



Outcome of Ballot Measures in the 2010 General Election

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Overview: 160 Measures on the Ballot

Voters in 37 states considered 160 ballot measures in the 2010 general election. Some of the most significant measures that would have changed state taxes from imposing a new income tax on upper income taxpayers in Washington to significantly decreasing existing tax rates in Colorado and Massachusetts were defeated by voters. Voters approved a limit on property taxes in Indiana but did not approve decreasing businesses taxes by repealing recent legislation in California.

Bond measures involving state borrowing for projects such as schools, transportation projects, libraries, land preservation, and housing were predominantly approved. In Colorado, a measure on the ballot that would have eliminated the authority for all state borrowing and require voter approval for any local borrowing was rejected by voters.

Arizona's two measures that would have directed previously earmarked funds back into the general fund were defeated. Proposals to impose a new or increased tax or fee and earmark proceeds for specific expenditures were approved in Iowa but not in California and Georgia. In the case of California, an additional vehicle charge would have been directed for use in parks and in Iowa an increase in the sales tax will direct additional funds for conservation programs.

Voters rejected a measure affecting education costs for elementary and secondary education in Oklahoma that would have increased school spending to meet spending levels in neighboring states. In Florida, voters did not approve a measure that would have increased class size limits that had been established in a previous ballot measure. In the case of gambling measures, voters declined to authorize a single site for a casino in Oregon but approved one in Maine.

In reaction to the economy, several states, including Oklahoma, South Carolina, and Virginia approved measures to increase the size of rainy day funds. In Louisiana, voters approved a measure to require two-thirds legislative approval for any increased benefit to states pensions. Washington's measure reinstates a requirement that requires two-thirds of the legislative majority or voter approval for tax increases. California voters approved a measure that will change their legislative vote requirement to pass the state budget from the current two-thirds to a simple majority.

In all, twenty-seven states have some provision for initiatives and popular referendum. Since the passage of California's Proposition 13 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

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

The following are some notable ballot measures considered in the 2010 general election and the outcome of those measures. When available, the fiscal impact is included in the description:

Taxes

California Proposition 2—Did Not Pass

This measure would have established an \$18 annual state vehicle license surcharge and would have provided free admission to all state parks to surcharged vehicles. The surcharge revenues would have been deposited in a new trust fund. This would have resulted in potential state savings of up to approximately \$200 million annually to the extent that the revenues were used to reduce support from the general fund and other special funds for parks and wildlife conservation programs.

California Proposition 24—Did Not Pass

This would have repealed recent legislation that would allow businesses to shift operating losses to prior tax years, would have extended the period permitted to shift operating losses to future tax years, would have repealed recent legislation that would have allowed corporations to share tax credits with affiliated corporations, and would have repealed recent legislation that would have allowed multistate businesses to use a sales-based income calculation, rather than a combination property-payroll-and sales-based income calculation. The annual state revenue increase from these business taxes was estimated to be about \$1.7 billion when fully phased in, beginning in 2011-12, according to estimates by a Legislative Analyst and the Director of Finance.

Colorado Amendment 60—Did Not Pass

The measure would have phased in a reduction in school district property taxes over ten years and the reduced property taxes would have been replaced with state funding. By reducing the amount of local property taxes collected for school districts, statewide expenditures for public schools would have increased by an estimated \$337 million in the first year of the amendment's implementation. Once the amendment was fully implemented, the state's share of public school funding would have increased by \$1.5 billion annually. This amendment would have reduced the property taxes paid by individuals and businesses to school districts, counties, special districts, cities, and towns.

Colorado Proposition 101—Did Not Pass

Proposition 101 would have reduced the state income tax rate from 4.63 percent to 4.5 percent in 2011, and to 3.5 percent gradually over time. It would also have reduced or eliminated taxes and fees on vehicle purchases, registrations, leases, and rentals over the next four years; eliminated all state and local taxes and fees on telecommunication services, except 911 fees; and would have required voter approval to create or increase fees on vehicles and telecommunication services.

Georgia Amendment 2—Did Not Pass

This proposal would have provided for a \$10 trauma care charge to be imposed annually on motor vehicles. The trauma care charge, collected together with license tag and registration fees, would have been placed into a trust fund and used exclusively for updating Georgia's network of trauma centers.

Iowa Measure One—Passed

This measure imposes a 3/8 percent sales tax increase with the proceeds dedicated for conservation programs.

