

# Ballot Measures in the Upcoming General Election: Potential Impact on State Budgets

October 29, 2014

## Overview

Voters in 41 states will consider 146 ballot measures in the upcoming 2014 general election. This number is comparable to the amount of ballot measures in even-year elections though it is notable for having fewer citizen initiatives than in previous years. The low number of initiatives may be due to stricter rules instituted in many states governing how initiatives qualify for ballots. The following is a summary of the trends in this year's ballot measures that would potentially affect state finances along with a detailed listing of the measures by category.

Education finance issues are on the ballots in a number of states and would potentially have a significant impact on both state finances and resources available for education, especially in the case of K-12 education. In Illinois, voters will decide whether to increase the tax on income greater than one million dollars to generate additional revenues for schools. Nevada voters will be asked to decide on additional taxes from businesses that would increase school funding. Washington voters will be asked about additional funds to reduce class sizes and increase staffing support for students in all K-12 grades, with additional class-size reductions and staffing increases in high-poverty schools. If approved, Washington's measure would increase state expenditures by an estimated \$4.7 billion through 2019, according to the state's fiscal analysis.

Oregon voters will be asked to amend the constitution to set up a fund for Oregonians pursuing post-secondary degrees. The amendment, however, does not authorize a specific issuance of bonds for the purpose of financing post-secondary education but rather any issuance would be through additional legislation and subject to the total debt limitation of the state.

A number of states have bond measures on their ballots including Alabama, Hawaii, Louisiana, Maine, New Mexico, New York, and Rhode Island. These bond measures

include \$7.1 billion for California's water system and \$2 billion dollars to provide money to improve technology in New York's schools. Earlier this year, voters in California approved a \$600 million bond for low income housing for veterans and in Ohio, voters approved a \$1.875 billion borrowing over ten years for local transportation and water projects.

Transportation funding will be considered by voters in Maryland, Massachusetts, Texas, and Wisconsin most often by asking voters about setting aside revenues that would be used only for transportation projects, especially for highways.

Gaming issues are also on the ballot in a number of states, ranging from approval of charity raffles in Kansas and South Carolina, overturning the previous approval of casinos in Massachusetts, and gaming expansion in South Dakota.

Voters in California and Missouri will be asked to decide about changes in the budget process. California voters will decide whether to increase the amount of potential savings in the state rainy day fund up to 10 percent of general fund revenues. Missouri voters will decide whether to limit the governor's authority in the budget process including prohibiting the governor from reducing funding passed by the general assembly without receiving legislative consent.

Other measures voters will be asked to consider include:

- In Tennessee and Georgia, measures on the ballot would either explicitly prohibit a tax on personal income or payroll in the case of Tennessee or an increase in an existing tax in the case of Georgia.
- In California, voters will decide if the state insurance commissioner has the power to deny health insurer requests for rate increases.

- Florida and New Jersey have measures to increase funding for the environment from dedicating existing revenue to provide a stable funding source.
- In Alaska, Arkansas, Illinois, Nebraska, and South Dakota voters will be asked to approve an increase in the minimum wage. Typically minimum wage propositions are approved by voters.

The following are some notable ballot measures in the upcoming 2014 election that could affect state finances. When available, the fiscal impact is included in the description.

## Education

### *Colorado Amendment 68*

This would establish a K-12 education fund to be funded by expanded limited gaming at horse racetracks.

### *Hawaii HB 1084*

This measure would allow public funding of private early childhood education programs.

### *Illinois Public Act 098-0794*

This would increase the tax on income greater than one million dollars to provide additional revenue to schools.

### *Missouri Constitutional Amendment 3*

This would require teachers to be evaluated by a standards based performance evaluation system; require teachers to be dismissed, retained, demoted, promoted and paid primarily using quantifiable student performance data as part of the evaluation system; require teachers to enter into contracts of three years or fewer with public school districts; and prohibit teachers from organizing or collectively bargaining regarding the design and implementation of the teacher evaluation system. Decisions by school districts regarding provisions allowed or required by this proposal and their implementation will influence the potential costs or savings affecting each district. Significant potential costs may be incurred by the state and/or the districts if new/additional evaluation instruments must be developed to satisfy the proposal's performance evaluation requirements.

