrease in the increased tax

46 rate imposed under subsection 2 of this section may be submitted to the voters of a county by  
47 the governing body thereof upon its own order, ordinance, or resolution and shall be  
48 submitted upon the petition of at least eight percent of the qualified voters who voted in the  
49 immediately preceding gubernatorial election.

50 4. As used in this section, the terms "revenues lost" and "lost revenues" shall mean  
51 that revenue which each taxing authority received from the imposition of a tangible personal  
52 property tax on all personal property held as industrial inventories, including raw materials,  
53 work in progress and finished work on hand, by manufacturers and refiners, and all personal  
54 property held as goods, wares, merchandise, stock in trade or inventory for resale by  
55 distributors, wholesalers, or retail merchants or establishments in the last full tax year  
56 immediately preceding the effective date of the exemption from taxation granted for such  
57 property under subsection 1 of this section, and which was no longer received after such  
58 exemption became effective.

Section 17. As used in sections 16 through 24 of Article X:

2 (1) "Total state revenues" includes all general and special revenues, license and fees,  
3 excluding federal funds, as defined in the budget message of the governor ~~[for fiscal year~~  
4 ~~1980-1981]~~. Total state revenues shall exclude the amount of any credits based on actual tax  
5 liabilities or the imputed tax components of rental payments, but shall include the amount of  
6 any credits not related to actual tax liabilities.

7 (2) "Personal income of Missouri" is the total income received by persons in Missouri  
8 from all sources, as defined and officially reported by the United States Department of  
9 Commerce or its successor agency.

10 (3) "General price level" means the Consumer Price Index for All Urban Consumers  
11 for the United States, or its successor publications, as defined and officially reported by the  
12 United States Department of Labor, or its successor agency.

Section 18. (a) There is hereby established a limit on the total amount of taxes which  
2 may be imposed by the general assembly in any fiscal year on the taxpayers of this state.  
3 Effective with fiscal year ~~[1981-1982]~~ **2027-2028**, and for each fiscal year thereafter, the  
4 general assembly shall not impose taxes of any kind which, together with all other revenues  
5 of the state, federal funds excluded, exceed the revenue limit established in this section. The  
6 revenue limit shall be calculated for each fiscal year and shall be equal to the product of the  
7 ratio of total state revenues in **the previous** fiscal year ~~[1980-1981]~~ divided by the personal  
8 income of Missouri in **the** calendar year ~~[1979]~~ **prior to the previous fiscal year** multiplied  
9 by the personal income of Missouri in either the calendar year prior to the calendar year in  
10 which appropriations for the fiscal year for which the calculation is being made, or the  
11 average of personal income of Missouri in the previous three calendar years, whichever is  
12 greater.

13 (b) For any fiscal year in the event that total state revenues exceed the revenue limit  
14 established in this section by one percent or more, the excess revenues shall be refunded pro  
15 rata based on the liability reported on the Missouri state income tax (or its successor tax or  
16 taxes) annual returns filed following the close of such fiscal year. If the excess is less than  
17 one percent, this excess shall be transferred to the general revenue fund.

18 (c) The revenue limitation established in this section shall not apply to taxes imposed  
19 for the payment of principal and interest on bonds, approved by the voters and authorized  
20 under the provisions of this constitution.

21 (d) If responsibility for funding a program or programs is transferred from one level  
22 of government to another, as a consequence of constitutional amendment, the state revenue  
23 and spending limits may be adjusted to accommodate such change, provided that the total  
24 revenue authorized for collection by both state and local governments does not exceed that  
25 amount which would have been authorized without such change.

Section 18(e). 1. In addition to the revenue limit imposed by section 18 of this article,  
2 the general assembly in any fiscal year shall not increase taxes or fees without voter approval  
3 that ~~[in total produce new annual]~~ **increase total state** revenues ~~[greater]~~ **by more** than either  
4 fifty million dollars adjusted annually by the percentage change in the personal income of  
5 Missouri for the second previous fiscal year, or one percent of total state revenues for the  
6 second fiscal year prior to the general assembly's action, whichever is less. In the event that  
7 an individual or series of tax or fee increases exceed the ceiling established in this subsection,  
8 the taxes or fees shall be submitted by the general assembly to a public vote starting with the  
9 largest increase in the given year, and including all increases in descending order, until the  
10 aggregate of the remaining increases and decreases is less than the ceiling provided in this  
11 subsection.

