



BALLOT MEASURES IN THE UPCOMING 2018 GENERAL ELECTION: POTENTIAL IMPACT ON STATE BUDGETS

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Overview

There are 157 ballot measures in 37 states this year in the upcoming general election, far more than the 22 measures considered last year during an off-year election.

Ballot measures have made a significant impact on finances in states and localities over the years. Provisions to limit class size, earmark revenues, significantly change state revenues, compensate landowners, and allocate set portions of the budget are all products of ballot measures throughout the years. In addition to the states with a popular initiative process, most states have provisions for popular votes on a variety of constitutional provisions and other measures. The most common measures are those placed on the ballots by state legislatures. Also, in recent years, measures to legalize marijuana and proposals to expand Medicaid under the *Affordable Care Act* (ACA) have also appeared on numerous state ballots.

Medicaid and Health Care

Medicaid expansion under the *Affordable Care Act* (ACA) is on the ballot in Idaho, Montana, Nebraska and Utah. In the case of Montana, the measure would extend the current expansion of Medicaid under the ACA that is set to expire in 2019 and would include an increase in tobacco taxes to help fund the measure. In Utah, the measure includes an increase in the sales tax to finance the state share of Medicaid expansion.

In Maine, a measure on the ballot would create a universal home care program to provide home-based assistance to people with disabilities and senior citizens, regardless of income, funded by

a new 3.8 percent tax on income above the amount subject to Social Security taxes. The state estimates the revenue impact to be approximately \$310 million per year.

Voters in Massachusetts will be asked about a ballot question to establish nursing ratios for an estimated annual cost to hospitals of \$676 million to \$949 million statewide.

Revenues

Revenue measures being considered in the upcoming general election include increasing the personal income tax for incomes above \$150,000 and the corporate income tax by 1.37 percent in Colorado, with the additional revenue of \$1.6 billion allocated to public schools. In South Dakota, voters will be asked about approving an increase in the cigarette tax with a portion of the revenue dedicated to technical institutes.

There are also many revenue restriction measures on ballots including in Arizona, Florida, North Carolina, Oregon and Washington, and a number of these measures apply to both state and local taxes. Revenue restriction measures include prohibiting state and local governments from enacting new taxes or increasing tax rates on services in Arizona, a two-thirds legislative approval for tax increases in Florida, a constitutional income tax cap from 10 to 7 percent in North Carolina and prohibiting state or local governments from taxing groceries and requiring three-fifths legislative approval to increase revenue in Oregon. In Washington, voters will be asked about a measure that would prohibit local governments from imposing any new taxes or fees on groceries.



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Marijuana

Marijuana measures are on the ballot in Michigan, Missouri, North Dakota and Utah, and these include measures that would legalize marijuana for recreational purposes as well as for medical purposes only. Missouri has three different measures on the ballot for medical marijuana and they differ in the amount of taxes imposed and the use of the funds. Michigan and North Dakota voters will be asked about allowing for the recreational use of marijuana, and in Utah, voters will be asked about allowing marijuana use for medical purposes.

Transportation

Transportation is on the ballot in several states including California, where voters will be asked about repealing an increase in the fuel tax that was enacted in 2017 and requiring a majority of voters to support any future fuel tax increase. This would reduce California's annual state transportation tax revenues by \$2.9 billion in fiscal 2019, increasing to \$4.9 billion annually by fiscal 2021. These revenues are primarily to support state highway maintenance and rehabilitation, local streets and roads, and mass transit.

Other transportation measures include two competing proposals in Colorado to authorize bonds for transportation projects. One measure would raise the sales tax for 20 years to finance the bonds while the other measure would repay the debt from the general fund without increasing taxes. In Missouri, voters will be asked about a measure to increase the motor fuel tax by 2 and one-half cents each year for four years and in Connecticut, voters will be asked about creating a lockbox for transportation funds so that they cannot be used for other purposes.

Education

In educational measures, Arizona voters will be asked about allowing students to receive public tax dollars to be used for private-school tuition. In Maryland, voters will be asked about dedicating an increasing amount of gambling revenue to public education.

Bonding

Bond measures are being addressed in several states including in California, Maine, New Jersey, New Mexico, and Rhode Island. Bond measures include funding for schools, higher education facilities, housing, environmental, water, transportation, libraries, and recreation projects.