Indiana Public Question 1—Passed

This constitutional amendment limits property taxes for all classes of property by limiting a taxpayer's annual property tax bill to percentages of gross assessed value of 1 percent for an owner-occupied primary residence, 2 percent for residential property that is not an owner-occupied primary residence, 2 percent for agricultural land, and 3 percent for other real property and personal property.

Massachusetts Question 3—Did Not Pass

This proposed law would have reduced the state sales and use tax rates (which were 6.25 percent as of September 2009) to 3 percent as of January 1, 2011.

Washington Initiative 1098—Did Not Pass

This initiative would have established a state income tax that would apply a tax to adjusted gross income above \$200,000 for individuals and \$400,000 for joint filers, would have reduced state property levies, would have reduced certain business and occupation taxes, and would have directed any increased revenues to education and health.

Education*Florida Proposition 8—Did Not Pass*

This amendment would have increased the current limits on the maximum number of students assigned to each teacher in an individual classroom as follows: for prekindergarten through grade 3, 21 students from the current limit of 18; for grades 4 through 8, 27 students from the current limit of 22; and for grades 9 through 12, 30 students up from the current limit of 25. This amendment would have specified that class size limits do not apply to virtual classes, required the Legislature to provide sufficient funds to maintain the average number of students required by this amendment, and scheduled these revisions to take effect upon approval by the electors of the state and to operate retroactively to the beginning of the 2010-2011 school year.

Oklahoma State Question 744—Did Not Pass

This measure would have added a new article to the constitution to set a minimum average amount the state must annually spend on common schools. It would have required the state to spend annually, no less than the average amount spent on each student by the surrounding states. Those surrounding states are Missouri, Texas, Kansas, Arkansas, Colorado and New Mexico. When the average amount spent by surrounding states declines, Oklahoma would have been required to spend the amount it spent the year before. The measure would have required that increased spending begin in the first fiscal year after its passage. It would have required that the

surrounding state average be met in the third fiscal year after passage. There was no new funding provided for this requirement to increase spending.

Earmarked Funds

Arizona Proposition 301—Did Not Pass

This measure would have transferred the remaining balance in the Land Conservation Fund to the state general fund. The Land Conservation Fund consists of general fund appropriations and funds received as donations. Twenty million dollars were appropriated annually for 11 years from the state general fund to the Land Conservation Fund and the final appropriation is scheduled in fiscal 2011.

Arizona Proposition 302—Did Not Pass

This measure would have redirected 80 cents of the current tobacco taxes that are earmarked for the Early Childhood Development and Health fund to the state general fund to be appropriated for health and human services for children. It would have allowed the program's fund balance of over \$300 million to move into the state general fund for use as lawmakers deem appropriate.

Gambling

Maine Question 1—Passed

This measure will authorize a casino at a single site for the operation of table games and slot machines.

Oregon Measure 75—Did Not Pass

This measure would have authorized a major destination resort casino to be built on the site of the former greyhound racetrack and would have allowed for the former Multnomah Kennel Club, or the person authorized by that owner as a gaming operator, to construct and operate one multi-million dollar casino resort on this site.

Budget Process

California Proposition 22—Passed

This proposition prohibits the state from shifting, taking, borrowing, or restricting the use of tax revenues dedicated by law to fund local government services, community redevelopment projects, or transportation projects and services. It also prohibits the state from delaying the distribution of tax revenues for these purposes even when the Governor deems it necessary due to a severe state fiscal hardship.

California Proposition 25—Passed

This proposition will change the legislative vote requirement necessary to pass the state budget from two-thirds to a simple majority. If the Legislature fails to pass a budget bill by June 15, all members of the Legislature will permanently forfeit any reimbursement for salary and expenses for every day until the day the Legislature passes a budget bill.

California Proposition 26—Passed

This will increase the legislative vote requirement to two-thirds for state levies and charges, with limited exceptions, and for certain taxes currently subject to majority vote and change the

constitution to require voters approve, either by two-thirds or majority, local levies and charges with limited exceptions.

Hawaii SB 2807—Passed

This measure amends the constitution to authorize the Legislature to determine whether excess funds should be used as tax refunds or tax credits to taxpayers of the state or diverted to one or more funds to serve as temporary supplemental sources of funding for the state in times of an emergency, economic downturn, or unforeseen reduction in revenue.

