

OUTCOME OF BALLOT MEASURES IN THE 2018 GENERAL ELECTION: IMPACT ON STATE BUDGETS

November 9, 2018

Overview

There were 157 ballot measures in 37 states this year in the general election, far more than the 22 measures considered last year during an off-year election.

Medicaid and Health Care

Medicaid expansion under the *Affordable Care Act* (ACA) was approved by voters in Idaho, Nebraska and Utah, but not extended in Montana. In the case of Montana, the measure would have extended the current expansion of Medicaid under the ACA that is set to expire in 2019 by increasing tobacco taxes to help fund the measure. In Utah, the measure includes an increase in the sales tax to finance the state share of Medicaid expansion.

Voters in Maine rejected a measure on the ballot that would have created a universal home care program to provide home-based assistance to people with disabilities and senior citizens, regardless of income, that would have been funded by a new 3.8 percent tax on income above the amount subject to Social Security taxes. The state estimated the revenue impact to be approximately \$310 million per year.

Voters in Massachusetts did not approve a measure that would have established nursing ratios for an estimated annual cost to hospitals of \$676 million to \$949 million statewide.

Revenues

In Colorado, voters rejected a measure that would have increased the personal income tax for incomes above \$150,000 and the corporate income tax by 1.37 percent with

the additional revenue of \$1.6 billion allocated to public schools. In South Dakota, voters did not approve an increase in the cigarette tax with a portion of the revenue dedicated to technical institutes.

There were also many revenue restriction measures on ballots including in Arizona, Florida, North Carolina, Oregon and Washington, and a number of these measures applied to both state and local taxes. Arizona voters approved a measure that prohibits state and local governments from enacting new taxes or increasing tax rates on services. Florida voters approved a requirement for two-thirds legislative approval for tax increases, and North Carolina voters approved a constitutional income tax cap from 10 to 7 percent. Oregon voters rejected measures that would have prohibited state or local governments from taxing groceries and requiring three-fifths legislative approval to increase revenue. In Washington, voters approved a measure that prohibits local governments from imposing any new taxes or fees on groceries.

Marijuana

Marijuana measures were on the ballot in Michigan, Missouri, North Dakota and Utah, and these included measures that would legalize marijuana for recreational purposes as well as for medical purposes only. Missouri and Utah voters approved the use of marijuana for medical purposes, Michigan voters approved the recreational use of marijuana, while North Dakota voters rejected allowing for the recreational use of marijuana.



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444 N. CAPITOL STREET NW, STE. 642, WASHINGTON DC 20001 | (202) 624-5382 WWW.NASBO.ORG

Transportation

California voters rejected a measure that would have repealed a recently enacted increase in the fuel tax and requiring a majority of voters to support any future fuel tax increase. This would have reduced California's annual state transportation tax revenues by \$2.9 billion in fiscal 2019, increasing to \$4.9 billion annually by fiscal 2021. These revenues are primarily to support state highway maintenance and rehabilitation, local streets and roads, and mass transit.

Two states rejected proposals to increase spending on transportation. Colorado had two proposals to authorize bonds for transportation projects and both were defeated. In Missouri, voters rejected a measure to increase the motor fuel tax by 2 and one-half cents each year for four years. In Connecticut, voters approved creating a lockbox for transportation funds so that they cannot be used for other purposes.

Education

In educational measures, Arizona voters rejected a measure to allow students to receive public tax dollars to be used for private-school tuition. In Maryland, voters approved dedicating an increasing amount of gambling revenue to public education.

Bonding

Bond measures were addressed in several states including in California, Maine, New Jersey, New Mexico, and Rhode Island. Bond measures included funding for schools, higher education facilities, housing, environmental, water, transportation, libraries, and recreation projects. All bond measures were approved except for a California bond measure for water-related infrastructure and environmental projects.

Gaming

Gaming measures were also on the ballots in several states. In Florida, voters approved having the exclusive right to decide whether to authorize casino gambling via the citizen initiative. In Idaho, voters rejected legalizing the use of video terminals for betting on historical horse races.

Environment

Florida voters approved a measure to ban offshore drilling for oil and natural gas and ban the use of vapor-generating electronic devices in enclosed indoor workplaces. In Washington, voters rejected an initiative that would have enacted a carbon emissions fee beginning on January 1, 2020. Revenue from the fee would have funded air quality, energy programs, water quality and forest health projects. The state estimated that this levy would have generated roughly \$2.3 billion in its first five years.