### *Oregon Measure 86*

This amends the constitution to require the creation of a fund for Oregonians pursuing post-secondary education and authorizes state indebtedness to finance the fund. The measure does not authorize a specific issuance of bonds. An issuance would be subject to additional legislation and be subject to the total debt issuance of the state.

### *Nevada Question 3*

This measure would create a 2 percent tax to be imposed on a margin of the gross revenue of entities doing business in Nevada whose total revenue for any taxable year exceeds \$1 million, with the proceeds of the tax dedicated to Nevada's school districts and charter schools.

### *Washington Initiative 1351*

This measure would direct the legislature to allocate funds to reduce class sizes and increase staffing support for students in all K-12 grades, with additional class-size reductions and staffing increases in high-poverty schools. According to the fiscal analysis, this measure would increase state expenditures through distributions to local school districts by an estimated \$4.7 billion through 2019 based on changes to the statutory funding formulas for K-12 class sizes and staffing levels, and through increases in state levy equalization payments directed by current law.

## Bonds and Infrastructure

### *Alabama Amendment 2*

This would amend the constitution to borrow up to an additional \$50 million to provide plans, construction and maintenance of National Guard armories.

### *California Proposition 1*

This would authorize a \$7.1 billion bond for the water system in general obligation bonds for state water supply infrastructure projects.

### *Hawaii Amendments 2, 4, and 5*

These measures would authorize the issuance of bonds for agricultural enterprises and provide loan assistance to dam and reservoir owners.

***Louisiana Amendment 4***

This measure would provide public funds for a state infrastructure bank and public funds for eligible transportation projects.

***Maine Questions 2-7***

These measures would provide funds for agriculture, to protect farms, loans to small businesses, water projects, and assist marine businesses.

***New Mexico Bond Questions A,B and C***

These measures would provide funds for senior citizen facilities, libraries, and schools.

***New York Proposal 3***

This would authorize the creation of state debt and the sale of state bonds in the amount up to \$2 billion dollars to provide money to improve learning and opportunity for public and nonpublic school students.

***Rhode Island Questions 4,5,6, and 7***

These measures would provide funds for a College of Engineering building, mass transit projects, artistic and cultural centers, and for environmental and recreational purposes.

**Transportation*****Maryland SB 829***

This would amend the constitution to establish a Transportation Trust Fund to be used only for purposes relating to transportation except in specified circumstances; prohibit the transfer of funds in the Transportation Trust Fund to the general fund or a special fund of the state except under specified circumstances.

***Massachusetts Question 1***

This proposed law would eliminate the requirement that the state's gasoline tax, which was 24 cents per gallon as of September 2013, be adjusted every year by the percentage change in the consumer price index over the preceding year, but not be adjusted below 21.5 cents per gallon.

***Texas Amendment One***

This measure would amend the constitution to provide for the transfer of certain general revenue to the economic stabilization fund and to the state highway fund and for the dedication of the revenue transferred to the state highway fund.

***Wisconsin Question One***

This measure would create a Department of Transportation and Transportation Fund.

**Gaming*****California Proposition 48***

This measure would address tribal compacts for off-reservation casinos.

***Kansas SCR 1618***

This would permit charitable raffles or other forms of charitable gaming by certain nonprofit organizations.

***Massachusetts Question 3***

This would prohibit the Massachusetts Gaming Commission from issuing any license for a casino or other gaming establishment with table games and slot machines, or any license for a gaming establishment with slot machines; prohibit any such casino or slots gaming under any such licenses that the Commission might have issued before the proposed law took effect; and prohibit wagering on the simulcasting of live greyhound races.

***Rhode Island's Question One***

This measure would allow casino games at the Newport Grand Slots hall.

***Rhode Island's Question Two***

The measure would prohibit any changes in location of gambling in a city or town without further approval of voters.

***South Carolina SB 239***

This would legalize raffles conducted by non-profit organizations for charitable purposes.

***South Dakota Constitutional Amendment 2***

The constitution currently authorizes the Legislature to allow two kinds of games of chance in Deadwood: limited card games and slot machines. The proposed amendment authorizes the Legislature to also allow roulette, keno and craps in Deadwood.