Louisiana Amendment 6—Passed

This amendment requires a two-thirds vote of the elected members of each house of the legislature to enact any benefit provision for members of a Louisiana public retirement system if the provision has an actuarial cost.

North Dakota Constitutional Measure One—Passed

This measure adds a new section to the constitution that directs 30 percent of total revenue derived from taxes on oil and gas production or extraction be transferred to create the legacy fund. The legislative assembly may transfer funds from any source into the legacy fund and these transfers would become part of the principal of the legacy fund. The principal and earnings of the legacy fund may not be expended until after June 30, 2017, and an expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the legislative assembly. Not more than fifteen percent of the principal of the legacy fund may be expended during a biennium.

Oklahoma Question 757—Passed

This constitutional amendment increases the maximum amount which may be deposited into Constitutional Reserve Fund.

South Carolina Amendment 3—Passed

This amends the constitution to increase from three to five percent in increments of one-half of one percent over four fiscal years, the amount of state general fund revenue in the latest completed fiscal year required to be held in the General Reserve Fund.

Virginia Ballot Question 3—Passed

This amends the constitution to increase the permissible size of the Revenue Stabilization Fund (rainy day fund) from 10 percent to 15 percent of the Commonwealth's average annual tax revenues derived from income and retail sales taxes for the preceding three fiscal years.

Washington Initiative 1053—Passed

This reinstates a requirement that legislative actions which raise taxes must be approved by two-thirds of the legislative majorities or receive voter approval.

State Borrowing/Infrastructure Spending

Alabama Amendment 3—Did Not Pass

This would have amended the constitution to provide for the appropriation of funds in the Alabama Trust Fund to be distributed for state and local transportation purposes and to provide funds to the County and Municipal Government Capital Improvement Fund.

Alaska Bonding Proposition A—Passed

This authorizes revenue bonds of the Alaska Housing Finance Corporation to be issued in the principal amount of not more than \$600 million for the purpose of purchasing mortgages for residences qualifying as veterans.

Alaska Bonding Proposition B—Passed

This authorizes general obligation bonds in the principal amount of no more than \$397 million for the purpose of design and construction of library, education and educational research facilities.

Colorado Amendment 61—Did Not Pass

This would have amended the Constitution to prohibit all new state government borrowing after 2010; would have prohibited new local government borrowing after 2010, unless approved by voters; would have limited the amount and length of time of local government borrowing; and would have required that tax rates be reduced after borrowing is fully repaid.

Idaho HJR 4—Passed

This amendment allows public hospitals to acquire facilities, equipment, technology and real property through a variety of means that aid the public hospital operations, as long as the acquisitions are paid for solely from charges, rents or payments derived from the existing or financed facilities and are not funded by property taxes.

Idaho HJR 5—Passed

This amendment allows local governmental entities that operate airports and regional airport authorities to issue revenue and special facility bonds to acquire, construct, install and equip land, facilities, buildings, projects or other property. Voter approval will not be required to incur such indebtedness, as long as the bonds are paid for by fees, charges, rents, payments, grants or other revenues derived from the airport or its facilities.

Idaho HJR 7—Passed

This authorizes a city to issue revenue bonds for electric systems with the agreement of a majority of the qualified voters, provided that these bonds are paid for by the electrical system rates and charges, or revenues derived from the municipal electric system, and not with tax dollars. This amendment will allow any city owning a municipal electric system to enter into agreements to purchase, share, and exchange or transmit wholesale electricity to customers within its service area, without voter approval.

Maine Question 2—Passed

This measure authorizes \$5 million in bonds to raise funds to be used for a community-based teaching dental clinic and to create or upgrade community-based health and dental clinics.

Maine Question 3—Passed

This authorizes \$9.8 million in bonds for acquisition of land and interest in land for conservation, water access, outdoor recreation, wildlife and fish habitat, farmland preservation and working waterfront preservation.

New Mexico Bond Questions A, B, C, and D—Passed (Questions A, B, and C), Did Not Pass (Question D)

These bond measures authorize \$7.8 million for senior citizen facilities, \$7.1 million for libraries, \$5.1 million for public schools, and would have authorized \$155.5 million for higher education and special schools.

Rhode Island Questions 2, 3, and 4—Passed

These bond measures authorize \$78 million for higher education facilities, \$84.7 million for transportation projects, and \$14.7 million for open space and recreation.

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