NATIONAL TAXPAYERS UNION PRESENTS:

THE TAXPAYER'S PERSPECTIVE

2017 GENERAL ELECTION BALLOT GUIDE

With the attention of many focused on the tax reform discussion in Washington, taxpayers should remember that there are meaningful ballot initiatives, referendums, and constitutional amendments to be decided in many states and localities across the nation. While these may not match the level of headlines as national politics in the political media, decisions at the lowest level can have the greatest impact in the everyday lives of all Americans.

Since 1969, National Taxpayers Union (NTU) has proudly served as the "Voice of America's Taxpayers." Our efforts represent taxpayer interests at all levels of government; from the White House and Capitol Building, all the way down to the statehouse and city hall. We know that excessive spending and out of control debt will have to be paid back by future generations of taxpayers. That's why NTU is fighting to reduce spending today, so tomorrow's generation won't be left with the bill.

2016: YEAR IN REVIEW

While many state and local measures were eclipsed by the presidential election, taxpayers won on many important issues, but experienced a few losses as well. Out of the ballot initiatives analyzed by NTU in 2016, voters supported free markets, lower taxes, and pushed back on burdensome laws .

Alabama and Virginia faced a ballot measure on whether to amend their respective states' constitution to include right-to-work language. Right-to-work ensures that no employee can be forced to join or pay dues to a union as a condition of employment. This leaves the decision of union membership, and the financial costs that comes with membership, where it belongs: with each individual worker. While only Alabama adopted the amendment, they join 27 other states experiencing the significant economic benefits from right-to-work laws.

According to research from the American Legislative Exchange Council, states with right-to-work laws experienced greater job growth (8.6 percent) than states that forced union membership (3.7 percent) between 2003 and 2013. Looking towards the future, two-thirds of global financial officers have said a right-to-work law is either "important" or "very important" when determining where to grow their business. This puts workers in certain states at a serious disadvantage for attracting manufacturing companies. Greater job opportunities result in a higher per capita income, which is about $2,400 higher in right-to-work states. While it is still too early to conduct a fair economic comparison between Alabama and Virginia, NTU is confident that Alabama manufacturing and workers will be the big winners.

Voters in four states - Washington, Arizona, Colorado, and Maine - all approved measures to raise the state minimum wage by 2020. The measures were all approved by a margin of at least ten percentage points. Minimum wage laws, which set the price of labor higher than the equilibrium market wage, make the cost of labor more expensive. As the cost of a good (in this case labor) increase, it reduces the quantity of labor demanded, resulting in job losses and greater unemployment. Voters in Arizona ($8.05 in 2016), Colorado ($8.31 in 2016) and Maine ($7.50 in 2016) approved measures phasing in a $12 minimum hourly wage, and in Washington state ($9.47 in 2016) raising the minimum wage to $13.50 over the next three years. Voters in South Dakota rejected a measure that would have reduced the youth minimum wage from $8.50 to $7.50 per hour.

According to a 2014 Congressional Budget Office study, implementing a $10 minimum wage would cause businesses to terminate half a million jobs. The University of Washington conducted a comprehensive study on Seattle's minimum wage, and found that while pay in low-wage jobs increased, it also resulted in a 9 percent reduction in hours worked.

For an average low-wage worker in Seattle, they actually lost about $125 per month, per job. Further, a recent report authored by experts at the Harvard Business School found that every $1 increase in the minimum wage results in a 4-10% increase in the likelihood of restaurant closures. If businesses do remain open, more will switch to automation in an effort to curb rising labor costs.

Voters in three California municipalities - San Francisco, Oakland and Albany - voted in favor for a penny-per-ounce soda tax, and in Boulder, Colorado, voters approved a 2-cents-per-ounce tax. Proponents argue that such taxes will have positive impacts on various health results, like obesity and Type 2 Diabetes. However, research indicates that soda consumption has fallen to a 30-year low, yet obesity continues to climb at a historic pace. So while consumers may buy less soda, they are likely to substitute it with other high-calorie options. This is evident in places like West Virginia, Arkansas, and Tennessee, all of which have imposed some soda tax, but rank among the most obese states in the nation.

Sugary drink taxes, which are often called "sin" taxes (a tax on items considered undesirable or harmful by the state) are gaining popularity for local legislators due to their ability to increase revenues. Unfortunately, these revenues are gained at the expense of consumers, notably low-income shoppers. Soda taxes are regressive, meaning they disproportionately harm low-income people. A report released by the Tax Foundation indicates a 10 percent soda tax "could burden high-income families by $24.29, while poor families would be harmed nearly twice that amount at $47.38."

2017: BALLOT INITIATIVES

NTU's 2017 ballot guide provides in depth analysis on a number of local measures affecting taxpayers' wallets and the size of government. This ballot guide is meant as an educational resource that takes into account how it will impact the wallets of taxpayers in places across the country. Our analysis looks at all ballot initiatives in the largest cities like Los Angeles and Dallas, to small towns in New Jersey and Arizona. Giving all voters the ability to fully understand what they are voting for is vital to a prosperous democracy.

Finally, NTU would like to thank the Lucy Burns Institute and Ballotpedia for their efforts at identifying and tracking ballot measures, many of which appear in our analysis.

KEY CODE:

The various measures, propositions, initiatives, referenda, proposals, and amendments are listed by state.

Measures that could lower taxes, reduce spending, or restrain government growth are listed with a check-mark (✔), while measures that could raise taxes, increase spending, or expand government are listed with an x (✘). Measures that are revenue neutral or have an unclear or mixed fiscal impact are denoted with the following symbol (•).

This guide is for informational purposes only; it is not intended to provide endorsements or recommendations to voters.

Note: *All measures will be decided on Tuesday, November 7, 2017, unless otherwise noted.*

ARIZONA

LOCAL MEASURES:

PIMA COUNTY

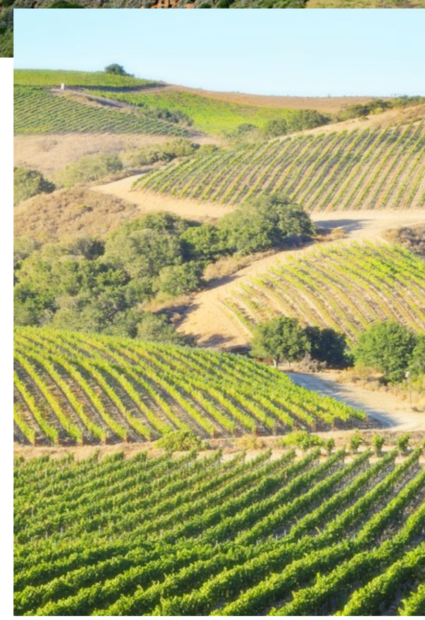
(**x**) **PROPOSITION 204,** if approved, allows the city of Tucson to increase the local sales tax by half-a-cent to fund early childhood education scholarships. Increasing the sales tax from 8.6 to 9.1 percent is expected to generate an additional $50 million in annual revenue. While NTU strongly believes in better education for all children regardless of income, the details of this proposal are worrisome. Specifically, this proposition does not mention how children would be chosen, how much financial aid they would receive, which schools will receive funding, or if there is a cap on scholarships. Further, the sales tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the city council.

