



Outcome of Ballot Measures in the 2008 General Election

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Overview

Voters in 36 states considered 153 ballot measures in this year's general election. Voters rejected some of the most far reaching measures involving tax changes, such as the proposal to eliminate the income tax in Massachusetts and reduce the income tax in North Dakota.

Ballot measures seeking to increase sales taxes to use for specific purposes had mixed results. Voters approved an increase in Minnesota but did not approve an increase in Colorado. Other measures that would increase spending in certain areas without a revenue source to match, such as criminal justice programs in California, were not approved by voters.

Almost all gaming measures were approved by voters. Maryland voters approved the introduction of slot machines and Arkansas voters approved the introduction of a state lottery. Almost all of the approved measures will dedicate funds from gaming to education.

Additionally, virtually all bond measures on state ballots were approved by voters which will allow for increased borrowing to spend on transportation, environmental conservation, health facilities, libraries, senior citizen facilities, education, and infrastructure improvements in eight states. An exception was rejection of the California proposal to borrow \$5 billion in bonds for alternative fuel vehicles and renewable energy.

States that had measures to diversify trust fund investments into equities were not approved by voters. Recent performance of the stock market may have influenced those decisions.

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 that were considered in the 2008 general election and the outcome of those measures:

Income Tax Decreases

Massachusetts Question One—Did Not Pass

This proposed law would have reduced the state personal income tax rate to 2.65 percent for all categories of taxable income for the tax year beginning on or after January 1, 2009, and would have eliminated the tax for all tax years beginning on or after January 1, 2010.

North Dakota Statutory Measure 2—Did Not Pass

This initiated measure would have lowered the state corporate income tax rates by fifteen percent and the adjusted individual income tax rates by fifty percent for tax years beginning after December 31, 2008.

Oregon Measure 59—Did Not Pass

This proposed change would have made all payments to the federal government for income taxes fully deductible for state taxes beginning in calendar year 2010. For tax year 2008, the limit is \$5,600 of federal tax liability that may be deducted from state income taxes. This measure would also have required other taxing jurisdictions including local governments to allow unlimited federal tax deduction. Passage of this measure would have reduced general fund revenues available for state expenditures.

Sales Tax Increases

Colorado Amendment 51—Did Not Pass

Under this amendment the sales and use tax would have increased from 2.9 percent to 3.0 percent on July 1, 2009, and from 3.0 percent to 3.1 percent on July 1, 2010 to provide funds for people with developmental disabilities. This additional money would have been exempt from the state spending limits.

Minnesota HF 2285--Passed

This will dedicate a new three eighths of one percent sales tax for a 25-year period to restore, protect, and enhance wetlands; protect and enhance water quality; support state parks; and for the arts and cultural heritage purposes.

Severance Taxes

Colorado Amendment 58—Did Not Pass

This proposed measure would have increased state severance taxes paid by oil and natural gas companies primarily by eliminating an existing tax credit which would have increased state severance tax collections by \$321 million in fiscal 2010.

Health Care

Arizona Proposition 101--Undecided

This constitutional amendment would prohibit any restrictions on choice in health care including the decision to obtain or decline health care coverage or participation in any particular plan. Proposition 101 is not estimated to have a state fiscal impact, although it may affect future operation of the Arizona Health Care Cost Containment System (AHCCCS) and state employee health benefits.

Colorado Amendment 56--Withdrawn

This constitutional amendment would have required private employers with 20 or more employees to either provide health insurance for both employees and dependents or pay for insurance through a new state authority.

Maine Question One--Passed

This ballot measure rejects the parts of a new law that changes the method of funding Maine's Dirigo Health Program by charging health insurance companies a fixed fee on paid claims and adding taxes to malt liquor, wine, and soft drinks.

Montana Initiative 155--Passed

This measure expands health insurance for low-income children under the Children's Health Insurance Fund. Funding will come from a combination of a share of the insurance premium tax, federal funds, and state funds.

Gaming

Arkansas Proposed Amendment Three--Passed

This constitutional amendment authorizes the General Assembly to establish, operate and regulate state lotteries to fund scholarships and grants for Arkansas citizens enrolled in certified two-year and four-year colleges in Arkansas.

Colorado Amendment 50--Passed

This amendment allows cities to extend gaming hours as well as add roulette and craps to their facilities with a portion of the increased revenue going to student financial assistance.

Maine Question Two--Failed

This measure would have allowed the Evergreen Mountain Enterprise Company to operate the only casino in Maine with part of the revenue used to fund specific state programs.