Minimum Wage

Minimum wage measures were approved in Arkansas and Missouri with increases phased in and reaching amounts of \$11 in Arkansas and \$12 in Missouri.

The following are some notable ballot measures considered in the 2018 election affecting state finances. When available, the fiscal impact is included in the description.

Medicaid Expansion

Idaho Proposition 2—Passed

This measure expands Medicaid coverage pursuant to the *Affordable Care Act*, by expanding coverage to those under 65 and whose income is equal to or below 138 percent of the federal poverty level, and who are not eligible for other state medical insurance coverage.

Montana Initiative I-185—Did Not Pass

This measure would have increased taxes on tobacco products totaling an extra \$2 per pack of cigarettes and would have increased other tobacco products with the fund directed toward extending Medicaid services for some low-income adults that is set to expire in June 2019. Some funds also would have been used for veterans' services, smoking prevention and cessation programs, and long-term senior care.

Nebraska Proposition 427—Passed

This measure expands Medicaid coverage pursuant to the *Affordable Care Act*, by expanding coverage to those under



65 and whose income is equal to or below 138 percent of the federal poverty level and who are not eligible for other state medical insurance coverage.

Utah Proposition 3—Passed

This measure requires the state to provide full Medicaid expansion, for persons under the age of 65 and with incomes equal to or below 138 percent of the federal poverty level. The measure also raises the sales tax from 4.70 percent to 4.85 percent to cover the state's portion of the Medicaid costs.

Revenue Increases: Education

Colorado Amendment 73—Did Not Pass

This measure would have created a graduated income tax and would have increased income taxes on incomes above \$150,000 and would have increased the corporate income tax by 1.37 percent. The funds would have been used to increase the funding for the per-pupil basis, special education, preschool, English language, and gifted students and increase kindergarten funding to provide full-day school. The proposal was estimated to bring in \$1.6 billion for public schools.

Montana LR-128—Passed

Every ten years, since 1948, Montana citizens are asked to renew a six-mill real estate and personal property tax to provide funding for the Montana University system, that provides about \$20 million a year.

Revenue Increases: Health Care

Maine Question 1—Did Not Pass

This measure would have created a universal home care program to provide home-based assistance to people with disabilities and senior citizens, regardless of income, funded by a new 3.8 percent tax on individuals and families with Maine wage and adjusted gross income above the amount subject to Social Security taxes, which is \$128,400 in 2018. The state estimated the revenue impact would have been approximately \$310 million per year.

Massachusetts Question 1—Did Not Pass

This measure would have established nursing ratios for an estimated annual cost to hospitals of \$676 million to \$949 million statewide.

Cigarette Tax Increases

South Dakota Measure 25—Did Not Pass

This measure would have increased the excise tax on cigarettes from \$1.53 to \$2.53 per pack and would have increased the excise tax on wholesale tobacco products from 35 to 55 percent of the purchase price with a portion of the revenue dedicated to technical institutes.

Revenue Restrictions & Tax Exemptions

Arizona Proposition 126—Passed

This constitutional amendment prohibits the state and local governments from enacting new taxes or increasing tax rates on services performed in the state that were not already in effect on December 31, 2017.

Florida Amendment 5—Passed

This constitutional amendment increases the majority needed in both chambers of the legislature to two-thirds to increase taxes.

Nevada Sales Tax Exemptions—Passed

These measures exempt from state and local sales tax feminine hygiene products and durable medical, oxygen delivery and prescribed mobility enhancing equipment.

North Carolina Income Tax Cap Amendment—Passed

This constitutional amendment lowers the maximum allowable income tax cap from 10 percent to 7 percent.

Oregon Measure 103—Did Not Pass

This constitutional amendment would have prohibited the state, counties, or cities from adopting, collecting, enacting, or imposing a tax, fee, or other assessment upon the sale or distribution of groceries and would have excluded alcohol, tobacco, and marijuana.

Oregon Measure 104—Did Not Pass

This constitutional amendment would have applied a three-fifths supermajority vote requirement to any legislation that increases revenue through changes in tax exemptions, credits, and deductions and the creation or increase of taxes and fees.



Washington Initiative 1634—Passed

This measure prohibits local governments from imposing any new taxes or fees on groceries.

Marijuana

Michigan Proposal 1—Passed

This measure permits individuals 21 years or older to use marijuana recreationally and imposes a 10 percent tax on marijuana sales at retailers and businesses with revenue allocated to local government, K-12 education, and transportation infrastructure. Municipalities will be allowed to ban marijuana within their boundaries.

