

SECOND REGULAR SESSION

# SENATE JOINT RESOLUTION NO. 34

96TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR PURGASON.

Pre-filed December 12, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

4372S.011

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## 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 the revenue-neutral replacement of state taxes on income with an amended sales and use tax.

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*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, 2012, 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Section A. Section 4(d), article X, Constitution of Missouri, is repealed and  
2 one new section adopted in lieu thereof, to be known as section 4(d), to read as  
3 follows:

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

10 **2. Effective January 1, 2013, the corporate income tax, corporate**  
11 **franchise tax, and bank franchise tax shall be repealed. All state taxes**  
12 **upon the sale or use of tangible personal property other than the tax**  
13 **authorized under this section shall be repealed effective June 30,**  
14 **2013. For the taxable year beginning on or after January 1, 2013, and**

15 each taxable year thereafter, the rates of state tax upon individual  
16 income shall be reduced by twenty percent from the previous taxable  
17 year's rates until all such rates shall equal zero. For all tax years  
18 beginning on or after January 1, 2018, no state tax shall be imposed  
19 upon any income derived from any source within this state. No income  
20 tax credits shall be authorized after January 1, 2013. The general  
21 assembly shall, by general law, provide a mechanism for the  
22 continuation of any property tax relief available for the elderly and  
23 disabled which prior to January 1, 2013, was provided in the form of an  
24 income tax credit.

25 3. Counties and other political subdivisions which, as of the  
26 effective date of this section, do not levy a tax upon the income or  
27 earnings of individuals shall be prohibited from imposing such a  
28 tax. Any general law, enacted after the effective date of this section,  
29 which authorizes the imposition of a tax upon the income or earnings  
30 of individuals by a county or other political subdivision shall be  
31 void. Nothing in this section shall be construed to repeal any local  
32 income or earnings taxes imposed by a county or other political  
33 subdivision as of the effective date of this section.

34 4. All revenues lost as a result of the prohibition on the taxation  
35 of income under this section shall be replaced, effective July 1, 2013, by  
36 the levy and imposition of a tax upon the consumption or use in this  
37 state of taxable property or services which shall not exceed seven  
38 percent.

39 5. Except as provided under subsection 6 of this section, all state  
40 and local sales tax exemptions in effect as of June 1, 2013, which  
41 exempt purchases other than the purchases enumerated in this section  
42 shall be void. No tax shall be imposed under this section on:

- 43 (1) Intangible personal property;
- 44 (2) Property for which the tax authorized under this section has  
45 been collected due to a prior taxable transaction;
- 46 (3) Property purchased to be a component part or ingredient of  
47 new personal property to be sold at retail;
- 48 (4) Any property or service purchased by a person engaged in a  
49 trade or business, including agriculture, to be used in such trade or  
50 business for resale, to produce, provide, render or sell taxable property  
51 or services, for purposes of appreciation or the production of income,  
52 or in furtherance of other bona fide business purposes;

53 (5) Tuition and fees paid to an accredited institution of higher  
54 education for educational services;

55 (6) Tuition and fees paid to any elementary, secondary, or  
56 vocational school for educational services;

57 (7) Motor fuel purchases subject to an excise tax;

58 (8) Insurance premiums or fees on insurance products;

59 (9) Monetary donations, and purchases of tangible property, on  
60 behalf of, for, or by charitable organizations exempt from taxation  
61 under federal law;

62 (10) Any sale which the state of Missouri is prohibited from  
63 taxing pursuant to the Constitution or laws of the United States of  
64 America.

65 6. The general assembly may only enact additional exemptions  
66 to the tax authorized under this section by general law approved by an  
67 affirmative vote of no less than two-thirds of the elected members of  
68 both chambers and approved by the governor. The burden of proof for  
69 establishing a tax liability shall be borne by the state in all legal  
70 proceedings.

71 7. Notwithstanding the limitation on total state revenues as  
72 provided in article X, section 18 of this constitution, for all fiscal years  
73 beginning on or after July 1, 2013, but ending on or before June 30,  
74 2018, the general assembly shall, by general law, provide for  
75 adjustments to the tax rate provided under this section sufficient to  
76 ensure substantially the same amount of revenue is collected in each  
77 such fiscal year as was collected on average during the immediately  
78 preceding five fiscal years. Notwithstanding the limitation on total  
79 state revenues as provided in article X, section 18 of this constitution,  
80 after January 1, 2014, the general assembly may, by general law, enact  
81 adjustments to the tax rate as may be necessary to recoup or forego tax  
82 revenues, if the revenue lost as a result of the prohibition on the  
83 taxation of income is greater than or less than the revenue received  
84 during the immediately preceding fiscal year from the tax imposed in  
85 this section. Local political subdivisions shall recalculate their local  
86 tax rates affected by this section to produce the same or substantially  
87 similar revenue as collected in the immediately previous fiscal  
88 year. The general assembly shall provide for the procedure by which  
89 local political subdivision rates shall be recalculated which shall  
90 include a process for allowing local political subdivisions to appeal

91 such recalculation in a timely manner.

92           8. Notwithstanding the provisions of sections 43(a) and 47(a) of  
93 article IV of this constitution, the rates of tax levied and imposed under  
94 those sections shall be recalculated and adjusted to produce an amount  
95 of revenue for the 2014 fiscal year substantially equal to the amount  
96 received on average over the immediately preceding five fiscal  
97 years. These new tax rates shall be recalculated in this same manner  
98 should the rate of tax levied under section 4(d) of article X of this  
99 constitution be readjusted.

100           9. The general assembly shall, by general law, provide a method  
101 for calculating and providing sales tax rebates or prebates to allow a  
102 portion of taxable purchases made by Missouri residents to be exempt  
103 from the tax authorized under this section.

104           10. The revisor of statutes, in conjunction with the department  
105 of revenue and other tax-related agencies and departments, shall  
106 prepare and submit to the committee on legislative research a proposed  
107 bill repealing those provisions of law which are deemed unenforceable  
108 or unnecessary under the provisions of this section.

109           11. The provisions of this section are severable. If any provision  
110 of this section is found by a court of competent jurisdiction to be  
111 unconstitutional, the remaining provisions are valid except to the  
112 extent that the court finds that the valid provisions, standing alone, are  
113 incomplete and are incapable of being executed in accordance with the  
114 will of the people.

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

6 "Shall the Constitution of the State of Missouri be amended to eliminate  
7 individual and corporate income tax, and state sales and use tax and to enact a  
8 single, revenue-neutral sales tax on new purchases of goods and services, and to  
9 exempt property purchased for business or investment from the sales tax?"

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