

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE JOINT RESOLUTIONS NOS. 31, 20, 24, 42, 32, & 48

JOINT RESOLUTION

Submitting to the qualified voters of Missouri, an amendment repealing sections 20 and 26 of article X of the Constitution of Missouri, and adopting four 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 state of Missouri, on Tuesday next following the first Monday in November, 2026, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article X of the Constitution of the state of Missouri:

Section A. Sections 20 and 26, article X, Constitution of Missouri, are repealed and four new sections adopted in lieu thereof, to be known as sections 1(a), 20, 20(a), and 26, to read as follows:

Section 1(a). Beginning January 1, 2027, the Missouri personal income tax shall no longer be imposed.

Section 20. 1. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

2. (1) For all fiscal years beginning on or after July 1, 2027, the appropriation authority of the general assembly under Section 36 of Article III of this Constitution shall be limited as provided under this subsection. Except as provided under subsection 3 of this section, the total amount of moneys of the Missouri state

government, excluding federal moneys, available for appropriation each fiscal year shall be limited as follows:

(a) If the population of the state increased in the most recent full calendar year by more than one percent from the calendar year immediately preceding such calendar year, the general assembly shall have a spending limit equal to one hundred percent of the most recent year's appropriation in which no appropriation is made under subsection 3 of this section plus a corresponding amount based on the percentage of the state population increase, which shall be applied as a percent of the total moneys available for appropriation;

(b) If the population of the state increased in the most recent full calendar year by one percent or less from the calendar year immediately preceding such calendar year, the general assembly shall have a spending limit equal to one hundred one percent of the most recent year's appropriation in which no appropriation is made under subsection 3 of this section; or

(c) If the population of the state decreased in the most recent full calendar year, the general assembly shall have a spending limit equal to one hundred percent of the most recent year's appropriation in which no appropriation is made under subsection 3 of this section minus a corresponding amount based on the percentage of the state population decrease, which shall be applied as a percent of the total moneys available for appropriation.

(2) When calculating the spending limitation on the appropriation authority of the general assembly as provided under this subsection, all deductions, exemptions, credits, and other tax preferences issued in the previous fiscal year shall be included in the calculation of the spending limitation.

3. (1) The spending limitation on the appropriation authority of the general assembly under subsection 2 of this section may be raised if the general assembly authorizes an increase in the appropriation authority as follows:

(a) If authorized by a two-thirds vote of the members elected to and serving in each house, the spending limitation on the appropriation authority of the general assembly shall be equal to one hundred two percent of the previous fiscal year's appropriation.

(b) If authorized by a three-fourths vote of the members elected to and serving in each house, the spending limitation shall be suspended, and there shall be no limitation imposed on the appropriation authority of the general assembly under the provisions of subsection 2 of this section.

(2) If an increase is authorized under subdivision (1) of this subsection, the authorized increase in the appropriation authority or the authorized suspension of the spending limitation shall remain in effect until rescinded by a majority vote of the members elected to and serving in each house or until the fiscal year affected by the authorized increase has passed since the limitation was raised, whichever occurs first.

Section 20(a). 1. (1) There is hereby established within the state treasury a fund to be known as the "Tax Reform Fund", which shall consist of moneys collected under subsection 3 of this section. Moneys in the fund shall be kept in a singular account to be expended pursuant to appropriation by the general assembly if the conditions under subsection 5 of this section are met and used solely for the purposes described under subsection 5 of this section and for no other purpose.

(2) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

(3) Subject to the provisions of subsection 5 of this section, the unexpended balance in the tax reform fund at the close of any fiscal year shall remain in the fund.

2. (1) There is hereby created in the state treasury the "Budget Responsibility Fund", which shall consist of moneys collected under subsection 3 of this section. Moneys in the fund shall be kept in a singular account to be expended pursuant to appropriation by the general assembly if the conditions under subsection 5 of this section are met and used solely for the purposes described under subsection 5 of this section and for no other purpose.

(2) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

(3) Subject to the provisions of subsection 5 of this section, the unexpended balance in the budget responsibility fund at the close of any fiscal year shall remain in the fund, except as provided under subdivision (4) of this subsection.

(4) At the close of each fiscal year, if the budget responsibility fund maintains a balance in an amount greater than fifty percent of the immediately preceding fiscal year balance of the general revenue fund, the amount in the budget responsibility fund in excess of such fifty percent amount shall be transferred to the strategic gold and silver reserve fund established under subsection 6 of this section.

3. (1) For all fiscal years beginning on or after July 1, 2027, if the amount of net general revenue

collections, as defined under Section 27(a) of Article IV of this constitution, exceeds the anticipated general fund revenue expenditures for a fiscal year by one million dollars or more, each fiscal year that such surplus is realized:

(a) Fifty percent of the moneys arising from such surplus shall be deposited into the tax reform fund; and

(b) Fifty percent shall be deposited in the budget responsibility fund.

(2) The budget responsibility fund shall continue to collect revenue and shall be used only as described under subsection 5 of this section.

