

SS SCS HCS HJR 173 & 174 -- TAXATION

Upon voter approval, this constitutional amendment requires the General Assembly to enact legislation to reduce and eliminate the state individual income tax by reducing the top rate of the individual income tax based on revenue growth until the tax is eliminated. Upon elimination of the individual income tax, the General Assembly is prohibited from enacting or imposing any State individual income tax.

Currently, state and local sales and use taxes, or similar transaction-based taxes, may not be expanded to impose taxes on any service or transaction that was not subject to sales, use, or similar transaction-based tax on January 1, 2015.

The amendment provides that the General Assembly may authorize the expansion of sales and use taxes to transactions involving any goods and services for the purpose of reducing and eliminating the state individual incoming tax and the reducing of local tax rates but only if the same legislation reduces the top rate of the state individual income tax by an amount that is at least substantially equal to the revenues generate by the expansion of the sales and use tax or increase in the state sales and use tax rate. If such legislation is enacted within five years of the effective date of this amendment, it shall not be considered new annual revenue for the purposes specified in the amendment.

Beginning 12 months after the effective date of any law expanding the sales and use tax base, any political subdivision that imposes a sales and use tax must adjust one or more specified tax rates or levies to reduce revenue generated in an amount equal to 97% of the additional revenue produced by the expansion.

Beginning 12 months after the effective date of any law expanding the sales and use tax base, each sales and use tax rate imposed directly by the Missouri Constitution, except the rate imposed under Article XIV of the Missouri Constitution, must be reduced in the manner provided by law to offset the additional revenue generated by the expansion, as determined by the State Auditor.

The amendment includes ballot language for this proposed constitutional amendment.