

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR

**HOUSE JOINT RESOLUTIONS NOS. 173 &
174**

103RD GENERAL ASSEMBLY

6854S.06C

KRISTINA MARTIN, Secretary

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 Senate, the House of Representatives concurring therein:

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

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2 of Missouri, are repealed and two new sections adopted in lieu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

Section 4(d). **1.** In enacting any law imposing a tax
2 on or measured by income, the general assembly may define
3 income by reference to provisions of the laws of the United
4 States as they may be or become effective at any time or
5 from time to time, whether retrospective or prospective in
6 their operation. The general assembly shall in any such law

7 set the rate or rates of such tax. The general assembly may
8 in so defining income make exceptions, additions, or
9 modifications to any provisions of the laws of the United
10 States so referred to and for retrospective exceptions or
11 modifications to those provisions which are retrospective.

12 **2. Notwithstanding any provision of this Constitution**
13 **to the contrary, in order to reduce and eliminate the state**
14 **individual income tax by January 1, 2032:**

15 (1) For a given calendar year, a reduction in the rate
16 of individual income tax by one one-hundredth of one percent
17 shall occur if the amount of net general revenue collections
18 in the previous fiscal year exceeds, by at least twenty
19 million dollars, the amount of net general revenue
20 collections as of January first of the 2027 fiscal year, as
21 adjusted pursuant to this section. The net general revenue
22 collections as of January first of the 2027 fiscal year,
23 shall be adjusted annually by the rate of inflation. If the
24 minimum amount of net general revenue collections needed to
25 trigger a reduction in the rate of individual income tax for
26 the calendar year is met, each additional increase in net
27 general revenue collections in the previous fiscal year of
28 twenty million dollars beyond such minimum amount shall
29 result in an additional reduction in the rate of individual
30 income tax by one one-hundredth of one percent, up to a
31 maximum rate reduction of one and six-tenths percent for a
32 calendar year;

33 (2) Notwithstanding subdivision (1) of this
34 subsection, for any tax year in which the individual income
35 tax rate would be below one and four-tenths percent, the
36 rate of individual income tax imposed shall instead be zero
37 percent;

38 (3) For purposes of this subsection, the following
39 terms mean:

40 (a) "CPI", the Consumer Price Index for All Urban
41 Consumers for the United States as reported by the Bureau of
42 Labor Statistics, or its successor index;

43 (b) "Net general revenue collections", all revenue
44 deposited into the general revenue fund less refunds;

45 (c) "Rate of inflation", the percentage, if any, by
46 which the CPI for the preceding twelve-month period
47 beginning July first and ending June thirtieth exceeds the
48 CPI for the twelve-month period beginning July 1, 2025, and
49 ending June 30, 2026;

50 (d) "Twenty million dollars", twenty million dollars
51 adjusted annually by the rate of inflation.

52 3. In the event that the reductions to the individual
53 income tax rate required pursuant to this section do not
54 result in the elimination of the individual income tax by
55 January 1, 2032, no further annual adjustments of net
56 general revenue collections shall be made pursuant to
57 subsection 2 of this section.

58 4. For any tax year beginning on or after the date
59 that the rate of the individual income tax has been reduced
60 to zero, no individual income tax shall be enacted or
61 imposed by the state of Missouri. This subsection shall not
62 extinguish or affect the collectability of any individual
63 income tax liabilities or debts for any tax year beginning
64 before the date of the individual income tax elimination.
65 This subsection does not apply to an earnings tax or similar
66 tax imposed by a political subdivision of the state.

Section 26. 1. In order to prohibit an increase in
2 the tax burden on the citizens of Missouri, state and local
3 sales and use taxes (or any similar transaction-based tax)

4 shall not be expanded to impose taxes on any service or
5 transaction that was not subject to sales, use or similar
6 transaction-based tax on January 1, 2015.

7 **2. Notwithstanding any provision of this Constitution**
8 **to the contrary, including subsection 1 of this section, for**
9 **the purpose of reducing and eliminating the state individual**
10 **income tax and reducing local tax rates, state and local**
11 **sales and use taxes (or any similar transaction-based tax)**
12 **may be expanded by legislation to impose taxes on**
13 **transactions involving any goods and services. For the**
14 **purposes of this section, the phrase "for the purpose of**
15 **reducing and eliminating the state individual income tax and**
16 **reducing local tax rates", with respect to legislation**
17 **enacted by the general assembly, means that the legislation**
18 **expressly states the general assembly's finding that such**
19 **legislation will directly or indirectly lead to the**
20 **reduction and elimination of the state individual income tax**
21 **and the reduction of local tax rates.**

22 **3. Notwithstanding any provision of this Constitution**
23 **to the contrary, beginning January 1, 2029, any political**
24 **subdivision that imposes a sales or use tax shall, in the**
25 **manner and the frequency provided by law enacted by the**
26 **general assembly, adjust one or more of the following to**
27 **reduce the amount of revenue generated thereby in an amount**
28 **substantially equal to the additional revenue produced by**
29 **any sales and use tax base expansion authorized by this**
30 **section:**

- 31 (1) The rate of such sales or use tax;
32 (2) The operating levy for any personal property tax;
33 (3) The operating levy for residential real property
34 tax;

35 (4) The operating levy for all property tax levied by
36 a political subdivision that imposes the same rate of levy
37 upon all taxable property; or

38 (5) The rate of any tax imposed on earnings.

39 Under no circumstances shall any county or other political
40 subdivision make an adjustment under this subsection to
41 result in any reduction in funding to the public schools
42 within, or serving, such county or other political
43 subdivision.

44 4. Notwithstanding any provision of this Constitution
45 to the contrary, beginning January 1, 2028, each sales and
46 use tax rate imposed directly by this Constitution, with the
47 exception of the rate imposed under Article XIV of this
48 Constitution, shall, in the manner provided by law enacted
49 by the general assembly, be adjusted in order to reduce the
50 amount of tax in an amount substantially equal to the amount
51 of tax produced by any sales and use tax base expansion
52 authorized by this section. The state auditor shall be
53 responsible for calculating the reduced rates that will go
54 into effect on or after January 1, 2028.

55 5. Notwithstanding any provision of this Constitution
56 to the contrary, any sales and use tax adjustment that
57 produces increased revenues resulting from legislation
58 enacted for the purpose of reducing and eliminating the
59 state individual income tax and reducing local tax rates
60 shall be offset by an individual income tax rate decrease
61 that reduces individual tax revenues, less refunds, by an
62 amount substantially equal to or greater than revenues
63 generated by such sales and use tax adjustments, and if such
64 legislation is enacted within five years of the effective
65 date of this amendment, shall not be considered new annual

66 **revenue for purposes of Section 18(e) of this Article, and**
67 **shall be exempt from the requirements of Article IV,**
68 **Sections 30(b), 30(c), and 30(d) of this Constitution.**

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

- 7 "Shall the Missouri Constitution be amended to:
8 • Phase-out the individual income tax based on
9 revenue growth;
10 • Reduce personal property and other local
11 taxes when local revenues increase;
12 • Modify the sales and use tax to eliminate
13 income tax and reduce local taxes; and
14 • Protect local funding for public schools?".

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