

General Election Ballot Guide

2006

THE TAXPAYER'S PERSPECTIVE

When it comes to fiscal policy, candidates are only a part of the electoral calculus. Thanks to the initiative and referendum process, many important issues can go directly before the voters, and the November 2006 election will feature an unusually large number of state and local tax and spending questions.

For example, citizens in a dozen states (Arizona, California, Florida, Georgia, Idaho, Michigan, Montana, Nevada, New Hampshire, North Dakota, Oregon, and South Carolina) will decide on reforms to eminent domain powers. In the wake of last year's *Kelo v. New London* decision by the U.S. Supreme Court, states and localities have been emboldened to seize private property for purposes of economic development (such as tax-subsidized ballparks) rather than for public uses (such as roads and schools). Although the measures vary in their scope and operation, most are Constitutional amendments that prohibit private-to-private eminent domain seizures.

There are also proposals on six state ballots (Arizona, Colorado, Missouri, Montana, Nevada, and Ohio) to increase existing (or create new) state-mandated minimum wages, most of them indexed to grow with inflation. Many economists argue that such policies hurt small businesses as well as the employment of young and part-time workers.

Additionally, a variety of bond (debt) authority requests are on many state and local ballots. Voters in jurisdictions proposing

bond issues would be interested in the results of a recent analysis by Chris Edwards of the Cato Institute. He determined that the total amount of state and local debt was relatively stable during the 1990s, when it hovered above the \$1 trillion mark. Between 2000 and 2005, however, the amount of outstanding debt owed by states and localities rose 55 percent. The trend even held during the economic recovery, when governments were flush with cash (data from the Cato Institute's *Tax and Budget Bulletin* #37, July 2006).

The following information comprises a guide to some of the most significant ballot measures affecting taxpayers that will be decided this fall. The list is not exhaustive, but we hope this guide will be a useful resource.

GUIDE KEY:

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

Measures that could lower taxes or control government are listed in **GREEN** with a plus sign (**+**), and measures that could raise taxes or expand government are listed in **RED** with a minus sign (**-**).



ALABAMA

- (-) Statewide Amendment Number 2 would establish a mandatory minimum property tax levy for school finance at 10.0 mills, resulting in a tax increase for residents in some jurisdictions.
- (+) Baldwin County residents will have the opportunity to vote on Local Amendment Number Three, which would allow qualified taxpayers to claim on a senior discount on their ad valorem taxes.
- (-) Elmore County residents will vote on whether to double the county fee on residences and businesses for fire and emergency services.
- (-) Sumter County residents will decide whether to levy an additional 15.0 mill ad valorem tax for educational purposes.



ALASKA

- (-) Ballot Measure #2 would create a new tax on resources of natural gas, a commodity of great economic importance to the state.



ARIZONA

- (+) Proposition 101, the “Taxpayer Protection Act,” would strengthen the State Constitution’s requirement of voter approval for any local property tax increase of more than 2 percent over existing levies. The proposal would reset levies to their 2005 amounts so as to prevent local governments from “storing” excess taxing capacity that they could someday inflict on taxpayers without obtaining advance consent.
- (-) Proposition 104 would expand the purposes for which municipal governments could incur debts of up to 20 percent of the taxable value of property within their boundaries. The newly-designated categories, such as transportation and emergency services, could receive more debt financing than current constitutional law permits. However, voter approval requirements for such bond issues would remain in effect.
- (-) Proposition 201 would raise the state cigarette tax by \$0.02 to \$1.20 per pack.
- (-) Proposition 202 would create a new state-mandated minimum wage of \$6.75 per hour, which would rise annually at the rate of inflation.
- (-) Proposition 203 would raise the state cigarette tax by \$0.80 (to \$1.98 per pack) and increase other tobacco levies for various early childhood programs.
- (+) Proposition 207 would ban the use of eminent domain for economic development purposes (i.e., fattening revenue coffers), and forbid governments from downgrading private property without just compensation.
- (-) Proposition 302 would increase State Legislators’ salaries to \$36,000 per year from the current \$24,000 level.



ARKANSAS

- (-) Referred Question 1 would issue up to \$250 million in taxpayer-financed bonds for technology and facility-upgrade projects at state institutions of higher education.