Gaming

Gaming measures are also on the ballots in several states. In Florida, voters will be asked about having the exclusive right to decide whether to authorize casino gambling via the citizen initiative. In Idaho, voters will be asked about legalizing the use of video terminals for betting on historical horse races.

Environment

Environmental measures are on the ballot in some states including Florida, where voters will decide on a measure that would ban offshore drilling for oil and natural gas and would ban the use of vapor-generating electronic devices in enclosed indoor workplaces. In Washington, voters will be asked about an initiative that would enact a carbon emissions fee beginning on January 1, 2020. Revenue from the fee would fund air quality, energy programs, water quality and forest health projects. The state estimates that this levy would generate roughly \$2.3 billion in its first five years.

Minimum Wage

Minimum wage measures are on the ballot in Arkansas and Missouri with increases phased in and reaching amounts of \$11 in Arkansas and \$12 in Missouri.



The following are some notable ballot measures in the upcoming 2018 election that could affect state finances. When available, the fiscal impact is included in the description.

Medicaid Expansion

Idaho Proposition 2

This measure would expand Medicaid coverage pursuant to the *Affordable Care Act*, by expanding coverage to those under 65 and whose income is equal to or below 138 percent of the federal poverty level, and who are not eligible for other state medical insurance coverage.

Montana Initiative I-185

This measure would increase taxes on tobacco products totaling an extra \$2 per pack of cigarettes and would increase other tobacco products with the fund directed toward extending Medicaid services for some low-income adults that was set to expire in June 2019. Some funds also will be used for veterans' services, smoking prevention and cessation programs, and long-term senior care.

Nebraska Proposition 427

This measure expands Medicaid coverage pursuant to the *Affordable Care Act*, by expanding coverage to those under 65 and whose income is equal to or below 138 percent of the federal poverty level and who are not eligible for other state medical insurance coverage.

Utah Proposition 3

This measure would require the state to provide full Medicaid expansion, for persons under the age of 65 and with incomes equal to or below 138 percent of the federal poverty level. The measure also would raise the sales tax from 4.70 percent to 4.85 percent to cover the state's portion of the Medicaid costs.

Revenues Increases: Education

Colorado Amendment 73

This measure would create a graduated income tax and would increase income taxes on incomes above \$150,000, and would increase the corporate income tax by 1.37 percent. The funds would be used to increase the funding for the per-pupil basis, special education, preschool, English language, and gifted students and increase kindergarten funding to provide full-day

school. The proposal is estimated to bring in \$1.6 billion for public schools.

Revenues Increases: Health Care

Maine Question 1

This measure would create a universal home care program to provide home-based assistance to people with disabilities and senior citizens, regardless of income, funded by a new 3.8 percent tax on individuals and families with Maine wage and adjusted gross income above the amount subject to Social Security taxes, which is \$128,400 in 2018. The state estimates the revenue impact to be approximately \$310 million per year. The program would be fully implemented by January 2022.

Massachusetts Question 1

This measure would establish nursing ratios for an estimated annual cost to hospitals of \$676 million to \$949 million statewide.

Cigarette Tax Increases

South Dakota Measure 25

This measure would increase the excise tax on cigarettes from \$1.53 to \$2.53 per pack and would increase the excise tax on wholesale tobacco products from 35 to 55 percent of the purchase price with a portion of the revenue dedicated to technical institutes.

Revenue Restrictions

Arizona Proposition 126

This constitutional amendment would prohibit the state and local governments from enacting new taxes or increasing tax rates on services performed in the state that were not already in effect on December 31, 2017.

Florida Amendment 5

This constitutional amendment would increase the majority needed in both chambers of the legislature to two-thirds to increase taxes.



North Carolina Income Tax Cap Amendment

This constitutional amendment would lower the maximum allowable income tax cap from 10 percent to 7 percent.

Oregon Measure 103

This constitutional amendment would prohibit the state, counties, or cities from adopting, collecting, enacting, or imposing a tax, fee, or other assessment upon the sale or distribution of groceries and would exclude alcohol, tobacco, and marijuana.

Oregon Measure 104

This constitutional amendment would apply a three-fifths supermajority vote requirement to any legislation that increases revenue through changes in tax exemptions, credits, and deductions and the creation or increase of taxes and fees.

