

SECOND REGULAR SESSION

HOUSE JOINT RESOLUTION NO. 174

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE PATTERSON.

6852H.01I

JOSEPH ENGLER, Chief Clerk

JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing Sections 4(d) and 26 of Article X of the Constitution of Missouri, and adopting two new sections in lieu thereof relating to taxation.

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Section A. Sections 4(d) and 26, Article X, Constitution of Missouri, are repealed and
2 two new sections adopted in lieu thereof, to be known as Sections 4(d) and 26, to read as
3 follows:

Section 4(d). 1. In enacting any law imposing a tax on or measured by income, the
2 general assembly may define income by reference to provisions of the laws of the United
3 States as they may be or become effective at any time or from time to time, whether
4 retrospective or prospective in their operation. The general assembly shall in any such law set
5 the rate or rates of such tax. The general assembly may in so defining income make
6 exceptions, additions, or modifications to any provisions of the laws of the United States so
7 referred to and for retrospective exceptions or modifications to those provisions which are
8 retrospective.

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 **2. Notwithstanding any provision of this Constitution to the contrary, if all**
10 **revenue triggers established by the general assembly for the reduction and elimination**
11 **of the current state individual income tax are fully met such that the top individual**
12 **income tax rate is reduced, by statute, below one and four-tenths percent, for any tax**
13 **year beginning on or after January 1, 2031, or a later date on which such revenue**
14 **triggers cause such rate to fall below one and four-tenths percent, no individual income**
15 **tax shall be enacted or imposed by the state of Missouri. This subsection shall not**
16 **extinguish or affect the collectability of any individual income tax liabilities or debts for**
17 **any tax year beginning before the elimination of the individual income tax. This**
18 **subsection does not apply to an earnings tax or similar tax imposed by a political**
19 **subdivision of the state. This subsection does not apply to an income tax on the income**
20 **of trusts, estates, fiduciaries thereof, corporations, partnerships, limited liability**
21 **companies, or any entities, however organized, other than individual people.**

2 Section 26. 1. 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.

5 **2. Notwithstanding any provision of this Constitution to the contrary, including**
6 **the foregoing, for the purpose of reducing and eliminating the state individual income**
7 **tax, state and local sales and use taxes or any similar transaction-based tax may be**
8 **expanded by legislation to impose taxes on transactions involving any goods and**
9 **services. Upon the enactment of any adjustment to the sales and use tax base, all sales**
10 **and use taxes imposed by counties or other political subdivisions and all other sales and**
11 **use taxes imposed by this Constitution shall be imposed on the tax base authorized**
12 **pursuant to this section. For the purposes of this section, the phrase "for the purpose of**
13 **reducing and eliminating the state individual income tax", with respect to legislation,**
14 **means that the legislation expressly states the general assembly's finding that such**
15 **legislation is anticipated, directly or indirectly, to lead to the reduction and elimination**
16 **of the state individual income tax.**

17 **3. Notwithstanding any provision of this Constitution to the contrary, beginning**
18 **July 1, 2029, any political subdivision that imposes a sales and use tax shall, in the**
19 **manner provided by law, annually adjust one or more of the following in order to reduce**
20 **the amount of revenue generated thereby in an amount substantially equal to the**
21 **additional revenue produced by any sales and use tax base expansion authorized by this**
22 **section:**

23 **(1) The rate of such sales or use tax;**
24 **(2) The levy for any personal property tax;**

25 **(3) The levy for residential real property tax; or**
26 **(4) The rate of any tax imposed on earnings.**

27

28 **Under no circumstances shall any county or other political subdivision make an**
29 **adjustment under this subsection to result in any reduction in funding to the public**
30 **schools within, or serving, such county or other political subdivision.**

31 **4. Beginning July 1, 2029, each sales and use tax rate imposed directly by this**
32 **Constitution, with the exception of the rate imposed under Article XIV of this**
33 **Constitution, shall, in the manner provided by law, be adjusted in order to produce**
34 **substantially the same amount of revenue as the median annual revenue of such tax**
35 **produced for the three state fiscal years ending prior to the immediately preceding**
36 **calendar year, after the revenues for such state fiscal years are adjusted for inflation. By**
37 **July 1, 2028, the state auditor shall be responsible for determining this reasonable**
38 **estimate and calculating the reduced rates that will go into effect on January 1, 2029.**

39 **5. Notwithstanding any provision of this Constitution to the contrary, any tax or**
40 **revenue increase resulting from legislation enacted for the purpose of reducing and**
41 **eliminating the state individual income tax, if such legislation is also enacted within**
42 **three years of the effective date of this amendment, shall be exempt from the**
43 **requirements of and shall not be considered new annual revenue for purposes of**
44 **Sections 18 and 18(e) of this Article, and shall be exempt from the requirements of**
45 **Article IV, Sections 30(a), 30(b), 30(c), and 30(d) of this Constitution.**

46 **6. The director of revenue is hereby authorized to promulgate regulations for the**
47 **purpose of clarifying and prohibiting the circumvention of the sales and use tax**
48 **expansion authorized by this section, as well as to define any terms otherwise undefined**
49 **in statute, pertaining to the sales and use tax expansion authorized by this section,**
50 **notwithstanding any provision of this Constitution to the contrary.**

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 prevent the imposition of state**
6 **individual income tax beginning in 2031, provided that revenue growth triggers are satisfied,**
7 **to reduce constitutionally imposed sales and use tax rates, to reduce local sales and use tax**
8 **rates, to reduce real property tax levies or earnings tax rates, and to authorize the expansion of**

9 the sales and use tax base for the purpose of reducing and eliminating the state individual
10 income tax?".

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