Aside from the lack of specific details on how the $50 million in revenue would be spent, a half-cent increase in the City's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive, since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Several other cities have instituted similar plans, but in a more economically responsible manner. San Antonio and Denver, for instance, instituted a one-eighth of a cent increase and included a sunset date in case the program did not yield the intended results.

(**x**) **PROPOSITION 406,** if approved, increases the salaries of the Tucson City Council and mayor. Prop. 406 will increase the salary of the mayor by 65 percent from $42,000 to $69,000 per year, and increase council member salaries from $24,000 to $39,000 per year. While the city council pay is below the average salary in Tucson ($47,000), there are a lot of other perks, like a free car and a very generous pension. As the only city council member to vote against the salary increase, Councilman Cunningham stated "if they're going to bump our compensation then you need to add commitments that we're not going to have another job or side business."

Earlier this year, the City circulated a memo to their 800 employees stating "After review of the salary data collected and the City's financial health, current salary schedules will be maintained with no pay increases to base pay for any group of City employees." Voters last approved a pay raise for elected officials in 1999, since then, voters have voted against pay-raise questions in 2001, 2003, 2005, 2007, and 2015.

California



LOCAL MEASURES: CALAVERAS COUNTY

(**x**) **MEASURE E,** if approved, authorizes the county to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. This measure will increase the annual tax bill for property owners by $75 per parcel, and it is unclear how much additional revenue this measure is expected to raise. No matter the amount of money raised, all of it is designated to fund fire and EMS services, and cannot be earmarked for other projects or programs. Importantly, last year the county posted a net-surplus of $1.9 million, which would allow the county to allocate some or all of these funds towards fire and EMS services, instead of instituting a new tax on property owners. Voters defeated a similar parcel tax increase last year. This measure requires two-thirds approval to be enacted.

Parcel taxes are considered regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Whether a resident lives in a 10,000 square foot mansion or a small hunting shack, the parcel tax assessment will be the same. This tax hike would make already high property taxes even worse for average families.

FRESNO COUNTY

(**x**) **MEASURE C,** if approved, authorizes the city of Coalinga to increase the local sales tax by one percentage point, with the revenue directed to the city's general fund in perpetuity. Approving the measure to increase the total sales tax from 7.975 to 8.975 percent is estimated to generate $850,000 annually. Elected officials are hoping that this increase will plug the city budget, which faces a current deficit of $585,000. While the city has made considerable progress in paying down debt through reductions in government spending, a tax increase could backfire.

With nearly 25 percent of Coalinga citizens living below the federal poverty line, a one percent increase in the county's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers.

HUMBOLDT COUNTY

(**x**) **MEASURES B AND Y,** if approved, authorize the county to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. Measure B would increase the annual tax bill by $74 per vacant parcel, $100 per residential parcel, and $225 per commercial parcel, and is expected to generate $329,150 in annual revenue with all funds going solely to the Shelter Cove Fire Department. Measure Y also would increase the annual tax bill (only for Blue Lake residents) by $75 per vacant parcel, $125 and $250 per single or multifamily parcel, $300 per commercial parcel, and $400 per industrial parcel. While no economic analysis has been conducted, all raised revenue will go towards fire protection and EMS services, and will have no automatic sunset date.

This tax hike would make already high property taxes even worse for average families. The fiscal situation in Humboldt is critical, with slow projected economic growth over the next two decades. While the County has barely addressed the $220 million in unfunded pension liabilities, they have proposed a budget that increases government spending by 6 percent, or $21 million. As it stands, 49 percent of the entire county budget is appropriated towards health and human services. Tax increases will not bring this spending under control.

LOS ANGELES COUNTY

(x) **MEASURE A,** if approved, increases the salaries of the mayor and city council members for the city of Compton. The mayor's salary will increase from $7,200 to $54,000 per year and council members salaries will increase from $7,200 to $43,000 per year. This change will balloon the city's budget on salaries from $36,000 to $226,000, a near 600 percent increase. In 2015, an article was released showing that the mayor and city council were getting paid an extra $3,400-$4,000 per month on top of their monthly stipend. Further, while elected officials are looking to increase the amount of money in their pockets, the economic situation in Compton remains dire: it constantly ranks as the most financially distressed city in California; unemployment is two points above California's average; and nearly one-quarter of the residents live below the poverty line. Between 2008 and 2012, the city council recklessly lived outside its means and overspent revenues by $10 million for four consecutive years. For FY17, the city of Compton had a budget deficit of $1 million, and over the course of 10 years has wiped away $22 million in reserves and accumulated $43 million in debt.

(x) **MEASURE L,** if approved, authorizes the issuance of $22 million in new bonds to fund the expansion of the Whittier Central Library. Funding would add 8,000 square feet to extend the mezzanine enclosure of an outdoor patio. About $2 to $4 million would be used for modernization of their computer systems, internet servers, and other internal repairs. While data regarding the total cost of debt service are limited, it is estimated that the average cost to each property owner to repay the bonds over 15 years is about $24 per $100,000 of assessed value. With the average single-family home being $335,000, taxpayers can expect to see an additional $81 on their tax bill per year over the next decade and a half. Further, two Whittier Council members expressed concerns about the size and priorities of the project. They argued that the library is not in immediate need for expansion, and the city could financially cover any internal repairs and updates without the issuance of a public bond. They also are concerned that the additional library employees will increase retirement costs, and could add $6 million annually to the city budget, as well as require a future sales tax increase to offset the costs.

(x) **MEASURE S,** if approved, allows the city of Montebello to increase the local sales tax by one percentage point for funding general city services. Approving the measure to increase the total sales tax from 8.75 to 9.75 percent would raise $9.5 million annually. The proposed increase, according to the city council, is necessary to plug a $5.6 million deficit in the City's $58 million budget. Further, the fiscal outlook for the city remains uncertain; a recent report projected the city has about $212 million in needs, including: $178 million in deferred maintenance costs, $18.7 million to improve government facilities, and money set aside to hire 54 new full-time employees.

With about 15 percent of Montebello residents living below the federal poverty line, a one-cent increase in the county's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive, since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Further, the cost of living for the City is 1 and a half times the national average, meaning it takes greater resources to live there. A recent report showed that the poorest Americans pay nearly 11 percent of their income in taxes (federal, state, and local tax), and this proposal would increase that burden.

(x) **MEASURE EM,** if approved, supports a 10-year renewal of the half-cent local sales tax to fund services for the City of El Monte. The sales tax generates approximately $4.2 million a year in revenues, which are used to partially pay for essential city services such as fire and emergency response services, police, and street maintenance. El Monte continues to face serious fiscal challenges, with revenue barely keeping up with inflation and expenses increasing by the millions each year. As consumers pay more to cover the city's expenses, the former El Monte city manager collects a taxpayer funded pension of $216,000 a year, cost of living increases and fully-funded health care. El Monte's retirement costs totaled $16.5 million for FY16, equaling about 28 percent of the City's general fund.

With about 25 percent of El Monte residents living below the poverty line, a half-cent increase in the county's already high sales tax would place the highest burden on low-income families. Economists consider sales tax to be regressive as it takes a disproportionate percentage of income from low-income taxpayers than from high-income taxpayers. Further, the cost of living for the city is 1.4 times the national average, meaning it takes greater resources to live there. Any tax increase will only make it harder for average taxpayers to save, invest, or get ahead.

