



# Outcome of Ballot Measures in the General Election

November 15, 2006

---

444 N. Capitol Street, Suite 642 Washington, DC 20001 202.624-5382 (phone) 202.624.7745 (fax) [www.nasbo.org](http://www.nasbo.org)

---

## Overview

Voters in 37 states considered 204 ballot measures in this year's general election. The number of ballot measures this year greatly exceeded the 41 ballot measures from last year and is about one-quarter more than the 162 ballot measures from 2004.

Among issues with financial impact for voters on this year's ballots were spending limits in Maine, Nebraska, and Oregon, which were all defeated. Measures to both eliminate taxes, such as the estate tax in Washington, as well as raise certain taxes, such as for school spending were all defeated. The exception was for tobacco tax increases, which passed in half of the states that had those measures on the ballot.

Eminent domain measures passed in nine states and were defeated in three states. The measure in Washington State that was defeated would have required compensation, with certain exceptions, to property owners. According to analysis by the Washington Office of Financial Management, potential costs to the state would have been \$2 billion to \$2.18 billion over the next six years.

Gaming issues were on the ballots in a number of states. Rhode Island voters, for instance, did not approve a measure that would have created a privately owned resort casino. In other states, measures to change state budgeting processes were on the ballot such as in Florida where voters approved a measure to limit the amount of nonrecurring revenues that would be available for appropriation. Several states, including Arkansas, California, New Mexico, and Rhode Island, had bond measures on the ballot. These ranged from improvements to higher education facilities, zoo improvements, affordable housing, transportation, and other infrastructure investments. All but one bond measure passed.

Twenty-seven states have some provision for initiatives and popular referendum. All states have authority for legislative 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, and allocate set portions of the budget are all products of ballot measures throughout the years.

The following are some notable ballot measures in the 2006 general election that could affect state finances and the outcome of these measures. When available, the fiscal impact is included in the description:

## State Spending Limits

*Maine Question 1—Did Not Pass*

This measure would have limited annual expenditures to increases in population and inflation and limit school budget growth to increases in inflation and student enrollment. Under this measure, an increase in revenue would have been possible only by a two-thirds vote of each house of the legislature or the legislative body of a local district or the governing body of a quasi-governmental agency and the approval of the voters of the jurisdiction, if applicable.

*Nebraska Initiative Measure 423—Did Not Pass*

This would have amended the constitution to limit state spending based upon a calculation involving previous appropriations, the inflation rate, and population change. The legislature could seek voter authorization to exceed the spending limit. Excluded from the limit would have been such items as funds for emergency appropriations, federal funds, funds from nongovernmental entities, proceeds from the sale of property, funds dedicated to pro-rata taxpayer relief, refunds, user charges, income from certain permanent funds such as endowment and pension funds, and surplus funds held in reserve.

*Oregon Measure 48—Did Not Pass*

This measure would have amended the constitution to limit the biennial percentage increase in state spending to the percentage increase in state population plus inflation over the previous two years. Exceptions would have included federal funds, proceeds from bond sales, and funds to provide refunds under the current “trigger” law. The limits could have been exceeded by a two-thirds vote of each house of the legislature and a majority vote by voters in a general election. Depending on when the measure took effect, state spending may have been reduced by \$2.5 billion by July 2007. If it had applied to the 2007-2009 budgets, funds available would have been reduced by \$2.2 billion, according to the state’s analysis.

**School Funding**

*California Proposition 88—Did Not Pass*

This would have added a \$50 tax on each real property tax parcel. Additional revenues, estimated at \$450 million by the Legislative Analyst, would have been used for K-12 education.

*Idaho Proposition 1—Did Not Pass*

This would have added 1 percent to the state sales tax in order to generate additional revenues for K-12 education or require the legislature to develop an alternative revenue stream.

*Michigan: Proposal 06-05—Did Not Pass*

This proposed law would have increased current funding by approximately \$565 million and require the state to provide annual funding increases that equal the rate of inflation for public schools including community colleges and higher educational institutions. This would have also capped the retirement contribution from schools and universities and shifted the remaining portion to the state.

---

## **Cigarette Tax Increases**

### *Arizona Proposition 203—Passed*

The tax on tobacco products increases from \$1.18 to \$1.98 per pack of cigarettes to fund early childhood and health related programs. The Joint Legislative Budget Committee estimates new revenues of about \$188 million in the first full year. This will be offset by a revenue loss of about \$23 million from decreased consumption due to the higher tax.

### *California Proposition 86—Did Not Pass*

This would have increased the tax on tobacco by an additional \$2.60 per pack and dedicate the funds to hospitals and health insurance. According to the analysis of the Legislative Analyst, the increase in new state tobacco excise tax revenues would have been about \$2.1 billion annually by 2007-08 and would decline slightly thereafter.