Missouri Amendment 2—Passed

This constitutional amendment allows the use of marijuana for medical purposes and imposes a 4 percent tax on the retail sale of marijuana. The funds will be allocated for health and care services for military veterans and to administer the program to license/certify and regulate marijuana and marijuana facilities. This proposal is estimated to generate annual taxes and fees of \$18 million for state operating costs and veterans' programs, and \$6 million for local governments. Annual state operating costs are estimated to be \$7 million.

Missouri Amendment 3—Did Not Pass

This constitutional amendment would have allowed the use of marijuana for medical purposes and would have imposed a 15 percent tax on the retail sale of marijuana. These funds would have been used for a state research institute to conduct research with the purpose of developing cures and treatments for cancer and other incurable diseases or medical conditions. This proposal was estimated to generate annual taxes and fees of \$66 million. State governmental entities estimated initial implementation costs of \$186,000 and increased annual operating costs of \$500,000.

Missouri Proposition C—Did Not Pass

This measure would have allowed personal use and possession of medical marijuana with a written certification by a physician and would have imposed a 2 percent tax on the retail sale of medical marijuana. Funds would have been used for veterans' services, drug treatment, early childhood education, and public safety in cities with a medical marijuana facility. State government entities estimated initial and one-

time costs of \$2.6 million, annual costs of \$10 million, and annual revenues of at least \$10 million. Local government entities estimated no annual costs and were expected to have at least \$152,000 in annual revenues.

North Dakota Measure 3—Did Not Pass

This measure would have legalized the recreational use of marijuana for people 21 years of age or older and would have created an automatic expungement process for individuals with convictions for a controlled substance that had been legalized.

Utah Proposition 2—Passed

This measure requires individuals to obtain a medical card from the Department of Health so that physicians could prescribe marijuana for qualifying illnesses and allows for licensing of marijuana cultivation facilities, testing facilities, and dispensaries. After January 1, 2021, individuals with medical cards can grow up to six marijuana plants.

Transportation

California Proposition 6—Did Not Pass

This constitutional amendment would have repealed an increase in the fuel tax that was enacted in 2017 and would have required a majority of voters to support any future fuel tax increase. This would have reduced annual state transportation tax revenues of \$2.9 billion in 2018-19, increasing to \$4.9 billion annually by 2020-21. These revenues are to support state highway maintenance and rehabilitation, local streets and roads, and mass transit.

Colorado Proposition 109—Did Not Pass

This measure would have authorized \$3.5 billion in bonds to fund statewide transportation projects including bridge expansion, construction, maintenance, and repairs, and would have required that the state repay the debt from the general fund without raising taxes.

Colorado Initiative 110—Did Not Pass

This initiative would have authorized \$6 billion in bonds to fund transportation projects and would have raised the state sales tax rate by 0.62 percent from 2.9 percent to 3.52 percent for 20 years starting on January 1, 2019 through January 1, 2039, an increase that would have generated a projected



\$19.1 billion for state, multimodal and local transportation spending.

Connecticut Constitutional Amendment 1—Passed

This constitutional amendment prohibits lawmakers from using the state transportation fund for anything other than transportation purposes.

Missouri Proposition D—Did Not Pass

This measure would have increased the motor fuel tax by two-and one-half cents per gallon annually for four years beginning July 1, 2019 (for a total increase of 10 cents per gallon); exempt special Olympic, Paralympic, and Olympic prizes from state taxes; and would have established a dedicated fund for road projects that would have reduced bottlenecks affecting the movement of freight. The proposed gas tax increase was estimated to generate \$288 million annually for the state highway police and \$123 million annually for local governments for road construction and maintenance.

Education

Arizona Proposition 305—Did Not Pass

This measure would have upheld SB 1431, which would have allowed students to receive public tax dollars to be used for private-school tuition or for home schooling.

Maryland Question 1—Passed

This constitutional amendment dedicates an increasing amount of gambling revenue to public education, including early childhood programs, career and technical training, college credit courses for high school students, professional advancement for teachers, and school infrastructure. The measure dedicates \$125 million for fiscal 2020, \$250 million for fiscal 2021, \$375 million for fiscal 2022, and 100 percent of gambling revenue in 2023 and every year thereafter.

Oklahoma Question 801—Did Not Pass

This constitutional amendment would have given local school boards the option to use existing property tax funds for classroom purposes such as teacher salaries and textbooks without raising taxes. Property tax revenue is now used primarily for building funds.

