

Outcome of Ballot Measures in the 2019 General Election: Impact on State Budgets

November 6, 2019

Overview

There were 20 ballot measures in eight states in this year's general election. Since this was an off year for elections, the number was significantly reduced from the 157 measures that were on last year's ballots.

Voters in Colorado did not approve a measure on the ballot that would have permitted the state to retain, spend, or save all revenue it collects in fiscal 2020 and subsequent years as a change under the Taxpayer's Bill of Rights (TABOR) amendment. The measure was estimated to increase state spending by \$310 million in fiscal 2021 and would have directed allocations of revenue retained under the measure in equal amounts to public schools, higher education, and transportation.

Washington voters appear to have approved a measure, based on preliminary returns, to limit annual motor-vehicle-license fees, repeal or remove authority to approve certain vehicle taxes and fees, and base vehicle taxes on Kelley Blue Book value. The estimated revenue loss over the next 6 years is \$1.9 billion to the state and \$2.3 billion to local governments.

In Texas, a proposed constitutional amendment was approved that prohibits the state from imposing or collecting an individual income tax. Although Texas does not have an income tax, there had been no constitutional bar on imposing or collecting an individual income tax.

Voters in Maine approved a bond measure to provide funding for transportation projects. In Texas, a bond measure passed that will provide financing for the development of water supply and sewer service projects in economically distressed areas and another measure approved will increase the maximum bond amount for the Cancer Prevention and Research Institute from \$3 billion to \$6 billion.

Voters in Colorado appear to have approved a measure, based on preliminary returns, to authorize a tax on the net proceeds of sports betting through licensed casinos and direct the revenues generated to specific public purposes, including the state water plan. The state is estimated to collect up to \$29 million in tax revenue beginning the first full year.

Voters in Texas approved a constitutional amendment to allow increased distributions from \$300 million per year to \$600 million per year to the available school fund that provides state revenue for school districts and charter schools on a per-student basis.

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



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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.

The following are some notable ballot measures that were considered in the 2019 general election affecting state finances. When available, the fiscal impact is included in the description.

Revenues

Colorado Proposition CC - Did Not Pass

This measure would have permitted the state to retain and spend or save all revenue collected in fiscal 2020 and subsequent years, changing the state's Taxpayer's Bill of Rights (TABOR). It would have directed the allocation of revenue retained under the measure in equal parts to public schools, higher education, and transportation. The Colorado Legislative Council Staff estimated that if Proposition CC had been approved, state spending would have increased by \$310 million in fiscal 2021 and by \$342 million in fiscal 2022. Those amounts will be refunded to taxpayers according to current law, equating to a refund of about \$26-\$90 per taxpayer each year.

Washington Initiative 976 - Passed (Unofficial Results)

This measure will limit annual motor-vehicle-license fees to \$30 except for voter-approved charges, repeal or remove authority to approve certain vehicle taxes and fees, and base vehicle taxes on Kelley Blue Book value. The estimated revenue loss over the next 6 years is \$1.9 billion to the state and \$2.3 billion to local governments. The Departments of Licensing and Revenue estimated implementation costs of \$2.8 million in the 2019-2021 biennium.

Gaming

Colorado Proposition DD - Passed (Unofficial Results)

This measure authorizes a tax on the net proceeds of sports betting through licensed casinos and directs

the revenues generated to specific public purposes, including the state water plan through creating a water plan implementation cash fund. The state is estimated to collect up to \$29 million in tax revenue beginning the first full year from a 10 percent tax on the proceeds of sports betting.

Taxes

New Jersey Constitutional Amendment - Passed

This constitutional amendment extends the \$250 property tax deduction that continuing care retirement centers receive on behalf of the veterans living there and requires the retirement centers to pass on the value of the deduction to veterans in the form of credits or payments.

Texas Proposition 4 - Passed

This constitutional amendment prohibits the state from imposing or collecting an individual income tax, including an individual's share of partnership and unincorporated association income. There had been no constitutional bar on imposing or collecting an individual income tax.

Bonds

Maine Transportation Bond Issue - Passed

This bond measure authorizes \$105 million of bonds to be used to build or improve roads, bridges, railroads, airports, transit and ports and make other transportation investments and will be matched by an estimated \$137 million in federal and other funds.

Texas Proposition 2 - Passed

This constitutional amendment authorizes the Texas Water Development Board to issue additional general obligation bonds, in an amount that does not exceed \$200 million, for the economically distressed areas program. These bonds can only be used to provide financing for the development of water supply and sewer



service projects in those economically distressed areas as defined by law.

Texas Proposition 6 - Passed

This constitutional amendment authorizes the legislature to increase the maximum bond amount for the Cancer Prevention and Research Institute of Texas from \$3 billion to \$6 billion to be issued by the Texas Public Finance Authority.

Education

Texas Proposition 7 - Passed

This constitutional amendment allows increased distributions from its \$300 million annual cap to \$600 million per year to the Available School Fund. The Available School Fund is made up of motor fuel tax revenue, interest income from the fund, revenue from the sale and lease of state lands, and oil and gas revenue generated from state lands. The Available School Fund provides about \$2.4 billion annually to school districts and charter schools on a per-student basis.

Environment

Texas Proposition 8 - Passed

This constitutional amendment creates the flood infrastructure fund as a special fund in the state treasury, using money appropriated from the economic stabilization fund. The flood infrastructure fund provides additional resources to implement plans to mitigate flood damage. The legislature has already allocated \$800 million from the economic stabilization fund or rainy-day fund pending voter approval of establishing the new fund.

Non-Binding Advisory Votes

In addition, there were 12 non-binding advisory votes in Washington to advise the legislature whether to maintain or repeal a bill that has been passed. Of the 12 advisory questions, voters advised repealing all but three of the tax measures.

A Look Ahead to 2020

Already there are close to 40 ballot measures scheduled for the general election in 2020. Some notable ones include in Illinois where voters will be asked about moving to a graduated income tax and in California where voters will be asked about whether commercial and industrial properties should be taxed based on their market value, rather than their purchase price, and whether the additional revenue should be allocated to local governments and school districts.

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