

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE JOINT RESOLUTIONS NOS. 173 & 174
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2 of Missouri, are repealed and two new sections adopted in lieu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, the general assembly shall enact
14 legislation to reduce and eliminate the state individual
15 income tax by requiring reductions to the top rate of the
16 individual income tax based on revenue growth until such tax
17 is eliminated. Upon the elimination of the individual
18 income tax, the general assembly shall be prohibited from
19 enacting or imposing any state individual income tax.

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

22 directly or indirectly lead to the reduction of local tax
23 rates as provided in subsection 3 of this section.

24 (2) Any expansion of the sales and use tax base or
25 increase in the state sales and use tax rate enacted for the
26 purpose of reducing and eliminating the state individual
27 income tax and reducing local tax rates shall be offset in
28 the same legislation by a reduction in the top rate of
29 individual income tax that reduces such tax revenues, less
30 refunds, by an amount that is at least substantially equal
31 to revenues generated by such expansion of the sales and use
32 tax base or increase in the state sales and use tax rate,
33 and, if such legislation is enacted within five years of the
34 effective date of this amendment, shall not be considered
35 new annual revenue for the purposes of Section 18(e) of this
36 Article and shall be exempt from the provisions of Article
37 IV, Sections 30(b), 30(c), and 30(d) of this Constitution.

38 3. (1) Notwithstanding any provision of this
39 constitution to the contrary, beginning twelve months from
40 the effective date for legislation in which the general
41 assembly expands the sales and use tax base pursuant to
42 subsection 2 of this section, any political subdivision that
43 imposes a sales or use tax shall, in the manner provided by
44 law enacted by the general assembly, make a one-time
45 adjustment to one or more of the following rates of tax
46 imposed by the political subdivision to reduce the amount of
47 revenue generated thereby in an amount that is substantially
48 equal to ninety-seven percent of the additional revenue
49 produced by any expansion of the sales and use tax base
50 authorized by this section:

51 (a) The sales and use tax rate;

52 (b) The levy imposed on property in class 2;

53 (c) The levy imposed on property in subclass (1) of
54 class 1;

55 (d) The levy imposed on all class 1 property if such
56 political subdivision imposes a single rate of levy on all
57 such property; or

58 (e) The rate of any tax imposed on earnings.

59 (2) Notwithstanding the provisions of subdivision (1)
60 of this subsection to the contrary, no political subdivision
61 shall adjust its local tax rates in a manner that results in
62 any reduction in funding to any public schools within, or
63 serving, such political subdivision.

64 4. Notwithstanding any provision of this constitution
65 to the contrary, beginning twelve months from the effective
66 date for legislation in which the general assembly expands
67 the sales and use tax base pursuant to subsection 2 of this
68 section, each sales and use tax rate imposed directly by
69 this constitution, with the exception of the rate imposed
70 under Article XIV of this Constitution, shall, in the manner
71 provided by law enacted by the general assembly, be adjusted
72 in order to reduce the amount of tax in an amount
73 substantially equal to the amount of tax produced by any
74 sales and use tax base expansion authorized by this
75 section. The state auditor shall be responsible for
76 calculating the reduced rates that will go into effect as
77 provided in this subsection.

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 and
15 other purposes?".