

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
**HOUSE JOINT
RESOLUTION NOS. 173 & 174**
103RD GENERAL ASSEMBLY

6854H.02C

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Section A. Sections 4(d) and 26, Article X, Constitution of Missouri, are repealed and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, in order to reduce and**
10 **eliminate the state individual income tax by January 1, 2032:**

11 **(1) For a given calendar year, a reduction in the rate of individual income tax by**
12 **one one-hundredth of one percent shall occur if the amount of net general revenue**
13 **collections in the previous fiscal year exceeds, by at least twenty million dollars, the**
14 **amount of net general revenue collections in the fiscal year ending June 30, 2025. The**
15 **net general revenue collections in the fiscal year ending June 30, 2025, shall be adjusted**
16 **annually by the rate of inflation. If the minimum amount of net general revenue**
17 **collections needed to trigger a reduction in the rate of individual income tax for the**
18 **calendar year is met, each additional increase in net general revenue collections in the**
19 **previous fiscal year by twenty million dollars beyond such minimum amount shall result**
20 **in an additional reduction in the rate of individual income tax by one one-hundredth of**
21 **one percent, up to a maximum rate reduction of one and six-tenths percent for a**
22 **calendar year;**

23 **(2) Notwithstanding subdivision (1) of this subsection, for any tax year in which**
24 **the individual income tax rate would be below one and four-tenths percent, the rate of**
25 **individual income tax imposed shall instead be zero percent;**

26 **(3) For purposes of this subsection, the following terms mean:**

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

29 **(b) "Net general revenue collections", the total general revenue collections net of**
30 **refunds for a fiscal year as officially reported to the public by a government body**
31 **specified in law by the general assembly;**

32 **(c) "Rate of inflation", the percentage, if any, by which the CPI for the**
33 **preceding twelve-month period beginning September first and ending August thirty-**
34 **first exceeds the CPI for the twelve-month period beginning September 1, 2025, and**
35 **ending August 31, 2026;**

36 **(d) "Twenty million dollars", twenty million dollars adjusted annually by the**
37 **rate of inflation.**

38 **3. In the event that the reductions to the individual income tax rate required**
39 **pursuant to this section do not result in the elimination of the individual income tax by**
40 **January 1, 2032, the individual income tax may continue in effect until it is eliminated**
41 **according to such triggers and rate reductions. For any tax year beginning on or after**
42 **the date that the rate of the individual income tax has been reduced to zero, no**
43 **individual income tax shall be enacted or imposed by the state of Missouri. This**
44 **subsection shall not extinguish or affect the collectability of any individual income tax**
45 **liabilities or debts for any tax year beginning before the date of the individual income**

46 **tax elimination. This subsection does not apply to an earnings tax or similar tax**
47 **imposed by a political subdivision of the state. For purposes of this section, "individual**
48 **income tax" means the state tax imposed directly on the income of natural persons, as**
49 **currently imposed by statute under sections 143.011 and 143.041.**

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 and reducing local tax rates, state and local sales and use taxes, or any similar**
8 **transaction-based tax may be expanded by legislation to impose taxes on transactions**
9 **involving any goods and services. For the purposes of this section, the phrase "for the**
10 **purpose of reducing and eliminating the state individual income tax", with respect to**
11 **legislation enacted by the general assembly, means that the legislation expressly states**
12 **the general assembly's finding that such legislation is anticipated, directly or indirectly,**
13 **to lead to the reduction and elimination of the state individual income tax and the**
14 **reduction of local tax rates.**

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

- 21 (1) **The rate of such sales or use tax;**
22 (2) **The operating levy for any personal property tax;**
23 (3) **The operating levy for residential real property tax;**
24 (4) **The operating levy for all property tax levied by a political subdivision that**
25 **imposes the same rate of levy upon all taxable property; or**
26 (5) **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. **Notwithstanding any provision of this Constitution to the contrary, beginning**
32 **January 1, 2028, each sales and use tax rate imposed directly by this Constitution, with**
33 **the exception of the rate imposed under Article XIV of this Constitution, shall, in the**

34 manner provided by law, be adjusted in order to produce substantially the same amount
35 of tax revenue as the median annual amount of such tax revenue produced for the three
36 state fiscal years ending in 2024, 2025, and 2026, after the amount of tax revenue for
37 each such state fiscal year is adjusted for inflation. The state auditor shall be
38 responsible for determining this reasonable estimate and calculating the reduced rates
39 that will go into effect on January 1, 2028.

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

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:
6 • Phase-out the individual income tax based on revenue growth;
7 • Reduce personal property tax and other local tax rates;
8 • Modernize the sales and use tax for the purpose of eliminating income tax and
9 reducing local tax rates; and
10 • Protect local funding for public schools?".

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