

FIRST REGULAR SESSION

# SENATE JOINT RESOLUTION NO. 24

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHROER.

1397S.01I

KRISTINA MARTIN, Secretary

## 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 three 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 20 and 26, article X, Constitution of  
2 Missouri, are repealed and three new sections adopted in lieu  
3 thereof, to be known as sections 20, 20(a), and 26, to read as  
4 follows:

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

**2. (1) The appropriation authority of the general  
7 assembly under Section 36 of Article III of this  
8 constitution shall be limited as provided under this**

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

9 subsection. The total amount of moneys available for  
10 appropriation each fiscal year shall be limited as follows:

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

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

27 (c) If the population of the state decreased in the  
28 most recent full calendar year, the general assembly shall  
29 have a spending limit equal to one hundred percent of the  
30 most recent year's appropriation in which no appropriation  
31 is made under subsection 3 of this section minus the  
32 percentage of the state population decrease.

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

39           3. (1) The spending limitation on the appropriation  
40 authority of the general assembly under subsection 2 of this  
41 section may be raised if the following conditions are met:

42           (a) The governor requests the general assembly to  
43 approve and authorize an appropriation; and

44           (b) The general assembly approves the request in  
45 accordance with the specifics of the governor's request by a  
46 two-thirds vote of the members elected to and serving in  
47 each house.

48           (2) Once the conditions under subdivision (1) of this  
49 subsection are met, the spending limitation on the  
50 appropriation authority of the general assembly shall be  
51 equal to one hundred two percent of the previous year's  
52 appropriation. This one-hundred-two-percent limit shall  
53 remain in effect until the governor's appropriation request  
54 is rescinded or until twelve months have passed since the  
55 request was made, whichever occurs first.

Section 20(a). 1. (1) There is hereby established  
2 within the state treasury a fund to be known as the "Tax  
3 Reform Fund", which shall consist of moneys collected under  
4 subsection 2 of this section. Moneys in the fund shall be  
5 kept in a singular account to be expended pursuant to  
6 appropriation by the general assembly if the conditions  
7 under subsection 3 of this section are met and used solely  
8 for the purpose of supplementing a full fiscal year  
9 budgetary shortfall as described under subsection 3 of this  
10 section and for no other purpose.

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

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

18           2. (1) For all fiscal years beginning on or after  
19 July 1, 2027, if the amount of net general revenue  
20 collected, as defined under Section 27(a) of Article IV of  
21 this constitution, exceeds the anticipated general fund  
22 revenue expenditures for a fiscal year by one million  
23 dollars or more, each fiscal year that such surplus is  
24 realized, such surplus in excess of one million dollars  
25 shall be deposited into the tax reform fund.

26           (2) In a subsequent year where a surplus of one  
27 million dollars or more is realized, if the tax reform fund  
28 reaches and maintains a minimum balance that is greater than  
29 or equal to one hundred twenty million dollars, the general  
30 assembly shall authorize by general law a personal income  
31 tax decrease trigger of one-tenth of one percent or  
32 greater. If the balance of the tax reform fund exceeds one  
33 hundred twenty million dollars, the general assembly shall  
34 authorize by general law additional personal income tax  
35 decreases in an amount equal to or greater than one-  
36 twentieth of one percent for every sixty million dollars  
37 over one hundred twenty million dollars in the tax reform  
38 fund. There shall be no cap on the number of reductions  
39 authorized under this subdivision and such decreases shall  
40 remain in effect until the personal income tax is reduced to  
41 zero.

42           (3) Upon the reduction and elimination of the personal  
43 income tax, the general assembly shall utilize the tax  
44 reform fund to gradually reduce and eliminate the corporate  
45 income tax.

46           (4) After both personal income taxes and corporate  
47 income taxes have been reduced to zero, the tax reform fund  
48 shall continue to collect revenue and shall be used only to  
49 supplement budget shortfalls as described under subsection 3  
50 of this section following fiscal years where the general  
51 assembly enacted a tax reduction.

52           (5) After personal income tax is reduced to zero, it  
53 shall remain at zero.

54           (6) After corporate income tax is reduced to zero, it  
55 shall remain at zero.

56           (7) The general assembly may appropriate funds to the  
57 credit of the tax reform fund.

58           3. If the state experiences a budgetary shortfall in  
59 the next fiscal year immediately succeeding the  
60 implementation of a personal income tax decrease, the tax  
61 reform fund may be used during the immediately succeeding  
62 appropriation period to supplement areas of necessary  
63 funding in the order of the general assembly's authorized  
64 appropriations priority for the next fiscal year's budget.  
65 The moneys from the fund that may be used for such  
66 supplemental funding shall be in an amount not to exceed the  
67 lesser of that year's budgetary shortfall or sixty million  
68 dollars for every one-twentieth of one percent decrease from  
69 the personal income tax from the previous year.

70           4. (1) Subject to the enactment of a personal income  
71 tax decrease trigger by general law as provided under  
72 subdivision (2) of subsection 2 of this section, if the one-  
73 million-dollar surplus trigger under subdivision (2) of  
74 subsection 2 of this section was realized in the previous  
75 fiscal year, the personal income tax decrease trigger shall  
76 be implemented by the department of revenue to take effect  
77 on January first of the calendar year immediately following

78 the close of the fiscal year in which the one-million-dollar  
79 surplus amount was realized.

80 (2) The department of revenue shall implement an  
81 annual process to review and report future reduction  
82 conditions at the same time and in the same manner as under  
83 chapter 143.

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

Section 26. [In order to prohibit an increase in the  
2 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.] 1. (1) The  
7 total amount of state sales tax imposed by general law,  
8 excluding any additional sales tax imposed under this  
9 constitution, shall be capped and the rate of sales tax  
10 shall be a tax equivalent to three and seven hundred seventy-  
11 five thousandths percent, levied and imposed upon all  
12 sellers for the privilege of selling tangible personal  
13 property or rendering taxable services at retail in this  
14 state upon the sales and services that now are or hereafter  
15 are listed and set forth in, and except as to the amount of  
16 tax, subject to the provisions of and to be collected as  
17 provided in the "Sales Tax Law" and subject to the rules and  
18 regulations promulgated in connection therewith.

19 (2) The provisions of subdivision (1) of this  
20 subsection shall become effective upon the passage by the  
21 general assembly and approval by the governor of any bill  
22 authorizing the statutory imposition of a state sales or use  
23 tax on any service that was not subject to sales, use, or  
24 similar transaction-based tax on January 1, 2015. The

25 reduction in the rate of tax under subdivision (1) of this  
26 subsection shall take effect on the immediately succeeding  
27 January first, following the passage and approval of such  
28 bill.

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

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 • Create a "Tax Reform Fund", which would use  
9 excess revenue to reduce and gradually eliminate  
10 Missouri income taxes;  
11 • Impose an annual spending limit on the  
12 Missouri General Assembly;  
13 • Cap the statutory state sales tax rate;  
14 • Impose a sales tax on lobbying services; and  
15 • Repeal the prohibition on certain new sales  
16 and use taxes?".

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