Environment

Florida Amendment 9—Passed

The measure bans offshore drilling for oil and natural gas on all lands beneath state waters and bans the use of vapor-generating electronic devices, including electronic cigarettes and vaping in enclosed indoor workplaces.

Washington Initiative 1631—Did Not Pass

This initiative would have enacted a carbon emissions fee beginning on January 1, 2020 of \$15 per metric ton of carbon, which would have increased by \$2 per metric ton each year until the state's greenhouse gas reduction goals of 2035 were met and the 2050 goals were on track. Revenue from the fee would have funded air quality, energy programs, water quality and forest health projects. The state estimated that this levy would have generated roughly \$2.3 billion in its first five years.

Minimum Wage

Arkansas Issue 5—Passed

The measure increases the minimum wage to \$11 per hour by 2021.

Missouri Proposition B—Passed

This measure increases the state minimum wage by 85 cents per hour annually until reaching \$12.00 per hour in 2023, and exempts government employers from the increase.

Bonds

California Proposition 2 —Passed

This measure authorizes the state to use revenue from a measure previously passed by voters that initiated a 1 percent tax on incomes over \$1 million to be used for \$2 billion in revenue bonds for homelessness prevention housing for persons in need of mental health services. Proposition 63 originally required that its revenue be spent on mental health services, but this change was enough to require a vote of the people on the ballot.

California Proposition 1 and 4—Passed/Did Not Pass

Proposition 1 authorizes \$4 billion in bonds for housing programs and veterans' home loans, Proposition 3 would



have authorized \$8.877 billion in bonds for water-related infrastructure and environmental projects, and Proposition 4 authorizes \$1.5 billion in bonds for grants to children's hospitals for construction, expansion, renovation, and equipment projects.

Maine Questions 2-5—Passed

These bond measures authorize \$15 million for labs, IT infrastructure, and HVAC systems for community colleges, \$106 million for transportation infrastructure, \$49 million for construction and remodeling of existing and new facilities for the University of Maine system, and \$30 million for wastewater infrastructure improvements.

New Jersey—Passed

This measure authorizes \$500 million in general obligation bonds for project grants related to vocational schools, college career and technical education, school water infrastructure, and school security.

New Mexico—Passed

These bond measures authorize \$10.77 million for the creation and upkeep of senior-citizen facilities, \$128.4 million for higher education, special schools, and tribal schools, \$12.9 million for academic, public school, tribal, and public libraries, and \$6.13 million for public school buses.

Rhode Island—Passed

These bond measures authorize \$47.3 million for environmental, water, and recreation projects, \$70 million for higher education facilities, and \$250 million over five years for public schools, both for foundational level school housing aid and the school building authority capital fund.

Gaming

Florida Amendment 3—Passed

This constitutional amendment provides voters with the exclusive right to decide whether to authorize casino gambling via the citizen initiative. The legislature will not be permitted to authorize casino gambling through statute or through referring a constitutional amendment to the ballot.

Idaho Proposition 1—Did Not Pass

This measure would have legalized the use of video terminals for betting on historical horse races (instant racing).

Budget Process

Indiana Question 1—Passed

This will require the General Assembly to adopt balanced budgets for state government that do not exceed estimated revenues unless a supermajority of two-thirds of the members of the House of Representatives and two-thirds of the members of the Senate vote to suspend the requirement.

Oklahoma State Question 800—Did Not Pass

This constitutional amendment would have established a fund for the investment of 5 percent of the state's oil and gas development tax revenue and for the annual transfer of 4 percent of the fund's capital to the general fund.

South Dakota Constitutional Amendment Z—Passed

This constitutional amendment adds a single-subject rule to the state constitutional amendments.

South Dakota Initiated Measure 24—Passed

This measure bans out-of-state contributions to ballot question committees from non-residents, out-of-state political committees and entities that have not filed with the Secretary of State's office for the preceding four years.

South Dakota Amendment X—Did Not Pass

This constitutional amendment would have required a 55 percent majority to pass constitutional amendments, both from citizen initiatives and from the legislature.

West Virginia Amendment 2—Passed

This constitutional amendment grants the legislature authority to reduce the judiciary's budget each year. The legislature cannot reduce it below 85 percent of the previous year's budget. The measure also requires the State Supreme Court Chief Justice to appear before the legislature and answer questions.

If you have any questions please contact Stacey Mazer at smazer@nasbo.org or 202-624-8431.