(x) **MEASURE GG,** if approved, authorizes the issuance of $98 million in a new bond to fund improvements for school facilities in the Glendora School District. Funding will go towards a number of upgrades, such as modernized classrooms and science labs, repairing plumbing and ventilation systems, and new security systems. Estimated total debt service, including the principal and interest, would end up costing taxpayers $179 million. The bond will cost each individual taxpayer $49 for every $100,000 in assessed property value, and with the average home value in Glendora being $575,000, the average taxpayer can expect to see an additional $281 on their tax bill. Further, the Glendora Unified School District has a poor record of spending taxpayer-funded bonds in a responsible way. In 2009, the district issued a $7 million bond, that over 30 years, will cost taxpayers $50 million to pay back.

(x) **MEASURE HH,** if approved, allows the City of Hawthorne to increase the local sales tax by .75 percentage points for funding general city services. Approving the measure to increase the sales tax from 9.5 to 10.25 percent would raise $8.5 million annually. The proposed increase, according to the City Council, could be used to fund police, fire, senior services, streets, parks, emergency services, and anti-gang units. However, this ballot measure does not require the funds to be used specifically for these purposes. Concerningly, this sales tax increase has no sunset date and will continue in perpetuity until it is repealed. While the city has made impressive progress out of a deep fiscal hole through spending cuts, revenue enhancements are not necessarily reliable ways to reduce budget deficits.

Further, with about 20 percent of Hawthorne's citizens living below the poverty line, a .75 percentage point increase in the county's already high sales tax would place the largest burden on low-income families. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. A recent report showed that the poorest Americans pay nearly 11 percent of their income in taxes (federal, state, and local tax), and if the City of Hawthorne gets their way, this percentage will only grow.

(x) **MEASURE LCF,** if approved, supports the issuance of $149 million in new bonds, a type of public debt, to fund improvements for school facilities of the La Canada Unified School District. The funding will be used to repair and modernize classrooms, fix school roofs, plumbing and electrical systems, and upgrade math, science, and technology department equipment. Estimated total debt service, including principal and interest, would end up costing taxpayers $268 million. The bond will end up costing each individual taxpayer $60 per $100,000 of assessed property value, and with the average home price in the La Canada Unified School District being $448,000, taxpayers can expect to see an additional $270 on their tax bill. Each taxpayer is still paying $60 per $100,000 of assessed property value to pay off a 1995 bond that sought the same purpose as Measure LCF.

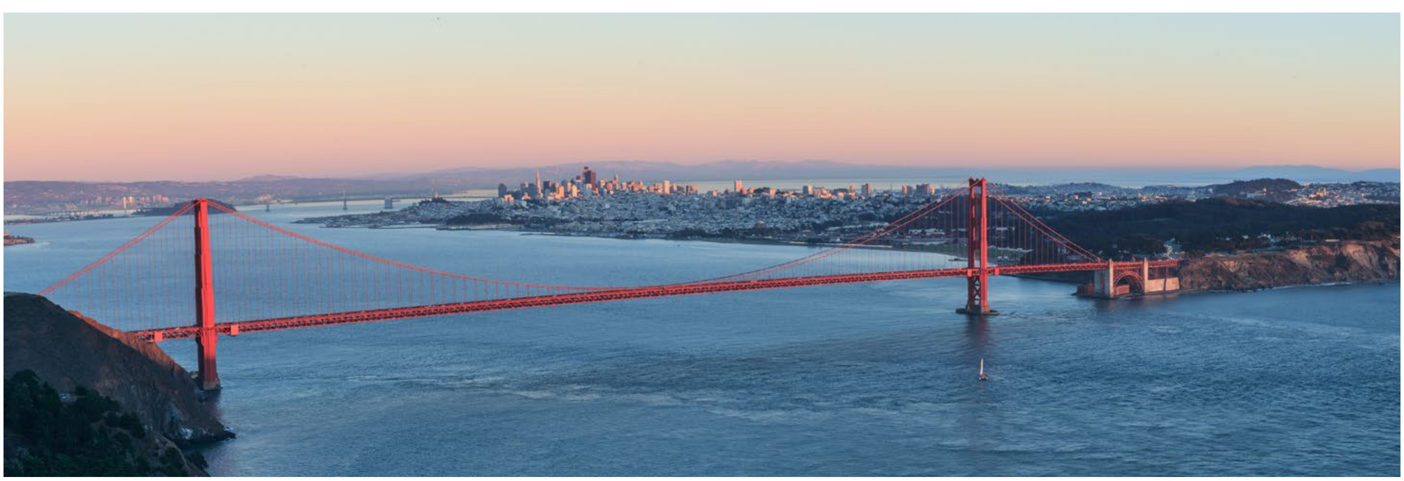
MARIN COUNTY

(x) **MEASURE A,** if approved, authorizes the Lagunitas School District to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. This measure will increase the annual tax bill for property owners by $535 per parcel with a 6.5 percent yearly cost-of-living increase over 8 years. By 2025, the parcel tax will grow to more than $831 per parcel. It is unclear how much additional revenue this measure is expected to raise, but officials state the money will go to support five classroom teachers, school aides, technology services, and the arts. Finally, senior citizens aged 65 or older before February 1st of 2017 would be exempt if their property is their principal place of residence.

A 6.5 percent annual increase is more than three times the rate of inflation, and more than double the average income growth in the district. These factors indicate the tax will strongly outpace the ability for residents to pay. As parcel taxes take equal amounts of money from high-income taxpayers and low income ones, this tax hike would make already high property taxes even worse for average families. This measure requires two-thirds approval to be enacted.

(x) **MEASURE B,** if approved, allows the City of Larkspur to increase the local sales tax by .25 percentage points for funding general city services. Approving the measure to increase the sales tax from 8.75 to 9 percent would raise $1.65 million annually. The proposed increase, according to the City Council, could be used to fund road and pothole repair, emergency services, and storm drainage maintenance. Concerningly, this sales tax increase has no sunset date and will continue in perpetuity until it is repealed. This measure would also authorize the city council to issue $25-30 million in bonds to finance a five-year roadway improvement project. This move is a double whammy for taxpayers and consumers in the county, as they will be paying more in property tax for the bond, and paying more at the checkout counter in sales tax, both taking more money out of the pockets of taxpayers.

Increasing the local sales tax, which is higher than the average for cities in Marin County (8.25 percent), will hurt the competitiveness of local businesses. Further, with about 20 percent of Larkspur residents living below the poverty line, a .25 percent increase in the county's already high sales tax would place the highest burden on low-income families.



(**x**) **MEASURE E,** if approved, supports the authorization of an 18-year parcel tax for flood control improvement projects across Marin County. This measure will increase the tax bill for single family land by $47, $481 for multi-family land, and $67 to 1,254 for commercial/industrial land. Over the course of 18 years that this tax is active, it is expected to generate $20 million in revenue, or about $1.1 million annually. While it is important for the government to make preventative improvements, a new tax is not necessary to supplement funding. First, the San Francisco Bay Restoration Authority is committing $500 million over 20 years to reduce the impact of sea-level rise with wetland restoration and flood mitigation. Further, 63 percent of Marin County's budget ($350 million) is allocated solely for government salaries, benefits, and health care. With unfunded liabilities now over $1 billion, the County must begin tackling the problems of spending instead of raising taxes on taxpayers.

