



BALLOT MEASURES IN THE UPCOMING 2017 GENERAL ELECTION: POTENTIAL IMPACT ON STATE BUDGETS

October 31, 2017

Overview

There are 22 ballot measures in 7 states this year in the upcoming general election. Since this is an off year for elections, the number is significantly reduced from the 154 measures that were on last year's ballots.

In Maine, voters will be asked about whether they would approve an expansion of Medicaid under the Affordable Care Act for qualified adults under age 65 at or below 138 percent of the federal poverty level. Ohio voters will decide whether to approve a measure that would require the state to not pay more for prescription drugs than the price paid by the United States Department of Veterans Affairs.

Pension funding requirements will be on the ballot in Maine, asking voters about amending the constitution to increase the length of time of amortization of state pension funding requirements from 10 to 20 years to smooth out the effects of market volatility that would be consistent with accepted actuarial practices.

In New Jersey, voters will be asked about whether to approve an amendment to the constitution that would dedicate funds collected by the state from natural resource damages through settlements or awards, and use these funds to restore and protect natural resources and pay the cost to pursue settlements.

Bond measures are being addressed in a couple of states with Maine voters asked to approve funds for transportation projects and New Jersey voters asked to approve funds for public libraries.

Already there are numerous ballot measures scheduled for upcoming elections in 2018. Oregon voters will be asked whether they would maintain or overturn the tax on insurance premiums that lawmakers had approved in June 2017 during an election scheduled for January 23, 2018. Massachusetts voters will be asked in next year's general election whether to approve an amendment that would add a 4 percent surtax on all personal income over \$1 million with the additional revenue earmarked for education and transportation.

In all, about half of the states allow initiatives and/or referenda on statewide issues. 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, significantly increase and/or decrease 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 following are some notable ballot measures in the upcoming 2017 election that could affect state finances. When available, the fiscal impact is included in the description.

Health Care

Maine Question 2

This measure would require the state to provide federally approved Medicaid services through MaineCare to qualifying persons under 65 years of age with income equal to or below 138 percent of the nonfarm income official poverty line. When fully implemented, this initiative is anticipated to require net annual



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appropriations from the general fund of \$54.5 million with federal costs totaling about \$525 million annually. If approved by the voters, further implementing legislation will be required to provide the additional appropriations and allocations.

Ohio Issue 2

This measure would require the state, including its state departments, agencies and entities, to not pay more for prescription drugs than the price paid by the United States Department of Veterans Affairs.

Pensions

Maine Question 4

This measure would amend the constitution to increase the length of time of amortization of state pension funding requirements from 10 to 20 years. Under this amendment, the obligation to retire unfunded liabilities caused by such losses would remain the same, but the financial impact on the state's annual budget would be reduced by paying back the net losses over a longer period. If approved, this amendment would lower the amount of funding needed to pay the required employer contributions in years 1 through 10 of any particular experience loss, but increase these payments in years 11 through 20. The amounts involved will depend on the frequency and magnitude of actual losses experienced.

Environment

New Jersey Public Question 2

This amendment would dedicate the funds collected by the state relating to natural resource damages through settlements or awards for legal claims based on environmental contamination. These moneys would be dedicated to restoring and protecting natural resources and paying the cost to pursue settlements.

Gaming

Maine Question 1

This measure would allow slot machines or a casino in York County, Maine. The operation of the slot machines or casino must then be approved by the voters or the municipal officers of the municipality in which the slot machines or casino will be located.

Bonds

Maine Question 3

This measure would authorize bond issuance of \$105 million for transportation infrastructure projects with an estimated amount of \$137 million in federal and other funds.

New Jersey Public Question 1

This measure would authorize bond issuance of \$125 million in general obligation bonds to provide grants to construct, equip and expand public libraries.

Revenues

Washington State Advisory Votes Advisory Votes—16, 17 and 18

These advisory votes are non-binding with the outcome of the vote not affecting the tax legislation. Voters have the option to advise the state legislature to either repeal or maintain the law with legislators deciding whether to act on the outcome of the vote. Advisory Vote 16 concerns an increase to the food fish excise tax and the fiscal 2018 revenue impact would be \$24,000. Advisory Vote 17 concerns expansion of the business and occupation tax and narrowing of certain retail sales and use tax exemptions and would result in a fiscal 2018 revenue impact of \$30.4 million. Advisory Vote 18 affects a statewide property tax for schools and would result in a fiscal 2018 revenue impact of \$541 million. Under a previous initiative, any action by the legislature that raises new taxes, expands existing taxes, or eliminates a tax break is subject to notice with voters.

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.

