

OUTCOME OF BALLOT MEASURES IN 2011 ELECTIONS

November 14, 2011

Overview: 34 Measures on Ballots in October and November

Voters considered 34 ballot measures in 9 states in this year's recent elections. Since this is an off year for elections, the number is significantly reduced from the 160 measures on last year's ballots. In Colorado, voters opposed increasing personal income taxes and sales taxes for five years to generate additional revenues for public education from preschool through postsecondary education. State taxes would have increased by about \$536 million annually in the first full fiscal year if the measure had passed.

Maine voters opposed the expansion of casinos and slot machines while in New Jersey voters approved the expansion of betting on sports or athletic events if permitted by federal law. Washington voters approved a measure that would close state liquor stores and sell their assets, generating additional general fund revenues.

Voters in Washington also approved a measure to direct additional funds to the budget stabilization account in each fiscal biennium in which the state has received extraordinary revenue growth. Louisiana voters did not approve a measure about the specific timing of replenishment to the budget stabilization fund from deposits of mineral revenues.

In health care, Ohio voters approved a measure that would exempt residents from national health care mandates while in Washington, a measure was approved that will reinstate requirements for training, background checks, and certification for long-term health care workers that would cost additional federal and state dollars.

In the area of state employees, Ohio voters voted to oppose recent legislation that would have limited collective bargaining. In Louisiana, voters approved a mea-

sure to redirect nonrecurring funds to the unfunded accrued liability of state retirement funds.

In Arkansas and Texas, measures were approved to increase state borrowing for projects such as highways, educational loans, and water projects. Texas voters did not approve additional borrowing for economic development.

In all, twenty-seven states have some provision for initiatives and popular referendum. Since the passage of Proposition 13 in California in 1978, ballot measures have had a significant impact on finances in some states and localities. Provisions to limit class size, earmark revenues, compensate landowners, and allocate set portions of the budget are all products of ballot measures throughout the years. In addition to the twenty-seven states with popular initiative and referendum, most states have provisions for popular votes on a variety of constitutional provisions and other measures.

The following are some notable ballot measures in recent 2011 elections and the outcome of those measures. When available, the fiscal impact is included in the description:

State Taxes

Colorado Proposition 103 - Did Not Pass

This measure would have increased the state income tax from 4.63 percent to 5.0 percent and the sales and use tax from 2.9 percent to 3.0 percent for five years beginning on January 1, 2012. State taxes would have increased by about \$536.1 million annually in the first full fiscal year. The additional revenues would have been spent only to fund public education from preschool through twelfth grade and public postsecondary education. This measure appeared as an initiated state statute on November 1, 2011 during Colorado's general election.

Gaming

*Maine Question 2 - **Did Not Pass***

This would have allowed slot machines at race tracks with part of the profits from these facilities going to support specific state and local programs.

*Maine Question 3 - **Did Not Pass***

This would have allowed development of a casino with table games and slot machines in Lewiston, with part of the profits going to support specific state and local programs.

*New Jersey Public Question 1 - **Passed***

This constitutional amendment authorizes the Legislature to enact laws allowing betting on sports or athletic events at casinos in Atlantic City and at running or harness horse racetracks, including former racetracks if permitted by federal law.

Liquor Stores

*Washington Initiative 1183 - **Passed***

This measure closes state liquor stores, sells their assets, licenses private parties to sell and distribute spirits, sets license fees based on sales, regulates licensees, and changes regulation of wine distribution. According to the fiscal estimate, using a range of assumptions, total state general fund revenues increase an estimated \$216 million to \$253 million and total local revenues increase an estimated \$186 million to \$227 million over six fiscal years, after Liquor Control Board one-time and ongoing expenses. A one-time net state revenue gain of \$28.4 million is estimated from the sale of the state liquor distribution center. One-time debt service costs are \$5.3 million while ongoing new state costs are estimated at \$158,600 over six fiscal years.

Health Care

*Ohio Issue 3 - **Passed***

This measure calls for exempting residents of Ohio from national health care mandates which would stop any state law from forcing persons, employers or health care providers from participating in a health care system.

*Washington Initiative 1163 - **Passed***

This measure requires the training, background checks and certification for long-term care workers to begin January 7, 2012, but delays these requirements for community residential providers until January 1, 2016. For the long-term in-home care program, administrative costs are capped and performance audits with additional fraud investigators are required. Over six fiscal years, costs are estimated to increase \$31.3 million and revenue from the federal government and fees is estimated to increase \$18.4 million.

Collective Bargaining

*Ohio Issue 2 - **Did Not Pass***

This opposed a law passed by the legislature that limited collective bargaining.

Pensions

*Louisiana Amendment 2 - **Passed***

This amendment requires that 5 percent of money designated in the official forecast as nonrecurring funds be applied toward the balance of the unfunded accrued liability for the state retirement systems in fiscal 2014 and 2015. This also will allow for a minimum of 10 percent of nonrecurring revenue to be applied toward the state retirement systems. This amendment was approved in an October 22, 2011 gubernatorial primary election.

Budget Stabilization Funds

*Louisiana Amendment 4 - **Did Not Pass***

This legislatively referred constitutional amendment would have removed the provision requiring the state to contribute mineral revenue to the rainy day fund in the same year the rainy day funds are withdrawn.

*Washington Senate Joint Resolution 8206 - **Passed***

This legislatively referred constitutional amendment requires the legislature to transfer additional monies to the budget stabilization account in each fiscal biennium in which the state has received "extraordinary revenue growth," as defined, with certain limitations.

State Borrowing/Infrastructure Spending

*Arkansas Highway Financing Act of 2011 - **Passed***

This authorizes the State Highway Commission to issue State of Arkansas federal highway grant anticipation and tax revenue bonds not to exceed \$575 million for highway projects.

*Texas Proposition 2 - **Passed***

This amends the constitution to authorize the Texas Water Development Board to issue additional general obligation bonds not to exceed \$6 billion.

*Texas Proposition 3 - **Passed***

This amends the constitution to authorize the Texas Higher Education Coordinating Board or its successors to issue and sell general obligation bonds on a continuing basis for the purpose of financing educational loans for students, subject to certain constitutional restrictions such as the maximum principal amount of bonds outstanding at any one time.

*Texas Proposition 4 - **Did Not Pass***

This would have amended the constitution to authorize the legislature to permit a county to issue bonds or notes to finance the development or redevelopment of an unproductive, underdeveloped, or blighted area within the county, and to pledge increases in ad valorem tax revenues imposed on property in the area by the county for repayment of the bonds or notes. The amendment does not provide independent authority for increasing ad valorem tax rates.

Education

*Louisiana Amendment 1 - **Passed***

This legislatively referred constitutional amendment will redirect Tobacco Settlement Proceeds to the Taylor Opportunity Program for Students (TOPS) once the balance in the Millennium Trust reaches \$1.38 billion. This constitutional amendment was approved in a statewide election on October 22, 2011.

Earmarked Funds/Transportation

*Washington Initiative 1125 - **Did Not Pass***

This measure would have prohibited motor vehicle fund revenue and vehicle toll revenue from being used for non-transportation purposes. It would have prohibited non-highway use of state highway lanes funded by gas taxes or vehicle tolls. It would have required the legislature to set tolls, and would have provided that a toll on a particular road or bridge only be used to construct, improve, operate, or maintain that particular road or bridge.

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