

SECOND REGULAR SESSION

SENATE JOINT RESOLUTION NO. 30

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

Pre-filed December 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4490S.04I

JOINT RESOLUTION

Submitting to the qualified voters of Missouri, an amendment repealing section 1 of article X of the Constitution of Missouri, and adopting eleven 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
2 Tuesday next following the first Monday in November, 2018, or at a special
3 election to be called by the governor for that purpose, there is hereby submitted
4 to the qualified voters of this state, for adoption or rejection, the following
5 amendment to article X of the Constitution of the state of Missouri:

Section A. Section 1, article X, Constitution of Missouri, is repealed and
2 eleven new sections adopted in lieu thereof, to be known as sections 1(a), 1(b),
3 1(c), 1(d), 1(e), 1(f), 1(g), 1(h), 1(i), 1(j), and 1(k), to read as follows:

**Section 1(a). The taxing power may be exercised by the general
2 assembly for state purposes, and by counties and other political
3 subdivisions under power granted to them by the general assembly for
4 county, municipal and other corporate purposes, except the general
5 assembly shall not have the power to enact any law:**

6 **(1) Imposing a tax on or measured by the income or earnings of
7 an individual for tax years beginning on or after January 1, 2022; or**

8 **(2) Authorizing any county or other political subdivision to
9 enact, levy or impose a tax on or measured by the income or earnings
10 of an individual, except any tax on or measured by the income or
11 earnings of an individual that was lawfully enacted and imposed by a
12 city prior to January 1, 2019, and continues to be lawfully renewed by**

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

13 voters of such city. If any such tax is reduced or repealed, such tax
14 shall not subsequently be increased or restored; or

15 (3) Imposing a tax for state purposes on sales or services other
16 than as authorized in sections 1(a) through 1(k) of this article or
17 exempted from repeal in section 1(d) of this article.

Section 1(b). For tax years beginning on or after January 1, 2019,
2 the following laws are repealed:

3 (1) Any law enacted by the general assembly that imposes a tax
4 for state purposes that is on or measured by the income or earnings of
5 an individual, except as provided in section 1(c) of this article; and

6 (2) Any law enacted by the general assembly that authorizes any
7 county or other political subdivision to impose a tax for county,
8 municipal and other corporate purposes that is on or measured by the
9 income or earnings of an individual, except any law imposing a tax on
10 or measured by the income or earnings of an individual that was
11 lawfully enacted and imposed by a city prior to January 1, 2019, and
12 continues to be lawfully renewed by voters of such city. If any such tax
13 is reduced or repealed, such tax shall not subsequently be increased or
14 restored.

Section 1(c). (1) For tax years beginning on or after January 1,
2 2020, any law enacted by the general assembly that imposes a tax for
3 state purposes that is on or measured by the income or earnings of an
4 individual shall not be more than three percent.

5 (2) For tax years beginning on or after January 1, 2022, any law
6 enacted by the general assembly that imposes a tax for state purposes
7 that is on or measured by the income or earnings of an individual shall
8 be repealed.

9 (3) The general assembly may enact a law with an effective date
10 no later than January 1, 2022, to provide a mechanism for the
11 continuation of any property tax relief available for senior citizens and
12 disabled individuals in the tax year beginning January 1, 2018, and
13 which was, for that tax year, provided in the form of an income tax
14 credit.

Section 1(d). For tax years beginning on or after January 1, 2020,
2 all laws enacted by the general assembly for state purposes prior to the
3 effective date of this section imposing sales and use taxes and
4 exemptions thereto are repealed, except taxes on alcohol, aviation fuel,

5 insurance products, tobacco, any taxes imposed by article IV, sections
6 43(a) and 47(a), or any taxes provided for by article IV, section 30(a),
7 and exemptions thereto.

Section 1(e). (1) The general assembly shall enact a law, effective
2 January 1, 2020, imposing and levying a tax on all sales and services,
3 except those sales and services exempted pursuant to section 1(f) of
4 this article, at a rate that shall not exceed five percent prior to January
5 1, 2022. On and after January 1, 2022, the sum of the rate of such tax
6 on sales and services plus the rates of the taxes calculated in section
7 1(h) of this article shall not exceed eight percent.

8 (2) All revenues collected from the tax imposed pursuant to this
9 section shall be deposited into the general revenue fund of the state of
10 Missouri and be subject to appropriation by the general assembly,
11 unless otherwise restricted or appropriated by this constitution, except
12 a portion of the revenues collected from the tax imposed pursuant to
13 this section shall be deposited into the school district trust fund or any
14 successor fund, to be distributed to the school districts of the state as
15 provided by law, so that such fund receives no less than the amount of
16 revenue as such fund received on average annually in fiscal years 2014-
17 2018.

