



# Ballot Measures in the Upcoming General Election: Significant Fiscal Measures on Ballots

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## Overview: 153 Measures on the Ballot

Voters in 36 states will consider 153 ballot measures in this year's general election, a number that greatly exceeds the 38 measures from last year but is still less than the 208 measures from 2006.

Some of the most far reaching measures involve tax changes, such as the proposed elimination of the income tax in Massachusetts and the income tax reduction in North Dakota. In other states, such as Colorado and Minnesota, ballot measures would increase sales taxes to use for specific purposes. Other measures would increase spending in certain areas without a revenue source to match, such as in California with proposals that would increase spending on criminal justice programs.

Health care issues are addressed on the ballot in several states ranging from an expansion of children's health insurance in Montana, to requiring private firms with at least 20 people to provide health insurance to all individuals and dependents in Colorado, and a proposal to not mandate any requirement for individuals to be part of a health plan in Arizona.

Gaming issues are also on the ballots in several states such as in Maryland where voters will decide the issue of the introduction of slot machines and in Arkansas with the introduction of a state lottery. Most of the proposed measures would dedicate funds from gaming to education. Additionally, 8 states are seeking voter approval to increase borrowing for additional spending on transportation, energy, environmental conservation, health facilities, libraries, senior citizen facilities, education, and infrastructure improvements.

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 in the upcoming 2008 general election that could affect state finances. When available, the fiscal impact is included in the description:

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## **Income Tax Decreases**

### *Massachusetts Question One*

This proposed law would reduce 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 eliminate the tax for all tax years beginning on or after January 1, 2010.

### *North Dakota Statutory Measure 2*

This initiated measure would lower 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*

This proposed change would make 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 require other taxing jurisdictions including local governments to allow unlimited federal tax deduction. Passage of this measure would reduce general fund revenues available for state expenditures.

## **Sales Tax Increases**

### *Colorado Amendment 51*

Under this amendment the sales and use tax would increase 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 be exempt from the state spending limits.

### *Minnesota HF 2285*

This would 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*

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

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## **Health Care**

### *Arizona Proposition 101*

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*

This constitutional amendment would require 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*

This ballot measure would reject the parts of a new law that change 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*

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

## **Gaming**

### *Arkansas Proposed Amendment Three*

This constitutional amendment would authorize 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*

This amendment would allow 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*

This measure would allow 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*

This measure would amend 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*

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

**Criminal Justice***California Proposition 5*

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

*California Proposition 6*

This measure would require additional spending in criminal justice and would create new state-funded criminal justice programs. The measure would require 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*

This proposed change to the constitution would eliminate rebates to taxpayers under the Taxpayers' Bill of Rights (TABOR) as well as direct these funds to be spent on preschool through 12<sup>th</sup> grade public education.

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

This constitutional amendment would reestablish the Education Trust Fund Rainy Day Account within the Alabama Trust Fund and establish the General Fund Rainy Day Account within the Alabama Trust Fund.

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*Arizona Proposition 105*

This measure would require 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 reduce the number of such initiatives that are approved in the future, according to an analysis by the legislative office.

*North Dakota Measure 1*

This measure would establish a permanent oil tax trust fund and impose limitations on the use of the fund.

**State Borrowing***Alaska Bond Question*

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

*Arkansas Referred Question One*

This measure would authorize 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*

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

*Maine Bond Issue*

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*

These measures would 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 3*

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

*Pennsylvania Act 64*

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

*Rhode Island Questions 1 and 2*

These measures would 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*

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

*Montana Constitutional Amendment 44*

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

*South Carolina Amendment 2*

This proposed change would allow 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.

*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.*