### *South Dakota Initiated Measure 2—Passed*

This increases the tax on tobacco by \$1.00 for a pack of 20 cigarettes. Up to \$30 million in revenue would be deposited into the state general fund. The next \$5 million would be deposited in the tobacco prevention and reduction trust fund. Tobacco tax revenue in excess of \$35 million, would be divided among the property tax reduction fund, the education enhancement trust fund, and the health care trust fund.

## **State Revenues**

### *Oregon Measure 41—Did Not Pass*

This measure would have allowed the personal income tax deduction that is equal to the federal deduction for all exemptions to substitute for the state exemption credit. According to the state's analysis of financial impact, state budget revenues would have been reduced by \$407 million for 2008-09 and \$430 million for 2009-10.

### *South Dakota Initiated Measure 8—Did Not Pass*

This measure would have repealed the gross receipts tax on wireless telecommunications service, which is currently at 4 percent of the gross receipts. The state received about \$8.5 million in revenues from this source last year.

### *South Dakota Initiated Measure 7—Did Not Pass*

This initiative would have repealed the video lottery and eliminate this source of revenue. The state received about \$112 million from the video lottery last year, representing about 11 percent of general fund revenue.

### *Washington Initiative 920—Did Not Pass*

This measure would have repealed the state's estate tax imposed on assets of Washington residents exceeding \$2 million. According to analysis by the Office of Financial Management,

Initiative 920 would eliminate \$184.5 million in revenue over the next two fiscal years. The state estate tax is dedicated to funding K-12 and higher education.

## **Gaming**

### *Ohio Issue 3—Did Not Pass*

This would have permitted up to 31,500 slot machines at seven horse racing tracks and at two Cleveland non-track locations and expand gaming in the four Cuyahoga County locations if approved by the county's voters.

### *Rhode Island Question 1—Did Not Pass*

The measure would have amended the Rhode Island constitution to authorize a resort casino in the Town of West Warwick to be privately owned and privately operated in association with the Narragansett Indian Tribe. The tax proceeds from the casino would have been dedicated to property-tax relief though no specific tax rate was specified.

## **Eminent Domain**

Twelve states—Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon, South Carolina, and Washington—had eminent domain measures on the ballot. Some measures, such as in Washington would have required compensation for landholders. All of the measures passed except for the ones in California, Idaho, and Washington.

## **State Planning and Budgeting**

### *Florida Constitutional Amendment 1: State Planning and Budget Process—Passed*

This amendment to the constitution makes various changes to the state's budgeting and planning process including limiting the amount of nonrecurring general revenue which may be appropriated for recurring purposes to 3 percent of general fund revenue, unless the legislative by a three-fifths vote approves a greater amount and establishes a Joint Legislative Budget Commission to issue a long-range financial outlook.

### *Oklahoma: State Question 725—Passed*

This amendment amends the state constitution to allow money to be spent from the rainy day fund to retain employment for state residents by helping at-risk manufacturers.

### *Rhode Island Question 3—Passed*

This amendment to the constitution increases funding to the rainy day fund by limiting estimated revenues the can be expended, limits the use of funds for capital projects, and raises the cap.

## **State Borrowing**

### *Arkansas Referred Question 1—Passed*

---

This authorizes the Arkansas Development Finance Authority to issue up to \$250 million in higher education general obligation bonds for developing facilities and improving technology.

*California Propositions 1B to 1E, Proposition 84—Passed*

These measures authorize bonds of \$19.9 billion for transportation projects, \$2.85 billion for housing and emergency shelter, \$10.4 billion for education facilities, \$4.09 billion in disaster preparedness and flood prevention, and \$5.4 billion for water projects.

*New Mexico Bond Issues A-C—Passed*

Bonds are authorized at \$15.96 million for senior citizen facilities, \$118.4 million for higher education capital improvements, and \$9.09 million for libraries.

*Rhode Island Questions 4-6, 8, and 9—Passed; Question 7—Did Not Pass*

These measures authorize bonds for the following: \$12.8 million for higher education, \$88.5 million for transportation, \$11 million for zoo improvements, \$3 million for environmental management, and \$50 million for affordable housing. The measure that would have authorized \$4 million for Ft. Adams Park was the only bond measure that did not pass.

*If you would like additional information, please contact Stacey Mazer ([smazer@nasbo.org](mailto:smazer@nasbo.org) or 202-624-8431) or Scott Pattison ([spattison@nasbo.org](mailto:spattison@nasbo.org) or 202-624-8804) in NASBO's Washington D.C. office.*