

BALLOTWATCH

Important Facts

- 41 tax and bond measures, down from 2002
- Most money (bond): \$3 billion for stem cell research (Cal. Prop. 71)
- Most money (tax): 1% sales tax increase for education (Wash. I-884)
- 21 bond measures nationwide worth \$4.9 billion

FOCUS ON TAXES AND BONDS

Taxes and bonds are the most popular topic for ballot propositions historically. This November, 41 such measures are on the ballot nationwide in 18 states. The number of measures is down by about a third since 2002. "Most states have emerged from the fiscal crises of two years ago and their legislatures are no longer turning to the voters for new revenue," observes IRI President John Matsusaka. About half of the tax measures would increase revenue and half would reduce revenue or limit the amount of revenue that can be raised.

Most Money

Several measures involve very large amounts of money: Leading the way is **California's Prop. 71**, an initiative that would authorize a \$3 billion bond issue for stem cell research. The measure is leading 46% to 36% in an early October Field Poll. Supporters are heavily outspending the measure's opponents. **Washington's I-884**, an initiative promoted by education interests, would raise the state sales tax by 1%—making it the highest in the nation—and dedicate the funds to education. The measure is expected to raise about \$1 billion per year. It leads with 52% in favor in late September polls.



Tobacco Taxes

Sin taxes continue to be popular. Voters in four states (Alabama, Colorado, Montana, Oklahoma) will decide whether to increase tobacco taxes. The Colorado and Montana measures are initiatives, and the money is dedicated to health services.

Property Taxes

Nine property tax measures are on the ballot. Most of them make modest adjustments to exemptions. For example, legislative measures in New Mexico and Oklahoma would provide exemptions for veterans. Perhaps the most controversial measure is Maine's Initiative 1 that would cap property taxes at 1% of assessed value.

Other measures

Only one measure concerns income taxes, California's Prop. 63 that would impose a 1% surtax on millionaires with the revenue dedicated to mental health services (ahead 57%-31% in an October Field Poll, down slightly since August). California's Prop. 67 would add a 3% surcharge on telephone services (trailing with only 37% in favor in an October Field Poll), with the proceeds dedicated to medical services. South Dakota's Ballot Question 1 would exempt food from the sales tax.

Bonds

There are 21 separate bond issues in six states (see table) with a total value of \$4.9 billion, down from 29 in 2002. The largest is California's

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TAXES AND BONDS (CONTINUED)

Prop. 71 (\$3 billion). Other expensive measures are California's Prop. 61, an initiative that would authorize \$750 million for children's hospitals (leading 46%-35% in an October Field Poll, down slightly since August), Arkansas's Amendment 2 that would authorize \$500 million for infrastructure projects that promote economic development, and Utah's Initiative 1, an initiative that would authorize \$150 million for a

variety of conservation projects. The Utah Open Space Initiative would be financed by a 0.05 cent sales tax increase. Polls on Initiative 1 are inconsistent, one showing the measure trailing 31%-33% and another with the measures ahead 65%-28%. Rhode Island voters will face 12 separate bond issues worth a total of \$392 million, many of them targeted to specific projects at the University of Rhode Island.

This report is based on information available October 14, 2004. Updates and other reports are available on the IRI web site: www.iandrinstitute.org. Contact: John G. Matsusaka, president of IRI and professor of business and law at the University of Southern California, (213) 740-6495, email: matsusak@usc.edu.

Total value of bonds nationwide: \$4.9 billion

Bond Measures			
State	Measure	\$ Millions	Purpose
AR	Amend. 2	500	Economic development
CA	Prop. 61	750	Children's hospitals
CA	Prop. 71	3,000	Stem cell research
NM	Issue A	6	Senior facilities
NM	Issue B	94.6	Higher education
NM	Issue C	16.3	Libraries
NM	Issue C	5	Kindergarten classrooms
RI	Question 3	66.5	Highways and roads
RI	Question 4	15	Career and technical schools
RI	Question 5	50	Residence halls
RI	Question 6	12.3	Cranston Street Armory
RI	Question 7	10	Local water systems
RI	Question 8	70	Water pollution control
RI	Question 9	14	University library
RI	Question 10	6.7	University athletic center
RI	Question 11	3	Historic sites
RI	Question 12	46.5	Renovation of state buildings
RI	Question 13	50	University science center
RI	Question 14	48	Quonset Point industrial park
UT	Measure 1	150	Conservation
WV	Measure 1	8	Veterans