

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Article X is amended by adopting two new sections to be known as Sections 26 and 27.

Section 26. (a) In addition to all other taxes imposed on tobacco products, an additional special assessment of seventeen cents (\$0.17) per package of twenty (20) cigarettes, acquired after the effective date of this amendment, shall be paid by the wholesaler, and collected in the same way as other cigarette taxes by the department of revenue and subject to the rules and regulations promulgated in connection therewith.

(b) A new special assessment in the amount of three point four cents (\$0.034) shall be imposed on the sale of every vapor product unit. "Vapor product unit" means point zero five (.05) fluid ounces of material, containing nicotine, which is intended to be consumed through vaporization, but does not include any product regulated by the United States Food and Drug Administration under Chapter V of the Food, Drug and Cosmetics Act.

(c) All revenues generated under this Section 26 shall be used to reduce the individual income tax as further provided Section 27 of this article.

(d) The general assembly, counties and political subdivisions shall not impose any new or increased tax, license, fee or special assessment on the purchase, storage, use, consumption, handling, distribution or wholesale sale of vapor product units, except as imposed on all other taxable tangible property and no existing tax on cigarettes or new tax, license, fee or special assessment shall apply to vapor product units except as provided in Section 26(b) of this Article.

(e) No new or additional tax, license, fee or special assessment upon cigarettes or tobacco products shall be imposed by law, except as provided in this amendment.

(f) The purchase or possession of vapor product units shall be prohibited for any person under the age of eighteen (18).

(g) Every person providing cigarette manufacturing services or access to automatic cigarette manufacturing equipment to consumers shall, with respect to each cigarette manufactured, be deemed to be a manufacturer of cigarettes sold to a consumer for all purposes under the law of this state unless the consumer acquires complete and exclusive title to and possession of the automatic cigarette manufacturing equipment prior to its use at a place the provider does not control.

(h) In addition to all other taxes imposed on tobacco products, including the special assessment in section 26(a) of this article, an equity assessment fee is imposed upon the purchase, storage, use, consumption, handling, distribution or wholesale sale of non-participating manufacturer cigarettes at the rate of fifty-five cents (\$0.55) per package of twenty (20) cigarettes, which equity assessment fee shall be paid by the wholesaler, and collected in the same way as other cigarette taxes by the department of revenue and subject to the rules and regulations promulgated in connection therewith. "Non-participating manufacturer" shall be as defined by law on the effective date of this amendment. The equity assessment fee in this subsection shall be indexed to the general price level as defined in Section 17 of this article.

(i) No person, except a wholesaler, may possess more than 1000 cigarettes unless such person has a retail sales tax license and no person required to have a license may buy or sell tobacco products from an unlicensed person, except that a licensed retailer may sell 1000 or fewer cigarettes to an unlicensed consumer in a single transaction.

(j) To the extent necessary to protect revenue, the Department of Revenue may require manufacturers, wholesalers and retailers of tobacco products to report annually the quantity of cigarettes sold in the preceding year, by brand and brand family.

Section 27. (a) "Reduction factor" means the percentage, rounded to the nearest tenth of one percent but not less than one tenth of one percent, sufficient to reduce tax collections by the amount collected by the state from the fees or assessments imposed or increased in Section 26 of this Article in any state fiscal year.

(b) The existing rate of the individual income tax shall be permanently reduced by the reduction factor effective the immediately ensuing tax year.

(c) If the existing rate of the individual income tax is one tenth of one percent or less, then the individual income tax shall be permanently eliminated and the general assembly shall not have the authority to impose a tax on or measured by income or earnings of an individual.