Washington Initiative 1634

This measure would prohibit local governments from imposing any new taxes or fees on groceries.

Marijuana

Michigan Proposal 1

This measure would permit individuals 21 years or older to use marijuana recreationally and would impose a 10 percent tax on marijuana sales at retailers and businesses with revenue allocated to local government, K-12 education, and transportation infrastructure. Municipalities would be allowed to ban marijuana within their boundaries.

Missouri Amendment 2

This constitutional amendment would allow the use of marijuana for medical purposes and would impose a 4 percent tax on the retail sale of marijuana. The funds would be allocated for health and care services for military veterans and to administer the program to license/certify and regulate marijuana and marijuana facilities. This proposal is estimated to generate annual taxes and fees of \$18 million for state operating costs and veterans' programs, and \$6 million for local governments. Annual state operating costs are estimated to be \$7 million.

Missouri Amendment 3

This constitutional amendment would allow the use of marijuana for medical purposes and would impose a 15

percent tax on the retail sale of marijuana. These funds would be used for a state research institute to conduct research with the purpose of developing cures and treatments for cancer and other incurable diseases or medical conditions. This proposal is estimated to generate annual taxes and fees of \$66 million. State governmental entities estimate initial implementation costs of \$186,000 and increased annual operating costs of \$500,000.

Missouri Proposition C

This measure would allow personal use and possession of medical marijuana with a written certification by a physician and would impose a 2 percent tax on the retail sale of medical marijuana. Funds would be used for veterans' services, drug treatment, early childhood education, and public safety in cities with a medical marijuana facility. State government entities estimate initial and one-time costs of \$2.6 million, annual costs of \$10 million, and annual revenues of at least \$10 million. Local government entities estimate no annual costs and are expected to have at least \$152,000 in annual revenues.

North Dakota Measure 3

This measure would legalize the recreational use of marijuana for people 21 years of age or older and create an automatic expungement process for individuals with convictions for a controlled substance that has been legalized.

Utah Proposition 2

This measure would require individuals to obtain a medical card from the Department of Health so that physicians could prescribe marijuana for qualifying illnesses and would allow for licensing of marijuana cultivation facilities, testing facilities, and dispensaries. After January 1, 2021, individuals with medical cards can grow up to six marijuana plants.

Transportation

California Proposition 6

This constitutional amendment would repeal an increase in the fuel tax that was enacted in 2017 and would require a majority of voters to support any future fuel tax increase. This would reduce annual state transportation tax revenues of \$2.9 billion in 2018-19, increasing to \$4.9 billion annually by 2020-21. These revenues are to support state highway maintenance and rehabilitation, local streets and roads, and mass transit.



Colorado Proposition 109

This measure would authorize \$3.5 billion in bonds to fund statewide transportation projects including bridge expansion, construction, maintenance, and repairs, and require that the state repay the debt from the general fund without raising taxes.

Colorado Initiative 110

This initiative would authorize \$6 billion in bonds to fund transportation projects and raise the state sales tax rate by 0.62 percent from 2.9 percent to 3.52 percent for 20 years starting on January 1, 2019 through January 1, 2039, an increase that would generate a projected \$19.1 billion for state, multimodal and local transportation spending.

Connecticut Constitutional Amendment 1

This constitutional amendment would prohibit lawmakers from using the state transportation fund for anything other than transportation purposes.

Missouri Proposition D

This measure would increase the motor fuel tax by two-and-one-half cents per gallon annually for four years beginning July 1, 2019 (for a total increase of 10 cents per gallon); exempt special Olympic, Paralympic, and Olympic prizes from state taxes; and establish a dedicated fund for road projects that reduce bottlenecks affecting the movement of freight. If passed, the proposed gas tax increase will generate \$288 million annually for the state highway police and \$123 million annually for local governments for road construction and maintenance.

Education

Arizona Proposition 305

This measure would uphold SB 1431, which will allow students to receive public tax dollars to be used for private-school tuition or for home schooling.

Maryland Question 2

This constitutional amendment would dedicate an increasing amount of gambling revenue to public education, including early childhood programs, career and technical training, college credit courses for high school students, professional advancement for teachers, and school infrastructure. The measure dedicates \$125 million for fiscal 2020, \$250 million for fiscal 2021, \$375 million for fiscal 2022, and 100 percent of gambling revenue in 2023 and every year thereafter.

