

## Election 2007: The Taxpayer's Perspective

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### Introduction

A general election in an odd-numbered year may seem odd in and of itself. In fact, the voters of several states – including Kentucky, New Jersey, and Virginia – will go to the polls on November 6 to decide who will occupy statewide offices. Candidates, however, are only a part of the 2007 election; more states will actually feature measures, not men and women, on their ballots.

The following information comprises a guide to some of the most significant tax and spending policy questions that will go before citizens this fall. Only a handful of local measures are included, since numerous cities and counties across the country may be holding bond issue or school levy elections.

### Measures that Could Raise Taxes or Expand Government

#### *Louisiana*

- Constitutional Amendment 1 would wall off state salary supplements for law enforcement officers and firefighters from any future reductions, effectively limiting budget policy options and making tax increases for other programs likelier.
- Constitutional Amendment 2 would permit the state to expand salary supplements for law enforcement officers and firefighters in the Port of New Orleans.

*(Note: Louisiana's election will be held October 20.)*

#### *Maine*

- Question 2 would issue \$50 million in “technology sector” bonds, and put up \$5 million in loans and grants for research and development initiatives.
- Question 3 would provide \$43.5 million in taxpayer-backed bonds to make repairs and renovations at state university facilities.
- Question 4 would help to underwrite various conservation and wildlife projects with \$35.5 million in new debt.

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- Question 5 would weaken the state’s existing limits on the service of State Senators and Representatives. If this measure is approved, lawmakers would be allowed to serve six terms in office (12 years for each chamber) instead of the current four terms (8 years for each chamber).

### ***New Jersey***

- Public Question 2 would issue \$450 million in new debt to foster research into stem cells.

*(Note: NTU takes no position on stem-cell research and is reporting on this measure for strictly fiscal policy reasons.)*

- Public Question 3 would furnish \$200 million of state bonds for parks and open space initiatives.

### ***Oregon***

- Measure 49 would weaken a property-rights initiative approved by voters in 2004, by restricting the circumstances under which property owners must be compensated when a state or locality changes land-use regulations for reasons other than public safety or health.
- Measure 50 would boost the state cigarette tax from the current \$1.18 per pack to \$2.025 per pack. Proceeds would be funneled toward health care for uninsured children and smoking prevention programs, but the impact of the tax on cross-border sales could result in lower-than-expected revenues. California, Idaho, and Nevada would levy significantly lower cigarette taxes.

### ***Texas***

- Proposition 2 would raise state debt by \$500 million to help finance student loans.
- Proposition 4 would devote \$1 billion in new bonded debt toward construction projects and equipment.
- Proposition 12 would authorize up to \$5 billion in bonds for transportation projects.
- Proposition 15 would issue \$3 billion of debt for a cancer research facility.
- Proposition 16 would direct \$250 million in bonds for sewer and water supply upgrades in underserved parts of the state.

### ***Washington***

- EHJR 4204 would seriously weaken the state’s constitutional requirement that a 60 percent “supermajority” of voters must agree to pass any increase in school taxes. This measure would require only a simple majority for tax hikes.
- In the Seattle area, Sound Transit/RTID Proposition 1 would more than double the existing sales tax that voters approved in 1996 to fund an ambitious road and transit

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system whose primary expenses are driven by a light-rail project. The measure would also raise motor vehicle excise taxes. Estimates of Proposition 1's cost vary, but the *Seattle Times* has calculated a figure of \$47 billion over 20 years.

## **Measures that Could Lower Taxes or Control Government**

### ***Louisiana***

- Constitutional Amendment 3 would prevent any expansion of the state's four retirement systems unless the Legislature stipulates a funding source that would cover the cost of the new benefits within 10 years of their enactment. The likely (but not certain) effect of this measure would be to encourage more thoughtful consideration of the taxpayer liabilities involved in boosting retirement payments.
- Constitutional Amendment 4 would widen the property tax exemption for consigned artworks to include jewelry as well.

*(Note: Louisiana's election will be held October 20.)*

### ***New Jersey***

- Public Question 1, a constitutional amendment, would earmark the proceeds from the equivalent of 1 percentage-point of the 7 percent state sales tax for property tax relief.

*(Note: Experts differ on the effect of this tax shift. Aside from the fact that the measure is not a net tax cut, some question whether the stated intention of providing property tax relief would be properly fulfilled.)*

### ***Texas***

- Proposition 3 would empower the State Legislature to limit the taxable assessment of a homestead for property tax purposes to either the most recent market value or 110 percent of the previous year's appraised value.
- Proposition 5 would allow voters in small communities (less than 10,000 population) to enact a property tax abatement of up to five years for slum or blighted land to encourage economic development.
- Proposition 6 would create a property tax exemption for a single vehicle that is used for both business and personal activities.
- Proposition 7 would permit localities to sell property seized under eminent domain back to the original owner for the amount the owner was first compensated.
- Proposition 9 would institute an exemption from property taxes for certain disabled veterans.

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- Proposition 11 would stipulate that each vote on the final passage of most bills must be recorded and made publicly available on the Internet for a minimum of two years.

### ***Utah***

- Referendum 1 will permit voters to decide final enactment of a law that creates “vouchers” of up to \$3,000 that parents could use to enroll their children in private schools. The amount would drop to \$500 for upper-income households. The Utah public school systems, which spend more than \$7,000 per pupil, would receive limited-duration partial funding for each student who transfers to a private institution.

*(Note: Although there is some controversy over the end result of Referendum 1, its adoption would most likely provide a significant savings to taxpayers.)*

### ***Washington***

- Initiative 960 would clarify and strengthen the state’s recently abused taxpayer protection law that requires a two-thirds “supermajority” of the Legislature or voter approval for most tax increases. The proposal would also require legislative approval (as opposed to administrative imposition) of fee increases. I-960 is sponsored by Tim Eyman, Mike Fagan, Jack Fagan, and the group Voters Want More Choices, who have led several tax limitation measures to victory.
- ESSJR 8206 would create a constitutional “rainy day fund,” or budget reserve, in which 1 percent of general state revenues would be deposited.

*(Note: Experts differ on the practical impact of this measure, but the creation of such a fund could somewhat lessen the pressure for tax increases during economic downturns.)*

### **About the Author**

Pete Sepp is Vice President for Communications for the National Taxpayers Union, a citizen group founded in 1969 to work for lower taxes and smaller government at all levels. For further information, visit [www.ntu.org](http://www.ntu.org).