Date Printed: 06/16/2009

JTS Box Number:	IFES_75
Tab Number:	62
Document Title:	California Voters Pamphlet - Primary Election
Document Date:	1976
Document Country:	United States -- California
Document Language:	English
IFES ID:	CE02090

1A4AB5A5-DA0D-45F0-890E-EB6D07EC136F

California Voters Pamphlet

June 8, 1976 Primary Election

Compiled by March Fong Eu
Secretary of State
Analyses by A. Alan Post
Legislative Analyst

NOTICE:

A Spanish translation of this entire ballot pamphlet has been prepared and is available free upon request. You may obtain a translated pamphlet by returning the postage-paid card enclosed between pages 24 and 25. PRINT your name and address on the card, and mail it no later than *May 27, 1976.* After that date, contact your County Clerk or Registrar of Voters to secure a translated copy.

AVISO:

Existe una traducción de este folleto de balota que se proporciona al ser solicitada. Habrá de recibir el folleto de balota traducido si envía por correo la tarjeta prepagada adjunta entre las páginas 24 y 25. Favor de escribir su nombre y dirección con letra de molde en dicha tarjeta y mandarla por correo a más tardar el día *27 de mayo, 1976.* Al término de esa fecha, comuníquese con el Secretario del Condado o el Registrante de Votantes para conseguir un ejemplar traducido.

Enclosure 2

Secretary of State

SACRAMENTO 95814

Dear Californians:

This is the English version of the California ballot pamphlet for the June 8, 1976, Primary Election. It contains the ballot title, short summary, legislative vote cast for and against any measure proposed by the Legislature, the Legislative Analyst's analysis and fiscal effect prediction, pro and con arguments and rebuttals, and the complete texts of each of the measures.

You will note a Spanish-language caption on the front cover of this pamphlet. This caption and the Spanish-language postcard attached between pages 24 and 25 are the state's method of complying with the 1975 amendments to the Federal Voting Rights Act. These amendments provide for minority-language elections materials in those counties where a single-language minority comprises five percent of the total population within that county.

I urge you to take the time to carefully read each of the measures and accompanying information so that you will understand what your "yes" or "no" vote means when you exercise your right to vote on June 8.

Legislative propositions and citizen-sponsored initiatives are designed specifically to give the electorate the opportunity to influence the laws which regulate us. I encourage all of you to take advantage of this opportunity.

March Fong Eu

Secretary of State

SACRAMENTO 95814

Estimados californianos:

Esta es la versión inglesa del folleto de balota de California para la Elección Primaria que se celebrará el día 8 de junio de 1976. Contiene el título de balota, un resumen breve, la votación legislativa en favor o en contra de determinada medida propuesta por el cuerpo legislativo, el análisis del analista legislativo y el efecto fiscal conjeturado, los razonamientos en favor y en contra y sus réplicas, y el texto íntegro de cada medida.

Ud. notará una anotación en español en la portada de este folleto. Esta anotación y la tarjeta postal impresa en español adjunta las páginas 24 y 25 representan el cumplimiento de las enmiendas al Decreto Ley Federal del Derecho de Votar que se llevaron a cabo en 1975. Estas enmiendas estipulan la formulación de materiales para las elecciones en lenguas minoritarias en aquellos condados donde una lengua minoritaria represente el 5% del pueblo del condado.

Insto a Ud. a que lea cuidadosamente cada una de las medidas, así como la información que las acompaña, para que llegue a entender cuál será el efecto de su voto positivo o negativo al ejercer el derecho de votar en el día 8 de junio.

Las proposiciones legislativas y las iniciativas patrocinadas por grupos de ciudadanos tienen la meta específica de darles a los electores la oportunidad de ejercer cierta influencia en las leyes que nos rigen. Insto a todos a que aprovechen esta oportunidad.

March Fong Eu

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Provides for a bond issue of two hundred million dollars ($200,000,000) to provide capital outlay for construction or improvement of public schools.	NO	

FINAL VOTE CAST BY LEGISLATURE ON AB 32 (PROPOSITION 1):
ASSEMBLY—Ayes, 66 Noes, 2 SENATE—Ayes, 27 Noes, 11

Analysis by Legislative Analyst

PROPOSAL:

Background. For the past 24 years the State of California has helped local school districts finance their building needs by selling state general obligation bonds. Both the state and the local school districts share in the repayment of these bonds. Since this program began about $2.4 billion in such bonds has been authorized.

Previous bond issues have been sold under the 1952 School Building Aid Law which authorized two major aid programs: (1) state aid for school districts experiencing high enrollment growth, and (2) state aid for those school districts that must repair or replace structurally unsafe buildings or buildings recently damaged by an earthquake.

Proposal. This proposition would finance a new major state school building aid program (authorized by Chapter 1009, Statutes of 1975) under which the state would enter into lease-purchase agreements with participating school districts.

Under this proposal, the state would be authorized to sell and administer $200 million in general obligation bonds to aid school districts for (1) building new school facilities in high growth attendance areas, and (2) reconstructing, remodeling or replacing educationally inadequate school buildings over 30 years old.

This new program is basically similar to the existing state school building aid growth program with the following major exceptions:

(1) School districts would enter into a lease-purchase agreement with the state rather than receive a direct construction loan from the state. The state would pay for the construction or replacement of school buildings and lease them to applicant school districts. Districts would own the buildings at the end of the lease period.

(2) Districts would be required to obtain a simple majority approval of local voters to enter the lease-purchase arrangement rather than a ⅔ voter approval to qualify for state aid.

(3) Local districts would be required to repay the full cost of the general obligation bonds (principal and interest) under the lease rather than sharing the cost of repayment with the state.

FISCAL EFFECT:

Interest rates vary depending on the bond market when the bonds are actually sold. Assuming an interest rate of six percent and a 20 year repayment period, the total interest cost of the $200 million general obligation bonds would be approximately $126 million for a total principal and interest cost of $326 million ($200 million in bonds + $126 million in interest = $326 million).

The state cost of this program will be limited almost entirely to the administration of the lease-purchase program. Approximately $1 million in bond funds will be used for such administration. This cost, plus $630,000 to repay the compound interest on the $1 million, would result in a total state cost of $1,630,000 over 20 years.

The remaining $324,370,000 in principal and interest costs is fully repayable by the participating school districts. The actual effect on individual participating school districts will vary with the construction, replacement and remodeling needs of the district.

A summary of these costs follows:

Cost Factors	*State of California*	*Local Schools*	*Total*
State Administration	$1,630,000	—	$1,630,000
Local Building Program	—	$324,370,000	324,370,000
Total	$1,630,000	$324,370,000	$326,000,000

This law proposed by Assembly Bill No. 32 (Statutes of 1975, Chapter 1007) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not amend any existing law. Therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 7 (commencing with Section 19301) is added to Division 14 of the Education Code, to read:

CHAPTER 7. STATE SCHOOL BUILDING LEASE-PURCHASE BOND LAW OF 1976

19301. This act may be cited as the State School Building Lease-Purchase Bond Law of 1976.

19302. The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.

19303. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 19510.

(b) "Board" means the State Allocation Board.

(c) "Fund" means the State School Building Lease-Purchase Fund.

19304. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Lease-Purchase Law of 1976, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of two hundred million dollars ($200,000,000) in the manner provided herein, but not in excess thereof.

19305. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

19306. All money deposited in the fund under Section 19373 of this code and pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 19305. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.

19307. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 19308, which sum is appropriated without regard to fiscal years.

19308. For the purposes of carrying out the provisions of this chapter the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

19309. Upon request of the board, supported by a statement of the apportionments made and to be made under Sections 19350 to 19397, inclusive, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. Fifty million dollars ($50,000,000) shall be available for apportionment on July 1, 1976, and seven million dollars ($7,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of two hundred million dollars ($200,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

19310. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, such computation to be made on a 360-day-year basis.

19311. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

19312. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 19305 to pay principal and interest on bonds.

19313. With respect to the proceeds of bonds authorized by this chapter, all the provisions of Sections 19350 to 19397, inclusive, shall apply.

19314. Out of the first money realized from the sale of bonds under this act, there shall be repaid any moneys advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act.

1 The State School Building Lease-Purchase Bond Law of 1976

Argument in Favor of Proposition 1

Proposition 1 deserves your "yes" vote. It will decrease the cost of financing school construction. It will provide a less complicated and less costly way for school districts to finance new construction. It will permit districts to modernize or replace dilapidated school buildings that are more than 30 years old.

There will be no cost to the State. No State tax dollars are involved. No project will be built without a favorable vote of the school district voters. School districts would enter lease-purchase agreements with the State provided they first obtain a favorable vote from a simple majority of the district's voters. (Presently, school districts can enter lease-purchase agreements through a more costly complex nonprofit corporation arrangement by the same simple majority vote.) Under Proposition 1 the State would lease the rehabilitated or newly constructed school facility to the district for a period not to exceed 30 years, during which the district would have fully repaid the State the money borrowed from the proposed $200 million bond issue. The savings available through this measure lie in the use of the State's guarantee of the bonds as opposed to the local district's guarantee of its bonds. A recent school district bond issue of $35 million was sold at an interest rate of 7.22%. The State's interest rate at the same time was 5.6%. Had this proposal been available, the district could have obtained exactly the same facilities following the identical vote and construction cost, but at a savings of approximately $10 million to the local taxpayers because of the lower interest rate. A more recent State bond sale at 5.2% would have offered a still greater savings.

Proposition 1 simplifies and reduces the cost of lease-purchase agreements and guarantees 100% repayment for the facilities constructed.

School construction plans are developed by local districts under Proposition 1 exactly as they are presently developed. As with all State-aided school projects, cost allowances and square foot area allowances are approved by the State Allocation Board which administers the program. Districts are encouraged, under this program, to rehabilitate existing facilities rather than replace them. Districts are also encouraged to design a portion of their facilities as relocatable structures to be moved within the district as the school population demands. This program uniquely encourages districts to seek other than conventional, nonreplenishable energy sources for heating, cooling and lighting.

Proposition 1 deserves your favorable vote. It will use the State's credit to reduce the local district's cost of borrowing money. It will continue all existing safeguards. Proposition 1 will guarantee local taxpayers the opportunity to vote on any proposed local school project under this act and guarantee the lowest possible cost to the local people who must pay for it.

WILSON RILES
California State Superintendent of Public Instruction

JOHN A. SUTRO
Attorney and Civic Leader

LEROY F. GREENE
Member of the Assembly, 6th District
Chairman, Assembly Education Committee

Rebuttal to Argument in Favor of Proposition 1

The primary fault with Proposition 1 is that it will allow approval of school construction projects by a simple majority vote, not the two-thirds currently required in most cases. Thus, instead of exploring ways to use existing facilities more effectively, school districts may be encouraged to enter into costly construction projects.

What this lease-purchase concept really does, then, is allow local school districts to circumvent the two-thirds vote requirement for building projects.

Also with the state as a guarantor of loans, what would happen if a school district overextends? The state would then be stuck for the loan.

The lessons of New York City are fresh enough in our minds so that taxpayers should avoid making it easier for government entities to go deeper into debt.

Vote NO on Proposition 1.

H. L. RICHARDSON
Member of the Senate, 19th District

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

The State School Building Lease-Purchase Bond Law of 1976 1

Argument Against Proposition 1

There are several reasons to vote "NO" on this $324.7 million school bond proposition, but two of them stand out above the rest:

1. A simple majority vote of school district voters would be required to qualify, instead of the current two-thirds majority.

2. Easing of bonding requirements would encourage school districts to go into deeper debt, and taxpayers statewide would be on the hook should any of them be unable to fulfill their obligations.

The lessons of New York should be very clear. Government bonds are no insurance of solvency, especially when fiscal prudence is not practiced.

Everything in this proposition is designed to make it easier for school district taxpayers to get deeper into debt.

The debt limits are increased, districts need not be bonded to capacity to qualify, growth qualifications can be based on attendance areas within a district instead of the entire district, and so on.

The California Legislative Analyst's office estimates the potential cost of this program at $324.7 million to local school districts over 20 years, and this does not count hundreds of thousands of dollars in administrative costs. Increased administrative cost really means added bureaucracy.

It is claimed that there will be a savings of tax dollars, because the construction money really would be provided through state bonds, which have a lower interest rate than district bonds—as long as the state remains solvent.

This is like saying you saved money by buying something on sale. You may not have bought it at all had you not gone shopping in the first place.

This is no time for any government agency to get itself deeper into debt without the most careful consideration. Local taxpayers should have to be totally convinced that such indebtedness is absolutely necessary. This kind of protection is erased with removal of the two-thirds vote requirement for approval.

Fiscal responsibility requires that a "NO" vote be cast on Proposition 1.

H. L. RICHARDSON
Member of the Senate, 19th District

Rebuttal to Argument Against Proposition 1

The opposition disregards present law, which already allows simple majority votes for lease-purchase bonds as well as many other kinds of local school financing. Proposition 1 does nothing to "ease" voting or bonding requirements.

The State is assured repayment by participating school districts, for the State repays itself out of a district's established Average Daily Attendance fund allowances.

Far from encouraging local indebtedness, Proposition 1 enables school districts to obtain a much lower rate of interest than they can get with their own bond issues. Proposition 1 substitutes the power of the State's credit for weaker local credit. Last summer State bonds sold at 5.6% when local school district lease-purchase bonds sold at 7.22%. Recent State bonds sold at 5.2%. The State's solvency is reflected in its superb credit rating, which Proposition 1's protections will preserve.

Further, this measure reduces construction costs through strict cost-per-square-foot and area-per-student limits. It relieves districts of hundreds of thousands of dollars in administration costs. The State's Allocation Board, with no increase in personnel, will service this program as it does all state-aided programs, relieving local districts of costly paperwork burdens.

Such fiscally responsible organizations as the California State Chamber of Commerce endorse Proposition 1 because it is a prudent measure and leaves participation up to the voters of each school district. A "Yes" vote will result in great local savings in the costs of necessary school repairs and replacement.

WILSON RILES
California State Superintendent of Public Instruction

JOHN A. SUTRO
Attorney and Civic Leader

LEROY F. GREENE, *Member of the Assembly, 6th District*
Chairman, Assembly Education Committee

2 VETERANS BOND ACT OF 1976

Ballot Title

FOR THE VETERANS BOND ACT OF 1976

This act provides for a bond issue of five hundred million dollars ($500,000,000) to provide farm and home aid for California veterans.

AGAINST THE VETERANS BOND ACT OF 1976

This act provides for a bond issue of five hundred million dollars ($500,000,000) to provide farm and home aid for California veterans.

FINAL VOTE CAST BY LEGISLATURE ON AB 1782 (PROPOSITION 2):

ASSEMBLY—Ayes, 69 Noes, 0

SENATE—Ayes, 27 Noes, 1

Analysis by Legislative Analyst

PROPOSAL:

For the past 54 years, the state has sold general obligation bonds to permit the state Department of Veterans Affairs to purchase farms and homes on behalf of veterans. The farms and homes are then resold, on contract, to qualified California veterans who make monthly loan payments with low interest rates to the Department of Veterans Affairs. The monthly payments are to (1) repay the department for its costs of purchasing the farm or home, (2) cover all costs of the bonds, including the bond interest, and (3) pay all costs for operating the loan program.

This proposition, the Veterans Bond Act of 1976, would authorize the issuance and sale of an additional $500 million state general obligation bonds to continue the farm and home loan program.

FISCAL EFFECT:

The last $75 million in authorized veterans bonds were sold on April 2, 1975. The average interest rate on that sale was 5.9847 percent and the total interest cost over the life of those bonds will be about $62.8 million. Based on an average interest rate of 6 percent, the total interest cost over the life of this proposed issue of $500 million will be $315 million, for a total bond cost of $815 million, excluding administrative costs.

Because the state has always guaranteed payment of general obligation bonds, if for any reason the payments for the veterans participating in the farm and home loan program do not cover the costs of the bonds, the state's taxpayers would be required to pay the difference. However, throughout its 54-year history, the program has been totally supported by the participating veterans at no cost to the general taxpayer.

Study the Issues Carefully

This law proposed by Assembly Bill No. 1782 (Statutes of 1975, Chapter 982) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not amend any existing law. Therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Article 5m (commencing with Section 998.001) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5m. Veterans Bond Act of 1976

998.001. This article may be cited as the Veterans Bond Act of 1976.

998.002. The State General Obligation Bond Law, except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" shall be deemed to refer both to this article and such law.

998.003. As used in this article and for the purposes of this article as used in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code, the following words shall have the following meanings:

(a) "Bond" means veterans bond, a state general obligation bond issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(b) "Committee" means the Veterans' Finance Committee of 1943, created by Section 991.

(c) "Board" means the Department of Veterans Affairs.

(d) "Fund" means the Veterans' Farm and Home Building Fund of 1943 created by Section 988.

(e) "Bond Act" means this article authorizing the issuance of State General Obligation Bonds and adopting Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code by reference.

998.004. For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the provisions of the Veterans' Farm and Home Purchase Act of 1974 and of all acts amendatory thereof and supplemental thereto, the Veterans' Finance Committee of 1943, created by Section 991, shall be and hereby is authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of five hundred million dollars ($500,000,000), in the manner provided herein, but not otherwise, nor in excess thereof.

998.005. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collections of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury, all of the money in the Veterans' Farm and Home Building Fund of 1943, not in excess of the principal of and interest on the said bonds then due and payable, except as hereinafter provided for the prior redemption of said bonds, and, in the event such money so returned on said remittance dates is less than said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of said Veterans' Farm and Home Building Fund of 1943 as soon thereafter as it shall become available, together with interest thereon from such dates of maturity until so returned at the same rate as borne by said bonds, compounded semiannually.

998.006. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this article, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this article, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 998.007, which sum is appropriated without regard to fiscal years.

998.007. For the purposes of carrying out the provisions of this article the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this article. Any amounts withdrawn shall be deposited in the Veterans' Farm and Home Building Fund of 1943. Any moneys made available under this article to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this article, together with interest at the rate of interest fixed in the bonds so sold.

998.008. Upon request of the Department of Veterans Affairs, supported by a statement of the plans and projects of said department with respect thereto, and approved by the Governor, the Veterans' Finance Committee of 1943 shall determine whether or not it is necessary or desirable to issue any bonds authorized under this article in order to carry such plans and projects into execution, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to carry out said plans and projects progressively, and it shall not be necessary that all the bonds herein authorized to be issued shall be sold at any one time.

998.009. So long as any bonds authorized under this article may be outstanding, the Director of Veterans Affairs shall cause to be made at the close of each fiscal year, a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, such survey to be made by an independent public accountant of recognized standing. The results of such surveys and projections shall be set forth in written reports and said independent public accountant shall forward copies of said reports to the Director of Veterans Affairs, the members of the California Veterans Board, and to the members of the Veterans' Finance Committee of 1943. The Division of Farm and Home Purchases shall reimburse said independent public accountant for his services out of any funds which said division may have available on deposit with the Treasurer of the State of California.

998.010. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

998.011. Whenever bonds are sold, out of the first money realized from their sale, there shall be redeposited in the General Obligation Bond Expense Revolving Fund established by Section 16724.5 of the Government Code such sums as have been expended for the purposes specified in Section 16724.5 of the Government Code, which may be used for the same purpose and repaid in the same manner whenever additional sales are made.

2 Veterans Bond Act of 1976

Argument in Favor of Proposition 2

Your vote in favor of this Bond Act will enable the State to continue the Cal-Vet Program which each year provides low-cost home and farm loans to thousands of California veterans in recognition of their devoted wartime service to our country.

Since its inception in 1921, and through 15 previous bond issues, the Cal-Vet Program has been completely self-supporting and has been operated at *no cost* to any taxpayer. Even administrative costs are paid out of interest revenues received from veteran loan holders.

Excellent management and adequate financial reserves have assured total self-sufficiency, even during periods of economic decline. The self-liquidating Cal-Vet Program concept supports the principle of lending a hand, rather than a handout, to our veterans.

Thus far, the Cal-Vet Program has enabled almost 300,000 California veterans to become home and farm owners. Most of these have been veterans of World War I, World War II, and the Korean War. It is now necessary to provide the same benefits to the 800,000 Vietnam veterans residing in California.

In addition, the Cal-Vet Program also offers significant economic and social benefits to the people of California. Expanded home building and home ownership are financed by private investors who purchase the bonds. The real estate, insurance, home supply, and building materials industries all benefit from the increased economic activity generated by the Cal-Vet Program. The result is that thousands of jobs are created and maintained in these industries, and millions of dollars of new purchasing power are developed, stimulating the entire California economy.

For all of these reasons, the Cal-Vet Bond Act deserves your support. Your "YES" vote will insure the continued ability of the State to provide low interest farm and home loans to deserving California veterans, at no cost to the taxpayers.

We urge you to cast your vote in favor of this important measure.

RICHARD ALATORRE
Member of the Assembly, 55th District

JACK SCHRADE
Member of the Senate, 39th District

Rebuttal to Argument in Favor of Proposition 2

The Cal-Vet Program does NOT offer economic or social benefits to the people of California. It does NOT increase economic activity. It does NOT create new jobs or new purchasing power.

Proponents of this measure would have you believe that prosperity can be created out of thin air, through the magic of a government bond issue. In fact, all this measure will do is SHIFT a massive amount of money away from private capital markets for the benefit of a few favored industries. This money would otherwise be used to create jobs and new purchasing power in ALL segments of California's economy, resulting in diversified, healthy economic growth.

Every government bond reduces the money available for private investment and inflates interest rates for every other borrower. The Cal-Vet Program presently owes investors over 1.3 BILLION dollars. If the government program defaults in any way, California taxpayers MUST cover the costs. New York City's recent experience should cause us to look long and hard at ANY increase in government debt.

Rather than artificial stimulants and indirect subsidies, the Libertarian Party believes military personnel, building trades and construction industries should be compensated for services they render, by the mutual consent of every individual involved.

If you support this half-BILLION-dollar-plus bond issue, recognize that you WILL suffer the indirect economic consequences—and that your children could suffer them directly. Vote AGAINST the Veterans Bond Act of 1976.

WILLIAM WESTMILLER
State Chairman, Libertarian Party

RAYMOND CUNNINGHAM, *Lt. Com., USCGR*
State Vice-Chairman, Libertarian Party

EDWARD WOLFORD
State Secretary, Libertarian Party

Argument Against Proposition 2

Your vote AGAINST the Veterans Bond Act of 1976 is *not* a vote against veterans, nor a vote against the construction industry. Your vote against this proposition is a vote in *favor* of economic responsibility, voluntary trade and individual property rights.

The Veterans Bond Act is a social welfare program which benefits a few veterans, workers and businesses—at the expense of every other Californian. Because the costs are not *yet* paid directly through taxes, there seem to be no bad consequences. In fact, *every* government bond issue draws hundreds of millions of dollars away from the private investment market—money which could have produced even greater economic benefits for *all* Californians.

Every government bond is a liability backed by the tax powers of the State. Because of that taxing promise, money that might have created more jobs, better products and lower consumer prices in productive private ventures goes into larger government debts and special benefits. Those who *do* benefit can be counted—but those who *suffer* from the loss of alternative private ventures are never seen. For example, a half billion dollars could create as many as 15-thousand permanent jobs in private business—if it didn't go to government.

It is true that home construction creates some temporary jobs. If that construction is justified by private demand, those jobs would continue to exist through private channels. It is true that loans benefit some veterans (less than one percent). If these loans are sound, they would have been made privately. Your vote against this Act will *not* terminate present Cal-Vet loans.

However, the question of greatest importance is whether it is proper for government to operate a business. The Cal-Vet program is a government loan scheme in direct competition with private loan companies. *If* the State can properly compete with private lenders, then it should be able to compete with *all* private businesses.

The basic reason it should not—the reason for the failures of socialist economies—is that government is an agency of force, not persuasion. Government programs must be rigid, controlled and compulsory rather than open, creative and voluntary. When the law limits government to justified retaliation against true criminals, society can benefit. But, when the law attempts to dictate individual behavior through police coercion, it can only destroy creativity, incentive, production and the multitude of economic benefits derived from individual liberty. A society so dominated by government is a police state headed for destruction.

The Libertarian Party challenges the "something for nothing" myth of government programs and defends the right of every individual to his own life, liberty and property. The Libertarian Party believes government should *end* its competition with business, terminate *all* direct and indirect give-aways and return to the functions intended by the Founding Fathers.

