

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE JOINT RESOLUTION NO. 36

95TH GENERAL ASSEMBLY

2316L.04C

D. ADAM CRUMBLISS, Chief Clerk

JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing section 4(d) of article X of the Constitution of Missouri, and adopting one new section in lieu thereof relating to fair 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 following the first Monday in November, 2010, 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Section A. Section 4(d), article X, Constitution of Missouri, is repealed and one new section adopted in lieu thereof, to be known as section 4(d), to read as follows:

Section 4(d). **1.** In enacting any law imposing a tax on or measured by income, the general assembly may define income by reference to provisions of the laws of the United States as they may be or become effective at any time or from time to time, whether retrospective or prospective in their operation. The general assembly shall in any such law set the rate or rates of such tax. The general assembly may in so defining income make exceptions, additions, or modifications to any provisions of the laws of the United States so referred to and for retrospective exceptions or modifications to those provisions which are retrospective.

2. For all tax years beginning on or after January 1, 2012, no tax shall be imposed upon any income derived from any source within this state, and all revenues lost as a result of the prohibition on the taxation of income under this section shall be replaced by the levy and imposition of a tax upon all sales, use, or consumption of all new tangible personal property, rental property or taxable services in this state, except for such property sold to

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.

13 the federal government or purchased to be a component part or ingredient of the new
14 tangible personal property to be sold at retail. No tax shall be imposed under this section
15 on any taxable property or service purchased for a business purpose in a trade or business,
16 including agriculture, or purchased for an investment purpose and held exclusively for an
17 investment purpose. For purposes of this section, the term "purchased for a business
18 purpose in a trade or business" shall mean purchased by a person engaged in a trade or
19 business and used in that trade or business for resale, to produce, provide, render or sell
20 taxable property or services, or in furtherance of other bona fide business purposes. For
21 purposes of this section, the term "purchased for an investment purpose" shall mean
22 property purchased exclusively for purposes of appreciation or the production of income.

23 **3. The rate of the tax levied and imposed under subsection 2 of this section shall be**
24 **five and eleven one-hundredths percent. The general assembly may enact one adjustment,**
25 **subject to the limitation on total state revenues as provided in article X, section 18 of this**
26 **constitution, after the imposition of such tax if the revenue lost as a result of the**
27 **prohibition on the taxation of income is greater than or less than the revenue received from**
28 **the tax imposed in this section. Such adjustment shall be calculated to ensure that the**
29 **amount of revenue received is substantially equal to the amount of revenue lost under this**
30 **section. Local political subdivisions shall recalculate their local tax rates, including local**
31 **tax revenue to be deposited in the school district trust fund, affected by this section to**
32 **produce the same or substantially similar revenue as collected in the immediately previous**
33 **fiscal year. The general assembly may provide by law for determining the scope of taxable**
34 **services and for otherwise implementing the provisions of this section. Exemptions from**
35 **such tax may be provided by law upon an affirmative vote of at least two-thirds of the**
36 **elected members of both chambers and approval by the governor.**

37 **4. Notwithstanding the provisions of sections 43(a) and 47(a) of article IV of this**
38 **constitution, the rates of tax levied and imposed under those sections shall undergo a one-**
39 **time calculation, taking into account any adjustment in the tax base. This recalculation**
40 **would determine the new rates that would produce an amount of revenue for the fiscal**
41 **year of recalculation substantially equal to the amount actually received in the year or**
42 **recalculation under the prior rate described in those sections of the constitution. These**
43 **new tax rates shall be recalculated in this same manner should the rate of tax levied under**
44 **section 4(d) of article X of this constitution be readjusted.**

45 **5. The taxes that are replaced under this section are as follows:**

- 46 **(1) Withholding taxes and individual and corporate income taxes;**
47 **(2) Corporation franchise and bank franchise taxes;**
48 **(3) All existing state sales and use taxes.**

49 **6. The department of revenue shall determine a method for providing an annual**
50 **sales tax rebate for each duly registered qualified family of this state. The sales tax rebate**
51 **shall be distributed at least annually to each qualified family. For purposes of this section,**
52 **the term "qualified family" shall mean one or more family members, including a spouse,**
53 **child, stepchild, grandchild, parent, grandparent, brother, sister, or any such relations of**
54 **the spouse of the member, sharing a common residence. The amount of the sales tax rebate**
55 **shall be determined annually and be equal to the product of the rate of sales tax established**
56 **under this section and the annual poverty guidelines updated periodically in the Federal**
57 **Register by the United States Department of Health and Human Services under the**
58 **authority of 42 U.S.C. 9902(2), as amended.**

59 **7. The department of revenue shall promulgate rules as otherwise provided by law**
60 **to implement the provisions of this section.**

61 **8. The revisor of statutes shall prepare and submit to the committee on legislative**
62 **research a proposed bill repealing those provisions of law which are deemed unenforceable**
63 **or unnecessary under the provisions of this section.**

 Section B. Pursuant to chapter 116, RSMo, and other applicable constitutional provisions
2 and laws of this state allowing the general assembly to adopt ballot language for the submission
3 of a joint resolution to the voters of this state, the official ballot title of the amendment proposed
4 in section A of this act shall read as follows:

5 "A 'yes' vote will amend the Constitution of the State of Missouri to eliminate individual
6 and corporate income tax, and state sales and use tax and to enact a single, revenue-neutral sales
7 tax of five and eleven one-hundredths percent on new purchases of goods and services, and to
8 exempt property purchased for business or investment from the sales tax, and to provide each
9 qualified family with a sales tax rebate to ensure no state sales tax is paid on purchases up to the
10 federal poverty level.

11 A 'no' vote would not amend the Constitution of the State of Missouri."

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