

Ballot Measures in the Upcoming 2021 General Election: Potential Impact on State Budgets



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Voters in 6 states will consider 24 ballot measures in this year's general election. Since this is an off year for elections, the number is significantly reduced from the 122 measures in 32 states on last year's ballots. Colorado voters will decide on a measure to create an education program partially funded by an increase in the retail sales tax on marijuana. Other measures that will be considered by voters in this year's general election include bond measures, property tax reductions, gaming, and changes to budget processes.

In addition to the ballot measures being considered in the November 2 general election, other measures have already been decided earlier this year and some will be decided later in November 2021. Rhode Island voters in a special election in March 2021 approved 7 bond measures that will finance improvements to cultural arts, early childhood care, higher education, housing, infrastructure, state beaches and water, and transportation.

On November 13, Louisiana voters will decide on several amendments affecting state finances. These include a measure that would increase the amount of funds, from 5 percent to 10 percent, that can be redirected during a projected budget deficit from what was originally provided for by law or as stated in the constitution. Voters in Louisiana will also decide whether to amend the constitution to decrease the maximum rate of the individual income tax from 6 percent to 4.75 percent.

Ballot measures have made a significant impact on finances in states and localities over the years. Provisions to limit class size, earmark revenues, significantly increase and decrease state revenues, compensate landowners, authorize gaming,

and earmark portions of the budget are all products of ballot measures. The most common measures are those placed on the ballots by state legislatures.

In recent years, measures to legalize marijuana, increase the minimum wage, and proposals to expand Medicaid under the *Affordable Care Act* (ACA) have also appeared on numerous state ballots. Even after ballot measures have been decided, legal and administrative challenges may arise in implementing the measures, as has recently occurred in Arizona's tax increase for education and Missouri's Medicaid expansion approved by voters in 2020. Already there are over 50 ballot measures certified for the 2022 general election that would have significant fiscal impacts as well as measures that would tighten up requirements for ballot measures.

The following are some notable ballot measures in the upcoming 2021 election that could affect state finances. When available, the fiscal impact is included in the description.

Education

Colorado Proposition 119

This measure would create the Learning Enrichment and Academic Progress (LEAP) Program and would increase the marijuana retail sales tax to partially fund the program. The retail marijuana tax rate would increase from 15 percent to 20 percent over the next three years, yielding about \$138 million per year when the higher rate is fully effective.

Taxes

Colorado Proposition 120

This measure would reduce the residential and non-residential property tax rates and authorize the state to retain and spend \$25 million in revenue above the Taxpayer's Bill of Rights (TABOR) spending limit in budget years 2022-23 through 2026-27. This would fund state reimbursements to local governments for lost revenue due to homestead exemptions given to qualifying seniors and disabled veterans.

Budget Process

Colorado Amendment 78

This would amend the constitution to transfer the power to appropriate custodial funds, defined as state revenue not generated through taxes, from the state treasurer to the state legislature. The measure would create the Custodial Funds Transparency Fund and require all custodial funds received by the state to be deposited in the new fund. Examples of such funds include pension funds, court-approved settlement funds, and revenue earned from business-type transactions at higher education institutions. If approved, this measure would take effect on July 1, 2022. As a constitutional amendment, the measure will need approval from 55 percent of voters to pass.

Bonds

Maine Question 2

This measure would issue \$100 million in bonds for transportation infrastructure.

Texas Proposition 2

This authorizes a county to issue bonds to fund infrastructure and transportation projects in undeveloped and blighted areas.

Gaming

New Jersey Public Question 1

This constitutional amendment would allow wagering on postseason college sport competitions held in New Jersey and competitions in which a New Jersey-based college team participates.

Texas Proposition 1

This constitutional amendment would authorize professional sports team charitable organizations to conduct raffles at rodeo venues.

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.