(3) The tax reform fund shall continue to collect revenue and shall be used only as described under subsection 5 of this section, subject to the provisions of subsection 4 of this section.

(4) The general assembly may appropriate funds to the credit of the tax reform fund and the budget responsibility fund.

4. (1) Initially, the general assembly shall exclusively utilize the tax reform fund to gradually reduce the state sales tax rate. In a subsequent year where a surplus of one million dollars or more is realized in the general revenue fund at the close of the fiscal year, a state sales tax decrease trigger of one-hundredth of one percent or greater shall go into effect for every forty-five million dollars in the tax reform fund. There shall be no limit on the number of reductions authorized under this subdivision and such decreases shall remain in effect until the state sales tax is reduced to four percent. Upon the state sales tax rate reaching four percent, the state sales tax rate shall not exceed four percent.

(2) Upon the reduction of the state sales tax rate to four percent or less, the tax reform fund shall be exclusively used to gradually reduce and eliminate the corporate income tax rate. In a subsequent year where a surplus of one million dollars or more is realized in the general revenue fund at the close of the fiscal year, a corporate income tax decrease trigger of one-fifth of one percent or greater shall go into effect for every forty-five million dollars in the tax reform fund. There shall be no limit on the number of reductions authorized under this subdivision and such decreases shall remain in effect until the corporate income tax is reduced to zero.

(3) Upon the reduction of the state sales tax rate to four percent or less and the elimination of the corporate income tax, the remaining balance of the tax reform fund shall be transferred to the strategic gold and silver reserve fund, as established and defined in subsection 6 of this section, and the tax reform fund shall be abolished.

5. (1) If the state experiences a budgetary shortfall in the next fiscal year immediately succeeding the implementation of a tax decrease, the tax reform fund may be used during the immediately succeeding appropriation period to supplement areas of necessary funding in the order of the general assembly's authorized appropriations priority for the next fiscal year's budget. The moneys from the fund that may be used for such supplemental funding shall be in an amount not to exceed the lesser of that year's budgetary shortfall or the total loss in net general revenue collections in the fiscal year of the budgetary shortfall as a result of decreased collections due to the general assembly enacting a tax reduction in the previous fiscal year.

(2) The general assembly may authorize the use of the budget responsibility fund by a two-thirds vote of the members elected to and serving in each house, subject to subsections 2 and 3 of section 20 of this article.

6. (1) There is hereby created in the state treasury the "Strategic Gold & Silver Reserve Fund", which shall consist of moneys collected under subsections 2, 3, and 4 of this section and any other moneys as the general assembly may appropriate, subject to the conditions established under this section.

(2) The total of the balance in the tax reform fund shall be transferred to the strategic gold and silver reserve fund as provided under subdivision (3) of subsection 4 of this section. After such transfer, the strategic gold and silver reserve fund shall consist of moneys collected under subsection 3 of this section in the same manner as the tax reform fund.

(3) Each fiscal year that the balance of the budget responsibility fund meets the conditions to exceed the amount calculated under the provisions of subdivision (4) of subsection 2 of this section, such excess amount shall be transferred from the budget responsibility fund to the strategic gold and silver reserve fund.

(4) Moneys in the strategic gold and silver reserve fund shall be kept in an account and expended each year solely for the purpose of purchasing gold or silver and the management, storage, or security thereof, and once purchased, such gold or silver shall be physically kept within the borders of the state of Missouri at a depository approved for the holding of state purchased precious metals. Gold and silver within the possession of the strategic gold and silver reserve shall not be sold, liquidated, or transferred to the custody of any entity that

is not the state of Missouri without a constitutional amendment modifying this subsection. Nor shall it be used as collateral against any loans.

7. The general assembly shall enact such laws as may be necessary to carry out the provisions of this section.

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

2. Upon the reduction of the state sales tax rate to four percent or less by general law, the total rate of state sales tax imposed by general law and any additional state sales tax imposed under this constitution, but excluding the state sales taxes imposed under subsection 3 of this section, subdivision (1) of subsection 4 of section 1 of article XIV of this constitution, and subdivision (1) of subsection 6 of section 2 of article XIV of this constitution, shall be capped at a rate not to exceed four percent, levied and imposed upon all sellers for the selling of tangible personal property or rendering taxable services at retail in this state upon the sales and services that now are or hereafter are listed and set forth in, and except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith.

3. An additional state sales tax is levied for the rendering of lobbying services in this state. The tax shall be at a rate equivalent to six percent.

Section B. Pursuant to chapter 116, and other applicable constitutional provisions and laws of this state

allowing the general assembly to adopt ballot language for the submission of this joint resolution to the voters of this state, the official summary statement of this resolution shall be as follows:

"Shall the Missouri Constitution be amended to eliminate the personal income tax; impose a spending limit on the General Assembly; create surplus revenue funds for reducing certain taxes, supplementing budgets, and buying gold and silver; repeal the prohibition on certain sales and use taxes; cap the state sales tax rate; and impose a tax on lobbying services?".