CALIFORNIA

- (-) Propositions 1B through 1E would issue a total of nearly \$37.3 billion in new debt authority to the state for various purposes, including highways, schools, homeless shelters, and flood-control projects. Opponents of these measures argue that the state can’t afford such a large borrowing spree.
- (-) Proposition 84 would authorize \$5.4 billion in bonds to pay for water safety and control projects, but repayment of the bond plus interest is expected to cost California taxpayers \$10.5 billion over 30 years.
- (-) Proposition 86 would raise California’s excise tax on cigarettes to \$3.47 per pack, easily the highest state-level amount in the nation.
- (-) Proposition 87 would levy a tax on California oil producers that would raise up to \$4 billion for a new bureaucracy that would dole out funds for research and development of alternative energy sources. A coalition of most major state and local taxpayer groups in California opposes the measure, one reason being that despite assurances from Prop. 87 advocates, consumers will pay higher prices at the gas pump.
- (-) Proposition 88 would create a new \$50 tax on nearly every parcel of real property in California in order to boost education expenditures. The Howard Jarvis Taxpayers Association has urged a no vote on this proposal, because it would make an unprecedented end-run around the property-tax limits set by Proposition 13.
- (-) Proposition 89 would establish a publicly-funded campaign finance system to be underwritten by a 0.2 percentage-point increase in the state corporate and financial institution tax rate. A recent Tax Foundation analysis determined that California already has the 12th-highest business tax among the 50 states, and the highest such tax in the Western U.S.
- (+) Proposition 90 would outlaw state or local eminent domain actions that transfer property from one private owner to another. Private property taken for public use (e.g., schools and roads) would be subject to new compensation requirements to the original owners.
- (-) Residents of the City of San Bernardino will vote on Measure Z, which would impose a \$0.25 transaction and use tax on the sale of goods and the storage/use of personal property in the city.



COLORADO

- (+) Amendment 38, endorsed by legendary tax-fighter Douglas Bruce, would clarify and strengthen the rights of citizens to propose ballot measures, and would bar governments from using tax dollars for blatant electioneering.
- (+) Amendment 39 and Referendum J (a statute) would each require that school districts spend at least 65 percent of their operating moneys on instruction in the classroom (as opposed to more bureaucracy). Supporters of this approach believe that concentrating education funds on activities that directly impact children will mean better results and diminish the justification for bloated school budgets. The two measures, which differ in other respects, need not pass together for either of them to take effect.
- (+) Amendment 40 would institute limits of three terms (up to ten years) on Appellate Judges and would reduce the terms of Supreme Court Justices from ten years to four years (thus requiring them to stand for retention before the voters more often).
- (+) Amendment 41 would impose new ethics rules on public officials; those elected to statewide positions or to the General Assembly would be banned from lobbying for two years after they retire from the government.

(-) Amendment 42 would hike Colorado’s minimum wage to \$6.85 per hour, adjusted each year for inflation.

(+) Referendum E would extend a property tax exemption for totally-disabled veterans.

(-) Referendum F would weaken the state’s provisions for recall of officeholders by giving public officials more leeway to determine procedures such as petition appeal deadlines and election schedules.



FLORIDA

(+) Constitutional Amendment 1 would make several modest revisions to the state’s budget process, including a restriction on the use of “non-recurring” general revenue and the creation of a new Government Efficiency Task Force.

(-) Constitutional Amendment 3 would require that any proposed amendment to or revision of the State Constitution must be approved by at least 60 percent of the voters of the state voting on the measure, rather than by a simple majority. Many pro-taxpayer causes have been advanced by the initiative process, and raising the threshold for passage would further consolidate political power in the hands of the Legislature.

(+) Constitutional Amendments 6 and 7 would, respectively, double the existing property-tax homestead exemption for low-income seniors and create a new one for permanently disabled veterans.

(+) Constitutional Amendment 8 would forbid eminent domain actions that transfer private property to another individual or non-government entity, unless 3/5 of the Legislature votes for an exception.



GEORGIA

(+) Constitutional Amendment 1 would prohibit the exercise of eminent domain powers for redevelopment without specific approval by the elected government body of the locality proposing to do so. The measure would limit the purpose of such redevelopment to “elimination of harm” (rather than, for example, the prospect of more revenue).



HAWAII

(-) Constitutional Question No. 5 would allow the state to issue special purpose revenue bonds and to use the proceeds to help agricultural enterprises.



IDAHO

(-) Proposition 1 would raise the state’s retail sales tax by 20 percent (from 5 cents to 6 cents on every dollar spent) to put more public money toward education.

(+) Proposition 2, authored by National Taxpayers Conference attendee Laird Maxwell, would dramatically curtail the ability of state and local governments to seize private property for the goal of economic development/higher revenues.



LOUISIANA

(+) Constitutional Amendments 1, 3, and 5 would provide special property tax exemptions for disabled veterans, medical equipment leased by certain health care providers, and consigned art.

(-) Constitutional Amendment 2 would increase the severance tax collected on some natural resources.

(+) Constitutional Amendment 4 would revoke the authority of municipalities to impose property taxes on motor vehicles.



MAINE

(+) Question 1, otherwise known as the Taxpayer Bill of Rights, would limit increases in state and local government spending to the rate of inflation plus population growth and require voter approval for all tax and fee increases.



MICHIGAN

(+) The Save Our Homes Amendment (Proposal 06-4) would proscribe government eminent domain seizures that aren’t justified by clear purposes of general public benefit.