Your vote AGAINST the Veterans Bond Act of 1976 will not fully restore your individual liberty, but it will be a small step toward economic responsibility, voluntary trade and limited government.

WILLIAM WESTMILLER
State Chairman, Libertarian Party

RAYMOND CUNNINGHAM, Lt. Com., USCGR
State Vice-Chairman, Libertarian Party

EDWARD WOLFORD
State Secretary, Libertarian Party

Rebuttal to Argument Against Proposition 2

The opponents' argument against the Veterans Bond Act is a fabric of self-contradiction.

In the name of "economic responsibility" they would kill a program which has been so economically responsible that, without one dime of cost to the taxpayers, it has made possible farm and home purchases by 300,000 California veterans.

The opponents talk about "voluntary trade"; but who asked the veterans about voluntary trade when they were risking their lives in defense of our country? Are we so forgetful and ungrateful that these sacrifices are now to be cast aside for economic sloganism?

In helping deserving veterans to become homeowners, the Veterans Bond Act creates individual property rights, and the respect and appreciation for those rights which only home ownership can bring.

The opponents confess that the Bond Act will aid veterans, the construction industry, and provide jobs. Then in their same argument, they say a vote against this act is not a vote against veterans and the construction industry. This is a direct contradiction.

The use of the word "socialist" by the opponents is misleading. It is no more socialistic to aid veterans to become homeowners than it is to interrupt their lives to defend the nation in time of war.

Punishing the veterans is not a step toward "individual liberty", but a cruel and senseless betrayal of a public obligation to those who risked their lives to preserve our freedom.

Vote "YES" on Veterans Home Purchase Bond Act of 1976.

RICHARD ALATORRE
Member of the Assembly, 55th District

JACK SCHRADE
Member of the Senate, 39th District

3 CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1976

Ballot Title

FOR THE CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1976.

This act provides for a bond issue of one hundred seventy five million dollars ($175,000,000) to provide funds for improvement of domestic water systems to meet minimum drinking water standards.

AGAINST THE CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1976.

This act provides for a bond issue of one hundred seventy five million dollars ($175,000,000) to provide funds for improvement of domestic water systems to meet minimum drinking water standards.

FINAL VOTE CAST BY LEGISLATURE ON AB 121 (PROPOSITION 3):
ASSEMBLY—Ayes, 65 Noes, 0
SENATE—Ayes, 29 Noes, 0

Analysis by Legislative Analyst

PROPOSAL:

For the last 16 years the state has constructed or helped finance local construction of water supply systems and wastewater treatment facilities by selling general obligation bonds. About $2.25 billion in such bonds have been authorized by the state's voters.

This proposition would extend the state's involvement in local water systems by authorizing loans and grants to supply clean water for customary human and household uses. It would authorize the state to sell $175 million in general obligation bonds to help finance the construction, improvement, or rehabilitation of public or private water systems needed to provide clean water to meet health and cleanliness standards established by the State Department of Health. The loans are to be administered by the Department of Water Resources.

Loans and Grants. At least $160 million must be used for loans to water suppliers. No supplier may receive more than $1.5 million unless approved by the Legislature. Up to $15 million in grants can be made to water suppliers which are public agencies, if they are unable to meet minimum drinking water standards without a grant. No one supplier can receive more than $400,000 in grants. The Legislature must authorize the grant program.

The first priority for grants and loans will be given to water suppliers with the worst health problems. Second priority will be for loans to suppliers having the greatest difficulty in obtaining money from other sources.

FISCAL EFFECT:

The total loan costs to water users will amount to about $462,250,000. This includes $160 million for repayment of the loans plus $302,250,000 for interest. These costs plus minor administrative costs will probably be paid by water users through water service fees charged by the suppliers. There should be no state cost for the loans. The repayment of any loans to a private water supplier would be a private cost and not a local government cost.

If the maximum of $15 million is authorized for grants the cost to the state will be $15 million plus $29,750,000 in interest for a total of $44,750,000. The repayment of this money will be the responsibility of the state's General Fund.

Basis for Interest Cost. The above estimates for interest cost assume a 6½ percent interest rate based on current market conditions. The interest cost on the loans also assumes a 50 year repayment period with the possibility that during the first 10 years when the design and construction of the project is occurring, only the interest will be paid.

This law proposed by Assembly Bill No. 121 (Statutes of 1975, Chapter 1008) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not amend any existing law. Therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 10.5 (commencing with Section 13850) is added to Division 7 of the Water Code, to read:

CHAPTER 10.5. CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1976

13850. This chapter shall be known and may be cited as the California Safe Drinking Water Bond Law of 1976.

13851. The Legislature hereby finds and declares that it is necessary for the preservation of the health, safety, and welfare of the people of California that water supplied for domestic purposes be pure, wholesome, and potable and does not endanger the health or lives of human beings and that water is available in adequate quantity at sufficient pressure for health, cleanliness, and other domestic purposes.

13854. The Legislature further finds and declares that a number of domestic water supply systems are inadequate and do not meet minimum bacteriological, chemical, or other basic health standards for domestic water supplies, and that it is in the interest of the people that the State of California provide technical and financial assistance to the end that the people of California are assured a safe, dependable, and potable supply of water for domestic purposes and that water is available in adequate quantity at sufficient pressure for health, cleanliness, and other domestic purposes.

13855. The Legislature further finds and declares that it is the intent of the Legislature to provide for the upgrading of domestic water supply systems to assure that all domestic water supplies at least meet minimum domestic water supply standards established under Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

13856. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter, except that notwithstanding anything in the State General Obligation Bond Law, the bonds authorized hereunder shall bear such rates of interest, or maximum rates, as may from time to time be fixed by the State Treasurer, with the approval of the committee, and the maximum maturity of bonds shall not exceed 50 years from the date of the bonds, or from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.

13857. As used in this chapter, and for purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the Safe Drinking Water Finance Committee, created by Section 13858.

(b) "Department" means the Department of Water Resources.

(c) "Domestic water system" means a system for the provision to the public of piped water for human consumption, if such system has at least 15 service connections or regularly supplies water to at least 25 individuals. Such term includes any water supply, treatment, storage, and distribution facilities under the control of the operator of such system.

(d) "Fund" means the California Safety Drinking Water Fund.

(e) "Supplier" or "supplier of water" means any person, partnership, corporation, association or other entity or political subdivision of the state which owns or operates a domestic water system.

(f) "Federal assistance" means funds available or which may become available to a supplier either directly or through allocation by the state, from the federal government as grants or loans for the improvement of domestic water systems.

(g) "Treatment works" means any devices or systems used in the treatment of water supplies, including necessary lands, which render such supplies pure, wholesome, and potable for domestic purpose.

(h) "Project" means proposed facilities for the construction, improvement, or rehabilitation of the domestic water system, and may include water supply, treatment works, and all or part of a water distribution system, if such inclusions are necessary to carry out the purpose of this chapter.

13858. The Safe Drinking Water Finance Committee is hereby created. The committee shall consist of the Governor, the State Treasurer, the Director of Finance, the Director of Water Resources, and the Director of Health or their designated representatives. A majority of the committee may act for the committee.

13859. There is in the State Treasury the California Safe Drinking Water Fund which fund is hereby created.

13860. The committee is hereby empowered to create a debt or debts, liability or liabilities, of the State of California, in an aggregate amount of one hundred seventy-five million dollars ($175,000,000) in the manner provided in this chapter. Such debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the objects and works specified in Section 13861.

13861. (a) The moneys in the fund are hereby continuously appropriated and shall be used for the purposes set forth in this section.

(b) The department is authorized to enter into contracts with suppliers having authority to construct, operate, and maintain domestic water systems, for loans to such suppliers to aid in the construction of projects which will enable the supplier to meet, at a minimum, safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

(c) Any contract pursuant to this section may include such provisions as may be agreed upon by the parties thereto, and any such contract shall include, in substance, the following provisions:

(1) An estimate of the reasonable cost of the project.

(2) An agreement by the department to loan to the supplier, during the progress of construction or following completion of construction as may be agreed upon by the parties, an amount which equals the portion of construction costs found by the department to be eligible for a state loan.

(3) An agreement by the supplier to repay the state, (i) over a period not to exceed 20 years, (ii) the amount of the loan, (iii) the administrative fee as described in Section 13862, and (iv) interest on the principal, which is the amount of the loan plus the administrative fee.

(4) An agreement by the supplier, (i) to proceed expeditiously with, and complete, the project, (ii) to commence operation of the project upon completion thereof, and to properly operate and maintain the project in accordance with the applicable provisions of law, (iii) to apply for and make reasonable efforts to secure federal assistance for the project, (iv) to secure approval of the department and of the State Department of Health before applying for federal assistance in order to maximize and best utilize the amounts of such assistance available, and (v) to provide for payment of the supplier's share of the cost of the project, if any.

(d) By statute, the Legislature may authorize bond proceeds to be used for a grant program, with grants provided to suppliers that are political subdivisions of the state, if it is determined that such suppliers are otherwise unable to meet minimum safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code. The total amount of grants shall not exceed fifteen million dollars ($15,000,000), and no one supplier may receive more than four hundred thousand dollars ($400,000) in total.

13862. For the purpose of administering the provisions of this chapter, the total expenditures of the department and the State Department of Health may not exceed 3 percent of the bond proceeds deposited in the fund. The department shall establish a reasonable schedule of administrative fees, which fees shall be paid by the supplier pursuant to Section 13861, to reimburse the state for the costs of state administration of this chapter.

13863. As much of the moneys in the fund as may be necessary shall be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

13864. Loans may be made only for projects for domestic water systems. The department may make reasonable allowance for future water-supply needs and may provide for additional capacity when excessive costs would be incurred by later enlargement. Such loans may be made for all or any part of the cost of constructing, improving, or rehabilitating any such system when, in the judgment of the State Department of Health, such improvement or rehabilitation is necessary to provide pure, wholesome, and potable water available in adequate quantity at sufficient pressure for health, cleanliness, and other domestic purposes. No loan to an individual supplier shall be more than one million five hundred thousand dollars ($1,500,000), unless the Legislature by an act raises the limit specified in this section.

13865. First priority for loans shall be given to suppliers with the most critical public health problems. Priority for loans shall also be given to suppliers which have a lesser capability to reasonably finance system improvements.

13866. Repayment of all or part of the principal, which is the loan plus the administrative fee, may be deferred during a development period not exceeding 10 years within the maximum 50-year repayment period, when in the department's judgment such development period is justified under the circumstances. Interest on the principal shall not be deferred. Repayment of principal which is deferred during a development period may, at the option of the supplier, be paid in annual installments during the remainder of the loan repayment period.

13867. The department shall require the payment of interest on each loan that is made pursuant to the provisions of this chapter at a rate equal to the average, as determined by the State Treasurer, of the net interest cost to the state on the sales of general obligation bonds pursuant to the provisions of this chapter. However, when the applicable average of the net interest costs to the state is not a multiple of one-tenth of 1 percent the interest rate shall be at the multiple of one-tenth of 1 percent next above the applicable average of the net interest costs.

13868. The department, after public notice and hearing and with the advice of the State Department of Health, shall adopt rules and regulations necessary to carry out the purposes of this chapter. Such regulations shall include, but not be limited to, criteria and procedures for establishing the eligibility of a supplier and a project for assistance commensurate with the need for the project and the ability of the supplier to reasonably finance the project from other sources. It shall be the duty of the department to adopt such rules and regulations as in its judgment will most effectively carry out the provisions of this chapter in the public interest, to the end that the people of California are most efficiently and most economically provided supplies of pure, wholesome, and potable domestic water. Such rules and regula-

Continued on page 64

3 California Safe Drinking Water Bond Law of 1976

Argument in Favor of Proposition 3

Clean, healthy drinking water is a basic necessity of life. That is why it is so important to vote YES on PROPOSITION 3.

If our drinking water systems are allowed to deteriorate, serious health problems can result. The U.S. Public Health Service has revealed statistics which show a marked increase in water-related illness in many states—a condition we must work to avoid in California.

In an investigation of California's drinking water, the State Assembly Water Committee found that some 63% of the large drinking water systems in the State, serving more than 12,000,000 Californians, fail to meet minimum drinking water standards. The Water Committee also reported that in the judgment of the local health officers, the water supplies in 2,111 smaller water systems failed to meet minimum public health standards.

While most Californians do receive their drinking water from bacteriologically safe systems, there are a significant number of water systems which fail to meet minimum bacteriological standards and, therefore, pose a potential health risk.

Proposition 3 deals with the safe drinking water problem by creating a $175,000,000 State fund to provide loans to help domestic water suppliers rehabilitate inadequate drinking water systems—these loans will be repaid with interest at no cost to the taxpayer. Proposition 3 also permits the Legislature to authorize, under critical circumstances, up to $15 million in grants to needy agencies with inadequate water systems.

Proposition 3 is supported by the Association of California Water Agencies, the City of Los Angeles, Sacramento County, the League of Women Voters, the Sierra Club, the California Association of Sanitation Districts, as well as major business, labor, environmental and civic groups throughout California.

Your YES vote on Proposition 3 will not mean new taxes. It will mean safer drinking water for the people of California.

J. K. (KEN) MACDONALD
Member of the Assembly, 36th District

DOROTHY KELLNER,
President, League of Women Voters

ARLEN GREGORIO
Member of the Senate, 10th District
Chairman, Senate Health & Welfare Committee

Rebuttal to Argument in Favor of Proposition 3

We notice that no tax organization in California is listed as being in favor of proposition 3 in the ballot argument for this proposition. It's principle supporters are government agencies, which is no surprise to us.

The pro argument uses a vague statistic by U.S. Public Health Service, related **not to California,** but to some other **unmentioned** states. It also lists the support of Dorothy Kellner of the League of Women Voters, which in view of the support given by this organization, for most tax increase programs, does not surprise us either.

The proponents then fall back on the same old quote "these loans will be repaid with interest **at no cost to the taxpayers**". If this is true, then this $175 million, plus millions in interest, they want you to vote for **them** to borrow and spend, **would have to be paid back by people who are NOT taxpayers.**

We have coined a word which describes the real meaning of the phrase "at no cost to the taxpayers". The word is TINSATAAFL. Which means to us **There Is No Such A Thing As A Free Lunch.** Remember this when you vote on proposition 3. We are going to vote NO.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, ***State Chairman***

EDWARD J. BOYD, ***President***

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 3

This proposition would authorize the State of California to borrow $175 million to re-loan to various selected cities for the purpose of making water cleaner. Which cities or districts will get the money is not spelled out. In this respect the proposition is written so loosely, it is really a pig in a poke.

We oppose this proposition for four reasons:

(1) The $175 million if approved, will generate another $175 million interest, which will force taxpayers to pay double the amount the bonds call for.

(2) The State should not finance selected local communities.

(3) Programs of this nature should be paid for on a pay as we go basis. Which should be done by putting the costs on monthly water bills. This would save all the interest.

(4) Public borrowing of unlimited amounts must be stopped.

Bonds of this nature are guaranteed by the faith and credit of the State of California and this means all the taxpayers of California. We should heed the recent dramatic lesson of New York and stop borrowing and spending money we do not have.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, *State Chairman*

EDWARD J. BOYD, *President*

Rebuttal to Argument Against Proposition 3

PROPOSITION 3 will not impose new burdens on our taxpayers. PROPOSITION 3 will make rehabilitation of substandard drinking water systems possible without huge increases in monthly water bills.

The authors of the opposition argument either have not read this legislation or they don't understand it.

Since loans from the Safe Drinking Water Bond Fund will be repaid with interest, there will be no added expense except for urgency grants which are limited to a total of $15 million dollars and subject to legislative enactment on specific projects.

In placing this measure before the voters, the legislature provided strict guidelines for administration of the program by the State Departments of Health and Water Resources to make sure that these funds will be used only for projects which are urgently needed to ensure clean and healthy drinking water for the people of California.

In their opposing argument, Mr. Jarvis and Mr. Boyd proposed that needed rehabilitation of drinking water systems be done on a pay as you go basis with funds to come from increases in monthly water bills. This would mean huge increases in consumer costs and needless delays in meeting minimum health standards, thus endangering the health of California citizens.

PROPOSITION 3 is a sensible answer to a serious problem. It will help to make sure that every Californian can have safe, clean drinking water without new burdens on either the taxpayer or consumer.

J. K. (KEN) MacDONALD
Member of the Assembly, 36th District

DOROTHY KELLNER
President, League of Women Voters

ARLEN GREGORIO,
Member of the Senate, 10th District
Chairman, Senate Health & Welfare Committee

4 BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES

Ballot Title	
FOR BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES. (This act provides for a bond issue of one hundred fifty million dollars ($150,000,000).)	
AGAINST BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES. (This act provides for a bond issue of one hundred fifty million dollars ($150,000,000).)	

FINAL VOTE CAST BY LEGISLATURE ON SB 156 (PROPOSITION 4):
ASSEMBLY—Ayes, 61 SENATE—Ayes, 27
Noes, 8 Noes, 1

Analysis by Legislative Analyst

PROPOSAL:

Background. Community college construction money is provided by the local community college district, the state, and the federal government.

The state, local and federal share of the total construction cost is specified in a formula which provides that (1) in the event federal money is available it is used before a state-local sharing formula is applied, and (2) the state's share may range from 0 percent to 100 percent depending upon the local community college district's needs and its ability to pay.

Since 1965, state funds for community college construction have come from the sale of general obligation bonds. The last community college bond act, approved by the voters in November 1972, authorized $160 million in capital outlay bonds. Officials of the California Community Colleges estimate that all but $1.5 million of that amount will be spent by July 1, 1976. The $160 million, when combined with money provided by local districts and the federal government, will have resulted in approximately $243 million worth of community college construction when totally spent.

Proposition. This proposition continues State of California assistance to local public community colleges to fund buildings related to their growth requirements.

It will allow the state to sell an additional $150 million in general obligation bonds to be used by public community college districts to buy land, construct buildings, and acquire necessary equipment.

FISCAL EFFECT:

If the voters approve this $150 million bond act, an additional $150 million in local district funds would also be spent under the traditional sharing formula. Officials of the California Community Colleges estimate that all of the money (approximately $300 million) could be fully committed to authorized community college outlay projects by July 1, 1978. The actual rate at which the funds would be spent depends upon an annual review and approval of projects by the Legislature and Governor in the regular state budgeting process.

The interest cost of the $150 million in state bonds will depend upon their maturity date and the interest rate, neither of which is known at this time. However, based on past experience, we estimate total interest costs over the life of the bonds will be approximately $94,500,000 assuming an average six percent interest rate.

Polls are open from 7 A.M. to 8 P.M.

This law proposed by Senate Bill No. 156 (Statutes of 1975, Chapter 1066) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not amend any existing law. Therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Sections 1 to 10, inclusive, of this act shall be known and may be cited as the Community College Construction Program Bond Act of 1976.

SEC. 2. The purpose of this act is to provide the necessary funds to meet the major building construction, equipment and site acquisition needs of California public community colleges.

For the purposes of this act, "public community colleges" includes public junior colleges, public community colleges, and any other public colleges which are maintained and operated as public community colleges or public junior colleges.

Proceeds of the bonds authorized to be issued under this act, in an amount or amounts which the Legislature shall determine, shall be used for major building construction, equipment and acquisition of sites for California public community colleges under the Community College Construction Act of 1967 (Chapter 19 (commencing with Section 20050) of Division 14 of the Education Code), as it may be amended from time to time, or under any act enacted to succeed the Community College Construction Act of 1967.

The first proceeds of the bonds authorized to be issued under this act shall be used to repay loans or advances made to the Community College Construction Program Fund.

Proceeds of the bonds authorized to be issued under this act also may be used to complete major building construction, acquisition of equipment and acquisition of sites for California public community colleges authorized by the Legislature pursuant to the Community College Construction Program Bond Act of 1972.

SEC. 3. Bonds in the total amount of one hundred fifty million dollars ($150,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in Section 2 of this act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Government Code Section 16724.5. Said bonds shall be known and designated as Community College Construction Program Fund bonds and, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on said bonds as said principal and interest become due and payable.

SEC. 4. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on said bonds maturing in said year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

SEC. 5. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this act, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this act, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 8 of this act, which sum is appropriated without regard to fiscal years.

SEC. 6. The proceeds of bonds issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the Community College Construction Program Fund. The money so deposited in the fund shall be reserved and allocated solely for expenditure for the purposes specified in this act and only pursuant to appropriation by the Legislature.

SEC. 7. The office of the Chancellor of the California Community Colleges, which is hereby designated as the board for the purposes of this act, shall annually total the appropriations referred to in Section 6 and, pursuant to Section 16730 of the Government Code, request the Community College Construction Program Committee to cause bonds to be issued and sold in quantities sufficient to carry out the projects for which such appropriations were made.

SEC. 8. For the purposes of carrying out the provisions of this act the office of the Chancellor of the California Community Colleges may request the Director of Finance by executive order to authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this act. Any amounts withdrawn shall be deposited in the Community College Construction Program Fund, and shall be reserved, allocated for expenditure, and expended as specified in Section 6 of this act. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this act.

SEC. 9. The bonds authorized by this act shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of said law are applicable to said bonds and to this act, and are hereby incorporated in this act as though set forth in full herein.

SEC. 10. The Community College Construction Program Committee is hereby continued. The committee shall consist of the Governor or his designated representative, the State Controller, the State Treasurer, the Director of Finance, and the Chancellor of the California Community Colleges. For the purposes of this act the Community College Construction Program Committee shall be "the committee" as that term is used in the State General Obligation Bond Law.

4 Bonds to Provide Public Community College Facilities

Argument in Favor of Proposition 4

Proposition 4 is needed to provide state funds to maintain and expand facilities in California's 103 public community colleges. It will help protect homeowners from excessive increases in local property taxes for capital construction.

If this bond issue is not approved, the state may be forced to refuse to provide its share of construction costs and renege on its long term commitment to the community colleges. The effect would be to shift total costs of community college construction to local property taxpayers, with the greatest increase in property tax rates in those areas where there is the greatest expansion.

Under the Master Plan for Higher Education, which was implemented in 1960, a significant percentage of the students who traditionally would have attended the University and State University and Colleges Systems have been encouraged to enroll in the community colleges, where the costs per student are less. This resulted in the transfer to local taxpayers of a heavier burden of taxation for the support of higher education for both instructional purposes and construction of facilities. As a matter of equity, therefore, the state agreed to provide 50% of the construction costs of community college facilities. This commitment has been kept since that time and has proven very helpful to local community college districts. Because of it, community colleges have been able to meet the rapidly expanding educational needs of their communities.

Despite school enrollment declines in other segments of public education, there continues to be an increase in community college enrollment. Statewide, growth is estimated to continue at a substantial rate each year for the foreseeable future. In almost all community colleges throughout the state there have been substantial increases in enrollment which require expansion of existing college facilities and replacement of old, obsolete or unsafe facilities.

State money for this cost has always been derived from the sale of state bonds which have consistently been approved by the voters, but all previous bond revenues have been exhausted. The approval of this proposition will give the State the authority to sell $150 million in bonds, when they are needed, to assist community college districts and to keep California's commitment under the Master Plan for Higher Education. **The revenues from these bonds will be expended for facilities only after the local district, the state administration and the Legislature jointly determine the need for each project.**

This proposition was approved overwhelmingly by both houses of the State Legislature and signed by Governor Edmund G. Brown, Jr. It is also endorsed by the Board of Governors of the California Community Colleges.

We urge you to vote YES on this proposition to continue the state-local partnership in providing educational opportunities for all the citizens of California.

ALBERT S. RODDA
Member of the Senate, 5th District
Chairman, Committee on Education

JAMES R. MILLS
President Pro Tempore of the Senate

GEORGE DEUKMEJIAN
Member of the Senate, 37th District
Minority Floor Leader

Rebuttal to Argument in Favor of Proposition 4

The arguments made by the proponents of Proposition 4 are accurate as far as they go, but they do not mention that there is an alternative way for the State to meet its obligations in community college construction—an alternative that would be cheaper for all the State's taxpayers.

The proponents' argument is faulty when they fail to indicate that the State can meets its obligation on a pay-as-you-go basis from "surplus" funds that have been set aside in the Governor's Budget from the Capital Outlay Fund for Public Higher Education (COFPHE). COFPHE funds are available in the amounts indicated for community college construction purposes and, if used, would avoid the necessity of obligating the State's taxpayers to pay the interest rates on a long term bond. It is not sufficient for proponents to argue that community college facilities must again be funded by a bond act simply because it has become a tradition—not when other less-costly funds are available. Your "NO" vote should not necessarily be interpreted to mean that you oppose the construction of these facilities, but it should be interpreted by the Legislature and the Governor, at the least, to mean that you insist that the State's monies be managed prudently and with a far greater degree of respect for the current and future taxpayers of this State.

