Overview: 34 Measures on Ballots in October and November

In this year’s upcoming and recent elections there are 34 ballot measures in 9 states. Since this is an off year for elections, the number is significantly reduced from the 160 measures on last year’s ballots. Significant measures include a five year increase in personal income taxes and an increase in sales taxes in Colorado to generate additional revenues for public education from preschool through postsecondary education. If approved, state taxes would increase by about $536 million annually in the first full fiscal year.

Maine and New Jersey voters will decide on expansions in gaming. In Maine, the expansion would be for casinos and slot machines while in New Jersey the expansion would allow betting on sports or athletic events if permitted by federal law. Washington voters will decide on a measure that would close state liquor stores and sell their assets, generating additional general fund revenues.

Voters will also decide in Washington about a measure that would direct additional funds to the budget stabilization account in each fiscal biennium in which the state has received extraordinary revenue growth. Louisiana voters considered a measure about the timing of replenishment to the budget stabilization fund from deposits of mineral revenues.

In health care, Ohio voters will consider a measure that would exempt residents from national health care mandates while in Washington, a measure on the ballot would reinstate requirements for training, background checks, and certification for long-term health care workers that would cost additional federal and state dollars.

In the area of state employees, Ohio voters will decide on whether to support or oppose recent legislation that made changes in collective bargaining. In Louisiana, voters approved a measure to redirect nonrecurring funds to the unfunded accrued liability of state retirement funds.

In Arkansas and Texas, measures involving state borrowing would authorize bonds for projects such as highways, educational loans, water projects, and economic development.

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 referendum, most states have provisions for popular votes on a variety of constitutional provisions and other measures.

The following are some notable ballot measures in upcoming and recent 2011 elections that could affect state finances. When available, the fiscal impact is included in the description.

State Taxes

Colorado Proposition 103

This measure would increase the state income tax from 4.63 percent to 5.0 percent and the sales and use tax from 2.9 percent to 3.0 percent for five years beginning on January 1, 2012. State taxes are estimated to increase by $536.1 million annually in the first full fiscal year. The additional revenues would be spent only to fund public education from preschool through twelfth grade and public postsecondary education. This measure will appear as an initiated state statute on November 1, 2011 during Colorado’s general election.
Gaming

**Maine Question 2**
This would allow slot machines at race tracks with part of the profits from these facilities going to support specific state and local programs.

**Maine Question 3**
This would allow development of a casino with table games and slot machines in Lewiston, with part of the profits going to support specific state and local programs.

**New Jersey Public Question 1**
This constitutional amendment would authorize the Legislature to enact laws allowing betting on sports or athletic events at casinos in Atlantic City and at running or harness horse racetracks, including former racetracks, if permitted by federal law.

Liquor Stores

**Washington Initiative 1183**
This measure would close state liquor stores, sell their assets, license private parties to sell and distribute spirits, set license fees based on sales, regulate licensees, and change regulation of wine distribution. According to the fiscal estimate, using a range of assumptions, total state general fund revenues would increase an estimated $216 million to $253 million and total local revenues would increase an estimated $186 million to $227 million over six fiscal years, after Liquor Control Board one-time and ongoing expenses. A one-time net state revenue gain of $28.4 million is estimated from the sale of the state liquor distribution center. One-time debt service costs are $5.3 million while ongoing new state costs are estimated at $158,600 over six fiscal years.

Health Care

**Ohio Issue 3**
This measure calls for exempting residents of Ohio from national health care mandates which would stop any state law from forcing persons, employers or health care providers from participating in a health care system.

Washington Initiative 1163
This measure would require the training, background checks and certification for long-term care workers to begin January 7, 2012, but delay these requirements for community residential providers until January 1, 2016. For the long-term in-home care program, administrative costs are capped and performance audits with additional fraud investigators are required. Over six fiscal years, costs are estimated to increase $31.3 million and revenue from the federal government and fees is estimated to increase $18.4 million.

Collective Bargaining

**Ohio Issue 2**
This would approve or reject a law passed by the legislature that limited collective bargaining.

Pensions

**Louisiana Amendment 2**
This amendment requires that 5 percent of money designated in the official forecast as nonrecurring funds be applied toward the balance of the unfunded accrued liability for the state retirement systems in fiscal 2014 and 2015. This also will allow for a minimum of 10 percent of nonrecurring revenue to be applied toward the state retirement systems. This amendment was approved in an October 22, 2011 gubernatorial primary election.

Budget Stabilization Funds

**Louisiana Amendment 4**
This legislatively referred constitutional amendment would remove the provision requiring the state to contribute mineral revenue to the rainy day fund in the same year the rainy day funds are withdrawn.

**Washington Senate Joint Resolution 8206**
This legislatively referred constitutional amendment would require the legislature to transfer additional moneys to the budget stabilization account in each fiscal biennium in which the state has received “extraordinary revenue growth,” as defined, with certain limitations.
**State Borrowing/Infrastructure Spending**

*Arkansas Highway Financing Act of 2011*

This would authorize the State Highway Commission to issue State of Arkansas federal highway grant anticipation and tax revenue bonds not to exceed $575 million for highway projects.

*Texas Proposition 2*

This would amend the constitution to authorize the Texas Water Development Board to issue additional general obligation bonds not to exceed $6 billion.

*Texas Proposition 3*

This would amend the constitution to authorize the Texas Higher Education Coordinating Board or its successors to issue and sell general obligation bonds on a continuing basis for the purpose of financing educational loans for students, subject to certain constitutional restrictions such as the maximum principal amount of bonds outstanding at any one time.

*Texas Proposition 4*

This would amend the constitution to authorize the legislature to permit a county to issue bonds or notes to finance the development or redevelopment of an unproductive, underdeveloped, or blighted area within the county, and to pledge increases in ad valorem tax revenues imposed on property in the area by the county for repayment of the bonds or notes. The amendment does not provide independent authority for increasing ad valorem tax rates.

**Education**

*Louisiana Amendment 1*

This legislatively referred constitutional amendment will redirect Tobacco Settlement Proceeds to the Taylor Opportunity Program for Students (TOPS) once the balance in the Millennium Trust reaches $1.38 billion. This constitutional amendment was approved in a statewide election on October 22, 2011.

**Earmarked Funds/Transportation**

*Washington Initiative 1125*

This measure would prohibit motor vehicle fund revenue and vehicle toll revenue from being used for non-transportation purposes. It would prohibit non-highway use of state highway lanes funded by gas taxes or vehicle tolls. It would require the legislature to set tolls and would provide that a toll on a particular road or bridge only be used to construct, improve, operate, or maintain that particular road or bridge.

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 or 202-624-8431) or Scott Pattison (spattison@nasbo.org or 202-624-8804) in NASBO’s Washington D.C. office.