(**x**) **MEASURE F,** if approved, supports renewing a $49 annual tax for park improvements and maintenance costs. The City estimates that the money would raise about $30,000 a year for the next four years from about 600 properties. The tax is intended to cover costs such as upkeep, utilities, and insurance for two parks in the village. The Community Park Agency, which oversees the park, has an annual budget of $80,000 ($48,000 from the county, $30,000 from the parcel tax, $2,000 from donations). Annual expenses show that $32,000 is allocated for repairs and maintenance, $25,000 for payroll, $15,000 for equipment and facilities, and $8,000 for administrative costs. Should this tax lapse, it would represent a tax cut for taxpayers in the community. The county could offset revenue reduction by shifting funds from low priority programs to parks.

MONTEREY COUNTY

(**x**) **MEASURES E AND F,** if approved, support the issuance of $76 million in new bonds, a type of public debt, to fund the construction of education buildings and purchase new technology. Specifically, Measure E ($36 million) will provide funding to construct new campus classrooms, buildings, a library, and Measure F ($40 million) will provide funding for replacing and updating local middle school facilities. The estimated total debt service, including the principal and interest, would end up costing taxpayers $155 million ($72.4 million for Measure E and $82.2 million for Measure F). The bonds will cost each individual taxpayer $118 per $100,000 in assessed property value, and with the average home value in the North Monterey School District being about $300,000, taxpayers can expect to see an additional $354 on their annual tax bill.

Since 2010, the school district has issued over $120 million in bonds for school improvements and still has $24 million in the bank for future projects. Both of these measures require a 55 percent supermajority to pass.

PLUMAS COUNTY

(**x**) **MEASURE C ,** if approved, authorizes the Eastern Plumas Fire Protection District to levy an annual parcel tax - a kind of property tax based on united of property instead of assessed property value - that has no automatic sunset date. This measure will increase the annual tax bill for property owners by $65 per parcel which will be adjusted according to the consumer price index. It is unclear how much additional revenue this measure is expected to raise, but the ballot question mandates all revenue be allocated towards fire protection and prevention services. In order for this measure to pass, it requires two-thirds voter approval.

(**x**) **MEASURE D,** if approved, authorizes the Quincy Lighting District to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. This measure will increase the annual tax bill for property owners by $31.34 per parcel for one year, and then drop to $18.56 per parcel each year following July 1, 2019. It is unclear the amount of revenue that this tax will generate, but all of the revenue will be used to repay a $24,700 loan from Plumas County which was used to pay overdue electric bills. While the lighting district has faced significant financial stress for years, bigger burdens on taxpayers are not necessary. With a budget of over $100 million, Plumas County could appropriate additional capital to support the lighting district. In order for this measure to pass, it requires two-thirds voter approval.

(**x**) **MEASURE E,** if approved, authorize the Crescent Mills Lighting district to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. This measure will increase the annual tax bill for property owners by $45.95 per parcel for one year, and then drop to $40.49 per parcel each year following June 30, 2019. It is unclear the amount of revenue that this tax will generate but it will be used to fund street light maintenance and improvements. While the lighting district has faced significant financial stress for years, bigger burdens on taxpayers could backfire. In order for this measure to pass, it requires two-thirds voter approval.

RIVERSIDE COUNTY

(**x**) **MEASURES B AND C,** if approved, authorizes the City of Desert Hot Springs to renew a series of expensive taxes on property owners and utility users. Specifically, Measure B would levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that has no automatic sunset date. This measure will actually lower the annual tax bill for a single-family parcel to $103 (down from $135) and increase the tax bill to $19.14 (up from $9.82) per vacant resident unit, $267.60 (up from $133) per acre of vacant commercial parcel, and $5.42 (up from $2.71) per acre of vacant industrial parcel. Measure C, renews a 7 percent utility tax on telecommunication, water, sewers, electric, gas, and cable services. These two measures generate roughly $5 million per year and are used to fund various public safety-related programs. These include police and fire response teams, crime prevention and investigation, sex offender and parole monitoring, and anti-gang initiatives.

Proponents of these measures argue that the City could lose millions of dollars in revenue should votes fail to approve them. They claim that to offset the drop in revenue, 11 police officers would be let go, the city's animal services department would be eliminated, and the senior center would be closed. However, in the latest biennial budget, the city council voted to increase the salaries of city employees by 4 percent and will run a budget surplus just over $300,000, which suggests the City can find areas to cut down on excessive spending. For example, in the city's $15 million budget, they have allocated $9,500 solely for "copier maintenance," over $20,000 in pay increases for the city council, and $30,000 worth of camera upgrades in the city council chamber.

(**x**) **MEASURE D,** if approved, allows the City of Palm Springs to increase the local sales tax by a half-cent to fund general City services. Approving the measure to increase the sales tax from 8.75 to 9.25 percent would raise $6.5 million annually. As this money will be moved to the general fund (where it is under no legal obligation to be spent on a specific program), the City has said it will be used toward paying down City retiree obligations and boost public safety spending. Concerningly, this sales tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the City Council. The City is using this increase as a proactive measure due to the looming fiscal crisis. Unfortunately, the City is forcing already-burdened taxpayers to pay down their debt without tackling the real problem: spending. Just a few months ago the City approved a $110 million budget with higher spending, including another $1 million for the downtown trolley system that is behind schedule and over budget. All the while, the City will owe $217 million in pensions and health care costs over the next two decades.

With about 20 percent of Palm Springs residents living below the poverty line, a half-cent increase in the County's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Further, the cost of living for the City is 1.25 times the national average, meaning it takes greater resources to live there. Any tax increase will only make it harder for average people to get ahead and achieve the American Dream.

SAN BERNARDINO COUNTY

(x) **MEASURES J AND K,** if approved, allow the Cities of Barstow and Victorville to increase the local sales tax by a half-cent in each jurisdiction. Approving these measures to increase the sales tax from 7.75 to 8.25 percent would raise $3.8 million, and $8.5 million per year for Barstow and Victorville, respectively. As required by the ballot, the money will be earmarked for fire, police, and paramedic services to improve the response time. Concerningly, this sales tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the city council. Since 2002, Victorville's public safety costs have skyrocketed over 300 percent, but staffing has only increased by 70 percent. Just this past year, the City used a $500,000 budget surplus to hire two new police deputies. Nearly 75 percent of Barstow's budget is comprised of staff salaries and benefits.

With about 33 percent of Barstow residents and 26 percent of Victorville residents living below the poverty line, a half-cent increase in the county's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Further, the cost of living for San Bernardino is 1.1 times the national average, meaning it takes greater resources to live there. Any tax increase will only make it harder for average people to get ahead and achieve the American Dream.

SAN MATEO COUNTY

(x) **MEASURE C ,** if approved, supports the implementation of rent controls via limitations on the amount landlords can charge their tenants in the City of Pacifica. Rent control ordinances lead to the creation of a complicated bureaucratic system that will substantially increase administrative costs. Properties will be required to register, detailed rental information will need to be collected, complex systems for determining rents must be created, and processes for hearing complaints and appeals must be established. Economic experts estimate that Measure C could cost Pacifica close to $2 million, but would only raise $500,000 from fees. This leaves the city with a $1.5 million hole to fill by either raising taxes or cutting city services like police, fire, parks, or street repairs.