DIXON ARNETT
Member of the Assembly, 20th District

Bonds to Provide Public Community College Facilities 4

Argument Against Proposition 4

I urge you to vote "NO" on Proposition 4 because there are sufficient funds to pay for the projects which are requested in this bond issue out of ongoing monies as opposed to obligating ourselves and our children for the interest payments over the life of the bonds.

In 1975, Governor Brown in his Budget indicated that there was an $83 million "surplus" in the Capital Outlay Fund for Public Higher Education (COFPHE). This is a fund supported by the revenue received by the State from tideland leases to oil companies and has been specifically earmarked in the past for expenditure for capital construction facilities for higher education.

During the debate on the 1975–76 Budget, members of the Legislature insisted that the COFPHE Fund remain intact and that the surplus not be used, as the Governor proposed, for unrestricted general fund purposes. The Legislature won the argument, and the "surplus" was maintained for capital outlay. In fact, in the final version of the Budget it contained $20 million from the COFPHE Fund for community colleges, thus establishing the precedent of appropriating funds from this source for community college buildings. In addition, there is a "surplus" of $78 million this year, and it is anticipated that such a surplus (slightly diminished) will continue in the foreseeable future.

There is no reason why capital construction for community colleges cannot be included in future Budgets as a part of the COFPHE Fund.

It would be far cheaper for all California's taxpayers now and in the future for us to use the COFPHE Fund money than it would be for us to float this bond issue with its millions of dollars of necessary interest, and thus obligate our taxpayers for a far higher contribution than would be necessary to accomplish exactly the same ends. In other words, use current surplus reserves. Do not obligate Californians to extra taxes to finance more bonds and the millions of dollars of interest required to service them at this time.

The only way you have to forcefully instruct the Governor and the State Legislature that it is your desire to have our State's construction program managed efficiently and effectively and at less cost is to vote "NO" on Proposition 4.

DIXON ARNETT
Member of the Assembly, 20th District

Rebuttal to Argument Against Proposition 4

In his argument, Assemblyman Arnett does not question the need for State assistance to meet local community college construction priorities. He simply suggests that we use the proceeds from a different State fund to provide the necessary financing.

It has been the traditional State fiscal policy during the administrations of Governors Reagan and Brown to finance the construction needs, which are still unmet, of the University of California and the State University and Colleges through the Capital Outlay Fund for Public Higher Education. This Fund was utilized for community college capital outlay in 1975 only because the Community College Bond Fund was exhausted. The action which is described as a precedent, therefore, was actually an emergency response to an urgent need. In addition, efforts are made each year in the Legislature to use the COFPHE Fund for purposes other than education. If money is taken from this fund for non-educational purposes, the amounts available will not meet the needs of all three segments of public higher education.

Your **YES** vote on Proposition 4 is needed to guarantee that our community colleges will be able to provide education and training at the lowest possible cost to local property taxpayers. Your **YES** vote is needed to make sure that the State of California continues to meet its obligation to its citizens and taxpayers.

ALBERT S. RODDA
Member of the Senate, 5th District
Chairman, Committee on Education

JAMES R. MILLS
President Pro Tempore of the Senate, 40th District

GEORGE DEUKMEJIAN
Member of the Senate, 37th District
Minority Floor Leader

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5 BANKS, CORPORATIONS, FRANCHISES AND INSURERS—TAXATION

Ballot Title

BANKS, CORPORATIONS, FRANCHISES AND INSURERS—TAXATION. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution Article XIII, sections 27 and 28(i) to require concurrence of majority instead of two-thirds of membership of both houses for passage of bills imposing tax on corporations including state and national banks and their franchises, or changing rate of taxes imposed on insurers. Financial impact: no direct fiscal effect on state or local governments.

FINAL VOTE CAST BY LEGISLATURE ON SCA 1 (PROPOSITION 5):

ASSEMBLY—Ayes, 55 Noes, 20

SENATE—Ayes, 27 Noes, 12

Analysis by Legislative Analyst

PROPOSAL:

California's Constitution requires a two-thirds vote of each house of the Legislature to change state tax laws on banks and corporations and to change the state tax rate on insurance companies.

This proposal would reduce the two-thirds vote to a majority vote.

FISCAL EFFECT:

This proposal will have no direct state fiscal effect. Any future state revenue effect will depend upon the extent to which these particular tax laws are changed by less than a two-thirds vote.

This amendment proposed by Senate Constitutional Amendment No. 1 (Statutes of 1975, Resolution Chapter 126) amends two sections of the Constitution. Therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLE XIII

First—That Section 27 of Article XIII is amended to read:

SEC. 27. The Legislature, ~~two-thirds~~ *a majority* of the membership of each house concurring, may tax corporations, including State and national banks, and their franchises by any method not prohibited by this Constitution or the Constitution or laws of the United States. Unless otherwise provided by the Legislature, the tax on State and national banks shall be according to or measured by their net income and shall be in lieu of all other taxes and license fees upon banks or their shares, except taxes upon real property and vehicle registration and license fees.

Second—That subdivision (i) of Section 28 of Article XIII is amended to read:

(i) The Legislature, ~~two-thirds~~ *a majority* of all the members elected to each of the two houses voting in favor thereof, may by law change the rate or rates of taxes herein imposed upon insurers.

Polls are open from 7 A.M. to 8 P.M.

5 Banks, Corporations, Franchises and Insurers—Taxation

Argument in Favor of Proposition 5

Proposition 5 will eliminate from the California Constitution a sixty-five year old provision which gives favored tax treatment to banks, corporations, and insurance companies. They are taxed by a ⅔ majority vote of both houses of the State Legislature while all the rest of us are taxed by a simple majority vote.

This discriminatory and archaic provision places in the hands of a small minority (corporate wealth) the power to block tax reform measures which have overwhelming public support. Beginning as early as 1917, numerous bipartisan State Commissions have recommended repeal of this grossly unfair tax advantage for banks, corporations, and insurance companies. These included former Governor Reagan's Advisory Commission on Tax Reform.

This Commission, headed by Controller Houston Flournoy, in 1969 recommended as follows: "The Commission recommends a Constitutional Amendment which would permit the Legislature to change the bank and corporation tax by a majority vote of all the elected members—the same majority required to change most other taxes. There is no justification for placing the bank and corporation tax in a preferential position. The Legislature should be able to change this tax equally with other taxes."

THINK OF IT: THERE ARE 150,000 CORPORATIONS ENJOYING THIS TAX PRIVILEGE. THERE ARE, HOWEVER, MORE THAN 993,000 NON-CORPORATE BUSINESSES WHICH DON'T HAVE IT. ALL CALIFORNIANS PAY TAXES WITHOUT THIS SPECIAL PRIVILEGE. PROPOSITION 5 WILL PROVIDE FOR EQUAL TREATMENT BY PLACING EVERYONE UNDER THE SAME RULES.

The corporate tax structure favors larger corporations. The personal income tax laws also contain special interest tax loopholes. As long as the present law exists, the vested interests will be able to stop true tax reform by concentrating their lobbying influence on a small minority of the Senate or Assembly. Only 14 out of the 40 Senators or 27 out of the 80 members of the Assembly can completely defeat the will of the great majority of both houses.

Proposition 5, as Senate Constitutional Amendment #1, passed the State Senate 27 "ayes" to 12 "noes", the State Assembly 55 "ayes" to 20 "noes". Should you have any doubt as to its merit, a look at a few of its legislative supporters might be helpful: Governor Edmund G. Brown, Jr., Secretary of State March Fong Eu, the League of Women Voters of California, Common Cause, California Tax Reform Association, California Parent Teachers Association.

In the Legislature, its opponents included: California Manufacturing Association, California State Chamber of Commerce, and the American Insurance Association. This may also tell you something.

VOTE "YES" ON PROPOSITION 5. HELP CREATE AN OPPORTUNITY TO ELIMINATE TAX LOOPHOLES AND ENACT GENUINE AND COMPREHENSIVE TAX REFORM.

JOHN F. DUNLAP
Member of the Senate, 4th District

JOSEPH B. MONTOYA
Member of the Assembly, 60th District

DOROTHY KELLNER
President, League of Women Voters

Rebuttal to Argument in Favor of Proposition 5

First, the proponents of Proposition 5 have, typically, created "straw men" in their argument for this measure.

As the California Taxpayers Association reported last year, "the ⅔ vote requirement for banks, corporations and insurers has not been a tax haven for business at the expense of individual taxpayers. California has one of the highest bank and corporation tax rates in the nation. Indeed, California already imposes the highest aggregate tax burden on business of any state in the United States. Our corporate income (franchise) tax rate at 9%, our sales tax rate at 6%, our high property taxes and unemployment insurance taxes put us at the top of the list among all states." (emphasis added)

Second, a two-thirds vote provides protection from the "tyranny of the majority," and a two-thirds vote is required on many other matters, such as all appropriation bills, submitting constitutional amendments to the voters, overriding gubernatorial vetoes, changing legislative salaries, and changing personal property taxes.

Third, when money is not so easily available to government, each demand upon the public treasury must be considered in priority and in relation to other demands.

And finally, with reference to alleged "tax loopholes," it must be remembered that changing the two-thirds requirement would also make it easier to create such "loopholes."

Making it easier to change any tax is undesirable. What is needed is to make it harder to raise taxes, and a general reduction in government expenditures.

Thus, we again urge your "NO" vote on Proposition 5.

JOHN STULL
Member of the Senate, 38th District

WILLIAM A. CRAVEN
Member of the Assembly, 76th District

MIKE ANTONOVICH
Member of the Assembly, 41st District

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Banks, Corporations, Franchises and Insurers—Taxation 5

Argument Against Proposition 5

Proposition 5 is certainly appealing on the surface: "Let's make it easier to tax banks and corporations."

However, wouldn't each of us, as individual citizen taxpayers, be better served if it were made harder to raise all taxes, rather than easier to raise some?

After all, each of us as California taxpayers already share a unique distinction: Our state tax burden is 8.2% greater than the national average, and our federal tax burden is 8.7% greater than the national average.

To be sure, all taxes should be treated in the same manner and have the same vote requirements. But Proposition 5 should be opposed because it offers the wrong solution.

RATHER THAN LOWERING THE VOTE REQUIREMENT TO A MAJORITY TO CHANGE BUSINESS TAXES, WE SHOULD BE RAISING TO TWO-THIRDS THE VOTE REQUIRED TO CHANGE PEOPLE-TAXES.

It is understandable that those who freely spend or who depend upon public dollars—that is, upon taxpayer dollars—would like to see it made easier to raise bank and corporation taxes.

To be sure, teacher or other government employee organizations or legislators seeking funds for special pet projects would like to see more tax dollars flowing into the treasury to insure higher salaries and fringe benefits, or to fund a certain bureaucracy.

But if you are employed in the private sector, then perhaps you would prefer that all taxes be harder to raise, and that private enterprise not be further discouraged from settling in California, for free enterprise means jobs to those taxpayers who do not draw from the public purse.

The California Taxpayers Association has recently reported that business initially bears 50.7% of state and local taxes, including some 66% of property taxes, 30% of sales taxes, 66.8% of payroll taxes, and 100% of bank and corporation taxes (estimated at $1.1 billion in 1974–75).

It therefore seems implausible to believe that the present two-thirds vote requirement to change bank and corporation taxes has unduly benefitted private industry.

DO NOT BE MISLED ON THIS ISSUE!

The vote requirement for all taxes should be the same. But each of us, as individual taxpayers, need protections for ourselves, and we will not necessarily directly benefit from making it easier to change bank and corporation taxes. In fact, we may be hurt, because higher business taxes usually mean higher prices.

Proposition 5 should be rejected, so that we might have an opportunity to raise to two-thirds the vote needed to change all taxes.

That would be equitable, but also more protective.

Making it easier to raise any tax is not the answer; the answer is to make it harder to raise all taxes, thereby forcing government to spend more wisely and demonstrate a true need before acting to take more dollars to feed its ever-increasing appetite.

We urge a NO vote on Proposition 5.

JOHN STULL
Member of the Senate, 38th District

WILLIAM A. CRAVEN
Member of the Assembly, 76th District

MIKE D. ANTONOVICH
Member of the Assembly, 41st District

Rebuttal to Argument Against Proposition 5

Don't be misled. Proposition 5 is not about "business" taxes. It will eliminate special privileges for the favored few. Most businesses are already taxed by a majority vote. Only 13% of California business enterprises, the vested interests of corporate wealth, are protected by the mandatory ⅔ vote rule.

We do not advocate a tax increase for any sector of the economy, rather we desire equal treatment for all when taxes are raised or lowered.

Under the current ⅔ vote requirement for banks, corporations, and insurance companies, professional well-paid corporate lobbyists can easily mobilize a minority of Assembly or Senate representatives to block a proposed change in corporate tax rates. Citizens and small business owners do not have the same opportunity.

With a ⅔ vote requirement for all taxes, this situation would be even worse. A uniform ⅔ vote requirement was defeated by the electorate in November 1973. People knew that it would make it harder to bring about true tax reform.

In the past 12 years, consumer-paid taxes have continually approximated 40% of the State General Fund. The personal income tax has risen from about 13 to 34%. Bank and corporation contributions to the General Fund have decreased from 20 to 12%, a 40% drop.

In 1974, Proposition 9 began to control the excessive influence of a few well-financed corporate lobbyists. Proposition 5 is needed to remove one more vestige of special privilege in government.

Proposition 5's tax reform is long overdue. We urge a YES vote.

JOHN F. DUNLAP
Member of the Senate, 4th District

JOSEPH B. MONTOYA
Member of the Assembly, 60th District

DOROTHY KELLNER
President, League of Women Voters

6 INSURANCE COMPANY HOME OFFICE TAX DEDUCTION

Ballot Title

INSURANCE COMPANY HOME OFFICE TAX DEDUCTION. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Repeals and amends portions of Article XIII, section 28, to eliminate income tax deduction presently given insurance companies for real property taxes paid on insurers' home or principal office in California. Financial impact: The adoption of this measure will increase state General Fund revenues by approximately $19 million during the first year and this increase will probably grow thereafter.

FINAL VOTE CAST BY LEGISLATURE ON SCA 12 (PROPOSITION 6):
ASSEMBLY—Ayes, 76 Noes, 0
SENATE—Ayes, 30 Noes, 3

Analysis by Legislative Analyst

PROPOSAL:

The Constitution currently requires that insurance companies doing business in California pay a state tax which is determined by the amount of premiums they collect in the state. Insurance companies also pay local property taxes on land and buildings owned by them, but their personal property is exempt.

If an insurance company owns rather than rents its principal office in California, the Constitution provides that the company may subtract from its state premiums tax the amount of its local property tax. This is called the "principal office deduction".

The company can subtract all of its property taxes on the principal office if it occupies all of the building. Certain California insurance companies also are allowed the full deduction even though they occupy only a portion of the building. Other California insurance companies and out-of-state insurance firms can subtract only a portion of the property taxes if they do not occupy the entire building.

In 1974 there were 909 active insurance companies operating in California. One hundred and twenty-seven of these firms owned their principal office building and therefore claimed the property tax deduction. Fifteen of these firms paid no state tax because the principal office deduction exceeded their premiums tax liability.

This proposition will eliminate the home or principal office deduction currently available to insurance companies.

FISCAL EFFECT:

This proposition will increase state revenues from the insurance tax by approximately $19 million in the first year and by increasing amounts annually thereafter. There will be no effect on local government costs or property tax revenues.

Remember to Vote on Election Day

Tuesday, June 8, 1976

This amendment proposed by Senate Constitutional Amendment No. 12 (Statutes of 1975, Resolution Chapter 116) amends an existing section of the Constitution. Existing provisions proposed to be deleted are printed in ~~strikeout type~~.

PROPOSED AMENDMENTS TO ARTICLE XIII, SECTION 28

First—That subdivision (e) of Section 28 of Article XIII is repealed.

~~(e) (1) Each insurer shall have the right to deduct from the annual tax imposed by this section upon such insurer in respect to a particular year the amount of real estate taxes paid by it, in that year, before, or within 30 days after, becoming delinquent, on real property owned by it at the time of payment, and in which was located, in that year, its home office or principal office in this state. Such real property may consist of one building or of two or more adjacent buildings in which such an office is located, the land on which they stand, and so much of the adjacent land as may be required for the convenient use and occupation thereof.~~

~~(2) In the event a portion of the real property described in paragraph (1) of this subdivision is occupied by a person or persons other than the insurer the deduction granted the insurer by said paragraph shall be limited to that percentage, not to exceed 100 percent, equal to the sum of (i) the percentage of occupancy of the insurer obtained by deducting from 100 percent the ratio that the square footage of said building or buildings occupied by the person or persons other than the insurer bears to the total square footage of said building or buildings plus (ii) the lesser of one-half of said percent of occupancy of the insurer or 25 percent, provided, however, that the limitation set forth in this paragraph shall not be applicable to such real property occupied by a domestic insurer as its home office or principal office in this state on January 1, 1970, or to such real property upon which construction of the home office or principal office of the domestic insurer commenced prior to January 1, 1970. As used in this paragraph, "domestic insurer" means an insurer organized under the laws of this state and licensed to transact insurance in this state on or before December 31, 1966.~~

~~(3) The phrase "person or persons other than the insurer" as used in paragraph (2) of this subdivision shall not include (i) another insurance company or association affiliated directly or indirectly with the insurer through direct ownership or common ownership or control, or (ii) the corporate or other manager of the insurer to the extent of its insurance management activities. The Legislature may define the terms used in this paragraph for the sole purpose of facilitating the operation of this paragraph.~~

Second—That subdivision (g) of Section 28 of Article XIII is amended to read:

(g) Every insurer transacting the business of ocean marine insurance in this state shall annually pay to the state a tax measured by that proportion of the underwriting profit of such insurer from such insurance written in the United States, which the gross premiums of the insurer from such insurance written in this state bear to the gross premiums of the insurer from such insurance written within the United States, at the rate of 5 per centum, which tax shall be in lieu of all other taxes and licenses, state, county and municipal, upon such insurer, except taxes upon real estate, and such other taxes as may be assessed or levied against such insurer on account of any other class of insurance written by it. ~~Deductions from the annual tax pursuant to subdivision (e) cannot be made from the ocean marine tax.~~ The Legislature shall define the terms "ocean marine insurance" and "underwriting profit," and shall provide for the assessment, levy, collection and enforcement of the ocean marine tax.

Polls are open from 7 A.M. to 8 P.M.

6 Insurance Company Home Office Tax Deduction

Argument in Favor of Proposition 6

This measure would repeal a 65-year old tax loophole which allows a few big insurance companies to escape paying their fair share of state taxes.

In the past 25 years alone, this special treatment has cost the state more than $100 million in tax income. Elimination of the so-called home office deduction would boost state income by $23 million next year alone.

By this device, one giant firm built a skyscraper for its home office in California and was able to avoid paying any state taxes at all for one year when its bill otherwise would have been more than $444,000.

The home office deduction was enacted in 1910 with the ostensible purpose of luring insurance business to California. But such an incentive has proved to be a failure in this modern age. Only three other states have the deduction and they have only a fraction of the insurance market. On the other hand, a major insurance state such as Connecticut offers no such special attraction.

It is time finally to remove this special tax privilege. Vote yes on Proposition 6.

EDMUND G. BROWN JR.
Governor of California

DAVID A. ROBERTI
Member of the Senate, 27th District

ALAN SIEROTY
Member of the Assembly, 44th District

Rebuttal to Argument in Favor of Proposition 6

The argument in favor of Proposition 6 states that a yes vote will lead to a $23 million annual increase in insurance taxes. If you are against tax increases and are concerned about keeping your insurance costs down, **VOTE NO on Proposition 6.**

The argument in favor accuses insurance companies of escaping their fair share of state taxes. The fact is that insurance companies not only pay their full share of property taxes, but also pay twice as much in state taxes as other businesses.

Proposition 6 is a tax increase, not tax reform. True tax reform would place insurance companies on the same tax basis as other companies. All businesses in California are allowed to deduct their local property taxes and other business expenses from their state taxes. For insurance companies, the Principal Office Deduction is the only deduction allowed.

The Principal Office Deduction has served as a major incentive for insurance companies to locate and expand in California. The insurance industry currently employs approximately 100,000 Californians and supplies more than $20 billion in capital to fuel our economic growth. The passage of Proposition 6 will undermine California's economy and may force insurance companies and jobs out of our state.

An admitted purpose of Proposition 6 is to raise taxes by $23 million. California already collects more in insurance taxes than any other state in the nation. Vote against increasing the burden on taxpayers and consumers by voting **NO on Proposition 6.**

H. L. RICHARDSON
Member of the Senate, 19th District

CHARLES A. O'BRIEN
Former Chief Deputy Attorney General of California

MARIBES BRENNAN, *President*
Democratic Womens Forum

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Insurance Company Home Office Tax Deduction 6

Argument Against Proposition 6

VOTE NO on this proposition unless you want a $20 million dollar tax increase.

This so-called closing of a loophole really will place an added burden on consumers because premiums will be increased for insurance on homes, health and autos.

In the case of life insurance and insured retirement plans, this increase can be added only to the premiums for new policies.

Obviously, these added costs will bear most heavily on younger families and on people who are purchasing retirement plans for the first time. People in both these categories are the ones who usually can least afford increased costs.

Calling the principal office deduction a "loophole" is highly misleading. **Insurance companies pay their full share of local property taxes.** In addition, California insurers, whether in nonprofit mutuals or stock companies, are subject to a very heavy tax on each dollar of premium paid by policyholders.

In fact, the premium tax in California is the equivalent of a net income tax rate more than twice that paid by other corporations.

Yet, companies selling health care "coverage" and calling it medical or hospital "service" escape all state taxation. They pay ZERO state tax, a true "loophole" since this exemption never was approved by the people or the Legislature.

However, the principal office deduction, even though specifically approved by California voters in 1966, is called a "loophole" and is proposed for repeal.

The only fair system of insurance taxation would require a changeover from taxing premiums to taxing insurance company profits.

Passage of this proposition will mean an added tax on actual dollars paid by people to assure their continued access to life's necessities, such as doctor or hospital services, savings for higher education, protection against accidents and the untimely loss of breadwinners.

These necessities should not be taxed any more than food is directly taxed.

The people in Sacramento who want the added $20 million in revenue to be generated by this proposition don't call it a tax increase. But insurance consumers, which includes most families, will be stuck with higher premiums.

Every voter who relies on insurance for protection and savings should vote "NO" on this tax increase.

H. L. RICHARDSON
Member of the Senate, 19th District

CHARLES A. O'BRIEN
Former Chief Deputy
Attorney General of California

MARIBES BRENNAN, *President*
Democratic Womens Forum

Rebuttal to Argument Against Proposition 6

Only one of every eight insurance companies in California now enjoys the unjust tax break that Proposition 6 seeks to repeal. This is not only unfair to the average taxpayer, but gives an unwarranted competitive advantage to these specially privileged companies.

Sen. Richardson claims that Proposition 6 will increase your insurance costs but since seven of every eight insurance companies are unaffected by this Proposition, the argument is specious.

EDMUND G. BROWN JR.
Governor of California

DAVID A. ROBERTI
Member of the Senate, 27th District

ALAN SIEROTY
Member of the Assembly, 44th District

7 TAXATION OF RESTRICTED HISTORIC PROPERTY

Ballot Title

TAXATION OF RESTRICTED HISTORIC PROPERTY. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Authorizes the Legislature to define property of historical significance and to restrict the uses of such property to preserve its historical significance. If the use of such property is enforceably restricted by the Legislature, the property must be valued for property tax purposes only on a basis which is consistent with its restrictions and uses. Financial impact: No direct fiscal effect—depends upon the adoption of implementing legislation.

FINAL VOTE CAST BY LEGISLATURE ON ACA 111 (PROPOSITION 7):
ASSEMBLY—Ayes, 68 Noes, 0
SENATE—Ayes, 37 Noes, 0

Analysis by Legislative Analyst

PROPOSAL:

This proposition authorizes the Legislature to require assessors to reduce the taxable appraised value of historical property below its fair market value if the use of the property is restricted. Specifically, this measure authorizes the Legislature to:

1. Define property of historical significance.
2. Specify the manner in which historical property must be restricted in order to be eligible for the reduction in appraised value.
3. Require the assessor to appraise historical property according to its restricted use rather than its fair market value.