12 2. ~~[The term "new annual revenues" means the net increase in annual revenues~~  
13 ~~produced by the total of all tax or fee increases enacted by the general assembly in a fiscal~~  
14 ~~year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in~~  
15 ~~that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee~~  
16 ~~increase.]~~ For purposes of this calculation, "enacted by the general assembly" shall include  
17 any and all bills that are truly agreed to and finally passed within that fiscal year, except bills  
18 vetoed by the governor and not overridden by the general assembly. Each individual tax or  
19 fee increase shall be measured by the ~~[estimated new annual]~~ **increase in total state** revenues  
20 collected during the first fiscal year ~~[that it is fully effective]~~ **following enactment**. The term  
21 "increase taxes or fees" means any law or laws passed by the general assembly after the  
22 effective date of this section that increase the rate of an existing tax or fee, impose a new tax  
23 or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or  
24 income, but shall not include the extension of an existing tax or fee which was set to expire.

25           3. In the event of an emergency, the general assembly may increase taxes, licenses or  
26 fees for one year beyond the limit in this subsection under the same procedure specified in  
27 section 19 of this article.

28           4. Compliance with the limit in this section shall be measured by calculating the  
29 ~~[aggregate actual new annual]~~ **increase in total state** revenues produced by **each individual**  
30 **tax or fee change** in the first fiscal year ~~[that each individual tax or fee change is fully~~  
31 ~~effective]~~ **following enactment. If a tax or fee change is to be implemented over multiple**  
32 **years, the increase in total state revenues from the first fiscal year following enactment**  
33 **shall be used to extrapolate the total increase in revenues once fully implemented, and**  
34 **this result shall be used for the compliance measurement for the year the general**  
35 **assembly approved the tax or fee increase.**

36           5. Any taxpayer or statewide elected official may bring an action under the provisions  
37 of section 23 of this article to enforce compliance with the provisions of this section. The  
38 Missouri supreme court shall have original jurisdiction to hear any challenge brought by any  
39 statewide elected official to enforce this section. In such enforcement actions, the court shall  
40 invalidate the taxes and fees which should have received a public vote as defined in  
41 subsection 1 of this section. The court shall order remedies of the amount of revenue  
42 collected in excess of the limit in this subsection as the court finds appropriate in order to  
43 allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset  
44 the excess monies collected.

**Section 27. 1. For the purposes of this section, a "tax increase" is any increase in**  
2 **a tax rate or increase in the persons or items subject to tax. However, the term "tax**  
3 **increase" shall not include any change in the persons or items subject to tax because of a**  
4 **change in, the creation of, or the elimination of a tax credit, deduction, subtraction, or**  
5 **exemption.**

6           **2. No tax imposed by state statute or tax increase imposed by state statute shall**  
7 **go into effect or continue in effect if otherwise set to expire without prior approval at a**  
8 **statewide general election, as defined by state law.**

9           **3. Notwithstanding any other provision of this constitution, no state funds shall**  
10 **be expended without first being appropriated by the general assembly.**

11           **4. (1) Notwithstanding any other provision of this constitution to the contrary,**  
12 **the secretary of state shall submit to the qualified voters of this state at the general**  
13 **election held in 2028, or at a special election to be called by the governor for such**  
14 **purpose, a question to terminate each tax imposed in this constitution.**

15           **(2) The question submitted shall be in the following form:**

16           **"Shall the taxes imposed in \_\_\_\_\_ (list the Articles and Sections**  
17           **imposing a tax) of this Constitution expire?".**

18           **(3) If a majority of the votes cast on the question by the qualified voters voting**  
19           **thereon are in favor of the question, the listed taxes shall expire at the end of the second**  
20           **fiscal year after the election is held. If a majority of the votes cast on the question by the**  
21           **qualified voters voting thereon are opposed to the question, the listed taxes shall not**  
22           **expire and shall remain effective unless and until the question is resubmitted under this**  
23           **subsection to the qualified voters of the state and such question is approved by a**  
24           **majority of the qualified voters of the state voting on the question.**

25           **(4) If the question submitted under this subsection is rejected by the qualified**  
26           **voters, the secretary of state shall resubmit the question at the general election every**  
27           **four years thereafter until the termination of such taxes is approved as provided in this**  
28           **subsection.**

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