

OUTCOME OF BALLOT MEASURES IN THE 2017 GENERAL ELECTION: IMPACT ON STATE BUDGETS

November 8, 2017

Overview

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

In Maine, voters approved 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 rejected a measure that would have required the state to not pay more for prescription drugs than the price paid by the United States Department of Veterans Affairs.

Voters in Maine approved a pension funding measure that amended 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 is consistent with accepted actuarial practices.

In New Jersey, voters approved an amendment to the constitution that will 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 were approved in Maine for transportation projects and in New Jersey 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 that were considered in the 2017 election affecting state finances. When available, the fiscal impact is included in the description.

Health Care

Maine Question 2 - Passed

This measure requires 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 estimated to require net annual appropriations from the general fund of \$54.5 million with federal costs totaling about \$525 million annually. Further



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implementing legislation will be required to provide the additional appropriations and allocations.

Ohio Issue 2 - Did Not Pass

This measure would have required 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 - Passed

This measure amends 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 remains the same, but the financial impact on the state's annual budget will be reduced by financing the unfunded liabilities over a longer period.

Environment

New Jersey Public Question 2 - Passed

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

Gaming

Maine Question 1 - Did Not Pass

This measure would have allowed slot machines or a casino in York County, Maine.

Bonds

Maine Question 3 - Passed

This measure authorizes bond issuance of \$105 million in general obligation bonds to fund transportation infrastructure projects. The bonds will be combined with an estimated \$137 million in federal and other funds. Maine voters approved a \$100 million bond authorization for transportation in 2016.

New Jersey Public Question 1 - Passed

This measure authorizes 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 - Did Not Pass

These advisory votes were non-binding with the outcome of the vote not affecting the tax legislation. Voters had 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 have been \$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 have resulted in a fiscal 2018 revenue impact of \$30.4 million. Advisory Vote 18 affects a statewide property tax for schools and would have resulted 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.