Section 1(f). The following shall not be subject to any tax
2 imposed pursuant to section 1(e) of this article:

3 (1) Those sales and services subject to taxes which are
4 specifically exempted from the repeal in section 1(d) of this article;

5 (2) Sales of personal property for which the tax authorized
6 pursuant to section 1(e) of this article or a sales or use tax repealed by
7 section 1(d) of this article has been collected due to a prior taxable
8 transaction or sales for resale;

9 (3) Sales, leases, or rents of real property including all fees,
10 charges or commissions resulting directly or indirectly from the sale,
11 lease or rent of the real property;

12 (4) Child care services and services provided for by a residential
13 care, assisted living, intermediate care, or skilled nursing facility;

14 (5) Tuition and fees of any early childhood, prekindergarten,
15 kindergarten, elementary, secondary, vocational or technical school, or
16 an accredited institution of higher education for educational services;

17 (6) Services rendered by an employee for his or her employer;

18 (7) Services between entities that in the given year consolidate
19 earnings;

20 (8) Sales or services directly used for agricultural trade or
21 agricultural business purposes;

22 (9) Sales of materials, fuel, manufactured goods, machinery,
23 equipment, parts, or replacement parts used or consumed in
24 manufacturing, processing, compounding, mining, producing,
25 fabricating, researching, or developing a product or producing a
26 service, or controlling pollution, or that become a component part or
27 ingredient of a product or service;

28 (10) Construction, warehousing, computer system, software
29 design, employment, call center, and payroll processing services;

30 (11) Sales of stocks, bonds, financial instruments, and other
31 similar intangible personal property;

32 (12) Sales of bullion or coins, artistic works, precious stones or
33 other tangible personal property held exclusively for investment
34 purposes;

35 (13) Sales of insurance products and insurance services;

36 (14) Sales of railroad rolling stock for use in transporting
37 persons or property in interstate commerce and motor vehicles licensed
38 for a gross weight of twenty-four thousand pounds or more or trailers
39 used by common carriers in the transportation of persons or property;

40 (15) Sales of barges which are to be used primarily in the
41 transportation of property or cargo on interstate waterways;

42 (16) The purchase or storage of tangible personal property by
43 any common carrier engaged in the interstate air transportation of
44 persons and cargo;

45 (17) Gaming sales, services, wagers, winnings, or admission fees
46 related to licensed bingo, racing or excursion gambling boat activities;

47 (18) Sales or services to or for the benefit of the United States of
48 America, any state, county, other political subdivision, foreign
49 government, or a charitable organization exempt from taxation under
50 federal law, and the sale or service is in furtherance of the purpose of
51 the state, county or other political subdivision, or a charitable
52 organization;

53 (19) Sales made through the use of federal food stamp coupons
54 or any successor program;

55 (20) Sales for which federal government coupons or vouchers
56 under the supplemental feeding for women, infants and children
57 program, or any successor program, are used as payment;

58 (21) Sales exempted from state taxation under any other federal
59 program that requires a state that chooses to participate in such a
60 program to be exempt from tax;

61 (22) Nonproprietary sales made by or nonproprietary services
62 performed by the state, a county or other political subdivision;

63 (23) Sales which the state of Missouri is prohibited from taxing
64 pursuant to this constitution or the Constitution or laws of the United
65 States of America; and

66 (24) Any other sale or service exempted by a two-thirds vote of
67 the members elected to each house of the general assembly, proceeded
68 upon in the same manner as in the case of a bill and presented to the
69 governor.

 Section 1(g). (1) "Maximum income threshold", as used in section
2 1(i) of this article, the product of four multiplied by the sum of:

3 (a) The single unit poverty level;

4 (b) If married and filing a combined return, the single unit
5 poverty level for the taxpayer's spouse;

6 (c) For each additional dependent, four thousand one hundred
7 eighty dollars, adjusted for inflation as measured by the Consumer
8 Price Index for All Urban Consumers for the United States and
9 reported by the Bureau of Labor Statistics, or its successor index.

10 (2) "Prebate amount", as used in section 1(i) of this article, the
11 sum of:

12 (a) The single unit poverty level;

13 (b) If married and filing a combined return, the single unit
14 poverty level for the taxpayer's spouse;

15 (c) For each additional dependent, four thousand one hundred
16 eighty dollars, adjusted for inflation as measured by the Consumer
17 Price Index for All Urban Consumers for the United States and
18 reported by the Bureau of Labor Statistics, or its successor index.

19 (3) "Single unit poverty level", as used in section 1(i) of this
20 article, the federal poverty level for a one person family or household
21 as set and updated by the United States Department of Health and
22 Human Services or its successor agency.

