Ballot Measures in the Upcoming 2022 General Election: Potential Impact on State Budgets

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There are 129 ballot measures in 36 states in the upcoming general election. Since this is a mid-term election year, the numbers are significantly higher than the 24 measures from last year.

Significant tax measures on this year’s ballots would mostly increase taxes and earmark revenues for specific purposes. California’s proposed tax increase of 1.75 percent on personal income above $2 million would dedicate the revenue to zero-emission vehicle purchase incentives, vehicle charging stations, and wildfire prevention, while in Massachusetts a proposed constitutional amendment would create a 4 percent state income tax on incomes that exceed $1 million, with revenues subject to appropriation, used for education and transportation purposes.

Colorado’s measure would reduce the state income tax rate from 4.55 percent to 4.40 percent for tax years beginning on or after January 1, 2022, and another measure in Colorado would earmark one tenth of one percent of existing income tax revenues and allocate those funds to housing projects, including affordable housing financing programs.

Education measures include one in Arizona whereby students who attended any public or private school or home school equivalent for two years would be eligible for financial aid at state universities and in-state tuition rates, regardless of immigration status. California voters are asked about providing additional funding from the general fund for arts and music education in all K–12 public schools including charter schools.

Arkansas, Maryland, Missouri, North Dakota and South Dakota all have ballot measures that would legalize recreational marijuana. Some measures specify the tax on marijuana sales while others would be decided later.

Health care access is on the ballot in a number of states. Oregon would establish the obligation to ensure that every resident has access to cost-effective, clinically appropriate and affordable health care as a fundamental right. South Dakota voters will decide on whether to approve Medicaid expansion under the Affordable Care Act.

Measures to increase the minimum wage are on the ballots in Nebraska and Nevada and a measure to provide a constitutional right to collective bargaining is on the ballot in Illinois.

California has two gaming measures dealing with in-person and online sports betting and would require payments to the state for regulatory purposes.

Bond measures are on the ballot in New Mexico for libraries, senior centers and education and in New York for projects related to the environment, natural resources, water infrastructure, and climate change mitigation.

Voters will be asked about provisions to change the ballot measure process. In Arizona, a constitutional amendment would require that an initiative or referendum to approve a tax receive 60 percent of the vote and in Arkansas a measure would require a 60 percent supermajority vote of approval for initiated constitutional amendments and initiated state statutes in order to be adopted.
Measures dealing with state budget processes include a measure to increase spending during an emergency session in Utah, an increase in the investment cap for equities in Louisiana, and an increase in the amount for both general fund and capital fund reserves in South Carolina.

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.

The following are some notable ballot measures in the upcoming 2022 election that could affect state finances.

**Taxes**

*California Proposition 30*
This measure would increase the tax on personal income by 1.75 percent above $2 million and dedicate the revenue to zero-emission vehicle purchase incentives, vehicle charging stations, and wildfire prevention. The estimated state tax revenue from this measure would range from $3.5 billion to $5 billion annually.

*California Proposition 31*
This would approve a 2020 law prohibiting retail sale of certain flavored tobacco products. The estimated fiscal impact would be a decrease in state tobacco tax revenues ranging from tens of millions of dollars annually to around $100 million annually.

*Colorado Proposition 123*
This measure would dedicate one tenth of one percent from existing income tax revenues and allocate funds to housing projects, including affordable housing financing programs.

*Massachusetts Question One*
This proposed constitutional amendment would create a 4 percent state income tax on incomes that exceed $1 million that would apply to tax years beginning on or after January 1, 2023, with revenues used for education and transportation purposes. This change may increase annual state revenues by $1.2 billion in the near term, which is approximately 2.4 percent of the current annual state budget. However, annual revenue generated by the surtax will vary significantly and unpredictably from year to year, according to the fiscal analysis.

**Education**

*Arizona Proposition 308*
This measure would make Arizona students who attend any public or private school or home school equivalent for two years eligible for financial aid at state universities and in-state tuition rates, regardless of immigration status.

*California Proposition 28*
This measure would provide additional funding from the general fund for arts and music education in all K–12 public schools including charter schools by setting aside the equivalent of 1 percent of the required state and local funding for public schools for arts education. This set-aside would be above the constitutionally required amount of funding for public schools and community colleges. The fiscal impact is estimated at about $1 billion annually beginning next year.

**Marijuana**

*Arkansas Issue 4*
This measure would legalize marijuana use for residents 21 years of age and older and authorize the commercial sale of marijuana.

