

# Outcome of Ballot Measures in the 2014 General Election: Impact on State Budgets

November 7, 2014

## Overview

Voters in 41 states considered 146 ballot measures in the recent 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.

Education finance issues were on the ballots in a number of states and approved measures would have a significant impact on both state finances and resources available for education, especially in the case of K-12 education. Voters did not approve any of these measures except for in Illinois where voters approved an advisory measure that signals support to tax income greater than one million dollars to generate additional revenues for schools. Since this is an advisory measure, legislation would have to be enacted to raise the taxes.

Nevada voters did not approve a measure for additional taxes from businesses that would have increased school funding. Unofficial results indicate that Washington voters did not pass a measure that would have added funds to reduce class sizes and increase staffing support for students in all K-12 grades, though the vote was closely divided and may require a recount.

Oregon voters did not approve an amendment to the constitution to set up a fund for Oregonians pursuing post-secondary degrees. Although education measures are popular, concern about how these enhancements would be funded limited their appeal.

A number of states had bond measures on their ballots including Alabama, Hawaii, Maine, New Mexico, New York and Rhode Island, and all of them passed. 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 \$1.875

billion in borrowing over ten years for local transportation and water projects.

Voters approved transportation funding measures in Maryland, Massachusetts, Texas and Wisconsin most often by asking voters to set aside revenues that would be used only for transportation projects, especially for highways.

Gaming issues were also on the ballot in a number of states. Voters approved charity raffles in Kansas and South Carolina and gaming expansion in South Dakota but voters did not overturn the previous approval of casinos in Massachusetts.

Voters in California approved increasing the amount of potential savings in the state's rainy day fund up to 10 percent of general fund revenues. Missouri voters approved a limit to 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 considered included:

- In Georgia, voters approved a measure that prohibits the state from increasing the maximum state income tax rate above that in effect on January 1, 2015 and in Tennessee voters amended the constitution to explicitly prohibit any state or local taxation of payroll or earned personal income.
- Florida and New Jersey voters approved increasing funds for the environment from dedicating existing revenue to provide a stable funding source.
- In Alaska, Arkansas, Illinois, Nebraska and South Dakota voters all approved increases in the minimum wage. Typically minimum wage propositions are approved by voters.

- In California, voters did not approve a measure that would have given the state insurance commissioner the power to deny health insurer requests for rate increases.

The following are the results of notable ballot measures affecting state finances that voters considered in the 2014 election.

## Education

### *Colorado Amendment 68—Did Not Pass*

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

### *Hawaii Amendment 4—Did Not Pass*

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

### *Illinois Statewide Advisory Question 3—Passed*

This advisory question was approved that supports action to increase the tax on income greater than one million dollars to provide additional revenue to schools.

### *Missouri Constitutional Amendment 3—Did Not Pass*

This would have required 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.

### *Nevada Question 3—Did Not Pass*

This measure would have created 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.

### *Oregon Measure 86—Did Not Pass*

This would have amended the constitution to require the creation of a fund for Oregonians pursuing post-secondary education and would have authorized state indebtedness to finance the fund. The measure did 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.

### *Washington Initiative 1351—Unresolved*

This measure would have directed 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 have increased 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—Passed*

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

### *California Proposition 1—Passed*

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

### *Hawaii Amendments 2 and 5—Passed*

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

### *Maine Questions 2-7—Passed*

These measures will 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—Passed*

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

### *New York Proposal 3—Passed*

This will 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—Passed***

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

**Transportation*****Maryland Question 1—Passed***

This will 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—Passed***

This proposed law will 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—Passed***

This measure will 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—Passed***

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

**Gaming*****California Proposition 48—Did Not Pass***

This measure would have addressed tribal compacts for off-reservation casinos.

***Kansas SCR 1618—Passed***

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

***Massachusetts Question 3—Did Not Pass***

This would have prohibited 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; would have prohibited any such casino or slots gaming under any such licenses that the Commission might have issued before the proposed law took effect; and would have prohibited wagering on the simulcasting of live greyhound races.

***Rhode Island's Question One—Did Not Pass***

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

***Rhode Island's Question Two—Passed***

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

***South Carolina Amendment 1—Passed***

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

***South Dakota Constitutional Amendment Q—Passed***

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

***Tennessee Constitutional Amendment 4—Passed***

This will permit lotteries for events that benefit charitable organizations.

**Budget Process*****California Proposition 2—Passed***

This measure will 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. This change will 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 requirements include that half the budget stabilization account revenues be used to repay state debts and unfunded liabilities.



**Missouri Constitutional Amendment 10—Passed**

This will 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—Did Not Pass**

The measure would have required that initiated measures that are estimated to have a significant fiscal impact must be placed on the general election ballot. The measure also would have prohibited 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 Amendment A—Passed**

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

**Tennessee Constitutional Amendment 3—Passed**

This amends 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—Did Not Pass**

This would have required 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—Passed**

This will 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—Passed**

This will 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—Passed**

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—Passed**

This will 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 Public Question 2—Passed**

This will 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—Passed**

This measure will 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 will adjust the minimum wage each year for inflation after 2016.

**Arkansas Issue Number 5—Passed**

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

***Illinois Advisory Question 1—Passed***

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—Passed***

This will 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—Passed***

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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