FISCAL EFFECT:

Because this measure only authorizes the Legislature to take a future action, by itself it has no direct effect on state and local costs or revenues. If the Legislature implements it and the use of historical properties is subsequently restricted, there will be an unknown but probably minor loss in local property tax revenues.

Apply for Your Absentee Ballot Early

This amendment proposed by Assembly Constitutional Amendment No. 111 (Statutes of 1974, Resolution Chapter 198) amends an existing section of the Constitution by adding a paragraph thereto. Therefore, the provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII, SECTION 8

To promote the preservation of property of historical significance, the Legislature may define such property and shall provide that when it is enforceably restricted, in a manner specified by the Legislature, it shall be valued for property tax purposes only on a basis that is consistent with its restrictions and uses.

Remember to Vote on Election Day

Tuesday, June 8, 1976

7 Taxation of Restricted Historic Property

Argument in Favor of Proposition 7

Proposition 7 amends Article XIII of the Constitution. Under this amendment, the Legislature would define property of historical significance and provide that, when its use is restricted for preservation, it shall be valued for property taxation consistent with its use.

What better timing for this ballot proposition than our bicentennial year. Most of us are only too aware that we have lost many of our great traditions and that our cultural heritage has, in many instances, fallen by the wayside.

Under current law, many of our officially designated historical landmarks have been leveled, sold or parceled off because of our present tax structure.

Assessors must presently assess historical property on the basis of the property's highest and best use. For example, if the local assessor determines that the property in question would command a greater value if it could be developed into a gasoline station instead of remaining an historical site, then for assessed valuation purposes, it is valued as a "gasoline station". Imagine if this technique was used to establish the value of your home!

The resulting effects are clear. A person who can't afford to pay the taxes of the historical site is forced to sell the property. Historical properties disappear as they are developed into other uses, such as commercial or industrial businesses.

Specifically, this measure would change the assessment practice by establishing use-value assessments on historical property. Such property could be enforceably restricted to historical use and preservation.

This is not a precedent setting practice. Use-value assessments are now permitted by the California Constitution on several types of land, including single family homes in areas zoned R-1 or agricultural, open-space lands enforceably restricted to use for recreation, and use of natural resources for production of food or fiber.

If the use-value tax assessment is extended to historical properties, only official landmarks, registered with the State Department of Parks and Recreation and certified as bonafide historical property, will qualify for such designation upon the approval of local government.

The measure is supported by Cities of Pasadena and South Pasadena Cultural Heritage Commissions; Los Angeles City Cultural Heritage Commission; Associated Historical Societies of Los Angeles County; San Fernando Valley Historical Society; Fresno County Historical Society Californians for Preservation Action; The Foundation for San Francisco's Architectural Heritage; Historic Resources Committee, California Council, American Institute of Architects; City of San Diego, Historical Site Board; and, Santa Cruz County Historical Preservation Society.

If you favor the preservation of our remaining historical property in California, join with us in voting "YES" on Proposition 7.

DANIEL E. BOATWRIGHT
Member of the Assembly, 10th District
Chairman, Assembly Revenue and Taxation Committee

JAMES R. MILLS
President pro Tempore of the Senate

DR. KNOX MELLON, *Executive Secretary*
State Historical Resources Commission

Rebuttal to Argument in Favor of Proposition 7

Proposition 7 is another vague, loosely written proposal to permit property tax exemptions on unspecified amounts of California property, on the ground such property has a historical or cultural significance of some kind or another.

But in reality it proposes to reduce taxes on this kind of property which means all other property taxes would have to be raised to make up the difference.

The proponents claim "A person who can't afford to pay the taxes of the historical site is forced to sell the property".

The proponents have tunnel vision. All persons who can't afford to pay their property taxes are also forced to sell their property as well, or lose it to the State.

Perhaps you consider your home a "historical property". Why should some property owners have an exemption on property taxes you can't have?

Federal, State and local government already own some 70% of all property in California on which no property taxes are paid.

What does it mean that ALL citizens are entitled to EQUAL protection under the law and taxation should be equitable to ALL?

Why should all other property owners pay more taxes because some individuals think their property is historical?

Why should such a requirement be permanently written into the State Constitution?

If those who own historical sites don't want to pay their fair share of property taxes let them sell the property to others who do.

We will vote NO on proposition 7.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, *State Chairman*

EDWARD J. BOYD, *President*

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Taxation of Restricted Historic Property 7

Argument Against Proposition 7

According to the Legislative Counsel's Digest, this proposition reads "To promote the preservation of property of historical significance the Legislature may define such property and shall provide that when it is enforceably restricted, in a manner specified by the Legislature, it shall be valued for property tax purposes only on a basis that is consistent with its restriction and uses".

One protection voters can use is to vote NO on propositions they do not understand.

We do know one thing, and that is that much more than half of all property in California already belongs to government agencies of one kind or another, and government owned property pays no property taxes at all.

This is one of the conditions responsible for the high taxes all other property owners pay.

We think it is time voters stopped sending signed blank checks to government. Vote NO on this proposition.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, ***State Chairman***

EDWARD J. BOYD, ***President***

No rebuttal to the argument against Proposition 7 was submitted

8 DEPOSIT OF PUBLIC MONEYS IN SAVINGS AND LOAN ASSOCIATIONS

Ballot Title

DEPOSIT OF PUBLIC MONEYS IN SAVINGS AND LOAN ASSOCIATIONS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. This amendment to Article XI, section 11(b) authorizes the Legislature to provide for deposit of public moneys in savings and loan associations in California as well as in banks in California. Financial impact: No direct fiscal effect—depends upon adoption of implementing legislation which could result in increased earnings on public deposits.

FINAL VOTE CAST BY LEGISLATURE ON ACA 31 (PROPOSITION 8):
ASSEMBLY—Ayes, 67 Noes, 1
SENATE—Ayes, 29 Noes, 0

Analysis by Legislative Analyst

PROPOSAL:

Under California's Constitution, the Legislature may provide for the deposit of public moneys in any bank in this state. Public monies consist of funds belonging to or in the custody of state government or any local government entity, including cities, counties, school districts or special districts.

This proposition would allow the Legislature also to provide for the deposit of public moneys in any savings and loan association in this state.

FISCAL EFFECT:

Because this proposition only authorizes future legislative action, by itself it will have no direct effect on state or local government costs or revenues. If the authorization is implemented by the Legislature, it may provide an opportunity for an increase in interest income to state and local governments.

Savings and loan associations are allowed to pay higher interest than banks on deposits less than $100,000. Above $100,000 the interest rates that can be paid by banks and savings and loan associations are not restricted. The opportunity for increased income would result from (1) the slightly higher interest rates that savings and loan associations pay on deposits less than $100,000, and (2) the increased competition between banks and savings and loan associations for public funds on deposits greater than $100,000.

Study the Issues Carefully

This amendment proposed by Assembly Constitutional Amendment No. 31 (Statutes of 1975, Resolution Chapter 77) amends an existing section of the Constitution. New provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XI, SECTION 11

SEC. 11. (a) The Legislature may not delegate to a private person or body power to make, control, appropriate, supervise or interfere with county or municipal corporation improvements, money, or property, or to levy taxes or assessments, or perform municipal functions.

(b) The Legislature may, however, provide for the deposit of public moneys in any bank in this state *or in any savings and loan association in this state* and for the payment of interest, principal and redemption premiums of public bonds and other evidences of public indebtedness by banks within or without this state. It may also provide for investment of public moneys in securities and the registration of bonds and other evidences of indebtedness by private persons or bodies, within or without this state, acting as trustees or fiscal agents.

Apply for Your Absentee Ballot Early

8 Deposit of Public Moneys in Savings and Loan Associations

Argument in Favor of Proposition 8

Your YES vote on Proposition 8 is a vote for more efficient use of tax dollars and sound fiscal policies by state and local government. Proposition 8 will also expand the amount of money available for home loans in California.

The California Constitution presently provides that government funds may be deposited only in banks and not in savings and loan associations, even though California's savings and loan industry has an unblemished record of safety. This limitation annually costs state and local government millions of dollars in interest which could have been earned, because savings and loan associations are permitted to pay higher interest rates than banks on most deposits. Proposition 8 will halt this fiscal waste by permitting the deposit of state and local funds in savings and loan associations under such terms and conditions as may be approved by the State Legislature.

Proposition 8 will:

* Permit state and local governments to deposit funds in savings and loan accounts which pay higher interest yields than comparable bank accounts, thus generating new revenue at no cost to the taxpayer.
* Stimulate housing activity by expanding the financial base of savings and loan associations, the leading source of funds for housing construction and purchasing.
* Give state and local government additional flexibility in the deposit and investment of public funds.

The savings and loan industry in California has an unsurpassed record of safety and financial integrity. Both state and federally chartered savings and loan associations are insured by the Federal Savings and Loan Insurance Corporation, and no saver has lost a penny during the 40 years in which the FSLIC has been in operation. Public funds deposited with savings and loan associations will be equally as secure as those deposited with commercial banks.

Adopted by an overwhelming vote of both Democrats and Republicans in the State Legislature, Proposition 8 is supported by the League of California Cities, the Association of California Water Agencies, the State Department of Savings and Loan, and the California Savings and Loan League.

Everyone talks about more efficient management of our tax dollars—now we can do something about it by voting YES on Proposition 8.

Everyone talks about stimulating new jobs and making more money available for home loans and housing construction—now we can do something about it by voting YES on Proposition 8.

Proposition 8 is a responsible measure which makes sense for the people of California. We strongly urge you to vote YES on Proposition 8.

ROBERT G. BEVERLY
Member of the Assembly, 51st District

YVONNE BRATHWAITE BURKE
Member of Congress, 28th District

JESSE M. UNRUH
State Treasurer

No rebuttal to the argument in favor of Proposition 8 was submitted

Deposit of Public Moneys in Savings and Loan Associations 8

Argument Against Proposition 8

Savings and loan associations (S&Ls) were created by law for one purpose: to accumulate money through savings deposits that would be used only for home loans. The money that would go to S&Ls if this proposition passed would not and could not be used in any meaningful way for home loans.

There are two reasons why this is so, and why you should vote No on this constitutional amendment.

1. This law will reduce the amount of money available for home loans. Current law requires that all government deposits be specially protected by requiring the financial institutions to put up as security government bonds and notes. The current law further requires that the value of this security (government bonds or notes) be 10% greater than the amount of the deposit. The savings and loan companies now own very few of these special types of securities. Therefore they would have to put up $110.00 in new security for each $100.00 in deposit that they receive from cities, counties or the State. This means that there could actually be less money available for home loans.

2. A public agency, be it the State, a county, or a city, is not legally permitted to deposit surplus operating funds for more than one year. In most cases surplus funds of public agencies have a short life lasting from the time your tax payments are received to the next time the public agency must pay its bills. This time period could be one day or it could be eight months. But S&Ls provide twenty to forty year real estate loans. Will your city's one week deposit of tax dollars in a S&L make more money available for a twenty year home loan? Unlikely!

For these reasons I urge you to keep S&Ls in the home financing business. Please vote No on Proposition 8.

JOHN GARAMENDI
Member of the Assembly, 7th District

Rebuttal to Argument Against Proposition 8

Proposition 8 will provide more money for home construction and purchasing, and it will help to hold down interest rates on mortgage loans.

The deposit of public funds in savings and loan associations—the largest source of home loans—will expand the financial base of the savings and loan industry, thus making more money available for home loans. Because most savings and loan associations maintain liquid reserves well above minimum federal requirements, collateral requirements for deposit of public funds can be met while simultaneously making more funds available for housing.

Since California savings and loan associations maintain more than $5 billion in cash and liquid reserves, public agencies will have the same ready access to funds deposited with savings and loan associations that they do with banks. Through accurate financial projections, both banks and savings and loan associations are able to commit funds from short term deposits to long term loans, such as mortgages, without jeopardizing either the safety or the accessibility of the depositor's funds. Thus, short term public deposits can be used to provide long term home loans.

There is no reason to continue the banks' monopoly on deposit of public funds. Taxpayers have the right to demand the best use of their money by government agencies.

Remember your YES vote on Proposition 8 will mean:

* More efficient use of your tax dollars.
* More jobs and a healthier housing industry.
* Increased availability of mortgage loans at lower interest rates.
* Better fiscal management in both state and local government.

ROBERT G. BEVERLY
Member of the Assembly, 51st District

YVONNE BRATHWAITE BURKE
Member of Congress, 28th District

JESSE M. UNRUH
State Treasurer

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9 BINGO

Ballot Title

BINGO. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Permits Legislature to authorize cities and counties to provide for bingo games, but only for charitable purposes. Financial impact: None on state; nominal fiscal effects on cities and counties.

FINAL VOTE CAST BY LEGISLATURE ON ACA 3 (PROPOSITION 9):
ASSEMBLY—Ayes, 57 SENATE—Ayes, 27
Noes, 16 Noes, 11

Analysis by Legislative Analyst

PROPOSAL:

The Constitution prohibits lotteries in California. Bingo is a form of lottery if the players pay for a chance to win a prize.

This proposal would let the Legislature authorize cities and counties to permit bingo for charitable purposes.

FISCAL EFFECT:

Legislation has been enacted (Chapter 869, Statutes of 1975) which authorizes cities and counties to permit bingo conducted by charitable organizations for charitable purposes. Chapter 869 becomes operative upon adoption of this proposal by the voters.

Under Chapter 869, cities and counties will not receive any revenues from these games, but they may charge a license fee which cannot exceed its issuance cost. As a result, the local fiscal effect will be nominal. There is no state fiscal effect.

This amendment proposed by Assembly Constitutional Amendment No. 3 (Statutes of 1975, Resolution Chapter 98) amends an existing section of the Constitution by adding a subdivision thereto. Therefore, the provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IV, SECTION 19

(c) Notwithstanding subdivision (a), the Legislature by statute may authorize cities and counties to provide for bingo games, but only for charitable purposes.

9 Bingo

Argument in Favor of Proposition 9

Proposition 9 deserves your favorable vote. This proposal will add a single sentence to our State Constitution making it possible to play bingo legally provided the proceeds are used for charitable purposes only.

It is presently illegal to play bingo anywhere in California under almost any circumstances.

The enabling act, AB 144 (1975), permits bingo games for charitable purposes where it is authorized by a local ordinance and conducted by nonprofit charitable organizations. All proceeds must be used for charitable purposes. The statute (AB 144) was written to preclude participation by the underworld. The charitable organization running the game must be recognized as a charity and exempt from taxation by both State and federal government. The games must be conducted by members of the organization and no individual connected with the games can receive a salary, wage or profit from the conduct of such bingo games.

Opponents point to problems in other states long since corrected by those states. And unlike other states permitting bingo, this proposal does not permit bingo for profit.

Your favorable vote on Proposition 9 will allow those who wish to play an opportunity to play bingo while both enjoying themselves and benefiting charity.

LEROY F. GREENE
Member of the Assembly, 6th District

Rebuttal to Argument in Favor of Proposition 9

Citizens interested in a humane, responsive, crime-free society should vote NO on 9. Legalizing more gambling in California is a step backwards.

The argument that problems in other states have been "long since corrected" is inaccurate. In November of 1975, Florida officials reported to a Federal Gambling Commission: "The abuse of the State Bingo Law is widespread . . . A recent undercover investigation by the Public Safety Department disclosed that for every fifty bingo customers playing nightly, a $1,000 skim of profits goes into the illegal operator's pockets, instead of to the charity as law prescribes. Bingo in Dade County run by professional gamblers now is estimated to produce approximately 4½ million dollars annually in skimmed profits and unreported income."

A NO vote will prevent this kind of corruption.

We are not against bingo. Social bingo and "donation" bingo are now legal in California. We do OPPOSE, however, commercialized bingo—especially unlicensed, unregulated, advertised operations. The enabling legislation contains legal loopholes because it ignores the key recommendations of the Attorney General's Task Force and fails to provide, therefore, meaningful controls.

After several long debates, the enabling legislation passed the Assembly committee by a 5–4 vote, and the Senate Committee by a 6–5 vote. Proposition 9 barely got on the ballot.

Most reputable charities prefer to receive support from direct contributions, without depending on gambling profits. Many nonprofit organizations opposed Proposition 9 from its very beginning.

Join us in rejecting this legislation.

Vote NO on Proposition 9.

ROBERT H. BURKE
Member of the Assembly, 73rd District

ALBERT S. RODDA
Member of the Senate, 5th District

Argument Against Proposition 9

Commercialized bingo is big business.
Commercialized bingo is bad business.
Commercialized bingo is corrupting business.

Florida legalized bingo in 1967 and has experienced a flood of problems ever since. A Florida Legislative council report states, "Adoption of the State Bingo Law by the 1967 Legislature unleashed a torrent of questionable, if not illegal, gambling activities in Florida."

Iowa legalized bingo in 1973, and has been swamped by serious law enforcement problems. The Iowa Attorney General states that ". . . a dozen high-stake operations have sprung up and are doing a $37 million a year business."

The California Attorney General's Task Force on Legalized Gambling has recommended 8 reasonable safeguards be written into the law, should commercialized bingo come to California. Proposition 9 ignores 4 of these safeguards, including mandatory licensing, statewide standards for regulation and conduct of games, limits on the frequency of games, and a statewide supervisory agency.

Proposition 9 fails to provide for mandatory licensing on bingo operations.

Proposition 9 fails to provide for the regulation of bingo advertising.

Proposition 9 fails to provide reporting and auditing procedures. This failure provides no controls over price of leases, exorbitant salaries, skimming, or the final distribution of bingo profits.

Proposition 9 fails to prohibit individuals with criminal records from running bingo games.

Proposition 9 fails to provide for statewide standards for bingo regulations. This failure will produce a crazy-quilt pattern of different bingo laws among different California cities.

The most glaring fault of Proposition 9 is that it fails to provide for a "Statewide Supervisory Agency." The Attorney General's Task Force on Legalized Gambling made this safeguard their final recommendation. Such an agency would protect California citizens against abuses, would give society a measure of control over gambling, and make bingo operators accountable.

Proposition 9 is a threat to a well-governed, crime-free society.

Many non-profit organizations in California oppose legalizing gambling in order to raise funds for "charity."

If Proposition 9 passes, Californians can brace themselves for a deluge of flamboyant advertising, promoting exotic prizes and a "something-for-nothing" attitude toward life. Commercialized bingo could well become California's No 1 headache.

If Proposition 9 passes, an aggressive organization could legally promote and operate bingo on a 24-hour, 7-day-a-week basis and reap a fortune.

Commercialized bingo poses serious social problems—especially among families with marginal incomes. "Grocery money" often ends up in the pockets of bingo operators. Gambling victimizes the poor and elderly.

Proposition 9 is badly written. It contains many loopholes. It will produce no tax revenue for the state.

Bingo does not belong in the California Constitution.

A NO vote on Proposition 9 will refer commercialized bingo back to the state legislature for more careful study and some reasonable safeguards.

A NO vote will discourage other forms of legalized gambling from entering California.

A NO vote will create a better moral environment in which to raise families.

A NO vote will make California a better state in which to live.

ROBERT H. BURKE
Member of the Assembly
73rd District

ALBERT S. RODDA
Member of the Senate
5th District

Rebuttal to Argument Against Proposition 9

The opponents say commercialized Bingo is big, bad, corrupt business. Is Bingo played "illegally" daily throughout California by churches, civic organizations and others big, bad, corrupt business?

The opponents point to a Florida law long since amended and the Iowa law which does not contain all our safeguards. Comparisons without merit. Neither these states nor approximately 26 others are about to give up their legalized Bingo.

The opponents refer to the Attorney General's Task Force on Legalized Gambling neglecting to state its conclusion. After reviewing all states that permitted Bingo the Task Force wrote: (pages 32–33) "The general opinion of both law enforcement and public administration authorities interviewed seems to confer approval on the legalization of Bingo for civic, religious and charitable purposes. On the whole, they felt that a properly regulated and conducted Bingo game presented no law enforcement problems of substance."

The opponents want more bureaucracy; statewide licensing, statewide regulation, limits on frequency of games and statewide supervision. Our Statute provides local control and supervision requiring an ordinance by the City or County before Bingo could be played.

A "no" vote will not prevent Bingo from being played. It is played illegally daily.

A "yes" vote will allow people to play Bingo legally. There will be no commercial profit. All proceeds go to charity.

Finally, opposition arguments concentrate on the Attorney General's Task Force Report—But the Attorney General does not oppose this measure. He has reviewed the Statute and finds no enforcement problems.

LEROY F. GREENE
Member of the Assembly, 6th District

10 BONDS TO REFUND STATE INDEBTEDNESS

Ballot Title

BONDS TO REFUND STATE INDEBTEDNESS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution Article XVI, section 1 to permit Legislature, by a two-thirds vote, to authorize, without voter approval, refunding bonds to refinance any outstanding state debt. Financial impact: Unknown possible future savings in state interest costs.

FINAL VOTE CAST BY LEGISLATURE ON ACA 50 (PROPOSITION 10):

ASSEMBLY—Ayes, 68 Noes, 0

SENATE—Ayes, 30 Noes, 2

Analysis by Legislative Analyst

PROPOSAL:

California's Constitution requires that all proposed state general obligation bond issues be approved by a two-thirds vote in each house of the Legislature and also by a majority vote of the people. The state sells general obligation bonds to finance a number of major programs including veterans' farm and home purchases, water projects, parks and recreation programs, state building construction, community college construction, and school building aid. Some bond programs are fully self-supporting from revenues generated by their programs. For other programs, the state General Fund pays all or part of the debt charges. In all cases, however, the state guarantees payment of interest and principal if program revenues are not sufficient.

This proposal would allow the Legislature, by a two-thirds vote in each house, to authorize the issuance of general obligation refunding bonds without referring each separate issue to a vote of the people. There would be no increase in state bonded debt because refunding bonds may only be issued to redeem those outstanding general obligation bonds which have refunding or "callable" provisions.

Callable bonds are those which the state may pay off prior to maturity. By issuing refunding bonds at a lower interest rate, the state can "call" or pay off the old bonds and save the difference in the interest rate on the old bonds and the interest rate (plus redemption and issuance costs) of the refunding bonds.

FISCAL EFFECT:

Because interest rates today are generally higher than when most of the state's current outstanding bonds were issued, there is no immediate potential saving in this proposal. The state, however, has been and is now issuing bonds at these relatively higher rates. Therefore, if interest rates decline in future years and fall below the interest rates of outstanding state general obligation bonds, some savings may be possible.

The proposal has no fiscal effect on local government.

Study the Issues Carefully

This amendment proposed by Assembly Constitutional Amendment No. 50 (Statutes of 1975, Resolution Chapter 99) amends an existing section of the Constitution. Therefore, the provisions to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XVI, SECTION 1

SECTION 1. The Legislature shall not, in any manner create any debt or debts, liability or liabilities, which shall, singly or in the aggregate with any previous debts or liabilities, exceed the sum of three hundred thousand dollars ($300,000), except in case of war to repel invasion or suppress insurrection, unless the same shall be authorized by law for some single object or work to be distinctly specified therein which law shall provide ways and means, exclusive of loans, for the payment of the interest of such debt or liability as it falls due, and also to pay and discharge the principal of such debt or liability within 50 years of the time of the contracting thereof, and shall be irrepealable until the principal and interest thereon shall be paid and discharged, and such law may make provision for a sinking fund to pay the principal of such debt or liability to commence at a time after the incurring of such debt or liability of not more than a period of one-fourth of the time of maturity of such debt or liability; but no such law shall take effect unless it has been passed by a two-thirds vote of all the members elected to each house of the Legislature and until, at a general election or at a direct primary, it shall have been submitted to the people and shall have received a majority of all the votes cast for and against it at such election; and all moneys raised by authority of such law shall be applied only to the specific object therein stated or to the payment of the debt thereby created. Full publicity as to matters to be voted upon by the people is afforded by the setting out of the complete text of the proposed laws, together with the arguments for and against them, in the ballot pamphlet mailed to each elector preceding the election at which they are submitted, and the only requirement for publication of such law shall be that it be set out at length in ballot pamphlets which the Secretary of State shall cause to be printed. The Legislature may, at any time after the approval of such law by the people, reduce the amount of the indebtedness authorized by the law to an amount not less than the amount contracted at the time of the reduction, or it may repeal the law if no debt shall have been contracted in pursuance thereof.