Maryland Question 2--Passed

This measure amends the constitution to authorize gaming by the operation of video lottery terminals, also known as slot machines, at certain locations in the state for the primary purpose of providing funds for public education.

Missouri Proposition A--Passed

This initiative increases the casino gambling tax from 20 to 21 percent of gross casino revenues, eliminates the current individual maximum loss limit for gambling, restricts the number of casinos to those already built or being built, and creates a new specific education fund from gambling tax proceeds generated as a result of this measure.

Criminal Justice*California Proposition 5—Did Not Pass*

This measure would have expanded drug treatment diversion programs for criminal offenders, modified parole supervision procedures, expanded prison and parole rehabilitation programs, and allowed inmates to earn additional time off their prison sentences for participation and performance in rehabilitation programs.

California Proposition 6—Did Not Pass

This measure would have required additional spending in criminal justice and would have created new state-funded criminal justice programs. The measure would have required state spending of at least \$965 million for certain criminal justice programs beginning in fiscal 2010 as compared to the \$365 million in fiscal 2008, according to estimates of the Legislative Analyst Office.

Education Funding*Colorado Amendment 59—Did Not Pass*

This proposed change to the constitution would have eliminated rebates to taxpayers under the Taxpayers' Bill of Rights (TABOR) as well as directed these funds to be spent on preschool through 12th grade public education.

Budgeting and Legislative Process*Alabama Statewide Amendment One--Passed*

This constitutional amendment reestablishes the Education Trust Fund Rainy Day Account within the Alabama Trust Fund and establishes the General Fund Rainy Day Account within the Alabama Trust Fund.

Arizona Proposition 105—Did Not Pass

This measure would have required any ballot measure that increases taxes to be approved by a majority of all registered voters, not just the registered voters who actually vote. Ballot propositions are currently approved if a majority of votes cast on an initiative are in favor of the

measure. By increasing the current vote threshold for an initiative that increases a tax or fee or creates a mandatory spending obligation, Proposition 105 may have reduced the number of such initiatives that are approved in the future, according to an analysis by the legislative office.

North Dakota Measure 1—Did Not Pass

This measure would have established a permanent oil tax trust fund and place limitations on the use of the fund.

State Borrowing

Alaska Bond Question--Passed

This bond issue provides no more than \$315 million for state transportation projects.

Arkansas Referred Question One--Passed

This measure authorizes the Arkansas Natural Resources Commission to issue general obligation bonds up to \$300 million for the financing and refinancing of the development of water, waste disposal, water pollution control, abatement and prevention, drainage, irrigation, flood control, and wetlands and aquatic resources projects.

California Propositions 1A, 3, 10, and 12—All Passed except Proposition 10 (alternative fuel vehicles and renewable energy)

These measures authorize \$9.95 billion in general obligation bonds and federal funds to build a high speed train system; authorizes the state to sell \$980 million in general obligation bonds for capital improvement projects at children's hospitals; would have authorized \$5 billion in bonds paid from the state's general fund for alternative fuel vehicles and renewable energy; and authorizes up to \$900 million in general obligation bonds to provide housing for veterans.

Maine Bond Issue—Undecided

This bond issue would authorize \$3.4 million to support drinking water programs, the construction of wastewater treatment facilities, and would leverage \$17 million in other funds.

New Mexico Bond Questions A, B, C, and D—All Passed

These measures authorize \$14.7 million for senior citizen facilities, \$11.0 million for libraries, \$57.9 million for health facilities, and \$140.1 million for higher education and special schools.

Ohio Issue 2--Passed

This measure authorizes \$400 million in bonds for environmental conservation.

Pennsylvania Act 64--Passed

This authorizes \$400 million in bonds for water and sewer improvements.

Rhode Island Questions 1 and 2

These measures approve the issuance of \$87.2 million in transportation bonds to match available federal funds for transportation and approve the issuance of \$2.5 million in bonds for open space and public recreation.

Investments

Louisiana Amendment 7—Did Not Pass

This proposed constitutional amendment would have authorized the investment in equities by the state and a political subdivision for post-employment benefits other than pensions.

Montana Constitutional Amendment 44—Did Not Pass

This constitutional amendment would have allowed up to 25 percent of all state trust funds assets to be invested in private capital.

South Carolina Amendment 2—Did Not Pass

This proposed change would have allowed the investment of funds for post-employment benefits for state employees and public school teachers in equities. To comply with a change in accounting standards, the state has created trust funds to pay for these post-employment benefits.

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