***Tennessee Constitutional Amendment 4***

This would permit lotteries for events that benefit charitable organizations.

## Budget Process

***California Proposition 2***

This measure would increase the amount of potential savings in the state rainy day fund up to 10 percent of general fund revenues as a legislatively-referred constitutional amendment. If approved, this change would require an annual transfer of 1.5 percent of general fund revenues to the state budget stabilization account; require an additional transfer of personal capital gains tax revenues exceeding 8 percent of general fund revenues to the budget stabilization account and, under certain conditions, a dedicated K–14 school reserve fund. Other requirement include that half the budget stabilization account revenues be used to repay state debts and unfunded liabilities.

***Missouri Constitutional Amendment 10***

This would amend the constitution to prohibit the governor from reducing funding passed by the general assembly without receiving legislative consent, and provides certain other restrictions on the governor's ability to increase or decrease line items in the budget. This amendment further prohibits the governor from proposing a budget that relies on revenue from legislation that has not yet passed in the general assembly.

***North Dakota Constitutional Measure 4***

The measure would require that initiated measures that are estimated to have a significant fiscal impact must be placed on the general election ballot. The measure also would prohibit the approval for circulation of any petition

to initiate a constitutional amendment that would make a direct appropriation of public funds for a specific purpose or require the legislative assembly to appropriate funds for a specific purpose.

## Taxes

***Georgia SR 415***

This prohibits the state from increasing the maximum state income tax rate above that in effect on January 1, 2015.

***Tennessee Constitutional Amendment 2***

This proposes to amend the constitution to explicitly prohibit any state or local taxation of payroll or earned personal income or any state or local tax measured by payroll or earned personal income.

## Health Care

***California Proposition 45***

This would require changes to health insurance rates, or anything else affecting the charges associated with health insurance, be approved by the Insurance Commissioner before taking effect.

***Louisiana Amendment 1***

This would authorize the legislature to create the Louisiana Medical Assistance Trust Fund for the payment of Medicaid reimbursement to the health care provider groups paying fees into the fund.

***Louisiana Amendment 2***

This would provide for a hospital stabilization formula and assessment and creates the Hospital Stabilization Fund and provides for uses of the fund.

***South Dakota Initiated Measure 17***

The initiated measure establishes who is entitled to be on the insurer's list of providers. The measure requires that all insurers list all health care providers who are willing, qualified and meet the conditions for participation established by the insurer.



## Conservation and Environment

### *Florida Amendment One*

This would fund the Land Acquisition Trust Fund to acquire, restore, improve, and manage conservation lands and protect drinking water sources by dedicating 33 percent of net revenues from the existing excise tax on documents for 20 years.

### *New Jersey SC 84*

This would amend the constitution to dedicate certain state revenues each year for environmental programs. The constitution now dedicates 4 percent of the money collected from the corporation business tax to help pay for some environmental programs and this amendment raises the amount from 4 percent to 6 percent beginning on July 1, 2019.

## Minimum Wage

### *Alaska Ballot Measure 3*

This measure would increase the minimum wage from \$7.75 per hour to \$8.75 per hour as of January 1, 2015 and raise the minimum wage to \$9.75 per hour as of January 1, 2016. The bill would adjust the minimum wage each year for inflation after 2016.

### *Arkansas Issue Number 5*

This measure would increase the minimum wage from \$6.25 to \$8.50 per hour by 2017.

### *Illinois Advisory Question*

This measure asks voters if the minimum wage for adults over the age of 18 should be raised to \$10 per hour by January 1, 2015.

### *Nebraska Initiative 425*

This would raise the state's minimum wage from the current \$7.25 per hour to \$9 per hour in two steps by raising the minimum wage to \$8 an hour for 2015 and to \$9 per hour on January 1, 2016.

### *South Dakota Initiated Measure 18*

The initiated measure amends state law to raise the hourly minimum wage for non-tipped employees from \$7.25 to \$8.50 per hour, effective January 1, 2015. The minimum wage will be annually adjusted by any increase in the cost of living.

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NASBO will provide an update on the status of these measures following the election as well as keep you informed of other measures that may qualify in upcoming elections. 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.