Notwithstanding any other provision of this Constitution, Members of the Legislature who are required to meet with the State Allocation Board shall have equal rights and duties with the nonlegislative members to vote and act upon matters pending or coming before such board for the allocation and apportionment of funds to school districts for school construction purposes or purposes related thereto.

Notwithstanding any other provision of this constitution, or of any bond act to the contrary, if any general obligation bonds of the state heretofore or hereafter authorized by vote of the people have been offered for sale and not sold, the Legislature may raise the maximum rate of interest payable on all general obligation bonds authorized but not sold, whether or not such bonds have been offered for sale, by a statute passed by a two-thirds vote of all members elected to each house thereof.

The provisions of Senate Bill No. 763 of the 1969 Regular Session, which authorize an increase of the state general obligation bond maximum interest rate from 5 percent to an amount not in excess of 7 percent and eliminate the maximum rate of interest payable on notes given in anticipation of the sale of such bonds, are hereby ratified.

Notwithstanding any provisions of this section to the contrary, refunding bonds may be authorized by statute, two-thirds of the membership of each house of the Legislature concurring, for the purpose of refunding any outstanding indebtedness. No election shall be required to authorize the issuance of refunding bonds.

Remember to Vote on Election Day

Tuesday, June 8, 1976

10 Bonds to Refund State Indebtedness

Argument in Favor of Proposition 10

Proposition 10 allows the state greater flexibility in the management of its debt; and when bonded indebtedness is significant, the long-term savings can be substantial. A decrease of only one percent in the interest rate can result in up to $2.5 million of savings over the repayment period of the callable or refundable portion of a $100 million issue of state bonds.

Proposition 10 does not authorize creation of any debt beyond that which the voters authorized in the original bond issue, nor does it allow diversion of any bond money, interest, or savings to new projects. It is limited strictly to the state's existing debt and can be used only when interest rates decline. There are no new costs only potential savings to the taxpayers.

Proposition 10 allows the state to take full advantage of declining interest rates by issuing "refunding bonds". The issuance of refunding bonds is a procedure by which bonds are exchanged at a more favorable interest cost to the state. The procedure is very similar to a homeowner obtaining a new loan on his home at an interest rate lower than that which he paid when he purchased his property. With the proceeds of the new loan, he pays off the original loan and then begins regular payments at the lower rate.

Present day, historically high interest rates dramatize the need to make available to the state the authority necessary to minimize interest cost in the orderly payoff of its outstanding debt. Good debt management techniques should include the timely issuance of refunding bonds to effect savings.

This proposal was adopted by the Assembly on a vote of 68–0 and has the full support of the State Treasurer and the Director of Finance. A yes vote will decrease state costs.

JOHN FRANCIS FORAN
Member of the Assembly, 16th District
Chairman, Assembly Ways and Means Committee

JESSE M. UNRUH
State Treasurer

ROY M. BELL, *Director*
Department of Finance

Rebuttal to Argument in Favor of Proposition 10

The arguments for proposition 10 are signed by three public officials. The proponents claim old bonds, not yet paid off, can be refinanced at lower rates of interest than those old bonds now bear. **We do not believe it.** Why should the State refinance old bonds at all? As we read proposition 10, they could reissue replacement bonds at **HIGHER INTEREST,** up to 7%, on old bonds that now carry a lower interest rate than 7%.

Why should the people be denied the right to vote on **ANY** multi-million dollar long term indebtedness **THEY MUST PAY OVER MANY FUTURE YEARS?** Why should the people's debt be negotiated in private without their consent?

Why should the people **EVER** give up their basic right to any agency of government to impose upon them debt obligations for 25 or fifty years into the future?

Where can any home owner refinance his mortgage debt at **LOWER COSTS** than he obligated himself to pay in the first place?

When the people voted for these old bonds, years ago, they made a contract to pay a rate of interest much lower than present day rates.

Is it reasonable to expect that the buyers of these old bonds will now reduce the interest rates?

We think proposition 10 is a very dangerous proposition for taxpayers and we will vote NO on election day.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, *Chairman*

EDWARD J. BOYD, *President*

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Argument Against Proposition 10

This proposition is another attempt to empower the Legislature to extend and increase the State bond debt—to reissue refunding bonds to refinance outstanding indebtedness, at any time without approval of the voters and taxpayers who pay for the refunding.

Refunding is actually refinancing debt to postpone payment when due.

This proposition also authorizes the State to pay more interest for these refinanced obligations. As we understand the complicated language in this proposition, the interest now being paid of 5% on existing bond debt could be raised to 7% on the same debt when refunded or refinanced.

The proposition reads "No election shall be required to authorize the issuance of refunding bonds". This appears to us as taxation without representation. We further believe this proposition erodes the basic principle that government in the United States should be limited. Unlimited government forces unlimited taxation.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, *State Chairman*

EDWARD J. BOYD, *President*

Rebuttal to Argument Against Proposition 10

The argument opposing Proposition 10 does not address itself to the problem we are attempting to solve.

For the past few years all of us have had to pay unusually high interest rates for mortgages and personal loans. Nobody likes it and nobody wants to do it. To protect ourselves each private citizen has the right to seek a new loan when interest rates are lower. We use this money to pay off the first loan and then make payments on the new loan. That makes good sense. But the state cannot do it unless you approve this proposition.

State officials won't use this authority to create new debt, or to postpone payment, or to extend payments they can't afford to meet because no creditor would make a lower-rate loan available in those circumstances. This proposition will be used when interest rates are lower than those which were offered when the original bonds were sold. Vote YES to reduce state costs and thereby save money for the taxpayer.

JOHN FRANCIS FORAN
Member of the Assembly, 16th District
Chairman, Assembly Ways and Means Committee

JESSE M. UNRUH
State Treasurer

ROY M. BELL, *Director*
Department of Finance

11 MOTOR VEHICLE TAXES–LOCAL SURPLUS PROPERTY

Ballot Title

MOTOR VEHICLE TAXES—LOCAL SURPLUS PROPERTY. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, Article XXVI. Notwithstanding present constitutional restrictions on use of motor vehicle tax revenues, permits an entity other than the state to use surplus real property purchased with such revenues for local park and recreation purposes when no longer required for the purpose for which originally purchased. Financial impact: No state effect. Possible minor changes in city and county revenues and costs to the extent this authorization is exercised.

FINAL VOTE CAST BY LEGISLATURE ON ACA 41 (PROPOSITION 11):

ASSEMBLY—Ayes, 58 Noes, 0

SENATE—Ayes, 28 Noes, 8

Analysis by Legislative Analyst

PROPOSAL:

Background. In the process of planning street or road systems, cities and counties acquire land for rights-of-way. Some of this land is purchased with state gasoline excise tax money. When a specific road plan is completed, some portions of the acquired land may be found to be in excess of needs. At present, the city or county must use the proceeds from the sale of such excess lands for road purposes if the land was originally purchased with state gasoline excise tax money.

Proposal. This proposition would permit cities and counties to use such excess land for local public park and recreational areas.

FISCAL EFFECT:

. This proposal would have no direct effect on state or local government costs or revenues. To the extent that cities and counties exercised the park development option, a decrease in local road funds could occur, but, in our opinion, this decrease would be very small. To the extent that excess road lands are used for park and recreation areas in lieu of local expenditures for that purpose, equivalent savings in local general tax funds could result.

Apply for Your Absentee Ballot Early

This amendment proposed by Assembly Constitutional Amendment No. 41 (Statutes of 1975, Resolution Chapter 108) amends an existing article of the Constitution by adding a section thereto. Therefore, the provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XXVI

SEC. 8. Notwithstanding Sections 1 and 2 of this article, any real property acquired by the expenditure of the designated tax revenues by an entity other than the State for the purposes authorized in those sections, but no longer required for such purposes, may be used for local public park and recreational purposes.

Remember to Vote on Election Day

Tuesday, June 8, 1976

11 Motor Vehicle Taxes—Local Surplus Property

Argument in Favor of Proposition 11

Your yes vote on Proposition 11 is necessary to afford local public agencies the opportunity to utilize surplus parcels from local street improvement projects for park purposes.

Under the existing provisions of Article XXVI of the State Constitution, land left over from gas-tax financed local street improvement projects must be sold at fair market value and the proceeds reimbursed to their local share of the gas tax fund. Presently, if a local agency wanted to retain the use of the excess parcels, they must in effect re-purchase the parcels with non-gas tax funds. It seems to us that we all should be doing everything we can to provide local agencies with means to facilitate their efforts to provide parkland and green-space which will benefit the people of this state. Proposition 11 will do just that.

Legislation was passed and signed by Governor Brown during the past legislative session which will provide the statutory controls under which this program will operate once Proposition 11 is ratified by the voters. These controls guarantee that only excess parcels (upon which it is determined that the highest and best use of the property is for park purposes) will be used for such purposes. We see no purpose to be served by requiring local agencies to in effect re-purchase their own surplus land out of another fund, funds which otherwise would be used for needed municipal and county services.

For example, many cities and counties have been developing small parcels into so-called "mini-parks", "vest-pocket parks", or "neighborhood parks". Three recent projects in the City of Los Angeles are situated on land left over from local street improvement projects financed with local gas-tax money. To retain these parcels for park purposes, the City had to agree to reimburse the gas-tax fund with non gas-tax money at 100 percent of the fair market value, at approximately $138,000. These small odd-shaped parcels were not suitable for other purposes so they would have probably sat vacant and off the tax rolls if the City hadn't in effect re-purchased the parcels from themselves. The funds used to purchase these parcels could have been used for other badly needed acquisitions or development if the Constitution did not contain its present restrictions. Proposition 11 would correct that situation. We believe that Proposition 11 will give local government the discretionary authority to retain excess local gas tax parcels when the parcels can be effectively used for local park purposes.

Proposition 11 offers local agencies the flexibility to determine if an appropriate excess parcel should be retained for park purposes at no additional cost to the taxpayer.

As a means to provide needed park facilities at no added cost to the people, we urge your yes vote on Proposition 11.

PAUL PRIOLO
Member of the Assembly, 38th District

TOM BRADLEY
Mayor, City of Los Angeles

Rebuttal to Argument in Favor of Proposition 11

Proposition 11 deserves a NO vote because it would further erode money needed for street and highway improvement, already in very short supply.

Proposition 11 proponents are misleading when they say it allows cities to, in effect, repurchase surplus parcels from street improvement projects for park purposes. If these parcels are simply allowed to revert back to cities, then where will the funds be found for the needed road work?

That's the key question, and one the proponents have failed to answer.

More parks may be very desirable, but the voters should consider what the real costs are before approving this kind of proposal, which is like robbing Peter to pay Paul. That may be a cliche, but in this case it is applicable.

Vote NO on Proposition 11.

H. L. RICHARDSON
Member of the Senate, 19th District

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Argument Against Proposition 11

Vote NO on Proposition 11 unless you want to insure that California's already hard-hit Highway Users Tax Fund will be further depleted in the name of parks and recreation.

This proposition would permit property purchased with gas tax funds and other auto and motorist fees to be used as local park and recreation facilities if the land is no longer necessary for highway purposes. But local governments would not have to reimburse the state for the highway land!

Who decides what is necessary or unnecessary for use in the construction of highways? And why should it be given free?

Our state freeway system is incomplete as it is. Freeway engineers and other highway (CALTRANS) workers have been layed off. Obviously, this has sorely affected the construction industry.

All of this is crippling to the state's economy, which needs stimulating, not depressing. The completion of freeway routes could serve to at least hold down freight and other costs, because trucks now have to detour and go more miles.

Even if you are sympathetic to the idea of surplus highway land going for park use, why should the Gas Tax Fund not have to be reimbursed by the local governments involved?

Certainly, it is all tax money out of your pocket, but the money expressly available for the construction and maintenance of the state's highway system can't stand further depletion.

People in California historically have wanted their Gas Tax Funds to be used to build and maintain what has been the best highway system in the country, perhaps the world. It has been a users tax, meaning that the money has come from gasoline sales, registration fees, weight fees and drivers license fees.

There are those who would have all this money thrown into the General Fund pot, to be spent willy nilly. Using it for parks is a more defendable aim than that, but even so the millions of motorists in California, many of them voters, should want to protect and enhance the only rapid transportation system we have at this time—our highway system.

Since this measure would tend to delete the highway fund, and since this would not serve the best interests of all the people at this time, please vote NO on Proposition 11.

H. L. RICHARDSON
Member of the Senate, 19th District

Rebuttal to Argument Against Proposition 11

The argument presented by the opponent to Proposition 11 is misleading and does not address itself to the provisions of this proposal.

Proposition 11 does not change the constitution as it relates to the State share of the gas tax; it does not relate to funds for State highways or freeways; and, it does not relate to the layoffs at Caltrans.

Proposition 11 addresses only the local share of the gas tax fund. It simply would allow a city or county which has acquired a parcel of land for a city or county street project using its own gas tax funds, to use any of the parcel left over after the completion of the project for park purposes. And then only if it has been determined that the use for park purposes is the highest and best use of that land.

Vote YES on PROPOSITION 11 as a means to provide land for more local park facilities.

Vote YES on PROPOSITION 11 to provide the tools to local agencies to develop unwanted parcels left over from local street projects which would otherwise sit vacant and become a blight on the community.

VOTE YES ON PROPOSITION 11.

PAUL PRIOLO
Member of the Assembly, 38th District

TOM BRADLEY
Mayor, City of Los Angeles

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12 INTEREST RATE

Ballot Title

INTEREST RATE. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, Article XX, section 22, to permit increase in maximum permissible contract rate of interest collectible by nonexempt lender for loan or credit advance for nonpersonal, nonfamily, nonhousehold purpose to the higher of 10% per annum or 7% plus prevailing interest rate on certain designated dates. Financial impact: None.

FINAL VOTE CAST BY LEGISLATURE ON SCA 19 (PROPOSITION 12):

ASSEMBLY—Ayes, 62 Noes, 6

SENATE—Ayes, 29 Noes, 0

Analysis by Legislative Analyst

PROPOSAL:

Every lender of money, unless specifically exempted by the Constitution, is prohibited from charging interest of more than 10 percent per year on any loan. Savings and loan associations, state and national banks, industrial loan companies, credit unions, pawnbrokers, personal property brokers and agricultural cooperatives are specifically exempted from the above provision.

This proposition provides that the 10 percent per year interest limitation on nonexempt lenders, such as individuals, insurance companies and mortgage banks, only applies to loans for personal, family, or household purposes. On other loans these nonexempt lenders would be permitted to charge an interest rate that is the higher of (1) 10 percent per year or (2) seven percent plus the prevailing rate charged to member banks for monies advanced by the Federal Reserve Bank of San Francisco. In January 1976, the Federal Reserve rate was 5½ percent, which added to the seven percent, would total 12½.

FISCAL EFFECT:

The proposition has no fiscal effect on state or local governments.

Apply for Your Absentee Ballot Early

This amendment proposed by Senate Constitutional Amendment No. 19 (Statutes of 1975, Resolution Chapter 132) amends an existing section of the Constitution. Therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XX, SECTION 22 (AS ADOPTED NOVEMBER 6, 1934)

SEC. 22. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand or judgment rendered in any court of the ~~State~~ *state*, shall be 7 ~~per cent~~ *percent* per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest: ~~not exceeding 10 per cent per annum.~~

(1) For any loan or forbearance of any money, goods or things in action, if the money, goods or things in action are for use primarily for personal, family or household purposes, at a rate not exceeding 10 percent per annum, or

(2) For any loan or forbearance of any money, goods or things in action for any use other than specified in paragraph (1), at a rate not exceeding the higher of (a) 10 percent per annum or (b) 7 percent per annum plus the rate prevailing on the 25th day of the month preceding the earlier of (i) the date of execution of the contract to make the loan or forbearance, or (ii) the date of making the loan or forbearance established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended (or if there is no such single determinable rate for advances, the closest counterpart of such rate as shall be designated by the Superintendent of Banks of the State of California unless some other person or agency is delegated such authority by the Legislature).

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than ~~10 per cent per annum~~ *the amount of interest per annum allowed by this section* upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 4 of Division VI of the Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forebearance of any money, goods or things in action.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

12 Interest Rate

Argument in Favor of Proposition 12

By an overwhelming vote of Democratic and Republican state legislators, Proposition 12 was placed on the June 8th ballot in order to stimulate the economy, create jobs throughout California, and encourage business growth.

The measure will put a more realistic limitation on the interest rate that can be charged on money borrowed by business firms in California. The present rate limitation, which is the lowest in the nation, has had the unintended effect of handcuffing business' ability to finance expansion and generate new jobs.

A YES vote on this vital constitutional amendment **will not raise or change in any way present rate limitations now protecting consumers.** The measure was carefuly written so that it would not affect consumer loan interest rates. In fact, the amendment was **not opposed** by any consumer groups during the public hearings held by the Legislature.

By making more money available for plant expansion, increased production, or other capital outlay, Proposition 12 will stimulate business activity statewide, which means **more jobs for Californians.**

Proposition 12 will be especially helpful to people who work in housing, construction and manufacturing by providing much-needed capital from both California and out-of-State investors. It will also provide good investment opportunities in California for union pension funds, teacher retirement funds, employee retirement and insurance funds.

Without passage of this amendment, monies available for business loans will continue to go to business firms in other states, leaving California companies at a serious economic disadvantage. Only two other states, Arkansas and Tennessee, impose a discriminatory business loan interest rate limit similar to California's.

The present restriction is simply out of date. It was set in the Constitution over 40 years ago and badly needs revision. There is no reason why California should continue to handicap its business and industrial progress with this unfair and out-dated restriction.

A YES vote will establish a flexible, realistic interest rate limitation, enabling California businesses to borrow competitively and thus have funds to support a healthy, vigorous economy.

The new business loan interest rate will be limited to the higher of either 10%, or 7% plus the Federal Reserve "discount rate". The "discount rate" is the rate at which banks borrow money from the Federal Reserve. It is carefully controlled by the federal government, and has never exceeded 8%.

Proposition 12 is strongly supported by labor organizations, chambers of commerce, women's groups, civic leaders, ethnic minorities, and consumer-minded citizens, all of whom want a healthy, expanding economy in California.

A YES vote makes good economic sense—and good common sense.

BILL GREENE
Member of the Senate, 29th District

JOYCE REAM
San Francisco Community Leader

DR. NORMAN TOPPING
Chancellor, USC

Rebuttal to Argument in Favor of Proposition 12

Voters in California should again reject this effort to institute higher interest rates in a period when we are trying to come out of a recession caused by high interest payments. To lead consumers to believe that they are not affected by these higher rates is simply not right. This amendment would not shield consumers because penalty provisions in our laws are strictly read by the Courts, and the interest rates can be applied to **anyone**—businesses or consumers.

This proposition does **not** exempt consumers, it simply says that no loans primarily used for personal, family or household purposes the rate cannot be over 10%. If this proposition succeeds the first time you, the consumers, borrow money for anything and it turns out to be 49% for personal family or household needs, and 51% for some other need you will be zapped with rates ranging anywhere from 13% to 15%—depending on the going rate.

You get it both ways: if the utilities and other businesses borrow at higher rates, they will pass the increase on to you; if you borrow for yourself, they'll get you directly for a loan not "primarily" household.

Jobs are created by the need for goods and services. If we continue to make goods and services so expensive that the average citizen still cannot afford them, there will be even less jobs. Do not be hood-winked by fast and loose arguments and prominent names. Vote your pocketbook! Vote NO on Proposition 12!

JOHN J. MILLER
Member of the Assembly, 13th District
Chairman, Committee on Judiciary

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Argument Against Proposition 12

This measure attempts to change the section in our Constitution which has protected the public against usury since 1934. The same conditions which caused those safeguards to be enacted in 1934 exist today: The economy is placing heavy burdens on borrowers and heavy interest rates are being disguised as charges. Since consumers are still suffering from the same economic stress, this constitutional protection should not be tampered with today. Furthermore, the Legislature has not seen any need to change this section for over 41 years. Why should the section now be changed when inflation and high interest rates are hurting everyone?

This Constitutional amendment was initially sponsored in the Legislature by gas and electric public utilities. It would have substantial and widespread effects on consumer finance in California.

The present section now provides little enough protection for consumers: It places ceilings on interest rates that lenders may charge, but then exempts all of the banks and savings and loan companies who do business with the consumer. Now this measure proposes to add more corporations to that category including premium finance companies, mortgage brokers and restricted industrial loan companies. Whereas the present usury law maximum is 10% per annum, this amendment, if enacted would raise the limit to 13% or even 15%. The consumer is suffering enough from today's high interest rates.

California voted against relaxing usury laws in 1970. The voters should again reject this weakening of the usury laws and demand stronger laws against usury. Vote No on Proposition 12.

JOHN J. MILLER
Member of the Assembly, 13th District
Chairman, Committee on Judiciary

Rebuttal to Argument Against Proposition 12

Proposition 12 was carefully written by the Legislature to accomplish one key goal: to enable California business firms, small as well as large, to borrow at reasonable, competitive interest rates.

According to recent studies, present law has cost our state hundreds of millions of dollars in new business just over the last 18 months. This has meant the loss of from eighteen to twenty thousand new jobs.

In other states the business loan interest rate limitations have been modernized and reformed, leaving only California, Arkansas, and Tennessee with such an archaic, unrealistic limitation.

Importantly, Proposition 12 will have absolutely no effect on the rate of interest paid by consumers or home buyers. This reform affects only business loans (loans made to business firms for the purpose of financing expansion, new equipment, growth and new jobs).

The argument against Proposition 12, in making reference to consumer loan interest rates, does not apply to this ballot measure. Proposition 12 clearly states, "for non-personal . . . non-family and non-household purposes."

What Proposition 12 does seek to change is the interest rate paid by business firms. Business people, community leaders and working people around the state are calling for this change because our present 42-year-old law puts California firms at a competitive disadvantage with firms outside of California.

Passage of Proposition 12 will help stimulate a growing, healthy economy.

We urge you to vote YES on Proposition 12.

BILL GREENE
Member of the Senate, 29th District

JOYCE REAM
San Francisco Community Leader

DR. NORMAN TOPPING
Chancellor, USC

13 PROPERTY TAX POSTPONEMENT

Ballot Title

PROPERTY TAX POSTPONEMENT. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Authorizes Legislature to provide for manner in which persons of low or moderate income, age 62 or older, may postpone ad valorem property taxes on principal place of residence. Requires Legislature to provide for subventions to cities, counties and districts for revenue lost by postponement of taxes. Provides for reimbursement to state for such subventions, including interest and state costs out of postponed taxes when paid. Financial impact: No direct fiscal effect—depends upon the adoption of implementing legislation. However, if implemented, the state would be required to reimburse local governments for the revenue losses from the postponement, and the state in turn would be reimbursed for its costs when the postponed taxes are repaid.

FINAL VOTE CAST BY LEGISLATURE ON SCA 16 (PROPOSITION 13):
ASSEMBLY—Ayes, 66 SENATE—Ayes, 31
Noes, 5 Noes, 3

Analysis by Legislative Analyst

PROPOSAL:

This proposition authorizes the Legislature to allow homeowners, age 62 and over, with low or moderate incomes, to postpone payment of property taxes on their principal place of residence.

If the Legislature acts to provide for postponement of property taxes, this proposition requires that (1) the state reimburse local government for the resulting property tax losses, and (2) the state shall be reimbursed for its payments to local governments, plus its related interest and administrative costs, when the postponed taxes are paid.

The proposition gives the Legislature the power to do the following:

1. Determine eligibility of homeowners to postpone property taxes by defining low and moderate income.
2. Establish the period of time over which property taxes may be postponed and the manner of their repayment.
3. Determine the rate of interest to be paid by participating homeowners on postponed property taxes.

FISCAL EFFECT:

Because this measure only authorizes a possible future action of the Legislature, by itself it has no direct fiscal effect on either state or local government. If it is implemented by the Legislature, there could be a substantial net cash outlay by the state for a period of years before it begins receiving any significant repayment of postponed property taxes and related costs.

While the proposal intends that the state be fully reimbursed over time, the net long-term fiscal effect will depend on whether property values are sufficient to cover repayment of all postponed taxes and whether interest and administrative costs will be completely reimbursed.

Polls are open from 7 A.M. to 8 P.M.