This measure attempts to defy basic economics. More government involvement via price controls would make housing more expensive and less profitable, and will never solve California's affordable housing shortage. Just as all other government-mandated price ceilings do, rent control creates shortages, meaning more people want to consume artificially low-priced housing than developers are willing to supply. While a small number of people will benefit from lower-priced housing, many others will be left with even less affordable options than would exist in the absence of rent controls. Rents should freely increase in response to certain market pressures, that way developers could address the shortage by creating more units. As a result of an expanding housing supply, prices would be pushed down because profit is the only incentive mechanism to get developers to build more units. While rent controls may make for a good populist campaign slogan, they are a proven costly economic policy.

(x) **MEASURE D,** if approved, supports taxing soil recycling businesses up to 20 percent of their gross receipts or $200,000, whichever is higher, in the City of Brisbane. The city estimates this tax will generate between $300,000 and $400,000 annually. Concerningly, this tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the city council. This proposed tax is the textbook definition of discriminatory because it singles out and targets one specific business with a huge tax. This proposed tax is 20 times higher than the 1 percent gross receipts tax that most businesses pay. Often, when taxes are raised or the cost of inputs increase, businesses end up raising prices and passing the costs onto their customers. Worse, businesses could end up shutting down completely.

(x) **MEASURE F,** if approved, allows the City of Atherton to extend the annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that will expire in 2020. While this measure will not raise taxes (it keeps the rate the same), allowing the parcel tax to expire will amount to a tax cut for property owners. The ballot question requires all generated revenue be dedicated towards police response services, neighborhood patrols, street repair and maintenance, and drainage facility repair and maintenance. While it is unclear the amount of revenue this tax generates, the city is obligated to use the funds for their stated purpose and cannot be spent on other governmental services.

SANTA BARBARA COUNTY

(x) **MEASURE C,** if approved, allows the City of Santa Barbara to increase the local sales tax by 1 percentage point for general city services. Approving the measure to increase the combined sales tax from 7.75 to 8.75 percent would raise $22 million annually. Elected officials have put forth project proposals that could be funded by sales tax revenue, including issuing bonds to fund construction of a new police headquarters, which would cost $70-80 million over a 20 year period. While politicians propose spending more on buildings, they ignore the fact that the City has over $300 million in unfunded pension liabilities and over $400 million in unfunded infrastructure. In 2016, the average median salary of a City employee was $117,000.

With about 20 percent of Santa Barbara citizens living below the federal poverty line, a one-cent increase in the county's already high sales tax would place the highest burden on low-income families. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Further, the cost of living for the City is 2 and a half times higher than the national average, meaning it takes greater resources to live there. Any tax increase will only make it harder for average people to get ahead and achieve the American Dream.

SONOMA COUNTY

(x) **MEASURE F,** if approved, allows the Wilmar Union School District to levy an annual parcel tax - a kind of property tax based on units of property instead of assessed property value - that will expire in 2025. This measure will increase the annual tax bill for property owners by $65 per parcel and is expected to generate about $80,000 in annual revenue. Money raised will be used to keep classes small, ensure funding for music and art programs, maintain counseling services, with no funds spent on teacher or administrators' salaries. Additionally, this measure creates a tax exemptions for those who are aged 65 years or older and occupy the parcel as a principal residence.

Parcel taxes are considered regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Whether a resident lives in a 10,000 square foot mansion or a small hunting shack, the parcel tax assessment will be the same. This tax hike would make already high property taxes even worse for average families.

TRINITY COUNTY

(x) **MEASURE J,** if approved, supports the issuance of $5.95 million in new bonds, a type of public debt, to fund improvements to school facilities and technology in the Mountain Valley Unified School District. Funding will go towards a number of upgrades such as modernized classrooms, replacement of leaky roofs, plumbing and electrical wiring, and the purchase of new computers and electronic equipment. Estimated total debt service, including the principal and interest, would end up costing taxpayers nearly $12 million. The bond will cost each individual taxpayer $60 per every $100 in assessed property value, and with the average home value being $263,000, taxpayers can expect to see an additional $157 on their annual tax bill.

TULARE COUNTY

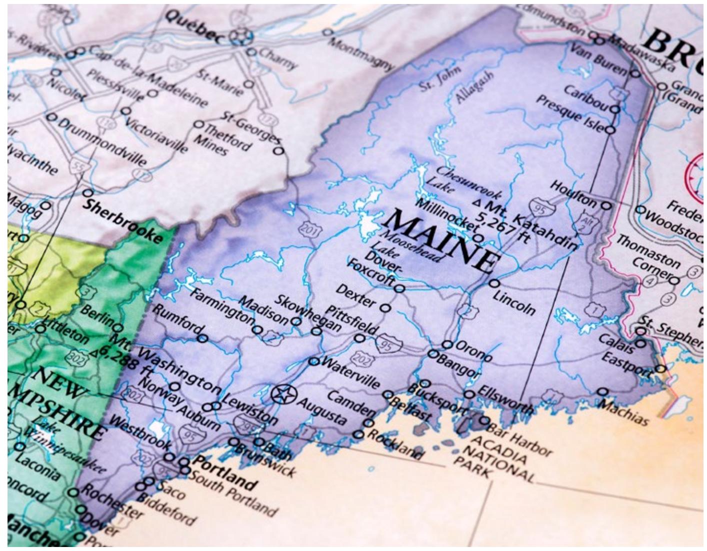
(**x**) **MEASURE P,** if approved, allows the City of Farmersville to increase the local sales tax by a half-cent for funding general city services. Approving the measure to increase the combined sales tax from 8.25 to 8.75 percent would raise $280,000 annually. As this revenue is to be deposited into the general fund, city officials are able to appropriate the money any way they choose. This sales tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the city council. Last year, the budget was $270,000 in the red, but, due to fiscally responsible decisions like hiring and raise freezes, caps on police overtime, fuel expenses, and special event spending, the city has cut the deficit to $68,000. Police spending has grown at more than 33 percent since 2012 and is expected to increase.

With about 32 percent of Farmersville residents living below the federal poverty line, a half-percentage point increase in the county's already high sales tax would place the highest burden on low-income families. People are hurting in Farmersville: income per capita is 61 percent lower than the national average; unemployment is 80 percent higher than the national average; and the poverty level is 108 percent higher than the national average. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Any tax increase will only make it harder for average people to get ahead and achieve the American Dream.

(**x**) **MEASURE R,** if approved, allows the City of Woodlake to increase the local sales tax by one percentage point for funding general city services. Approving the measure to increase the combined sales tax from 7.75 to 8.75 percent would raise $430,000 annually. Concerningly, this sales tax increase has no sunset date and will continue in perpetuity until it is repealed by voters and the city council. As this revenue is to be deposited into the general fund, city officials are able to appropriate the money any way they choose. However, the mayor has stated that most of the money will be used to fund local projects like parks and recreation programs, police patrols, gang prevention, and street maintenance. The police department takes a big chunk of resources, nearly 63 percent of the budget is dedicated towards it.

With about 30 percent of Woodlake residents living below the federal poverty line, a one percentage point increase in the county's already high sales tax would place the highest burden on low-income families. The economic situation is tough for many people as 1-in-10 people are out of work, per capita income is half that of the state of California. Sales taxes are recognized as regressive since they take a greater percentage of income from low-income taxpayers than from high-income taxpayers. Any tax increase will only make it harder for average people to better their situation.