*Maryland Question 4*
This constitutional amendment would legalize adult-use recreational marijuana and direct the legislature to pass laws for the use, distribution, regulation, and taxation of marijuana.
Missouri Amendment 3
This measure would legalize the purchase, possession, consumption, use, delivery, manufacturing and sale of marijuana for personal use for adults over the age of twenty-one; allow individuals convicted of non-violent marijuana-related offenses to petition to be released from incarceration and/or have their records expunged; and impose a 6 percent tax on the sale of marijuana.

North Dakota Statutory Measure 2
This measure would legalize the possession of cannabis for adults 21 and older; allow individuals to grow up to three cannabis plants; and establish by October 1, 2023, an adult-use cannabis program to regulate production and distribution.

South Dakota Initiated Measure 27
This measure would legalize marijuana use, possession, and distribution for individuals 21 years old and older.

Gaming
California Proposition 26
This measure would allow in-person sports betting at racetracks and tribal casinos and require racetracks and casinos that offer sports betting to make certain payments to the state to support state regulatory costs. The proposition also would allow additional gambling such as roulette at tribal casinos and add a new way to enforce certain state gambling laws.

California Proposition 27
This measure would allow tribes or gambling companies to offer online sports betting on non-tribal lands. It would require tribes and gambling companies that offer online sports betting to make certain payments to the state for specific purposes such as to support state regulatory costs and to address homelessness. The proposition also would create a new online sports betting regulatory unit and provide new ways to reduce illegal online sports betting.

Health Care/Medicaid
Oregon Measure 111
This constitutional amendment would establish the obligation to ensure that every resident of Oregon has access to cost-effective, clinically appropriate and affordable health care as a fundamental right. While this measure establishes a new constitutional obligation of the state, it does not specify what the state must do to comply, how that compliance will be measured, or identify specific steps the state must undertake should this measure pass.

South Dakota Constitutional Amendment D
This constitutional amendment would require Medicaid benefits be provided to adults between 18 and 65 with incomes below 133 percent of the federal poverty level. The proposed expansion of Medicaid could cover an additional 42,500 eligible individuals, with a total estimated cost over the first five years of $1.5 billion. For the first five years under current federal law, the state’s share of expenses could be $166 million with the state recognizing additional general fund savings of $162 million.

Collective Bargaining
Illinois Amendment 1
This measure would create a state constitutional right to collective bargaining.

Budget Process
Louisiana Amendment One
This constitutional amendment would increase the equity investment cap to 65 percent for certain state funds.

South Carolina Amendment One
This would increase the Capital Reserve Fund from 2 percent to 3 percent of state general fund revenue.

South Carolina Amendment Two
This would increase the General Reserve Fund from 5 percent to 7 percent of state general fund revenue incrementally by one-half percent each year.

Utah Constitutional Amendment
This measure would increase the limit on appropriations the state legislature can make in an emergency session from 1 percent of the previous fiscal year’s budget to 5 percent, exempt emergency federal funding from the limit, and exempt any appropriations that decrease total spending for the year from the limit.
**Minimum Wage**

*Nebraska Initiative 433*

This would increase the state’s minimum wage incrementally to $15 per hour by 2026.

*Nevada Question 2*

This measure would incrementally increase the minimum wage to $12 per hour for all employees by July 1, 2024.

**Bonds**

*New Mexico Bond Questions 1-3*

These bond measures would authorize $24.5 million for senior citizen facility improvements, $19.3 million for public libraries, and $216 million for public higher education institutions, special public schools, and tribal schools.

*New York Proposal One*

This would issue $3 billion in general obligation bonds for projects related to the environment, natural resources, water infrastructure, and climate change mitigation.

**Ballot Measure Process**

*Arizona Proposition 128*

This constitutional amendment would allow the state legislature to amend, divert funds from, or supersede an initiative or referendum measure enacted if any portion has been declared unconstitutional or illegal by the Arizona or U.S. Supreme Court.

*Arizona Proposition 129*

This constitutional amendment would require initiative measures be a single subject and require that the subject be expressed in the title of the initiative measure.

*Arizona Proposition 132*

This constitutional amendment would require that an initiative or referendum to approve a tax receive 60 percent of the vote.

*Arkansas Issue 2*

This measure would require a 60 percent supermajority vote of approval for initiated constitutional amendments and initiated state statutes in order to be adopted.

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