This amendment proposed by Senate Constitutional Amendment No. 16 (Statutes of 1976, Resolution Chapter 2) amends an existing article of the Constitution by adding a section thereto. Therefore, the provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 8.5. The Legislature may provide by law for the manner in which a person of low or moderate income who is 62 years of age or older may postpone ad valorem property taxes on the dwelling owned and occupied by him as his principal place of residence. The Legislature shall have plenary power to define all terms in this section.

The Legislature shall provide by law for subventions to counties, cities and counties, cities and districts in an amount equal to the amount of revenue lost by each by reason of the postponement of taxes and for the reimbursement to the state of such subventions from the payment of postponed taxes. Provision shall be made for the inclusion in such reimbursement for the payment of interest on, and any costs to the state incurred in connection with, such subventions.

Study the Issues Carefully

13 Property Tax Postponement

Argument in Favor of Proposition 13

This proposed Constitutional Amendment Proposition 13 is our opportunity to provide senior citizens with a means of deferring their property taxes.

Many of our senior citizens with fixed incomes are finding it increasingly difficult to remain in their homes of many years and among their friends and neighbors because increasing property taxes on the inflationary values of their homes are becoming so high that their retirement incomes simply are inadequate to pay higher and higher taxes and accommodate essential needs.

This measure would make it possible for low and moderate income homeowners, age 62 or older, to defer payment of real estate taxes as long as they remain in their home. Upon the sale of the home or the death of the homeowner all back taxes and interest would become due and payable against the equity in the property.

No single tax has created more controversy and imposed more of a hardship on older citizens than the property tax. More than two-thirds of all older citizens own their own home, for many their major tangible financial asset. To leave their residences late in life and move to new, less expensive housing is a difficult and distressing decision and further complicates the short supply of such housing.

Senior citizens property tax relief has, in part, responded to this problem. But the plight of our senior citizens has not been resolved. To provide further property tax reductions to one group would necessarily impose greater burdens on others.

Under present law the Legislature does not have the authority to provide for a system of postponement of payment of property taxes. This Constitutional Amendment gives the Legislature such authority. The details of administering the program will therefore be spelled out in subsequent legislation upon passage of this Constitutional Amendment.

The measure passed the Senate 28-0 and the Assembly 64-6, thus giving it overwhelming legislative approval.

A similar law has already been tested in Oregon where it was enacted in 1963 with good results and no administrative difficulties.

The Act is elective, senior citizens would be affected only if they wish to so choose, yet those who are unable to otherwise remain in their homes may choose to do so through this Act.

This is a tax reform proposal involving no public cost or tax revenue costs, since state government will reimburse local government for any reduced tax revenues, which will later be returned to the state at the end of the deferral period.

It meets the fair and urgent needs of our older citizens and will benefit communities throughout California.

A vote for Proposition 13 is a vote giving our senior citizens freedom of choice in the ability to defer their property taxes.

JOHN A. NEJEDLY
Member of the Senate, 7th District

MILTON MARKS
Member of the Senate, 9th District

JOHN KNOX
Member of the Assembly, 11th District
Speaker pro Tempore

Rebuttal to Argument in Favor of Proposition 13

Proposition 13 does NOTHING to reduce property taxes for home owners 62 or over but would raise property taxes for everyone else. All it does is postpone payment of property taxes for those over 62, with low or moderate income, until such a person dies or vacates the home. Then all back taxes and interest would be a lien on the home which the State could foreclose if not paid by children or heirs.

Proponents admit proposition 13 would force a tax raise on all other property taxpayers. This really means the same postponed taxes on the exempted home would have to be paid ONCE by other taxpayers and AGAIN at the end of the exemption by who ever acquired the home. A clever scheme to collect DOUBLE taxes.

If a person aged 62 got the postponement of property tax payment until age 82 the accumulated due property taxes, plus interest, could be more than the worth of the home.

We want REAL property tax relief for the elderly and ALL other property owners who are now forced to pay unfair, inequitable property taxes. Deceptive band aid illusions, such as proposition 13, does nothing but raise property taxation and pile more interest bearing debt on future generations.

True property tax reform can only come from HARD political decisions. No good can come from SOFT honeyfuggling political expediency, or inept mungling.

We will vote NO on proposition 13.

United Organizations of Taxpayers, Inc.

HOWARD JARVIS, *Chairman*

EDWARD J. BOYD, *President*

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Argument Against Proposition 13

This is a proposition which purports to assist owner occupied dwellings of persons over 62 years of age, with low or moderate incomes, to postpone the payment of their property taxes. It also provides that the State shall re-imburse the counties, cities and districts for the postponed payments in amounts equal to the postponed payments plus interest from dates of such postponements. While we have strong feelings the elderly should be relieved of as much tax as possible, this proposition does not reduce taxes on their property at all. It merely postpones the date on which the property tax must be paid, plus interest and penalties.

The proposition does not define what low or moderate income is, nor does it specify the length of time of the postponement. At the present time home and property owners have 5 years to redeem their property by paying back taxes, penalties and interest. This is not the way to help citizens who are 62 with low or moderate incomes. The best way to help them and their children, who would inherit their property, is to reduce all property taxes to amounts they and everyone else can afford to pay.

Property owners of all ages and incomes need major reductions in property taxes. A band aid approach, as this proposition, solves nothing.

On the November ballot will be a ballot proposition to reduce property taxes of all citizens in this State to fair, equitable and reasonable levels.

We should stop these insidious policies of attempting tax reform by applying patch after patch on a system which is basically a disaster.

For these reasons and many more we urge a NO vote on proposition 16.

United Organizations of Taxpayers, Inc.,

HOWARD JARVIS, ***State Chairman***

EDWARD J. BOYD, ***President***

Rebuttal to Argument Against Proposition 13

Senior citizens throughout the State, as well as the California Commission on Aging, have requested and are in support of Proposition 13. Thus those who are most concerned recognize the need for this legislation. Many of our respected senior citizens who have contributed so much to our state and our communities find it impossible to pay increasing property taxes on their homes that are rapidly increasing in value.

The opposition suggests reduction in property taxes of all citizens. No such proposal has, as yet, qualified for the November ballot, and even if one did, it would not provide an answer to the problem confronting those with fixed and limited incomes to whom property taxes would still be an overwhelming burden.

Proposition 13 will provide an opportunity for our senior citizens to remain in their homes through deferment of taxes, for those who qualify, through a procedure to be determined by the Legislature. Present procedures incident to non-payment of taxes are wholly inadequate for after five years of delinquency the property is sold and any surplus in value over taxes is not returned to the owner.

Proposition 13 will be an opportunity for those senior citizens who elect to do so to defer property taxes to the extent of their equity without increasing the tax burden of other property taxpayers or in any way reducing the funds available to local taxing jurisdictions.

JOHN A. NEJEDLY
Member of the Senate, 7th District

14 MISCELLANEOUS CONSTITUTIONAL REVISIONS

Ballot Title

MISCELLANEOUS CONSTITUTIONAL REVISIONS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Repeals, amends, and renumbers various constitutional provisions relating to elections, recall, initiative and referendum, legislative rules and proceedings, municipal and justice courts, public officers and employees, water resources, homestead exemptions, labor relations and interest rates. Provides that certain amendments relating to interest rates shall become operative only upon the adoption, and other amendments also relating to interest rates only upon the rejection of Proposition 12. Financial impact: None.

FINAL VOTE CAST BY LEGISLATURE ON ACA 40 (PROPOSITION 14):
ASSEMBLY—Ayes, 60 SENATE—Ayes, 31
Noes, 0 Noes, 0

Analysis by Legislative Analyst

PROPOSAL:

The provisions of the California Constitution are organized under numbered headings called Articles (for example, Article I—Declaration of Rights).

This proposition reorganizes parts of the California Constitution by transferring and combining provisions from certain articles and placing them, with minor changes, in the same or different articles.

For example, provisions relating to voting, the initiative and referendum, and recall are now scattered throughout the Constitution. This proposition brings these together under a single article. The proposition also recognizes other provisions such as those relating to labor relations, water resources, public officers and employees, and usury (lending money at an illegal interest rate).

Another proposed constitutional amendment on this same ballot (see Proposition 12) would amend and organize existing usury provisions in a manner different from that proposed by this proposition. Therefore, this proposition specifies the rules for determining which version of the usury provisions will be placed in the Constitution.

The meaning of the Constitution will not be affected by either the passage or the rejection of this proposition.

FISCAL EFFECT:

The proposition has no fiscal effect on state or local government.

Argument in Favor of Proposition 14

Ten (10) years ago, the California Constitution Revision Commission submitted its first recommendation to the voters of California to update and modernize our California Constitution. Through voter acceptance of Commission proposals, more than 40,000 words have been deleted from the Constitution and every Article, except two, has been amended or revised. This measure renumbers and reorders the Sections and Articles that have been revised. It further corrects spelling errors, gender changes, and makes the State Constitution more logical, coherent and readable. This is a most fitting action to take in this Bicentennial Year. The proposal has the support of the League of Women Voters of California and no opposition was expressed as the measure moved through the Legislature where it received unanimous support of the members of both houses.

JUDGE BRUCE W. SUMNER, *Chairman*
California Constitution Revision Commission

BARRY KEENE
Member of the Assembly, 2nd District

SAM FARR
Member, Monterey County
Board of Supervisors

No argument against Proposition 14 was submitted

See Page 64 for the Text of Proposition 14

15 NUCLEAR POWER PLANTS—INITIATIVE STATUTE

Ballot Title

NUCLEAR POWER PLANTS—INITIATIVE STATUTE. After one year, prohibits nuclear power plant construction and operation of existing plants at more than 60% of original licensed core power level unless federal liability limits are removed or waived by operators and full compensation assured. After five years, requires derating of existing plants 10% annually unless Legislature, by two-thirds vote, confirms effectiveness of safety and waste storage and disposal systems. Permits small-scale medical or experimental nuclear reactors. Appropriates $800,000 for expenses of public hearings by advisory group and Legislature. Requires Governor to publish and annually review evacuation plans specified in licensing of plants. Financial impact: Ultimate advisory group cost may exceed amount appropriated. If Legislature requires testing in addition to federal government testing, costs may be several million dollars. Utility districts may experience loss in investment. Cost of electricity may rise. Extent of state liability, if any, to compensate for public or private loss of investment is unclear. Effect on local property tax revenues indeterminable.

Analysis by Legislative Analyst

PROPOSAL:

Currently there are three nuclear power plants generating electricity in California. These plants provide about five percent of the electric power generated in California. Four more large reactor units are under construction at two plants and others are planned. As they begin operating, the units under construction will meet an increasing percentage of future electric demand. Nuclear power is one of the ways that California utilities plan to help meet future electrical energy needs.

There are now about 50 nuclear power plants operating in the United States. To date, there has been no reported significant damage due to releases of radioactive material from these plants or associated storage facilities. Some minor releases have been reported. However, the safety of such plants has become a matter of controversy. Scientists, engineers and citizens differ on various safety issues including nuclear power plant design, location of the plants, the possibility of earthquake hazards, and the adequacy of fuel handling and storage facilities.

The fuel used in nuclear power plants and the fuel waste products are radioactive. Unless carefully handled and confined, harmful radiation exposure can occur. It is also technically possible to concentrate the fuel to make explosive devices. Consequently, extensive damage to the environment and to life could result from accidents, sabotage or theft of nuclear fuels and wastes at power plants, during transportation, or at fuel or waste storage facilities. Providing storage for nuclear wastes from power plants is very difficult because some wastes must be isolated for thousands of years before ceasing to be radioactive. No long-term storage facility for such isolation now exists.

Nuclear power was developed under control of the federal government. The federal government retains control of licensing and radiation safety. It has also limited damages which may be recovered as a result of nuclear accidents. Under current federal law, the maximum amount of damages generally required to be paid to persons and businesses as a result of such an accident is $560 million.

This proposal would place state limits on the construction and operation of nuclear power plants in California as follows:

1. By June 1977, the power output of nuclear plants must be reduced to 60 percent of their licensed power level unless either: a) the federal limits on liability are removed, or b) the operators of nuclear power plants waive the liability limits. This proposition specifies that either way, full compensation for damages must be assured, as determined by a California court.

2. The Legislature by a two-thirds vote of each house must determine by June 1979 whether it is reasonable to expect that both of the following will occur by June 1981:

(a) That the effectiveness of the safety systems of nuclear plants in California will be demonstrated to the satisfaction of the Legislature (the demonstration must be made by comprehensive testing in actual operation of systems similar to those in nuclear power plants operating or being constructed in California), and

(b) That radioactive wastes from nuclear plants can be stored or disposed of with no reasonable chance of escape into the environment which would adversely affect the land or people of the state.

Without affirmative determinations of the above, noncomplying nuclear power plants would be limited to 60 percent of their licensed power levels (if not previously limited under 1 above) and no new nuclear power plants could be constructed.

3. After June 1981, if the Legislature had not actually made affirmative determinations as to the above, the operation of subject nuclear power plants in California would be restricted to 60 percent of the licensed power level and the operating level would be further reduced 10 percent per year until operation ceased. If, sometime after June 1981, full compensation (1 above) was assured and the Legislature made affirmative determinations (2 above), full operation and additional construction of nuclear power plants apparently could be resumed.

The operating limitations discussed above would not apply to small scale nuclear reactors used exclusively for experimental or medical purposes.

The Legislature would be required to appoint an advisory group of at least 15 qualified persons to assist it in making the above determinations. The advisory group would hold public hearings on the safety issues and make a report of its findings to the Legislature by June 1979. The Legislature would in turn be required to hold public hearings on the safety issues after receiving the report of the advisory group and before taking the actions in 2 and 3 above. The Governor would be required to publish annually plans for evacuation of people near each nuclear power plant, and to propose procedures for annual review of such plans.

FISCAL EFFECT:

It is unknown whether the courts, in view of federal laws, will accept the constitutionality of provisions in this measure relating to (a) removal of liability limits for damages, or (b) legislative determinations regarding nuclear radiation safety. There are serious questions as to whether federal preemption and other legal issues will permit the initiative to become operative. However, as a basis for making fiscal estimates, it is necessary to assume that all provisions will take effect if approved by the voters. If any major features are nullified by the courts, our related fiscal estimates will also be voided.

The effects on state and local governments are as follows:

1. **State cost for advisory group.** The proposition appropriates $800,000 from the General Fund to the advisory group for its assistance to the Legislature. The ultimate costs may exceed this appropriation.

2. **State costs for testing of nuclear power plant safety systems.** The cost of testing to demonstrate the effectiveness of safety systems at nuclear plants is unknown and depends on the extent and character of the tests. The federal government is planning safety tests. If the Legislature accepts the results of these tests, costs for demonstration of safety systems could be avoided. If additional testing is required by the Legislature, the costs could be several million dollars.

3. **Industry investment losses.** If the operations of nuclear plants are reduced or halted, both the affected public and privately-owned utilities will experience losses in their investments. Utility rates could be increased to cover these losses, or the Public Utilities Commission could decide that part or all of the private utility losses would be borne by the stockholders. If utility rates are increased, then all electricity users, including state and local governments, would bear the costs. If part or all of the investment losses are borne by corporate profits or stockholders, state corporate and personal income tax revenues could be reduced.

Another possibility is that the courts might require the state to compensate the utilities for their investment losses which could total a maximum of $2.3 billion if all nuclear plants currently in operation or under construction were shut down. However, the extent of state liability, if any, in this area also is unclear.

4. **Cost of electricity.** It may be more costly to provide replacement electrical energy if the operations of nuclear plants are reduced or halted by this proposition. In this case, electrical costs to all consumers, including state and local governments, may be increased by an unknown amount.

5. **Local property tax revenues.** Property tax revenues from utilities could decrease, remain the same, increase or be redistributed among local jurisdictions depending on (1) how investment losses in nuclear plants are recovered, and (2) whether utility companies replace electrical generating capacity in derated nuclear power plants with new, non-nuclear power plants.

Text of Proposed Law

This initiative measure proposes to add a Title 7.8 to the Government Code. It does not amend any existing law. Therefore, the provisions to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Sec. 1. Title 7.8 (commencing with Section 67500) is added to the Government Code, to read:

TITLE 7.8. LAND USE AND NUCLEAR POWER LIABILITY AND SAFEGUARDS ACT

67500. This title shall be known and may be cited as the Nuclear Safeguards Act.

67501. The people and the State of California hereby find and declare that nuclear power plants can have a profound effect on the planning for, and the use of, large areas of the state, as do related facilities connected with the manufacture, transportation, and storage of nuclear fuel, and the transportation, reprocessing, storage, and disposal of radioactive materials from nuclear fission power plants.

67502. The people further find and declare that substantial questions have been raised concerning the effect of nuclear fission power plants on land use and land use planning, as well as on public health and safety. Such questions include, but are not limited to, (a) the reliability of the performance of such plants, with serious economic, security, health, and safety consequences; (b) the reliability of the emergency safety systems for such plants; (c) the security of such plants, and of systems of transportation, reprocessing, and disposal or storage of wastes from such plants from earthquakes, other acts of God, theft, sabotage, and the like; (d) the state of knowledge regarding ways to store safely or adequately dispose of the radioactive waste products from nuclear fission power plants and related facilities; and (e) the creation by one generation of potentially catastrophic hazards for future generations.

67503. A nuclear fission power plant and related facilities may be a permitted land use in the State of California and its waters and considered to be reasonably safe and susceptible to rational land use planning, and may be licensed by state or local agencies, and may be constructed in the state only if all of the following conditions are met:

(a) after one year from the date of the passage of this measure, the liability limits imposed by the federal government have been removed and full compensation assured, either by law or waiver, as determined by a California court of competent jurisdiction and subject to the normal rights of appeal, for the people and businesses of California in the event of personal injury, property damage, or economic losses resulting from escape or diversion of radioactivity or radioactive materials from a nuclear fission power plant, and from escape or diversion of radioactivity or radioactive materials in the preparation, transportation, reprocessing, and storage or disposal of such materials associated with such a plant; and

(b) after five years from the date of the passage of this measure

(1) the effectiveness of all safety systems, including but not limited to the emergency core cooling system, of any nuclear fission power plant operating or to be operated in the State of California is demonstrated, by comprehensively testing in actual operation substantially similar physical systems, to the satisfaction of the Legislature, subject to the procedures specified in Section 67507; and

(2) the radioactive wastes from such a plant can be stored or disposed of, with no reasonable chance, as determined by the Legislature, subject to the procedures specified in Section 67507, of intentional or unintentional escape of such wastes or radioactivity into the natural environment which will eventually adversely affect the land or the people of the State of California, whether due to imperfect storage technologies, earthquakes or other acts of God, theft, sabotage, acts of war, governmental or social instabilities, or whatever other sources the Legislature may deem to be reasonably possible.

67504. (a) If within one year from the date of the passage of this measure the provisions of subsection 67503(a) have not been met, then each existing nuclear fission power plant and such plants under construction failing to meet the conditions specified in subsection 67503(a) shall not be operated at any time at more than sixty per cent of the original licensed core power level of such plant.

(b) Beginning five years from the date of the passage of this measure, each existing nuclear fission power plant and each such plant under construction shall not be operated at any time at more than sixty per cent of the licensed core power level of such plant and shall thereafter be derated at a rate of ten per cent per year of the licensed core power level of such plant, and shall not be operated at any time in excess of such reduced core power level, unless all of the conditions enumerated in Section 67503 are met.

67505. The provisions of Sections 67503 and 67504 shall not apply to small-scale nuclear fission reactors used exclusively for medical or experimental purposes.

67506. One year from the date of the passage of this measure, the Legislature shall initiate

Continued on page 69

15 Nuclear Power Plants—Initiative Statute

Argument in Favor of Proposition 15

Your YES vote on Proposition 15 will ensure that California will enjoy the best possible standards of safety in any future operation of atomic power plants.

Proposition 15 gives all Californians the right to be compensated for damages to themselves, their families and their property anticipated in the event of an atomic plant disaster.

Proposition 15 will require assurance of these rights before any more of California's valuable land and resources are committed to atomic power development.

That is all Proposition 15 says, no matter how much money the utility companies have spent trying to confuse people into thinking otherwise.

Proposition 15 will strip away the technical double-talk behind which the atomic industry and the giant utilities have conducted their business. It will give the elected representatives of the people the authority to test the industry's claims of safety in the light of full public hearings.

Implementation of Proposition 15 will cost only four cents per California resident—certainly a bargain price for safety at atomic plants.

Because a major atomic accident can spread radioactivity far down wind, every atomic plant influences land use involving agriculture, housing, transportation, and public services over hundreds of square miles. The people have a right to be sure such an accident is highly unlikely and to be compensated if it happens.

Special interest legislation now shields the atomic industry from full liability for atomic accidents. Proposition 15 would eliminate this inequity by requiring the atomic industry to stand behind its product like all other industries. Why should the people of California take all the risks that neither the utility companies nor the atomic industry are willing to take?

The atomic industry admits it cannot now safely store radioactive waste materials for the thousands of years they remain lethal. They say they are working on the problem and hope to have a solution soon. But with all of the financial and human resources available to the federal government, the utilities and the atomic industry have not produced a solution to the problem in 30 years of trying.

Proposition 15 requires the industry to develop a plan to store waste materials safely.

Emergency safety systems are the last line of defense against major atomic plant disasters. These systems have never been fully tested. Tests have been conducted on scale models six times and failed every time—six tests, six failures.

Proposition 15 will require public proof that these vital safeguards will work.

Proposition 15 will not shut down nuclear power plants in California. Only the Legislature will have that authority and only if the atomic industry cannot do its job safely.

Your YES vote on Proposition 15 will ensure the best possible standards of safety for future operation of atomic power plants in California.

HAROLD C. UREY
Nobel Laureate, Physics
Professor Emeritus
University of California, San Diego

JOHN KNEZEVICH, *President*
International Brotherhood of Electrical Workers, AFL-CIO Local #1969

KENT GILL, *President*
The Sierra Club

Rebuttal to Argument in Favor of Proposition 15

As scientists who believe conclusions should be based on facts, we are disturbed by the emotional slogans and misleading information in the argument favoring Proposition 15. Let's look at a few examples:

(1) Proposition 15 will not ensure nuclear safety. It will simply shutdown all operating nuclear plants, making them completely useless.

(2) Proposition 15 will not cost Californians just 4¢ each. That claim is an insult to the voters' intelligence. Shutting down nuclear electric plants will cost Californians $2 billion, or $250 per family (Source: U.S. Library of Congress). Add to that skyrocketing utility bills, costs of more Mideast oil, and the economic effects of an energy shortage.

(3) Proposition 15 will not give Californians the right to compensation for damages. Under federal law we already have this guaranteed right.

(4) Proposition 15 does not require a plan to store waste materials. They are now safely stored and can be safely buried underground in geologically stable earth formations that haven't moved in 500,000,000 years.

(5) Proposition 15 sponsors fail to mention the crucial issue: We need more, not fewer, energy sources. **Unless we want to continue to be at the mercy of multi-national oil companies and Mideast nations, we must develop all alternative energy sources, including nuclear, solar, fusion, and geothermal energy.**

If Proposition 15 passes, nuclear energy will be shutdown in California. Such a shutdown will create severe economic problems, more air pollution, and arbitrarily cut off a vital energy source. VOTE NO ON PROPOSITION 15.

DR. ROBERT HOFSTADTER
Nobel Laureate, Physics
Stanford University

DR. RUTH P. YAFFE
Professor of Chemistry
San Jose State University

DR. JACK EDWARD McKEE
Professor of Environmental Engineering
California Institute of Technology

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Argument Against Proposition 15

Proposition 15 has been called the "Nuclear Safeguards Act", the "Nuclear Shutdown Initiative", and the "Nuclear Initiative". Regardless of its title, it would have one very serious result—it would bring a rapid halt to California's use of nuclear energy to produce electricity.

This attempt to shutdown nuclear energy comes, incredibly, just when we face critical energy problems. Even a slowdown in development of an available energy source would be damaging. But this initiative is far more drastic than a slowdown. It will not only halt nuclear energy development, but **will also shutdown California's nuclear energy, which has been providing electricity to consumers for over 12 years.**

There's no doubt that we're rapidly running out of oil and natural gas. To ease the burden, we must increase our conservation efforts. We also must pursue the complex research needed to develop solar and geothermal power. However, even with comprehensive efforts, these sources cannot produce major amounts of electricity for at least 20–25 years. In the meantime, we urgently need nuclear energy to fill the gap left by dwindling supplies of oil and natural gas.

Today, our nation's 56 nuclear plants are producing electricity with an unsurpassed safety record: There has never been one injury or death to the public in the commercial operation of a nuclear plant.