(-) Proposal 06-5 would increase current K-16 education funding by \$565 million and guarantee a minimum funding level for elementary and secondary schools as well as higher education institutions; the spending “floor” would grow higher every year as inflation rises.



MINNESOTA

(-) Constitutional Amendment 1 would dedicate revenue from the motor vehicle sales tax to spending for public transit assistance (at least 40 percent) and highway purposes (not more than 60 percent). While taxpayers often support efforts to dedicate revenue (especially if a clear link can be established between the amount of tax paid and amount of service provided), this amendment is written in such a way that gives a disproportionate amount of funds to public transportation while leaving highway funds vulnerable to being taken for other spending projects.



MISSOURI

(-) Constitutional Amendment 3 would impose an 80 cent-per-pack cigarette tax on top of the current 17-cent rate, and triple other tobacco taxes.

(+) Constitutional Amendment 7 would require various legislative, executive, and judicial officeholders to forfeit their state (taxpayer)-funded pensions if they’re convicted of a felony or removed after an impeachment proceeding. Annual compensation for these elected and appointed posts would be determined by a citizen commission whose recommendations would be submitted to public referendum.

(-) Proposition B would boost the state minimum wage to \$6.50 per hour and permit it to grow with changes in the Consumer Price Index.



MONTANA

(+) Constitutional Initiative 97 would cap biennial budget increases to the combined factors of inflation and population growth. State trust fund and other programs would be exempt from the new strictures, while a sound budget reserve would provide a cushion for future shortfalls.

(+) Constitutional Initiative 98 would expand the right of recall for state judges and justices, by allowing citizens to initiate a recall petition for any reason, not only those set out under current law.

(-) Initiative 151 would base the state's minimum wage at \$6.15 per hour or the federally-mandated level, whichever is higher. A cost of living adjustment to the new wage would apply.

(+) Initiative 153 would forbid most high-level state officials from becoming licensed lobbyists for a two-year period after they leave the government.

(+) Initiative 154 would obligate state government and localities to waive any new regulation that depresses property values unless they compensate owners accordingly. With the exception of certain utility, water, transportation, and mining projects deemed to have a public use, governments could not take private property with the intent of giving it over to another person or private entity.



NEBRASKA

(+) Initiative Measure 423, the Stop OverSpending amendment, would hold annual state outlays to an inflation-plus-population growth formula unless a 2/3 legislative supermajority and a simple voter majority agree to a higher amount.



NEVADA

(+) Question 1 would stipulate that the Legislature decide on funds for K-12 education before any other portion of state government. Supporters contend that this will prevent lawmakers from using the state's constitutional education spending mandate as an excuse for tax hikes. (Ed. Note: This question was approved in 2004, and will become part of the State Constitution if it passes again this year).

(+) Question 2, or the Property Owner's Bill of Rights Amendment, requires the state as well as localities to justify the "public use" of any property taken under eminent domain; seizures for purposes of economic gain do not qualify. (Ed. Note: If approved, this question will be voted on again in 2008).

(-) Question 6 would set the state minimum wage at \$6.15 per hour (\$1 less if the employer provides health benefits). Periodic adjustments to reflect inflation or rises in the federal minimum wage would be made, in either case not to exceed 3 percent in a given year. (Ed. Note: This question was approved in 2004, and will become part of the State Constitution if it passes again this year).

(-) Question 11 would allow state lawmakers to receive pay and perks for every day the Legislature is in session, not just for 60 days as presently furnished under the law.



NEW HAMPSHIRE

(+) Question 1 would disallow the direct or indirect taking of private property through eminent domain for reasons of private development or use.



NEW JERSEY

(+) Public Question No.1 would allow voters to dedicate half of the recent 1.0 percentage-point sales tax increase to property tax relief. A special Property Tax Reform Account would be established within the Property Tax Relief Fund.

(-) Public Question No. 2 would expand the proportion of corporation business tax revenue that is used for recreation and conservation purposes. This could lead to a decrease of revenue spent on other constitutionally-dedicated sources, or precipitate a future tax increase to cover all demands for revenue.



NEW MEXICO

(-) Constitutional Amendment No. 2 would allow the state and school districts to enter into lease-purchase agreements (which are currently considered debts) without having to obtain voter approval or having sufficient sources of revenue to pay off the loans in a 50-year time period.

(-) Constitutional Amendment No. 3 would create a "water trust fund" with a mandate for annual distributions to support spending projects related to water usage.

(-) Constitutional Amendment No. 4 would expand the existing exemption from the State Constitution's anti-donation clause so that localities could use taxpayer-provided revenue for affordable housing infrastructure, such as financing or building conversion costs.



NORTH DAKOTA

(+) Initiated Constitutional Measure No. 2 would provide that the taking of private property for public use or purpose does not include public economic development benefits and that private property could not be taken for private benefit unless necessary for conducting a common carrier or utility business.