MAINE



(•) **QUESTION 1,** if approved, authorizes the Maine Gambling Control Board to accept applications for firms to build and operate a casino in York County, Maine. While NTU takes no position on gambling, this measure is included because of its fiscal effects. The proposed casino will receive no tax breaks or incentives for construction, and local revenue will be used for tax relief, police and education. Concerningly, the ballot question is written in such a way that would only allow previous casino operators to submit bids to build the casino. The Question in its current form creates a barrier-to-entry for prospective casino bidders and limits the ability for new businesses to enter the market. An economic study conducted by prospective operator notes the construction of the York casino would support 2,767 construction jobs and 2,165 permanent jobs once complete. The study also cites $64.4 million in new household earnings from operation of the casino, and more than $100 million household earnings from construction. Additional household wealth would help Mainers as the state ranks 33rd in the nation for median household income.

Voters have twice approved the construction of casinos over the past 12 years. Independent studies have shown the casinos have added $227 million in economic activity to their local economy. The two casinos directly employ 811 people and have indirectly created 647 jobs through local spending. Further, experts claim that if the casinos went away, Maine's unemployment rate would rise 0.6 percentage points, putting additional pressure on government services and taxpayer dollars. In the counties where these casinos are located, the collected revenue is used for property tax relief (3 percent of gambling revenue)and education funding (19 percent of gambling revenue).

(**x**) **QUESTION 2,** if approved, requires the state of Maine to provide Medicaid services for residents with incomes equal to or below 138 percent of the federal poverty level. The costs to Maine taxpayers would be quite considerable. Expanding Medicaid will cost Maine taxpayers between $50 and $100 million per year, and over five years is expected to total $400 million. As a result, expansion would require an annual tax increase that could amount to about $180 on every household in the state. Maine's government has successfully reduced deficits in recent years but their overall debt level stands at nearly $9 billion and is expected to grow. Medicaid expansion would harm Maine's economy, increase the tax burden on thousands of struggling families, and do little to improve public health.

Maine previously enacted a similar Medicaid expansion initiative in 2003 and experienced virtually none of the desired effects. Maine's previous Medicaid expansion resulted in a $750 million debt to Maine's hospitals and hundreds of hospital job layoffs. Between 1998 and 2001, Maine's economy grew by an average of 6 percent annually and had a constant poverty rate of 10.5 percent. In the three years following its introduction, the poverty rate surged to over 13 percent, and economic growth had slowed by a third. With over 160,000 new enrollees on Medicaid, spending ballooned from $1.4 billion in 2001 to $2.6 billion in 2004.

(x) **QUESTION 3,** if approved, supports issuing $105 million in new bonds for transportation and infrastructure projects. The state already owes $8.6 billion, while many of Maine's liabilities, such as public pensions and retiree health care, remain unfunded at nearly $5.1 billion.

As many economists and business outlets rightly point out, the only options going forward for Maine policymakers will be to cut benefits or raise taxes. Since the politicians in Augusta have not demonstrated an appetite for serious cuts in their budgets, tax increases are the most likely option they will pursue.

Maine voters have approved 33 bond measures, worth north of $1 billion over the past decade. According to data from the State Treasurer's office, as of June of 2017, Maine has nearly half-a-billion in debt from voter-approved transportation-related bonds (this does not take into account an additional $85 million that has been approved by voters but not yet issued). Further, this will be the third infrastructure bond vote in as many years. Two years ago, Maine voters approved $85 million in bonds and another $100 million last year.

(•) **QUESTION 4,** if approved, allows for a technical change in how the Maine Public Employees Retirement System (MainePERS) administers money for tens of thousands of government employees, teacher, and retirees. Specifically, Question 4 would amend the state constitution to increase the time required to pay off MainePERS from 10 years to 20 years. A longer amortization period mitigates big swings in what Maine is required to contribute to the retirement system. According to officials at MainePERS, Maine's liability could be reduced by $55 million over the next biennium should this referendum be approved. About 15 years ago the fund was only worth $2.5 billion, so a 1 percent dip in performance would only have a budgetary impact of $25 million. However, now that the fund is worth nearly $10 billion, just a 1 percent fluctuation is worth $100 million.

This slight change is likely to prevent future tax hikes as the state will be better able to manage lower monthly payments. This means if there is a worse-than-expected down year, Maine will be better able to cover the difference without having to raise taxes. Some have compared this measure to a homeowner changing a 15-year mortgage into a 30-year mortgage, while the costs will be greater over time, the state will be able to have lower monthly payments. This is a bipartisan question which passed the Maine House 122-4 and 31-0 in the Senate.

New Jersey

(x) **QUESTION 1,** if approved, supports the issuance of $125 million in state bonds, a type of public debt, to fund the construction, expansion, and modernization of New Jersey's public libraries. The revenue for the bond sale would fund 50 percent of the project's cost, with the remaining balance coming from either local or private sources. New Jersey's public library system is already well-funded; receiving millions of taxpayer funds at both the state and local level. While libraries provide a societal benefit to residents, technological innovations and waning attendance cannot be ignored. The internet provides limitless access to information from the comfort of one's home and over the course of two years library attendance has dropped by almost 3 million New Jersey residents.

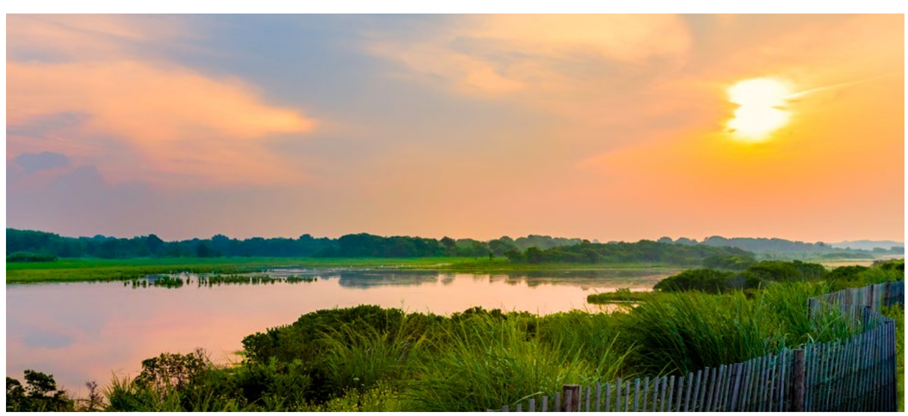
The State of New Jersey remains mired in unprecedented fiscal challenges and the last thing taxpayers and the state government can afford is an additional $125 million in borrowing. New Jersey has accumulated over $100 billion in debt from spending, $45 billion in debt from bonds and other liabilities, and New Jersey's pension and health care unfunded liabilities total $200 billion. This additional bond would make it more difficult to resolve these pressing issues and further limit the ability to pay for other core government functions.

LOCAL MEASURES:

MONMOUTH COUNTY

(x) **THIS PROPERTY TAX MEASURE,** if approved, authorizes Monmouth County to increase property taxes to fund the county's open space trust fund. This measure will increase the annual tax bill for property owners to 2.75 cents per $100 in assessed value (up from 1.5 cents). The County estimates it will generate $31.9 million in tax revenue ($17.4 million from the 1.5 cents and an additional $14.5 million from the proposed increase). A taxpayer with a home assessed at $200,000 is currently paying $30 a year in open space tax. Should this measure be approved, that same taxpayer will be on the hook for $55, a near doubling of their tax bill.