Proposition 15 contains a complex tangle of provisions which are impossible to meet, and thus would shutdown California's nuclear energy. One provision is that the U.S. Congress must effectively repeal within 1 year a law which just months ago it overwhelmingly voted to extend for 10 years!

Another provision, involving 4 separate ⅔ legislative votes, would allow a mere handful—14 of our 120 state legislators—to ban nuclear energy. Still another provision refers to establishing an expensive $800,000 bureaucratic structure (called an "Advisory Group"), which would duplicate regulatory work now done by state and federal agencies.

Proposition 15 would seriously cripple our energy supply and economy. It would also have these severe consequences:

1. **Higher utility bills.** A U.S. Library of Congress study recently concluded that this measure would cost California consumers $2,000,000,000 (two billion dollars) to pay for the shutdown of nuclear plants.
2. **Increased air pollution.** Air pollution would increase substantially, particularly in Southern California and the San Francisco Bay area due to the need to substitute burning oil and coal for nuclear energy.
3. **Increased dependence on foreign oil.** Proposition 15 would make us even more reliant upon Middle East nations for costly oil supplies.
4. **Misuse of our dwindling oil reserves.** Oil should not be consumed to produce electricity, but should be used where needed most—for transportation, and to produce medicines, fertilizers and petro-chemicals.

As scientists and concerned citizens, we find nothing in this measure that would create "safeguards" for the public. What Proposition 15 would do is take from consumers an inexpensive and proven energy source vitally needed today. We therefore urge California voters to vote NO on this measure.

DR. ROBERT HOFSTADTER
Nobel Laureate, Physics
Stanford University

DR. RUTH P. YAFFE
Professor of Chemistry
San Jose State University

DR. JACK EDWARD McKEE
Professor of Environmental Engineering
California Institute of Technology

Rebuttal to Argument Against Proposition 15

Proposition 15 means safety first at atomic power plants.

A government report released in 1973 estimates an atomic power plant accident could kill 45,000 people, injure 100,000 and cause $17 billion in property damage.

No other source of power can cause such devastation.

The atomic industry says there is not much chance of a catastrophic accident. But the power companies insist on special insurance protection, because they don't really have confidence in the safety of atomic plants.

The experts can't agree on atomic safety—that's why we need Proposition 15.

Proposition 15 is opposed by every major power company and other large corporations who hope to profit from atomic power before it is proved safe.

We need Proposition 15 so that decisions on atomic power are made by the people and their elected representatives.

Proposition 15 requires that before atomic power plants are permitted to affect major land use decisions in California, their safety systems be thoroughly tested.

Proposition 15 will require the power companies to prove that deadly radioactive wastes can be stored safely.

Nearly half a million Californians signed petitions to put Proposition 15 on the ballot.

Proposition 15 is supported by such leading citizens and organizations as Mayor George Moscone of San Francisco, Assemblyman Alan Sieroty, Congressman Ron Dellums, The California Democratic Council, the Sierra Club, Project Survival, International Brotherhood of Electrical Workers, AFL-CIO, Local 1969, Friends of the Earth, Democratic County Central Committees for Los Angeles, Alameda, Marin and San Diego Counties, Republicans for Atomic Responsibility, and others.

HAROLD C. UREY
Nobel Laureate, Physics
Professor Emeritus
University of California, San Diego

JOHN KNEZEVICH, *President*
International Brotherhood of Electrical Workers AFL-CIO Local #1969

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TEXT OF PROPOSITION 3 —continued from page 15

tions may provide for the denial of funds when the purposes of this chapter may most economically and efficiently be attained by means other than the construction of the proposed project.

13868.1. The State Department of Health shall notify suppliers that may be eligible for loans pursuant to this chapter of (a) the purposes of this chapter, and (b) the rules and regulations adopted by the department.

13868.3. The State Department of Health, after public notice and hearing and with the advice of the department, shall from time to time establish a priority list of suppliers to be considered for financing.

13868.5. Upon approval by the State Department of Health of project plans submitted by a supplier on the priority list and upon issuance to the supplier of a permit or amended permit as specified in Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code, the department may enter into a contract with the supplier.

13868.7. No more than twenty million dollars ($20,000,000) of state loans for projects shall be authorized by the department in a single calendar quarter. No contract shall be approved by the department unless the department finds that the supplier has the capacity to repay the loan amounts specified in the contract.

The Public Utilities Commission shall furnish comments at the request of the department concerning the ability of suppliers subject to their jurisdiction to finance the project from other sources and the ability to repay the loan.

13869. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereon.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on such bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

All money deposited in the fund which has been derived from premium on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

13870. All money repaid to the state pursuant to any contract executed under the provisions of Section 13961 shall be deposited in the General Fund and when so deposited shall be applied as a reimbursement to the General Fund on account of principal and interest on bonds issued pursuant to this chapter which has been paid from the General Fund.

13871. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 13872, which sum is appropriated without regard to fiscal years.

13872. For the purpose of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the department in accordance with this chapter. Any moneys made available under this section to the department shall be returned by the department to the General Fund from moneys received from the first sale of bonds sold for the purpose of carrying out this chapter subsequent to such withdrawal.

13873. Upon request of the department, supported by a statement of the proposed arrangements to be made pursuant to Section 13961 for the purposes therein stated, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such arrangements, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make such arrangements progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

13874. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

13875. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 13861, but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

TEXT OF PROPOSITION 14

This amendment proposed by Assembly Constitutional Amendment No. 40 (Statutes of 1976, Resolution Chapter 5), as amended by ACA 90 (Statutes of 1976, Resolution Chapter 24), amends, amends and renumbers, adds, and repeals various sections and articles of the Constitution. Therefore, the provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions are printed in *italic type*.

PROPOSED AMENDMENTS TO THE CONSTITUTION

First—That Section 26 of Article I is amended and renumbered to be Section 1 of Article II:

~~SEC. 26~~ *SECTION 1.* All political power is inherent in the people. Government is instituted for their protection, security, and benefit, and they have the right to alter or reform it when the public good may require.

Second—That Section 28 of Article I is amended and renumbered to be Section 26:

SEC. ~~28~~ *26.* The provisions of this Constitution are mandatory and prohibitory, unless by express words they are declared to be otherwise.

Third—That the heading of Article II is amended to read:

ARTICLE II

~~SUFFRAGE~~ *VOTING, INITIATIVE AND REFERENDUM, AND RECALL*

Fourth—That Section 1 of Article II is amended and renumbered to be Section 2:

~~SECTION 1~~ *SEC. 2.* A United States citizen 18 years of age and resident in this state may vote.

Fifth—That Section 2 of Article II is amended and renumbered to be Section 3:

SEC. ~~2~~ *3.* The Legislature shall define residence and provide for registration and free elections.

Sixth—That Section 3 of Article II is amended and renumbered to be Section 4:

SEC. ~~3~~ *4.* The Legislature shall prohibit improper practices that affect elections and shall provide for the disqualification of electors while mentally incompetent or imprisoned or on parole for the conviction of a felony.

Seventh—That Section 4 of Article II is amended and renumbered to be Section 5:

SEC. ~~4~~ *5.* The Legislature shall provide for primary elections for partisan offices, including an open presidential primary whereby the candidates on the ballot are those found by the Secretary of State to be recognized candidates throughout the nation or throughout California for the office of President of the United States, and those whose names are placed on the ballot by petition, but excluding any candidate who has withdrawn by filing an affidavit of noncandidacy.

Eighth—That Section 5 of Article II is amended and renumbered to be Section 6:

SEC. ~~5~~ *6.* Judicial, school, county, and city offices shall be nonpartisan.

Ninth—That Section 6 of Article II is amended and renumbered to be Section 7:

SEC. ~~6~~ *7.* Voting shall be secret.

Tenth—That Section 13 is added to Article II, to read:

SEC. 13. Recall is the power of the electors to remove an elective officer.

Eleventh—That Section 14 is added to Article II, to read:

SEC. 14. (a) Recall of a State officer is initiated by delivering to the Secretary of State a petition alleging reason for recall. Sufficiency of reason is not reviewable. Proponents have 160 days to file signed petitions.

(b) A petition to recall a statewide officer must be signed by electors equal in number to 12 percent of the last vote for the office, with signatures from each of 5 counties equal in number to 1 percent of the last vote for the office in the county. Signatures to recall Senators, members of the Assembly, members of the Board of Equalization, and judges of courts of appeal and trial courts must equal in number 20 percent of the last vote for the office.

(c) The Secretary of State shall maintain a continuous count of the signatures certified to that office.

Twelfth—That Section 15 is added to Article II, to read:

SEC. 15. An election to determine whether to recall an officer and, if appropriate, to elect a successor shall be called by the Governor and held not less than 60 days nor more than 80 days from the date of certification of sufficient signatures. If the majority vote on the question is to recall, the officer is removed and, if there is a candidate, the candidate who receives a plurality is the successor. The officer may not be a candidate, nor shall there be any candidacy for an office filled pursuant to subdivision (d) of Section 16 of Article VI.

Thirteenth—That Section 16 is added to Article II, to read:

SEC. 16. The Legislature shall provide for circulation, filing, and certification of petitions, nomination of candidates, and the recall election.

Fourteenth—That Section 17 is added to Article II, to read:

SEC. 17. If recall of the Governor or Secretary of State is initiated, the recall duties of that office shall be performed by the Lieutenant Governor or Controller, respectively.

Fifteenth—That Section 18 is added to Article II, to read:

SEC. 18. A State officer who is not recalled shall be reimbursed by the State for the officer's recall election expenses legally and personally incurred. Another recall may not be initiated against the officer until six months after the election.

Sixteenth—That Section 19 is added to Article II, to read:

SEC. 19. The Legislature shall provide for recall of local officers. This section does not affect counties and cities whose charters provide for recall.

Seventeenth—That Section 20 is added to Article II, to read:

SEC. 20. Terms of elective offices provided for by this Constitution, other than Members of the Legislature, commence on the Monday after January 1 following election. The election shall be held in the last even-numbered year before the term expires.

Eighteenth—That Section 3 of Article IV is amended to read:

SEC. 3. (a) ~~Except as provided in subdivision (c), the~~ *The* Legislature shall convene in regular session at noon on the first Monday in December of each even-numbered year and each house shall immediately organize. Each session of the Legislature shall adjourn sine die by operation of the Constitution at midnight on November 30 of the following even-numbered year.

(b) On extraordinary occasions the Governor by proclamation may cause the Legislature to assemble in special session. When so assembled it has power to legislate only on subjects specified in the proclamation but may provide for expenses and other matters incidental to the session.

~~(c) The Legislature shall convene the regular session following the addition of this subdivision at noon on January 8, 1973. The term of office of the legislators elected at the general election in 1972 shall commence at noon on January 8, 1973.~~

Nineteenth—That Section 7 of Article IV is amended to read:

SEC. 7. (a) Each house shall choose its officers and adopt rules for its proceedings. A majority of the membership constitutes a quorum, but a smaller number may recess from day to day and compel the attendance of absent members.

(b) Each house shall keep and publish a journal of its proceedings. The rollcall vote of the members on a question shall be taken and entered in the journal at the request of 3 members present.

(c) The proceedings of each house and the committees thereof shall be public except as provided by statute or by concurrent resolution, ~~which~~ *when* such resolution is adopted by a two-thirds vote of the members of each house, provided, that if there is a conflict between such a statute and concurrent resolution, the last adopted shall prevail.

(d) Neither house without the consent of the other may recess for more than 10 days or to any other place.

Twentieth—That Section 22 of Article IV is amended and renumbered to be Section 8 of Article II:

SEC. ~~22~~ *8*. (a) The initiative is the power of the electors to propose statutes and amendments to the Constitution and to adopt or reject them.

(b) An initiative measure may be proposed by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by electors equal in number to 5 percent in the case of a statute, and 8 percent in the case of an amendment to the Constitution, of the votes for all candidates for Governor at the last gubernatorial election.

(c) The Secretary of State shall then submit the measure at the next general election held at least 131 days after it qualifies or at any special statewide election held prior to that general election. The Governor may call a special statewide election for the measure.

(d) An initiative measure embracing more than one subject may not be submitted to the electors or have any effect.

Twenty-first—That Section 23 of Article IV is amended and renumbered to be Section 9 of Article II:

SEC. ~~23~~ *9*. (a) The referendum is the power of the electors to approve or reject statutes or parts of statutes except urgency statutes, statutes calling elections, and statutes providing for tax levies or appropriations for usual current expenses of the State.

(b) A referendum measure may be proposed by presenting to the Secretary of State, within 90 days after the enactment date of the statute, a petition certified to have been signed by electors equal in number to 5 percent of the votes for all candidates for Governor at the last gubernatorial election, asking that the statute or part of it be submitted to the electors.

(c) The Secretary of State shall then submit the measure at the next general election held at least 31 days after it qualifies or at a special statewide election held prior to that general election. The Governor may call a special statewide election for the measure.

Twenty-second—That Section 24 of Article IV is amended and renumbered to be Section 10 of Article II:

SEC. ~~24~~ *10*. (a) An initiative statute or referendum approved by a majority of votes thereon takes effect the day after the election unless the measure provides otherwise. If a referendum petition is filed against a part of a statute the remainder shall not be delayed from going into effect.

(b) If provisions of 2 or more measures approved at the same election conflict, those of the measure receiving the highest affirmative vote shall prevail.

(c) The Legislature may amend or repeal referendum statutes. It may amend or repeal an initiative statute by another statute that becomes effective only when approved by the electors unless the initiative statute permits amendment or repeal without their approval.

(d) Prior to circulation of an initiative or referendum petition for signatures, a copy shall be submitted to the Attorney General who shall prepare a title and summary of the measure as provided by law.

(e) The Legislature shall provide the manner in which petitions shall be circulated, presented, and certified, and measures submitted to the electors.

Twenty-third—That Section 25 of Article IV is amended and renumbered to be Section 11 of Article II:

SEC. ~~25~~ *11*. Initiative and referendum powers may be exercised by the electors of each city or county under procedures that the Legislature shall provide. This section does not affect a city having a charter.

Twenty-fourth—That Section 26 of Article IV is amended and renumbered to be Section 12 of Article II:

SEC. ~~26~~ *12*. No amendment to the Constitution, and no statute proposed to the electors by the Legislature or by initiative, that names any individual to hold any office, or names or identifies any private corporation to perform any function or to have any power or duty, may be submitted to the electors or have any effect.

Twenty-fifth—That Section 28 of Article IV is repealed.

~~SEC. 28. A person holding a lucrative office under the United States or other power may not hold a civil office of profit. A local officer or postmaster whose compensation does not exceed 500 dollars per year or an officer in the militia or a member of a reserve component of the armed forces of the United States except where on active federal duty for more than 30 days in any year is not a holder of a lucrative office, nor is the holding of a civil office of profit affected by this military service.~~

Twenty-sixth—That Section 5 of Article VI is amended to read:

SEC. 5. *(a)* Each county shall be divided into municipal court and justice court districts as provided by statute, but a city may not be divided into more than one district. Each municipal and justice court shall have one or more judges.

There shall be a municipal court in each district of more than 40,000 residents and a justice court in each district of 40,000 residents or less. The number of residents shall be ascertained as provided by statute.

The Legislature shall provide for the organization and prescribe the jurisdiction of municipal and justice courts. It shall prescribe for each municipal court and provide for each justice court the number, qualifications, and compensation of judges, officers, and employees.

(b) Notwithstanding the provisions of subdivision (a), any city in San Diego County may be divided into more than one municipal court or justice court district if the Legislature determines that unusual geographic conditions warrant such division.

Twenty-seventh—That Section 5.5 of Article VI is repealed.

~~SEC. 5.5. Notwithstanding the provisions of Section 5, any city in San Diego County may be divided into more than one municipal court or justice court district if the Legislature determines that unusual geographic conditions warrant such division.~~

Twenty-eighth—That Article VII is added, to read:

ARTICLE VII

PUBLIC OFFICERS AND EMPLOYEES

SECTION 1. (a) The civil service includes every officer and employee of the state except as otherwise provided in this Constitution.

(b) In the civil service permanent appointment and promotion shall be made under a general system based on merit ascertained by competitive examination.

SEC. 2. (a) There is a Personnel Board of 5 members appointed by the Governor and approved by the Senate, a majority of the membership concurring, for 10-year terms and until their successors are appointed and qualified. Appointment to fill a vacancy is for the unexpired portion of the term. A member may be removed by concurrent resolution adopted by each house, two-thirds of the membership of each house concurring.

(b) The board annually shall elect one of its members as presiding officer.

(c) The board shall appoint and prescribe compensation for an executive officer who shall be a member of the civil service but not a member of the board.

SEC. 3. (a) The board shall enforce the civil service statutes and, by majority vote of all its members, shall prescribe probationary periods and classifications, adopt other rules authorized by statute, and review disciplinary actions.

(b) The executive officer shall administer the civil service statutes under rules of the board.

SEC. 4. The following are exempt from civil service:

(a) Officers and employees appointed or employed by the Legislature, either house, or legislative committees.

(b) Officers and employees appointed or employed by councils, commissions or public corporations in the judicial branch or by a court of record or officer thereof.

(c) Officers elected by the people and a deputy and an employee selected by each elected officer.

(d) Members of boards and commissions.

(e) A deputy or employee selected by each board or commission either appointed by the Governor or authorized by statute.

(f) State officers directly appointed by the Governor with or without the consent or confirmation of the Senate and the employees of the Governor's office, and the employees of the Lieutenant Governor's office directly appointed or employed by the Lieutenant Governor.

(g) A deputy or employee selected by each officer, except members of boards and commissions, exempted under Section 4(f).

(h) Officers and employees of the University of California and the California State Colleges.

(i) The teaching staff of schools under the jurisdiction of the Department of Education or the Superintendent of Public Instruction.

(j) Member, inmate, and patient help in state homes, charitable or correctional institutions, and state facilities for mentally ill or retarded persons.

(k) Members of the militia while engaged in military service.

(l) Officers and employees of district agricultural associations employed less than 6 months in a calendar year.

(m) In addition to positions exempted by other provisions of this section, the Attorney General may appoint or employ six deputies or employees, the Public Utilities Commission may appoint or employ one deputy or employee, and the Legislative Counsel may appoint or employ two deputies or employees.

SEC. 5. A temporary appointment may be made to a position for which there is no employment list. No person may serve in one or more positions under temporary appointment longer than 9 months in 12 consecutive months.

SEC. 6. (a) The Legislature may provide preferences for veterans and their surviving spouses.

(b) The board by special rule may permit persons in exempt positions, brought under civil service by constitutional provision, to qualify to continue in their positions.

(c) When the state undertakes work previously performed by a county, city, public district of this state or by a federal department or agency, the board by special rule shall provide for persons who previously performed this work to qualify to continue in their positions in the state civil service subject to such minimum standards as may be established by statute.

SEC. 7. A person holding a lucrative office under the United States or other power may not hold a civil office of profit. A local officer or postmaster whose compensation does not exceed 500 dollars per year or an officer in the militia or a member of a reserve component of the armed forces of the United States except where on active federal duty for more than 30 days in any year is not a holder of a lucrative office, nor is the holding of a civil office of profit affected by this military service.

SEC. 8. (a) Every person shall be disqualified from holding any office of profit in this State who shall have been convicted of having given or offered a bribe to procure personal election or appointment.

(b) Laws shall be made to exclude persons convicted of bribery, perjury, forgery, malfeasance in office, or other high crimes from office or serving on juries. The privilege of free suffrage shall be supported by laws regulating elections and prohibiting, under adequate penalties, all undue influence thereon from power, bribery, tumult, or other improper practice.

SEC. 9. Notwithstanding any other provision of this Constitution, no person or organization which advocates the overthrow of the Government of the United States or the State by force or violence or other unlawful means or who advocates the support of a foreign government against the United States in the event of hostilities shall:

(a) Hold any office or employment under this State, including but not limited to the University of California, or with any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State; or

(b) Receive any exemption from any tax imposed by this State or any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State.

The Legislature shall enact such laws as may be necessary to enforce the provisions of this section.

Twenty-ninth—That Article X is added, to read:

ARTICLE X

WATER

SECTION 1. The right of eminent domain is hereby declared to exist in the State to all frontages on the navigable waters of this State.

SEC. 2. It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare. The right to water or to the use or flow of water in or from any natural stream or water course in this State is and shall be limited to such water as shall be reasonably required for the beneficial use to be served, and such right does not and shall not extend to the waste or unreasonable use or unreasonable method of use or unreasonable method of diversion of water. Riparian rights in a stream or water course attach to, but to no more than so much of the flow thereof as may be required or used consistently with this section, for the purposes for which such lands are, or may be made adaptable, in view of such reasonable and beneficial uses; provided, however, that nothing herein contained shall be construed as depriving any riparian owner of the reasonable use of water of the stream to which the owner's land is riparian under reasonable methods of diversion and use, or as depriving any appropriator of water to which the appropriator is lawfully entitled. This section shall be self-executing, and the Legislature may also enact laws in the furtherance of the policy in this section contained.

SEC. 3. All tidelands within two miles of any incorporated city, city and county, or town in this State, and fronting on the water of any harbor, estuary, bay, or inlet used for the purposes of navigation, shall be withheld from grant or sale to private persons, partnerships, or corporations; provided, however, that any such tidelands, reserved to the State solely for street purposes, which the Legislature finds and declares are not used for navigation purposes and are not necessary for such purposes may be sold to any town, city, county, city and county, municipal corporations, private persons, partnerships or corporations subject to such conditions as the Legislature determines are necessary to be imposed in connection with any such sales in order to protect the public interest.

SEC. 4. No individual, partnership, or corporation, claiming or possessing the frontage or tidal lands of a harbor, bay, inlet, estuary, or other navigable water in this State, shall be permitted to exclude the right of way to such water whenever it is required for any public purpose, nor to destroy or obstruct the free navigation of such water; and the Legislature shall enact such laws as will give the most liberal construction to this provision, so that access to the navigable waters of this State shall be always attainable for the people thereof.

SEC. 5. The use of all water now appropriated, or that may hereafter be appropriated, for sale, rental, or distribution, is hereby declared to be a public use, and subject to the regulation and control of the State, in the manner to be prescribed by law.

SEC. 6. The right to collect rates or compensation for the use of water supplied to any county, city and county, or town, or the inhabitants thereof, is a franchise, and cannot be exercised except by authority of and in the manner prescribed by law.

SEC. 7. Whenever any agency of government, local, state, or federal, hereafter acquires any interest in real property in this State, the acceptance of the interest shall constitute an agreement by the agency to conform to the laws of California as to the acquisition, control, use, and distribution of water with respect to the land so acquired.

Thirtieth—That Section 10 of Article XI is amended to read:

SEC. 10. *(a)* A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part, or pay a claim under an agreement made without authority of law.

(b) A city or county, including any chartered city or chartered county, or public district, may not require that its employees be residents of such city, county, or district; except that such employees may be required to reside within a reasonable and specific distance of their place of employment or other designated location.

Thirty-first—That Section 10.5 of Article XI is repealed.

~~SEC. 10.5. A city or county, including any chartered city or chartered county, or public district, may not require that its employees be residents of such city, county, or district, except that such employees may be required to reside within a reasonable and specific distance of their place of employment or other designated location.~~

Thirty-second—That Article XIV is repealed.

~~ARTICLE XIV~~

~~WATER AND WATER RIGHTS~~

~~SECTION 1. The use of all water now appropriated, or that may hereafter be appropriated, for sale, rental, or distribution, is hereby declared to be a public use, and subject to the regulation and control of the State, in the manner to be prescribed by law.~~

~~SEC. 2. The right to collect rates or compensation for the use of water supplied to any county, city and county, or town, or the inhabitants thereof, is a franchise, and cannot be exercised except by authority of and in the manner prescribed by law.~~

~~SEC. 3. It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare. The right to water or to the use or flow of water in or from any natural stream or water course in this State is and shall be limited to such water as shall be reasonably required for the beneficial use to be served, and such right does not and shall not extend to the waste or unreasonable use or unreasonable method of use or unreasonable method of diversion of water. Riparian rights in a stream or water course attach to, but to no more than so much of the flow thereof as may be required or used consistently with this section, for the purposes for which such lands are, or may be made adaptable, in view of such reasonable and beneficial uses; provided, however, that nothing herein contained shall be construed as depriving any riparian owner of the reasonable use of water of the stream to which the owner's land is riparian under reasonable methods of diversion and use, or of depriving any appropriator of water to which the appropriator is lawfully entitled. This section shall be self-executing, and the Legislature may also enact laws in the furtherance of the policy in this section contained.~~

~~SEC. 4. Whenever any agency of government, local, state, or federal, hereafter acquires any interest in real property in this State, the acceptance of the interest shall constitute an agreement by the agency to conform to the laws of California as to the acquisition, control, use, and distribution of water with respect to the land so acquired.~~

Thirty-third—That Article XIV is added, to read:

ARTICLE XIV

LABOR RELATIONS

SECTION 1. The Legislature may provide for minimum wages and for the general welfare of employees and for those purposes may confer on a commission legislative, executive, and judicial powers.

