

Amendment 5 Would RAISE Taxes on Most Missourians

Despite a looming budget cliff, Missourians will soon be asked to vote on a constitutional amendment that initiates a swap of the income tax for a greatly expanded sales tax.

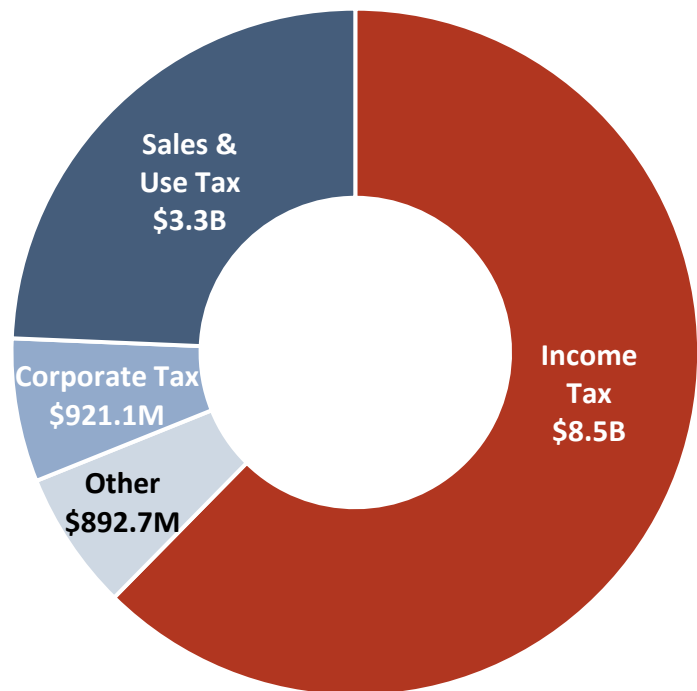
While the specifics would be determined by lawmakers in a future legislative session, this means that:

1. Missouri’s **sales tax rate would need to be exponentially increased** OR
2. The sales tax base would need to be **expanded to apply to critical services** that Missourians rely on every day, like doctor’s visits and medication, childcare and summer camps, home and car repairs – even gasoline.

In either case, the move would make Missouri’s tax structure more upside down, raising taxes on those who can least afford it while giving massive tax breaks to the wealthiest.

Eliminating the state income tax would wipe out nearly 2/3 of the state general revenue budget.

- This year, Missouri is expected to collect \$8.5 billion in individual income tax (IIT) revenue.ⁱ
- Sales tax collections would need to increase from \$3.3 billion to \$11.8 billion annually to fill the gap.
- That means Missouri’s general state sales tax rate would need to more than triple from the current 3% to 10.7% OR the sales tax base would need to be dramatically expanded.ⁱⁱ



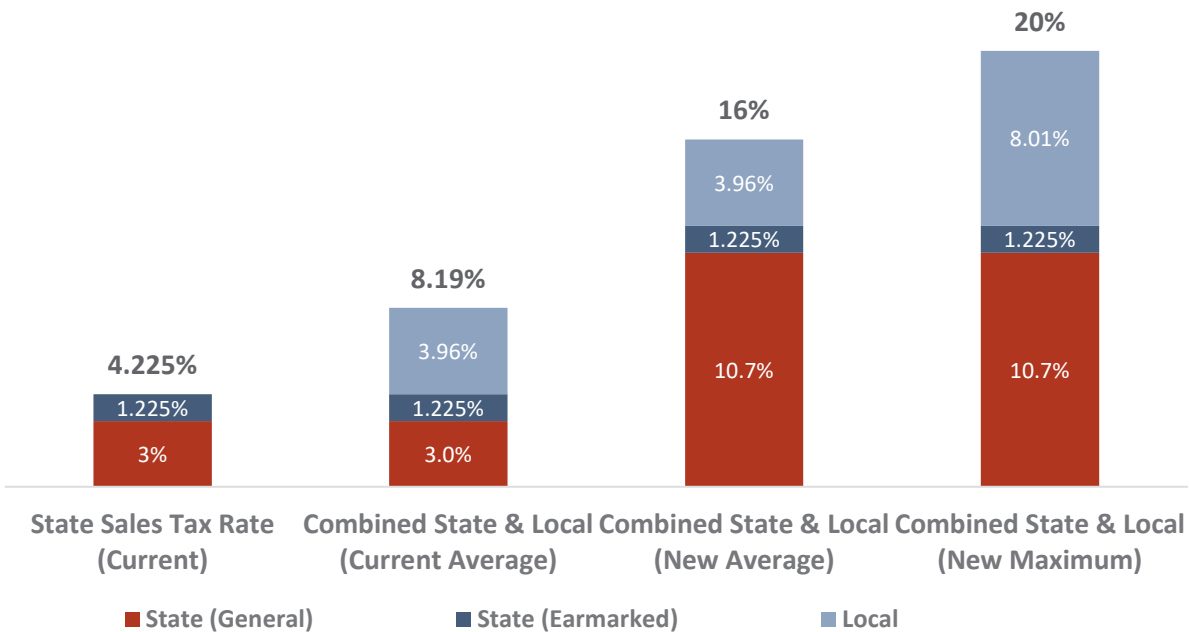
Source: FY2027 Consensus Revenue Estimate (CRE)

Replacing the individual income tax with a sales tax would INCREASE taxes on low and middle-income Missourians – while giving a massive tax break to the wealthiest.

- If lawmakers rely on increased sales tax rates, Missouri’s average combined state and local sales tax rate would increase to 16%. In some localities, the maximum tax rate would be nearly 20%.
- This would make Missouri’s sales tax rates far higher than every other state in the nation.ⁱⁱⁱ
- Alternatively, lawmakers could expand the sales tax to apply to all of the products and services that Missourians use every day like doctor’s visits and medication, childcare and summer camps, home and car repairs – even gasoline.

In either case, a Missourian making \$65,400 per year would face \$535 net tax increase if the income tax were replaced with sales tax.^{iv}

Missouri’s General State Sales Tax Rate Would Need to Increase from 3% to 10.7% to Fully Replace Income Tax Revenue



Endnotes

- i FY2027 Executive Budget: FY2027 Consensus Revenue Estimate
- ii Missouri's 3% general sales tax is estimated to generate \$3.323 billion in FY2027; MBP analysis assumes each percentage point increase in the general sales tax rate will generate \$1.108 billion in general revenue.
- iii Tax Foundation [State & Local Sales Tax Rates as of January 1, 2026](#)
- iv Institute on Taxation and Economic Policy analysis