The County has set a goal of preserving 20,000 acres of land and as of August, they have set aside 17,000 acres of open space for parks and watersheds. However, it is important to balance the economic prosperity of residents with the need for environmental protection. With the cost of living in the county being 1.4 times the national average, it takes greater resources to live there. Any tax increase will only make it harder for average people to get ahead and achieve the American Dream.



New York

(•) **PROPOSAL 1,** if approved, will permit the state of New York to convene a convention to amend that state constitution. The last convention occurred 50 years ago in 1967 and cost taxpayers over $51 million (in 2017 dollars) and it is estimated an approved convention will cost a similar amount if not more. It is important to note that the previous convention lasted six months and not one word was changed and no revisions were made. Further, it is mandated that each delegate be paid the salary of an assembly member, which is currently $79,500. A 2018 convention will host 204 delegates (3 from each senate district and 15 at large), bringing the total payroll for delegates to over $16 million, which is billed straight to taxpayers.

While voters already have people to represent them in Albany who can pass laws and amend the constitution at any time, New York government is constantly beset with corruption allegations. So even though a convention could empower special interests, unions, and career politicians, it is difficult to conclusively say that will occur at higher rates than the state legislature. Importantly, any proposed amendment written at the convention must be approved by a simple majority of New Yorkers within one year of when it's proposed.

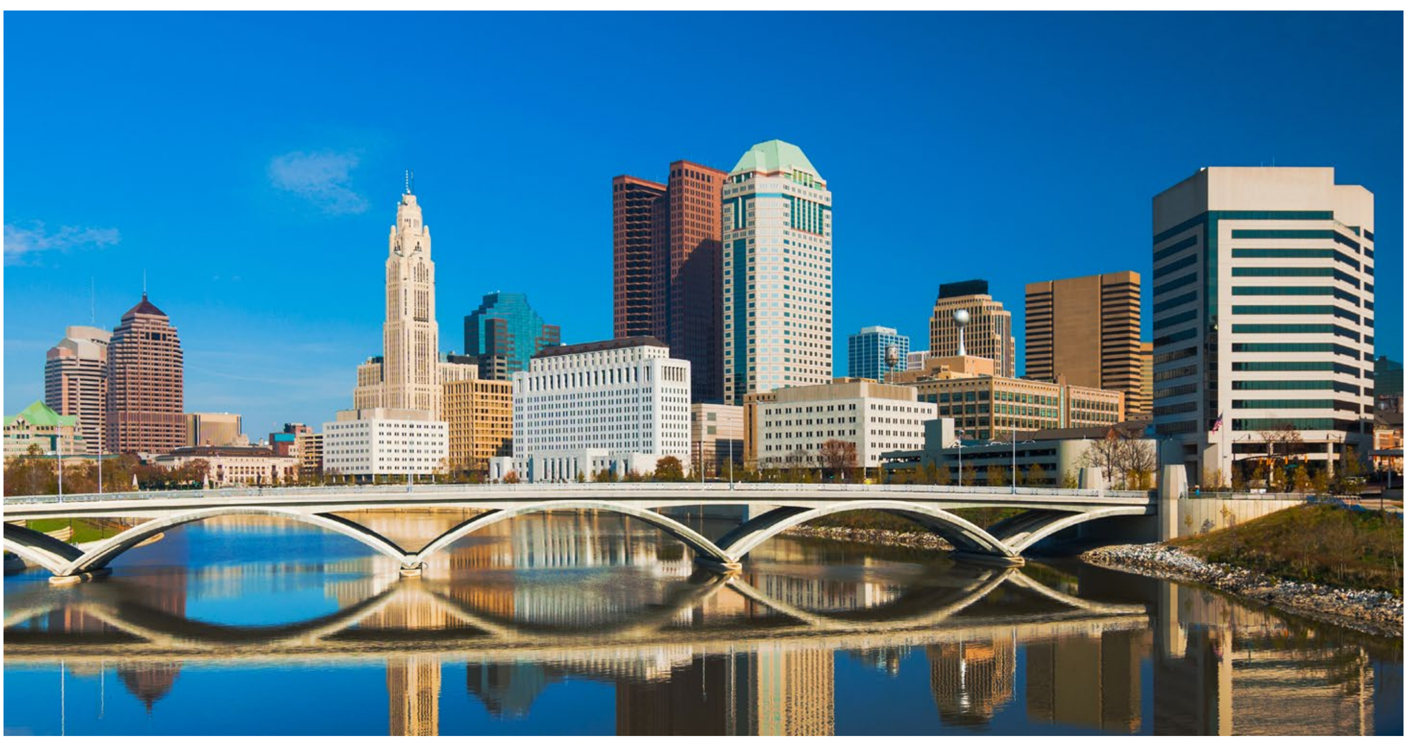
(✔) **PROPOSAL 2,** if approved, would amend the state constitution of New York to revoke the pension of a public official convicted of a felony. For the past two years, both the State Senate and Assembly have overwhelmingly approved this amendment. Current law only permits pension forfeiture of lawmakers convicted of a crime who joined the state retirement system after August 15, 2011; proposal 2 would make the forfeiture apply retroactively to all currently in government regardless of when they were sworn in.

According to data from the state Comptroller's Office, taxpayers are paying out nearly $700,000 annually to 16 convicted elected officials. Both the ex-Assembly Speaker Sheldon Silver and former Senate Leader Dean Skelos, who were convicted of corruption, still collect a yearly taxpayer funded pension of $80,000 and $95,000, respectively. Adding this amendment to the constitution will keep taxpayer dollars out of the pockets of those who have abused the trust of the public.

Ohio

(**x**) **ISSUE 2,** if approved, would require state agencies to purchase prescription drugs at prices no higher than what the U.S. Department of Veterans Affairs (VA) pays for them. Setting a maximum legal price is essentially a price control. In reality such policies fail to protect consumers, lead to the creation of shortages, and limit access and affordability for vital medication groups like the elderly, disabled, and veterans depend on. Importantly, this would be nearly impossible to implement as some of the VA's deals are public knowledge but most are kept confidential through contract. Thus, it would be difficult for Ohio to discern the final purchase price by the VA, and difficult to remain up to date with the constant price changes of thousands of drugs. Ohio already negotiates with drug manufacturers for an array of discounts and rebates, meaning the final purchase price for Ohio taxpayers is often lower than the actual listed sale price.

