



Outcome of Ballot Measures in the 2009 General Election

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Overview

Voters in 6 states considered 26 ballot measures in this year's general election. Since this is an off year for elections, the number was significantly reduced from the 153 measures on last year's ballots. Measures to limit statewide spending in Maine and Washington, TABOR (Taxpayer Bill of Rights) type measures, were both defeated. All bond measures passed which will allow for additional funds for veterans compensation, land preservation, and transportation projects.

In Maine, voters did not approve the repeal of previously enacted laws that consolidated school administrative units. A measure to decrease excise taxes on motor vehicles also was defeated in Maine.

In Ohio, voters approved a casino at a designated location within each of the cities of Cincinnati, Cleveland, Columbus, and Toledo with a required minimum initial investment of \$250 million. The ballot language establishes a tax rate of 33 percent on gross casino revenue. Previous measures to expand gaming in Ohio had failed.

While overall there were fewer ballot measures this election, there are many measures that are being prepared for both special elections and the general election in 2010. In addition, in May 2009, California voters considered a number of significant fiscal measures in a special election including changes to increase the rainy day fund and extending temporary taxes. All of the measures in California's election were defeated except for the measure that would prevent an increase in elected officials' salaries when there is a budget deficit.

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 referenda, most states have provisions for popular votes on a variety of constitutional provisions and other measures.

The following are some notable ballot measures considered in the 2009 general election and the outcome of those measures. When available, the fiscal impact is included in the description:

Tax and Spending Limits

Maine Question 4— Did Not Pass

This measure would have limited the growth in annual expenditures of the general fund, the highway fund and other special revenue funds based on increases in population and inflation. For the general fund and highway fund budgets, revenues exceeding the expenditure limitation

would have been distributed by directing 20 percent of that excess to a budget stabilization fund and 80 percent of that excess to a tax relief fund. The budget stabilization funds would have been used only in years when revenues were not sufficient to fund the level of expenditure permitted by the growth limits. Under this bill, a state tax increase would have required a majority vote of each house of the legislature and majority approval of the voters.

Washington Initiative 1033—Did Not Pass

This measure would have limited growth of certain state, county and city revenue to annual inflation and population growth, not including voter-approved revenue increases. Revenue collected above the limit would have reduced property tax levies. If the state or any city or county receives revenue in a given year above the revenue limit established by the measure, then it would be deposited into a separate account and reduce the amount that it otherwise would be authorized to levy in property taxes in the following year.

According to the fiscal impact statement prepared by the Washington Office of Financial Management, the initiative would have reduced state general fund revenues that support education; social, health and environmental services; and general government activities by an estimated \$5.9 billion by 2015. The initiative also would have reduced general fund revenues that support public safety, infrastructure and general government activities by an estimated \$694 million for counties and \$2.1 billion for cities by 2015.

Gaming

Ohio Issue 3—Passed

This measure authorizes a casino at a designated location within each of the cities of Cincinnati, Cleveland, Columbus, and Toledo with a required minimum initial investment of \$250 million for the development of each casino facility. The ballot language establishes a tax rate of 33 percent on gross casino revenue.

Based on estimates from the Ohio Office of Budget and Management and the Department of Taxation, the tax on gross casino revenue would generate about \$470 million in annual tax revenue once all four casinos and all seven video lottery terminal (VLT) facilities are fully operational. Once all four casinos are fully operational without any VLT facilities opening, the tax would raise about \$643 million. Ninety percent of the tax revenue is allocated to local governments and school districts and the other 10 percent is allocated to the state government for specified purposes. This measure also requires the four casinos to each pay an up-front license fee of \$50 million, totaling \$200 million in fee revenue.

Taxes

Maine Question 2—Did Not Pass

This measure would have decreased the excise tax imposed on motor vehicles and also exempt hybrid gasoline-electric vehicles, a fuel-cell-fueled or hydrogen-fueled vehicle or a highly energy efficient vehicle that has a highway fuel economy estimate of at least 40 miles to the gallon, from the motor vehicle excise tax for the first 3 model years.

Texas Proposition 2—Passed

The constitutional amendment authorizes the legislature to provide for the ad valorem taxation of a residence homestead solely on the basis of the property's value as a residence homestead,

regardless of whether residential use by the owner is considered to be the highest and best use of the property.

Education

Maine Question 3—Did Not Pass

This initiated bill would have repealed previously enacted laws related to the consolidation of school administrative units. According to analysis by the Maine Office of Fiscal and Program Review, this measure would have increased the total state and local cost of K-12 public education by approximately \$67 million in fiscal 2010-11 in order to restore funding that was reduced to certain cost components as a result of the consolidation of school administrative units.

Corrections

New York Proposal 2—Passed

This amendment authorizes the legislature to allow inmates in state and local correctional facilities to voluntarily perform work for nonprofit organizations.

Land Use/Eminent Domain

Texas Proposition 1—Passed

The constitutional amendment authorizes financing, including through tax increment financing, by municipalities and counties of buffer areas or open spaces adjacent to a military installation to protect or promote the mission of the military installation.

Texas Proposition 11—Passed

The constitutional amendment restricts the taking, damaging, or destroying of a person's property for public use to circumstances which are necessary for the ownership, use, and enjoyment of the property by the State of Texas, a political subdivision of the state, the public at large, or an entity granted the power of eminent domain, or for the elimination of urban blight on a particular parcel of property but not for the taking of property for transfer to a private entity for the primary purpose of economic development or enhancement of tax revenues. Effective January 1, 2010, this measure will limit the legislature's ability to grant the power of eminent domain to an entity by requiring the grant to be approved by two-thirds of all the members elected to each house.

Veterans' Hospitals

Texas Proposition 8—Passed

The constitutional amendment authorizes the state to contribute money, property, and other resources for the establishment, maintenance, and operation of veterans' hospitals in this state.

Higher Education

Texas Proposition 4—Passed

The constitutional amendment establishes a national research university fund to enable emerging research universities in the state to achieve national prominence as major research universities.

This allows the legislature to dedicate state revenue, such as that revenue presently allocated to the dormant permanent higher education fund (HEF), to the national research university fund's credit and to appropriate all or a portion of the total return on all investment assets of the fund to carry out the purposes.

State Borrowing

Maine Question 6—Passed

This measure authorizes \$71.3 million in bonds for improvements to highways and bridges, airports, public transit facilities, ferry and port facilities, including port and harbor structures, and funds for the LifeFlight Foundation which makes the state eligible for federal and other matching funds. The LifeFlight foundation raises funds for aircraft, hospital helipads, and statewide aviation improvements for use in trauma and critical care.

New Jersey Public Question—Passed

This measure authorizes general obligation bonds of \$400 million for funding of Green Acres, water supply and floodplain protection, and farmland and historic preservation projects.

Ohio Issue I—Passed

This measure authorizes the state to issue up to \$200 million in bonds to provide compensation to veterans of the Persian Gulf, Afghanistan, and Iraq conflicts.

Texas Proposition 6—Passed

The constitutional amendment authorizes the Veterans' Land Board to issue general obligation bonds for the purpose of selling land to Texas veterans or providing them home or land mortgage loans. The amendment removes the \$500 million cap on the principal amount of bonds outstanding at any one time.

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