OHIO

(-) State Issue 2, or the "Fair Minimum Wage Amendment," would increase the state's minimum wage to \$6.85, beginning on January 1, 2007, and tie the wage to annual inflationary changes.



OKLAHOMA

(+) State Question 724 would deny state pay to Legislators who are found guilty of a crime, and that they must return state pay while serving time in jail or prison.

(-) State Question 725 would allow the state's Constitutional Reserve Fund to be tapped for aid to "at-risk manufacturers."

(+) State Question 734 would create a "freepport" exemption from property taxes for goods that are shipped into the state but do not remain in state for more than 90 days.



OREGON

(+) Measure 39 would enjoin any public entity in Oregon from using eminent domain to condemn privately-held land or buildings when the action will simply transfer the property to another private party.

(+) Measure 41 would permit taxpayers to take a deduction against state income tax equal to the size of the federal personal exemption (\$3,100 per person) if doing so will result in a lower tax liability than what the Oregon personal credit presently offers.

(+) Measure 45 would limit State Representatives to six years of service, State Senators to eight years, for a maximum of fourteen years as legislators. (*Ed. Note: This proposal won approval in 1992, but was struck down by the State Supreme Court in 2002.*)

(+) Measure 48, the Rainy Day Amendment, would institute a new cap on state spending hikes (the biennial percentage increase in inflation and population, as opposed to the current law-level of 8 percent of projected personal income in Oregon). The lid could be lifted by a 2/3 vote of the Legislature and a majority of the electorate.



RHODE ISLAND

(+) State Question 3 would further strengthen the “rainy day” fund by ensuring future appropriations do not exceed 98 percent of projected revenues for a fiscal year.

(-) State Questions 4-9 ask voters to approve over \$225 million (7 percent of the budget) in tax-financed debt for projects like the Roger Williams Zoo and Fort Adams State Park.



SOUTH CAROLINA

(+) Constitutional Amendment 4 would restrict property tax increases on an individual parcel to no more than 15 percent over a five-year period, after taking account for improvements, changes of ownership, or declines in value of the given piece of property.

(+) Constitutional Amendment 5 would only enable governments within the state to condemn or take private property for a public use; economic development in itself is not among “public uses.”



SOUTH DAKOTA

(+) Constitutional Amendment D would roll back property values for taxable purposes to their 2003 amounts, after which the “acquisition value” (the price when sold) would primarily determine the future base assessment. Either way, increases in the assessment would be limited to 3 percent annually (tax rates would not be capped).

(-) Constitutional Amendment F would lift legislators’ expense limitations and give elected officials greater ability to curtail the state’s open meeting law.

(-) Initiated Measure 2 would boost the state cigarette tax by \$1, to \$1.53 per pack. The tax on other tobacco products would go up by even higher percentages.

(+) Initiated Measure 5 would ban elected officials from using state-owned aircraft for personal or politically-related travel.

(+) Initiated Measure 8 would do away with the 4 percent gross receipts tax on wireless phone services, which is passed along to consumers. Advocates of the proposal point out that South Dakota has one of the nation’s highest combined tax and fee burdens on wireless phones.



TENNESSEE

(+) Constitutional Amendment #2 would permit the Legislature to authorize property tax exemptions for homeowners aged 65 and above.

(+) Nashville/Davidson County residents will be able to decide on a proposed charter amendment that would require voter approval for property tax rate increases.



UTAH

(+) Constitutional Amendment Number One would permit the Legislature to create a tax exemption for personal property that generates an inconsequential amount of revenue.

(-) Residents of Salt Lake County and Utah County will decide on a ballot question that would hike the already-high sales tax by a quarter-cent for transportation spending projects. Salt Lake County currently adds a dedicated 0.50 percent to the existing sales tax for mass transportation projects. If approved, the Salt Lake County sales tax would total 6.25 percent, and the Utah County sales tax would move up to 6.85 percent.



WASHINGTON

(+) Initiative Measure 920 would abolish the state’s punitive, homegrown death tax.

(+) Initiative Measure 933 would direct governments to evaluate the impact and alternatives to additional private property regulations, and to compensate property owners for edicts that cause economic harm.

(-) Initiative Measure 937 would levy state penalties on electric utility companies that fail to meet mandatory targets for conservation and renewable energy usage. As in other states with renewable standards, this measure could have a negative impact on consumers.

(+) The Washington Legislature has proposed a Constitutional Amendment that would increase the exemption from personal property taxes from \$3,000 to \$15,000.



WYOMING

(-) Constitutional Amendment B would delete the current cap on the amount of property tax revenue that could be redistributed to poorer school districts, so as to comply with a state court ruling. This measure would lessen the chance for property tax rebates or other forms of relief that could otherwise be enacted.

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