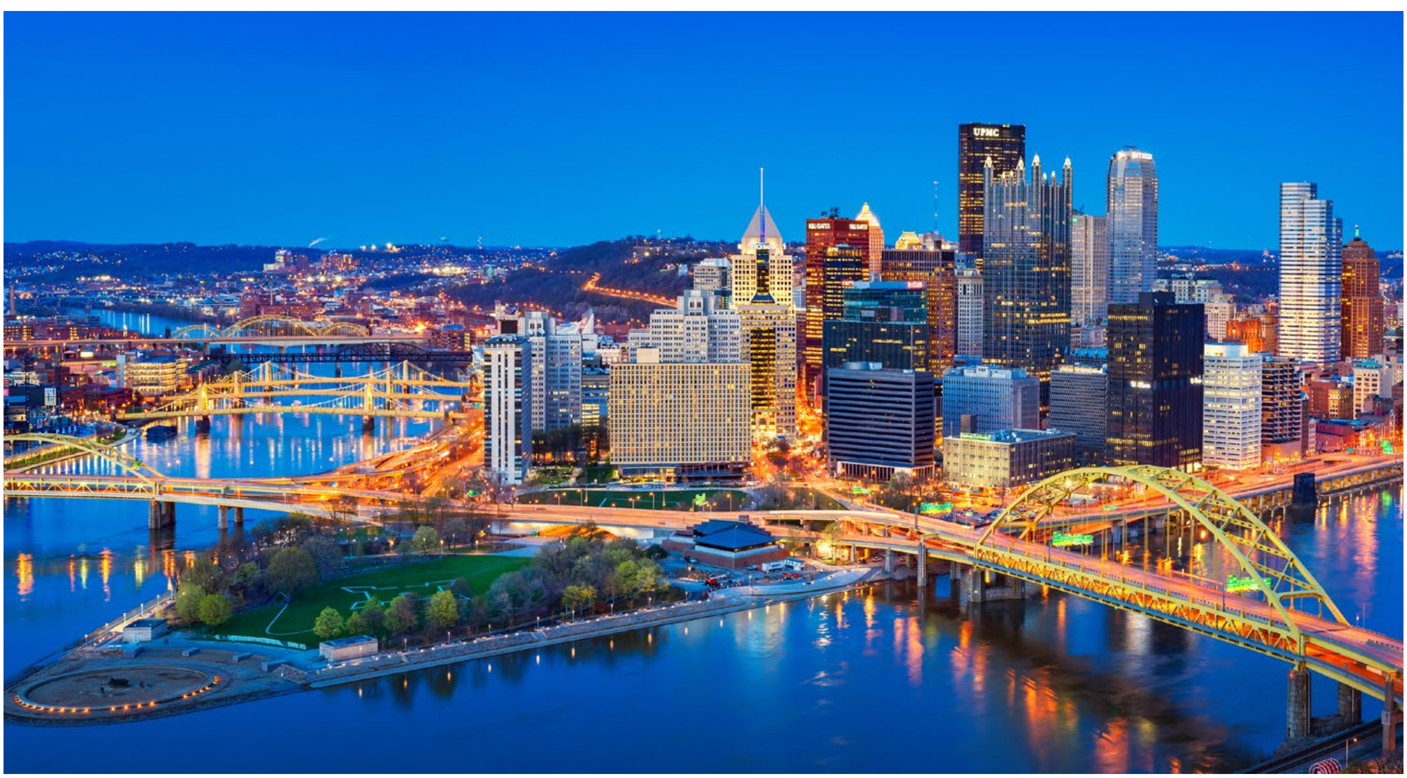
Voters in California defeated a near-identical measure in 2016 and three Ohio Medicaid directors who served in both Democratic and Republican administrations warn the ballot issue could reduce patient access to medications. Implementation of Issue 2 would produce red tape and expand the government bureaucracy caused by confusion over how to implement the impossible, draining valuable taxpayer dollars and resources. In fact, the initiative also requires the Ohio attorney general to defend the law, forcing taxpayers to foot the bill for attorney fees and court costs. To recoup lost revenue, drug companies could simply shift the cost to the 7 million Ohioans who are enrolled in private coverage or Medicare through higher health care and prescription drug costs. As NTU has noted, rising drug costs are a serious problem, but the way to lower prices is through free-markets and streamlined regulation.



Pennsylvania

(•) **THE CONSTITUTIONAL AMENDMENT TO AMEND THE HOMESTEAD PROPERTY TAX ASSESSMENT EXCLUSION,** if approved, would allow school boards, municipalities and counties to exclude up to 100 percent of the assessed value of a primary residence from property taxation. The current exemption level, adopted in 1997, is capped at 50 percent of the median assessed value of all property in a local taxing jurisdiction. While it may be a good idea to allow local jurisdictions to decide the exemption level, very few school districts take advantage of the 50 percent exemption. Therefore, it is unclear how many school districts will adopt a complete exemption but they will at least have another option. This amendment was passed out of the House 190-0 and 46-2 in the Senate.

While on the surface it appears to be a win for taxpayers, as jurisdictions would have the opportunity to abolish their property tax, it is likely this amendment would not result in greater savings for Pennsylvanians. Property tax collections totaled over $12 billion in 2015, so to fill the revenue gap, state and local governments would likely opt to raise the individual income tax and sales tax. While the current individual income tax rate in Pennsylvania remains low (3.07 percent), the state has an additional 3,000 local taxing authorities, which can add rates that can reach as high as 3.91 percent. A more fiscally responsible way to make up for the lack of revenue is to cut spending (last year the state allocated $33 billion). There is a pressing need to reduce property taxes and taxes more generally, this amendment does not address the cost drivers that are increasing costs across Pennsylvania. Many economists consider taxes on income to be the most destructive form of taxation because it takes money away from consumers and businesses, stunting economic growth.



TEXAS

(✓) **PROPOSITION 1,** if approved, permits the legislature to amend the constitution to ensure disabled veterans are not financially burdened from property taxes. Under current law, a disabled veteran whose home is fully donated is exempt from property tax, however, a disabled veteran who pays part of the cost of a donated home receives no such exemption. This can lead to a sizable property tax bill that the recipient may not have anticipated and an ongoing cost that the veteran may not have the income to offset. Veterans in this situation are at risk of losing a donated home to unpaid property taxes, even if that home was built or renovated specifically for the individual's disabilities. This measure was approved by the Texas House and Senate unanimously, with each respective body voting 143-0 and 31-0.

(✓) **PROPOSITION 6,** if approved, permits the legislature to amend the constitution to create a property tax exemption for surviving spouses of first responders killed in the line of duty. The spouse of a fallen first responder loses a source of income which can jeopardize his or her ability to pay property taxes, and may ultimately affect the ability of surviving spouses to remain in their home. While only a small number of individuals will be affected by this change, it does represent a tax cut for families going through a difficult time in their lives. Voters approved a similar measure in 2013 which exempts surviving spouses of military members killed in action from property tax. In the latest session, this measure was approved by the Texas House and Senate unanimously, with each respective body voting 147-0 and 30-0.

LOCAL MEASURES:

DALLAS

(x) **PROPOSITIONS A-J,** if approved, authorize the city to issue over $1 billion in new bonds for 10 new projects around Dallas. Specifically, $534 million will be allocated for street maintenance (Prop. A), $262 million for parks (Prop. B), $50 million for Fair Park (Prop. C), $49 million for flood protection (Prop. D), $16 million for libraries (Prop. E), $14 million for cultural facilities (Prop. F), $32 million for public safety (Prop. G), $18 million for city facilities (Prop. H), $55 million for economic development (Prop. I), and $20 million for homeless services (Prop. J). Estimated total debt service, including principal and interest, will end up costing taxpayers $1.42 billion. Adding more debt by approving all or most of these bonds will negatively impact the fiscal future for Dallas. For Dallas to be completely debt-free of all current and future promises, taxpayers would have to pay $17,000 per individual, the third-highest such burden of any major U.S. city. These bond measures will put greater pressure on the finances of Dallas, giving lawmakers only a few options for a balanced budget: either cutting programs and benefits or raising taxes.

While Dallas has enjoyed considerable economic success over the last decade, many fiscal challenges remain for the City in the long run. With the Dallas police and fire department pension fund billions of dollars in debt, it is estimated that it will become insolvent by 2027; only ten years from now. The City's unfunded pension system has caused numerous credit rating downgrades, affecting the interest rates taxpayers pay on new debt and bonds issued by the city government.