23 (4) "Sales" as used in sections 1(a) through 1(k) of this article
24 shall mean any transfer, rental, lease, exchange, or barter, conditional
25 or otherwise, in any manner or by any means whatsoever, of tangible
26 property, not purchased for resale or leasing, for consideration. "Sales"
27 shall also include the privilege of storing, using or consuming within
28 this state any article of tangible property on or after January 1, 2020.

29 (5) "Services" as used in sections 1(a) through 1(k) of this article
30 shall mean all activities for the benefit, use or consumption, regardless
31 if paid by a fee, retainer, commission, or other consideration, when
32 such activities involve predominantly the performance of a service as
33 distinguished from the sale of property.

 Section 1(h). Notwithstanding the provisions of sections 43(a)
2 and 47(a) of article IV of this constitution, effective January 1, 2020, the
3 tax levied and imposed pursuant to those sections shall be imposed on
4 the same tax base as the tax authorized under section 1(e) of this
5 article. The rates of tax levied and imposed pursuant to sections 43(a)
6 and 47(a) of article IV of this constitution shall be recalculated, no later
7 than May 1, 2019, and adjusted to produce an amount of revenue for the
8 2020 fiscal year substantially equal to the amount received on average
9 annually in fiscal years 2014-2018. However, on and after January 1,
10 2022, the sum of such rates plus the rate of the tax authorized in
11 section 1(e) of this article shall not exceed eight percent. The general
12 assembly shall provide for the procedure by which such tax rates shall
13 be recalculated and the rate of tax may be readjusted in the same
14 manner one time after January 1, 2020, and before January 1, 2022, to
15 provide an amount of revenue for each fiscal year substantially equal
16 to the amount received on average annually in fiscal years 2014-2018,
17 adjusted for inflation as measured by the Consumer Price Index for All
18 Urban Consumers for the United States and reported by the Bureau of
19 Labor Statistics, or its successor index. All recalculations performed
20 under this section shall be subject to review and verification by the
21 state treasurer. The state treasurer may request a recalculation of any
22 rate adjusted under this section, but shall not request more than one
23 recalculation for any single rate.

 Section 1(i). (1) The general assembly shall enact a law with an
2 effective date no later than January 1, 2022, to provide for the partial
3 relief of sales tax liability.

4 (2) Such law shall provide that all taxpayers with an income at
5 or below the maximum income threshold and making purchases subject
6 to sales taxes imposed under article IV, sections 43(a) and 47(a), and
7 section 1(e) of this article shall be eligible to receive an annual
8 exemption from sales taxes on such purchases in an amount equal to
9 the prebate amount multiplied by the combined rate of sales taxes
10 imposed under sections 1(e) and 1(h) of this article. Such amount shall
11 be remitted to a qualifying taxpayer in a manner to be fixed by law.

12 (3) The general assembly may extend such sales tax relief to
13 taxpayers with an income above the maximum income threshold.

 Section 1(j). (1) Effective January 1, 2020, all provisions of laws,
2 ordinances or resolutions exempting sales and services other than the
3 sales and services exempted pursuant to sections 1(a) through 1(k) and
4 25 of this article from taxation by counties, other political subdivisions,
5 or other taxing jurisdictions, as well as all provisions establishing the
6 rate of the tax on such sales and services, except those exemptions or
7 exclusions expressly approved by local voters and in effect as of
8 January 1, 2018, shall be void.

9 (2) A new rate shall be imposed by the counties, other political
10 subdivisions, and other taxing jurisdictions on sales and services
11 necessary to produce an amount of revenue substantially equal to the
12 amount that was produced by the prior rate of the tax on average in
13 the five years prior to January 1, 2020.

14 (3) The department of revenue shall calculate the new rate under
15 a process the general assembly shall establish by law, and shall provide
16 the new rate to the counties, other political subdivisions, and other
17 taxing jurisdictions no later than September 1, 2019. The general
18 assembly shall include a process for allowing taxpayers, counties, other
19 political subdivisions, and other taxing jurisdictions, to appeal the
20 recalculation in this section, provided that such appeal be filed by
21 January 1, 2022. The department of revenue may recalculate the new
22 rate under the process established by the general assembly one time
23 after January 1, 2020, but before January 1, 2022. All recalculations
24 performed under this section shall be subject to review and verification
25 by the state treasurer. The state treasurer may request a recalculation
26 of any rate adjusted under this section, but shall not request more than
27 one recalculation for any single rate.

Section 1(k). (1) The burden of proof for establishing tax liability for any taxes imposed pursuant to section 1(e) of this article shall be borne by the state in all legal proceedings.

(2) Taxpayers shall have the same rights to enforce the provisions of this amendment as in section 23 of this article of this constitution.

[Section 1. The taxing power may be exercised by the general assembly for state purposes, and by counties and other political subdivisions under power granted to them by the general assembly for county, municipal and other corporate purposes.]

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