Amendment 7 Leaves Too Many Unanswered Questions

Missourians will soon be asked to vote on yet another constitutional amendment that could dramatically change how Missouri funds services. If approved by voters, Amendment 7 would create a permanent state investment fund with the purpose of eliminating all state taxes and replacing that revenue with investment earnings from the fund.

The Bottom Line: Amendment 7 is unlikely to lead to the elimination of state taxes for decades – if ever. But in the meantime, it places funding for critical state services at risk if policymakers use revenue to build the fund instead of for services.

Places funding for critical services such as public education and health care at risk.

While several other states have public investment funds, those funds usually have a dedicated funding stream − typically windfall revenue generated from oil, natural gas, or mineral extraction, or a state lawsuit such as the Tobacco Master Settlement. But Amendment 7 has no dedicated funding, meaning that state appropriations to the fund would need to come out of existing revenue. At a time when Missouri already faces a $2 billion budget shortfall, any state dollars diverted into the fund would mean real and devastating cuts to existing services such as education, healthcare, or senior services.

Leaves the details to future lawmakers.

Amendment 7 would be used to eliminate all "state-imposed" taxes – but does not provide clarity on what revenue would be included in that definition or how much revenue would be "enough" to replace state taxes.

Missouri generates over $18 billion each year in tax revenue from a variety of sources. These include corporate and individual income taxes and sales taxes, as well as a range of other state taxes including earmarked sales taxes that support conservation, parks, and education; the gas tax that pays for roads & bridges; and the provider tax that supports healthcare.

Based only on these taxes, **the fund would need to grow to well over the equivalent of $600 billion dollars at a minimum before any taxes would be eliminated.**[i]

However, **depending on how broadly "state-imposed tax" is defined, additional state revenue could be eliminated as well,** including revenue generated by fines, fees, permits, and licenses.

Over time inflation will drive this amount much higher, so the actual amount needed for the fund would likely be hundreds of billions more given inflation adjustments and how "state-imposed tax" is ultimately defined. It would take generations for the fund to grow this large.

Allows lawmakers to reinstitute or increase taxes in the case of a revenue shortfall.

After the initial elimination of state taxes occurs, Amendment 7 gives lawmakers the authority to increase taxes if the new fund is unable to adequately fund the state budget. In other words, Amendment 7 would give lawmakers the authority to reinstitute current taxes and could allow lawmakers to bypass constitutional limits on tax increases such as the Hancock Amendment or the ban on sales tax for services.

Missouri Estimated Annual Revenue from State Imposed Taxes
(in billions)

	FY 2025 Revenue
Corporate, Pass Through Entity, Fiduciary, & Individual Income Tax	*$10.9*
State Sales & Use Tax (General)	*$3.2*
State Sales & Use Tax (Earmarked)	*$2.1*
Fuel Tax	*$1.1*
Provider Tax [ii]	*$1.4*
Other Taxes [iii]	*$1.2*
Total State Tax Revenue[iv]	**$20.0**
Total Tax Refunds[v]	($1.8)
Estimated Revenue Replacement Cost	**$18.3**
Minimum Investment Fund Principal to Eliminate State Taxes*	**$609.1**

** NOTE: Amendment 7 limits annual appropriations from the fund to three percent of the average market value of the fund over the preceding five fiscal years.*

Endnotes

i Amendment 7 limits annual appropriations from the fund to three percent of the average market value of the fund over the preceding five fiscal years. Thus, to replace $18 billion, the fund would need to total more than $600 billion.

ii Committee On Legislative Research Oversight Division. Fiscal Note SB 748 https://senate.mo.gov/FiscalNotes/2024-1/3302S.04T.ORG.pdf Accessed 10 Sept. 2026.

iii Other taxes include taxes on tobacco, marijuana, insurance, financial institutions, gaming gross receipts, and all other state revenue explicitly identified as a tax.

iv Missouri Department of Revenue. Financial and Statistical Report. https://dor.mo.gov/revenue-annual-financial-report/documents/financialstatreport25.pdf. Accessed 10 Sept. 2026.

v Missouri State Auditor. Review of Article X, Sections 16 Through 24, Constitution of Missouri. https://auditor.mo.gov/AuditReport/ViewReport?report=2026051 Accessed 10 Sept. 2026.