

HJR 187 -- TAX REFORM FUND

SPONSOR: Davidson

Upon voter approval, this resolution amends Article X of the Missouri Constitution by limiting the authority of the General Assembly to appropriate funds in the following manner:

(1) If the Missouri population increases by more than 2.5% from one calendar year to the next, the General Assembly shall have a spending limit equal to the percentage of the state population increase, which will be applied as the percent of the total moneys available for appropriation; or

(2) If the Missouri population increases by less than 2.5% from one calendar year to the next, the General Assembly shall have a spending limit equal to 2.5% of the total moneys available for appropriation.

This resolution also creates the "Tax Reform Fund". For all fiscal years beginning July 1, 2025, if the amount of net general revenue collected exceeds the anticipated General Fund revenue expenditures by \$20 million or more, any surplus collected above \$20 million will be deposited into the Tax Reform Fund. The Fund shall be capped at \$500 million.

If the Fund reaches and maintains a balance of \$250 million and a surplus of \$20 million is realized in a subsequent year, the General Assembly will trigger a 1/4 of 1% decrease in personal income tax, with not less than one reduction per year. There will be no cap on the number of triggered reductions and the triggers will remain in place until the personal income tax is reduced to zero. When a triggered decrease occurs, it shall take effect on January 1st of the following year.

Once personal income tax is eliminated, the General Assembly will utilize the Fund to gradually reduce and eliminate personal property taxes.

After both personal income taxes and personal property taxes have been reduced to zero, they will both remain at zero. After the elimination of both personal income taxes and personal property taxes, the Fund will continue to collect revenue and will only be used to supplement budget shortfalls following fiscal years during which the General Assembly enacted a tax reduction. The budget shortfalls that receive supplemental funding will follow the order of priority normally used by the General Assembly when making authorized appropriations.