Oklahoma Question 801

This constitutional amendment would give local school boards the option to use existing property tax funds for classroom purposes such as teacher salaries and textbooks without raising taxes. Property tax revenue is now used primarily for building funds.

Environment

Florida Constitutional Revision 4

The measure would ban offshore drilling for oil and natural gas on all lands beneath state waters and would ban the use of vapor-generating electronic devices, including electronic cigarettes and vaping in enclosed indoor workplaces.

Washington Initiative 1631

This initiative would enact a carbon emissions fee beginning on January 1, 2020 of \$15 per metric ton of carbon, which would increase by \$2 per metric ton each year until the state's greenhouse gas reduction goals of 2035 are met and the 2050 goals were on track. Revenue from the fee would fund air quality, energy programs, water quality and forest health projects. The state estimates that this levy would generate roughly \$2.3 billion in its first five years.

Minimum Wage

Arkansas Issue 5

The measure would increase the minimum wage to \$11 per hour by 2021.

Missouri Proposition B

This measure would increase the state minimum wage by 85 cents per hour annually until reaching \$12.00 per hour in 2023, and would exempt government employers from the increase.

Bonds

California Proposition 2

This measure would authorize the state to use revenue from a measure previously passed by voters that initiated a 1 percent tax on incomes over \$1 million to be used for \$2 billion in revenue bonds for homelessness prevention housing for persons in need of mental health services. Proposition 63 originally required that its revenue be spent on mental health services, but this change is enough to require a vote of the people on the ballot.



California Proposition 1, 3 and 4

These measures would authorize \$4 billion in bonds for housing programs and veterans' home loans, \$8.877 billion in bonds for water-related infrastructure and environmental projects, and \$1.5 billion in bonds for grants to children's hospitals for construction, expansion, renovation, and equipment projects.

Maine Questions 2-5

These bond measures would authorize \$15 million for labs, IT infrastructure, and HVAC systems for community colleges, \$106 million for transportation infrastructure, \$49 million for construction and remodeling of existing and new facilities for the University of Maine system, and \$30 million for wastewater infrastructure improvements.

New Jersey

This measure would authorize \$500 million in general obligation bonds for project grants related to vocational schools, college career and technical education, school water infrastructure, and school security.

New Mexico

These bond measures would authorize \$10.77 million for the creation and upkeep of senior-citizen facilities, \$128.4 million for higher education, special schools, and tribal schools, \$12.9 million for academic, public school, tribal, and public libraries, and \$6.13 million for public school buses.

Rhode Island

These bond measures would authorize \$47.3 million for environmental, water, and recreation projects, \$70 million for higher education facilities, and \$250 million over five years for public schools, both for foundational level school housing aid and the school building authority capital fund.

Gaming

Florida Amendment 3

This constitutional amendment would provide voters with the exclusive right to decide whether to authorize casino gambling via the citizen initiative. The legislature would not be permitted to authorize casino gambling through statute or through referring a constitutional amendment to the ballot.

Idaho Proposition 1

This measure would legalize the use of video terminals for betting on historical horse races, also known as instant racing.

Budget Process

Indiana Question 1

This would require the General Assembly to adopt balanced budgets for state government that do not exceed estimated revenues unless a supermajority of two-thirds of the members of the House of Representatives and two-thirds of the members of the Senate vote to suspend the requirement.

South Dakota Constitutional Amendment Z

This constitutional amendment would add a single-subject rule to the state constitutional amendments.

South Dakota Initiated Measure 24

This measure would ban out-of-state contributions to ballot question committees from non-residents, out-of-state political committees and entities that have not filed with the Secretary of State's office for the preceding four years.

South Dakota Amendment X

This constitutional amendment would require a 55 percent majority to pass constitutional amendments, both from citizen initiatives and from the legislature.

West Virginia Amendment 2

This constitutional amendment would grant the legislature authority to reduce the judiciary's budget each year. The legislature cannot reduce it below 85 percent of the previous year's budget. The measure also requires the State Supreme Court Chief Justice to appear before the legislature and answer questions.

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 have any questions please contact Stacey Mazer at smazer@nasbo.org or 202-624-8431.