SEC. 2. Worktime of mechanics or workers on public works may not exceed eight hours a day except in wartime or extraordinary emergencies that endanger life or property. The Legislature shall provide for enforcement of this section.

SEC. 3. Mechanics, persons furnishing materials, artisans, and laborers of every class, shall have a lien upon the property upon which they have bestowed labor or furnished material for the value of such labor done and material furnished; and the Legislature shall provide, by law, for the speedy and efficient enforcement of such liens.

SEC. 4. The Legislature is hereby expressly vested with plenary power, unlimited by any provision of this Constitution, to create, and enforce a complete system of workers' compensation, by appropriate legislation, and in that behalf to create and enforce a liability on the part of any or all persons to compensate any or all of their workers for injury or disability, and their dependents for death incurred or sustained by the said workers in the course of their employment, irrespective of the fault of any party. A complete system of workers' compensation includes adequate provisions for the comfort, health and safety and general welfare of any and all workers and those dependent upon them for support to the extent of relieving from the consequences of any injury or death incurred or sustained by workers in the course of their employment, irrespective of the fault of any party; also full provision for securing safety in places of employment; full provision for such medical, surgical, hospital and other remedial treatment as is requisite to cure and relieve from the effects of such injury; full provision for adequate insurance coverage against liability to pay or furnish compensation; full provision for regulating such insurance coverage in all its aspects, including the establishment and management of a State compensation insurance fund; full provision for otherwise securing the payment of compensation; and full provision for vesting power, authority and jurisdiction in an administrative body with all the requisite governmental functions to determine any dispute or matter arising under such legislation, to the end that the administration of such legislation shall accomplish substantial justice in all cases expeditiously, inexpensively, and without incumbrance of any character; all of which matters are expressly declared to be the social public policy of this State, binding upon all departments of the State government.

The Legislature is vested with plenary powers, to provide for the settlement of any disputes arising under such legislation by arbitration, or by an industrial accident commission, by the courts, or by either, any, or all of these agencies, either separately or in combination, and may fix and control the method and manner of trial of any such dispute, the rules of evidence and the manner of review of decisions rendered by the tribunal or tribunals designated by it; provided, that all decisions of any such tribunal shall be subject to review by the appellate courts of this State. The Legislature may combine in one statute all the provisions for a complete system of workers' compensation, as herein defined.

The Legislature shall have power to provide for the payment of an award to the state in the case of the death, arising out of and in the course of the employment, of an employee without dependents, and such awards may be used for the payment of extra compensation for subsequent injuries beyond the liability of a single employer for awards to employees of the employer.

Nothing contained herein shall be taken or construed to impair or render ineffectual in any measure the creation and existence of the industrial accident commission of this State or the State compensation insurance fund, the creation and existence of which, with all the functions vested in them, are hereby ratified and confirmed.

SEC. 5. The labor of convicts shall not be let out by contract to any person, copartnership, company or corporation, and the Legislature shall, by law, provide for the working of convicts for the benefit of the state.

Thirty-fourth—That Article XV is repealed.

~~ARTICLE XV~~

~~HARBOR FRONTAGES, ETC.~~

~~SECTION 1. The right of eminent domain is hereby declared to exist in the State to all frontages on the navigable waters of this State.~~

~~SEC. 2. No individual, partnership, or corporation, claiming or possessing the frontage or tidal lands of a harbor, bay, inlet, estuary, or other navigable water in this State, shall be permitted to exclude the right of way to such water whenever it is required for any public purpose, nor to destroy or obstruct the free navigation of such water; and the Legislature shall enact such laws as will give the most liberal construction to this provision, so that access to the navigable waters of this State shall be always attainable for the people thereof.~~

~~SEC. 3. All tidelands within two miles of any incorporated city, city and county, or town in this State, and fronting on the water of any harbor, estuary, bay, or inlet used for the purposes of navigation, shall be withheld from grant or sale to private persons, partnerships, or corporations; provided, however, that any such tidelands, reserved to the State solely for street purposes, which the Legislature finds and declares are not used for navigation purposes and are not necessary for such purposes may be sold to any town, city, county, city and county, municipal corporations, private persons, partnerships or corporations subject to such conditions as the Legislature determines are necessary to be imposed in connection with any such sales in order to protect the public interest.~~

Thirty-fifth—That Article XV is added, to read:

ARTICLE XV

USURY

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand or judgment rendered in any court of the State, shall be 7 per cent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest not exceeding 10 per cent per annum.

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than 10 per cent per annum upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forebearance of any money, goods or things in action.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

Thirty-sixth—That Article XV is added, to read:

ARTICLE XV

USURY

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand or judgment rendered in any court of the state, shall be 7 percent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest:

(1) For any loan or forbearance of any money, goods or things in action, if the money, goods or things in action are for use primarily for personal, family or household purposes, at a rate not exceeding 10 percent per annum, or

(2) For any loan or forbearance of any money, goods or things in action for any use other than specified in paragraph (1), at a rate not exceeding the higher of (a) 10 percent per annum or (b) 7 percent per annum plus the rate prevailing on the 25th day of the month preceding the earlier of (i) the date of execution of the contract to make the loan or forbearance, or (ii) the date of making the loan or forbearance established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended (or if there is no such single determinable rate for advances, the closest counterpart of such rate as shall be designated by the Superintendent of Banks of the State of California unless some other person or agency is delegated such authority by the Legislature).

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than the amount of interest per annum allowed by this section upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forebearance of any money, goods or things in action.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

Thirty-seventh—That Article XVII is repealed.

~~ARTICLE XVII~~

~~LAND, AND HOMESTEAD EXEMPTION~~

~~SECTION 1. The Legislature shall protect, by law, from forced sale a certain portion of the homestead and other property of all heads of families.~~

Thirty-eighth—That Section 1.5 is added to Article XX, to read:

SEC. 1.5. The Legislature shall protect, by law, from forced sale a certain portion of the homestead and other property of all heads of families.

Thirty-ninth—That Section 5 of Article XX is repealed.

~~SEC. 5. The labor of convicts shall not be let out by contract to any person, copartnership, company or corporation, and the Legislature shall, by law, provide for the working of convicts for the benefit of the state.~~

Fortieth—That Section 6 of Article XX is amended and renumbered to be Section 2:

SEC. ~~6~~ *2*. Except for tax exemptions provided in Article XIII, the rights, powers, privileges, and confirmations conferred by Sections 10 and 15 of Article IX in effect on January 1, 1973, relating to Stanford University and the Huntington Library and Art Gallery, are continued in effect.

Forty-first—That Section 7 of Article XX is amended and renumbered to be Section 4:

SEC. ~~7~~ *4*. The Legislature shall not pass any laws permitting the leasing or alienation of any franchise, so as to relieve the franchise or property held thereunder from the liabilities of the lessor or grantor, lessee, or grantee, contracted or incurred in the operation, use, or enjoyment of such franchise, or any of its privileges.

Forty-second—That Section 10 of Article XX is repealed.

~~SEC. 10. Every person shall be disqualified from holding any office of profit in this State who shall have been convicted of having given or offered a bribe to procure personal election or appointment.~~

Forty-third—That Section 11 of Article XX is repealed.

~~SEC. 11. Laws shall be made to exclude persons convicted of bribery, perjury, forgery, malfeasance in office, or other high crimes from office or serving on juries. The privilege of free suffrage shall be supported by laws regulating elections and prohibiting, under adequate penalties, all undue influence thereon from power, bribery, tumult, or other improper practice.~~

Forty-fourth—That Section 15 of Article XX is repealed.

~~SEC. 15. Mechanics, persons furnishing materials, artisans, and laborers of every class, shall have a lien upon the property upon which they have bestowed labor or furnished material for the value of such labor done and material furnished, and the Legislature shall provide, by law, for the speedy and efficient enforcement of such liens.~~

Forty-fifth—That Section 17 of Article XX is repealed.

~~SEC. 17. Worktime of mechanics or workers on public works may not exceed eight hours a day except in wartime or extraordinary emergencies that endanger life or property. The Legislature shall provide for enforcement of this section.~~

Forty-sixth—That Section 17½ of Article XX is repealed.

~~SEC. 17½. The Legislature may provide for minimum wages and for the general welfare of employees and for those purposes may confer on a commission legislative, executive, and judicial powers.~~

Forty-seventh—That Section 19 of Article XX is repealed.

~~SEC. 19. Notwithstanding any other provision of this Constitution, no person or organization which advocates the overthrow of the Government of the United States or the State by force or violence or other unlawful means or who advocates the support of a foreign~~

government against the United States in the event of hostilities shall:

(a) Hold any office or employment under this State, including but not limited to the University of California, or with any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State; or

(b) Receive any exemption from any tax imposed by this State or any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State.

The Legislature shall enact such laws as may be necessary to enforce the provisions of this section.

Forty-eighth—That Section 20 of Article XX is repealed.

SEC. 20. Terms of elective offices provided for by this Constitution, other than Members of the Legislature, commence on the Monday after January 1 following election. The election shall be held in the last even/numbered year before the term expires.

Forty-ninth—That Section 21 of Article XX is repealed.

SEC. 21. The Legislature is hereby expressly vested with plenary power, unlimited by any provision of this Constitution, to create, and enforce a complete system of workers' compensation, by appropriate legislation, and in that behalf to create and enforce a liability on the part of any or all persons to compensate any or all of their workers for injury or disability, and their dependents for death incurred or sustained by the said workers in the course of their employment, irrespective of the fault of any party. A complete system of workers' compensation includes adequate provisions for the comfort, health and safety and general welfare of any and all workers and those dependent upon them for support to the extent of relieving from the consequences of any injury or death incurred or sustained by workers in the course of their employment, irrespective of the fault of any party; also full provision for securing safety in places of employment; full provision for such medical, surgical, hospital and other remedial treatment as is requisite to cure and relieve from the effects of such injury; full provision for adequate insurance coverage against liability to pay or furnish compensation; full provision for regulating such insurance coverage in all its aspects, including the establishment and management of a State compensation insurance fund; full provision for otherwise securing the payment of compensation; and full provision for vesting power, authority and jurisdiction in an administrative body with all the requisite governmental functions to determine any dispute or matter arising under such legislation, to the end that the administration of such legislation shall accomplish substantial justice in all cases expeditiously, inexpensively, and without incumbrance of any character; all of which matters are expressly declared to be the social public policy of this State, binding upon all departments of the State government.

The Legislature is vested with plenary powers, to provide for the settlement of any disputes arising under such legislation by arbitration, or by an industrial accident commission, by the courts, or by either, any, or all of these agencies, either separately or in combination, and may fix and control the method and manner of trial of any such dispute, the rules of evidence and the manner of review of decisions rendered by the tribunal or tribunals designated by it; provided, that all decisions of any such tribunal shall be subject to review by the appellate courts of this State. The Legislature may combine in one statute all the provisions for a complete system of workers' compensation, as herein defined.

The Legislature shall have power to provide for the payment of an award to the state in the case of the death, arising out of and in the course of the employment, of an employee without dependents, and such awards may be used for the payment of extra compensation for subsequent injuries beyond the liability of a single employer for awards to employees of the employer.

Nothing contained herein shall be taken or construed to impair or render ineffectual in any measure the creation and existence of the industrial accident commission of this State or the State compensation insurance fund, the creation and existence of which, with all the functions vested in them, are hereby ratified and confirmed.

Fiftieth—That Section 22, as adopted November 6, 1934, of Article XX is repealed.

SEC. 22. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand or judgment rendered in any court of the State, shall be 7 per cent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest not exceeding 10 per cent per annum.

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than 10 per cent per annum upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 4 of Division VI of the Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forebearance of any money, goods or things in action.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

Fifty-first—That Section 24 of Article XX is amended and renumbered to be Section 5:

SEC. 24 5. All laws now in force in this State concerning corporations and all laws that may be hereafter passed pursuant to this section may be altered from time to time or repealed.

Fifty-second—That Section 25 of Article XX is amended and renumbered to be Section 6:

SEC. 25 6. Any legislator whose term of office is reduced by operation of the amendment to subdivision (a) of Section 2 of Article IV adopted by the people in 1972 shall, notwithstanding any other provision of this Constitution, be entitled to retirement benefits and compensation as if the term of office had not been so reduced.

Fifty-third—That Article XXIII is repealed.

ARTICLE XXIII

RECALL OF PUBLIC OFFICERS

SECTION 1. Recall is the power of the electors to remove an elective officer.

SEC. 2. (a) Recall of a State officer is initiated by delivering to the Secretary of State a petition alleging reason for recall. Sufficiency of reason is not reviewable. Proponents have 160 days to file signed petitions.

(b) A petition to recall a statewide officer must be signed by electors equal in number to 12 percent of the last vote for the office, with signatures from each of 5 counties equal in number to 1 percent of the last vote for the office in the county. Signatures to recall Senators, Assemblymen, members of the Board of Equalization, and judges of courts of appeal and trial courts must equal in number 20 percent of the last vote for the office.

(c) The Secretary of State shall maintain a continuous count of the signatures certified to him.

SEC. 3. An election to determine whether to recall an officer and, if appropriate, to elect a successor shall be called by the Governor and held not less than 60 days nor more than 80 days from the date of certification of sufficient signatures. If the majority vote on the question is to recall, the officer is removed and, if there is a candidate, the candidate who receives a plurality is the successor. The officer may not be a candidate, nor shall there be any candidacy for an office filled pursuant to subdivision (d) of Section 16 of Article VI.

SEC. 4. The Legislature shall provide for circulation, filing, and certification of petitions, nomination of candidates, and the recall election.

SEC. 5. If recall of the Governor or Secretary of State is initiated, his recall duties shall be performed by the Lieutenant Governor or Controller, respectively.

SEC. 6. A State officer who is not recalled shall be reimbursed by the State for his recall election expenses legally and personally incurred. Another recall may not be initiated against him until 6 months after the election.

SEC. 7. The Legislature shall provide for recall of local officers. This section does not affect counties and cities whose charters provide for recall.

Fifty-fourth—That Article XXIV is repealed.

ARTICLE XXIV

STATE CIVIL SERVICE

SEC. 1. (a) The civil service includes every officer and employee of the state except as otherwise provided in this Constitution.

(b) In the civil service permanent appointment and promotion shall be made under a general system based on merit ascertained by competitive examination.

~~SEC. 2. (a) There is a Personnel Board of 5 members appointed by the Governor and approved by the Senate, a majority of the membership concurring, for 10/year terms and until their successors are appointed and qualified. Appointment to fill a vacancy is for the unexpired portion of the term. A member may be removed by concurrent resolution adopted by each house, two/thirds of the membership of each house concurring.~~

~~(b) The board annually shall elect one of its members as presiding officer.~~

~~(c) The board shall appoint and prescribe compensation for an executive officer who shall be a member of the civil service but not a member of the board.~~

~~SEC. 3. (a) The board shall enforce the civil service statutes and, by majority vote of all its members, shall prescribe probationary periods and classifications, adopt other rules authorized by statute, and review disciplinary actions.~~

~~(b) The executive officer shall administer the civil service statutes under rules of the board.~~

~~SEC. 4. The following are exempt from civil service:~~

~~(a) Officers and employees appointed or employed by the Legislature, either house, or legislative committees.~~

~~(b) Officers and employees appointed or employed by councils, commissions or public corporations in the judicial branch or by a court of record or officer thereof.~~

~~(c) Officers elected by the people and a deputy and an employee selected by each elected officer.~~

~~(d) Members of boards and commissions.~~

~~(e) A deputy or employee selected by each board or commission either appointed by the Governor or authorized by statute.~~

~~(f) State officers directly appointed by the Governor with or without the consent or confirmation of the Senate and the employees of the Governor's office, and the employees of the Lieutenant Governor's office directly appointed or employed by the Lieutenant Governor.~~

~~(g) A deputy or employee selected by each officer, except members of boards and commissions, exempted under Section 4(f).~~

~~(h) Officers and employees of the University of California and the California State Colleges.~~

~~(i) The teaching staff of schools under the jurisdiction of the Department of Education or the Superintendent of Public Instruction.~~

~~(j) Member, inmate, and patient help in state homes, charitable or correctional institutions, and state facilities for mentally ill or retarded persons.~~

~~(k) Members of the militia while engaged in military service.~~

~~(l) Officers and employees of district agricultural associations employed less than 6 months in a calendar year.~~

~~(m) In addition to positions exempted by other provisions of this section, the Attorney General may appoint or employ six deputies or employees, the Public Utilities Commission may appoint or employ one deputy or employee, and the Legislative Counsel may appoint or employ two deputies or employees.~~

~~SEC. 5. A temporary appointment may be made to a position for which there is no employment list. No person may serve in one or more positions under temporary appointment longer than 9 months in 12 consecutive months.~~

~~SEC. 6. (a) The Legislature may provide preferences for veterans and their widows.~~

~~(b) The board by special rule may permit persons in exempt positions brought under civil service by constitutional provision, to qualify to continue in their positions.~~

~~(c) When the state undertakes work previously performed by a county, city, public district of this state or by a federal department or agency, the board by special rule shall provide for persons who previously performed this work to qualify to continue in their positions in the state civil service subject to such minimum standards as may be established by statute.~~

Fifty-fifth—That the heading of Article XXVI is amended and renumbered to read:

ARTICLE ~~XXVI~~ *XIX*

MOTOR VEHICLE REVENUES

Fifty-sixth—That the heading immediately preceding Section 22 of Article IV is repealed.

~~INITIATIVE AND REFERENDUM~~

Fifty-seventh—That the heading immediately preceding Section 28 of Article IV is repealed.

~~MISCELLANEOUS~~

And be it further resolved, That Article XV as added by the thirty-fifth clause of this constitutional amendment shall not become operative if the amendments to Section 22 of Article XX as proposed by Senate Constitutional Amendment No. 19 of the 1975–76 Regular Session (Resolution Chapter 132, Statutes of 1975) are adopted by the people at the same election, and this constitutional amendment receives the higher affirmative vote of the two measures; in which case Article XV as added by the thirty-sixth clause of this constitutional amendment shall become operative;

And be it further resolved, That neither Article XV as added by the thirty-fifth clause of this constitutional amendment nor Article XV as added by the thirty-sixth clause of this constitutional amendment shall become operative if the amendments to Section 22 of Article XX as proposed by Senate Constitutional Amendment No. 19 of the 1975–76 Regular Session (Resolution Chapter 132, Statutes of 1975) are adopted by the people at the same election, and this constitutional amendment receives the lower affirmative vote of the two measures;

And be it further resolved, That Article XV as added by the thirty-sixth clause of this constitutional amendment shall not become operative if the amendments to Section 22 of Article XX as proposed by Senate Constitutional Amendment No. 19 of the 1975–76 Regular Session (Resolution Chapter 132, Statutes of 1975) are rejected by the people; in which case Article XV as added by the thirty-fifth clause of this constitutional amendment shall become operative.

TEXT OF PROPOSITION 15—continued from page 61

the hearing process specified in Section 67507, and, within three years from the date of the passage of this measure, determine whether it is reasonable to expect that the conditions specified in Section 67503(b) will be met. Unless the Legislature determines that it is reasonable to expect that the conditions of Section 67503(b) will be met, then nuclear fission power plants shall be a permitted land use in California only if such existing plants and such plants under construction are operated at no more than sixty per cent of their licensed core power level. Unless the determinations specified in this section are made in the affirmative, then neither the siting nor the construction of nuclear fission power plants or related facilities shall be a permitted land use in California.

67507. The determinations of the Legislature made pursuant to subsection 67503(b) and Section 67506 shall be made only after sufficient findings and only by a two-thirds vote of each house.

(a) To advise it in these determinations, the Legislature shall appoint an advisory group of at least fifteen (15) persons, comprised of distinguished experts in the fields of nuclear engineering, nuclear weaponry, land use planning, cancer research, sabotage techniques, security systems, public health, geology, seismology, energy resources, liability insurance, transportation security, and environmental sciences; as well as concerned citizens. The membership of this advisory group shall represent the full range of opinion on the relevant questions. The group shall solicit opinions and information from responsible interested parties, and hold widely publicized public hearings, after adequate notice, in various parts of the State prior to preparing its final report. At such hearings an opportunity to testify shall be given to all persons and an opportunity to cross-examine witnesses shall be given to all interested parties, within reasonable limits of time. The advisory group shall make public a final report, including minority reports if necessary, containing its findings, conclusions, and recommendations. Such report shall be summarized in plain language and made available to the general public at no more than the cost of reproduction.

(b) To ensure full public participation in the determinations specified in subsection 67503(b) and Section 67506, the Legislature shall also hold open and public hearings, within a reasonable time after the publication of the report specified in subsection (a) of this section, and before making its findings, giving full and adequate notice, and an opportunity to testify to all persons and the right to cross-examine witnesses to all interested parties, within reasonable limits of time.

(c) All documents, records, studies, analyses, testimony, and the like submitted to the Legislature in conjunction with its determinations specified in subsection 67503(b) and Section 67506, or to the advisory group described in subsection (a) of this section, shall be made available to the general public at no more than the cost of reproduction.

(d) No more than one-third of the members of the advisory group specified in this section shall have, during the two years prior to their appointment to the group, received any substantial portion of their income directly or indirectly from any individual, association, corporation, or governmental agency engaged in the research, development, promotion, manufacture, construction, sale, utilization, or regulation of nuclear fission power plants or their components.

(e) The members of the advisory group shall serve without compensation, but shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties to the extent that reimbursement is not otherwise provided by another public agency. Members who are not employees of other public agencies shall receive fifty dollars ($50) for each full day of attending meetings of the advisory group.

(f) The advisory group may:

(1) Accept grants, contributions, and appropriations;

(2) Create a staff as it deems necessary;

(3) Contract for any professional services if such work or services cannot satisfactorily be performed by its employees;

(4) Be sued and sue to obtain any remedy to restrain violations of this title. Upon request of the advisory group, the State Attorney General shall provide necessary legal representation.

(5) Take any action it deems reasonable and necessary to carry out the provisions of this title.

(g) The advisory group and all members of the advisory group shall comply with the provisions of Sections 87100 through 87312 inclusive, of Title 9 of the California Government Code.

(h) Any person who violates any provision of this section shall be subject to a fine of not more than ten thousand dollars ($10,000), and shall be prohibited from serving on the advisory group.

67508. (a) The Governor shall annually publish, publicize, and release to the news media and to the appropriate officials of affected communities the entire evacuation plans specified in the licensing of each nuclear fission power plant. Copies of such plans shall be made available to the public upon request, at no more than the cost of reproduction.

(b) The Governor shall propose procedures for annual review by state and local officials of established evacuation plans, with regard for, but not limited to such factors as changes in traffic patterns, population densities, and new construction of schools, hospitals, industrial facilities, and the like. Opportunity for full public participation in such reviews shall be provided.

Sec. 2. There is hereby appropriated from the General Fund in the State Treasury to the legislative advisory group created by Section 67507 of the Government Code the sum of eight hundred thousand dollars ($800,000) for expenditures necessary in carrying out the responsibilities and duties set forth in Section 67507 of the Government Code.

Sec. 3. Amendments to this measure shall be made only by a two-thirds affirmative vote of each house of the Legislature, and may be made only to achieve the objectives of this measure.

Sec. 4. If any provision of this measure or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

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BY MEASURE

BY SUBJECT

CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 8, 1976, and that the foregoing pamphlet is correct.

Witness my hand and the Great Seal of the State at office in Sacramento, California this eighth day of March, 1976.

March Fong Eu

MARCH FONG EU
Secretary of State

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Elections Division

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	Zip Code—*Zona Postal*

Note—*Noticia*

If this card cannot be mailed by May 27, 1976, contact your county clerk or registrar of voters for a translated pamphlet.

Si no se puede mandar esta tarjeta antes del día 27 de mayo de 1976, sírvase llamar al secretario del condado o al registrante de votantes para recibir un folleto traducido.

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