

1940

## TAX-EXEMPT VESSELS

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<b>9</b>	<b>TAX-EXEMPT VESSELS. Senate Constitutional Amendment 36.</b> Amends Constitution, Article XIII, section 4. Exempts from local taxes until January, 1955, all vessels except yachts of more than fifty tons burden documented at and operating from any port in this State.	YES	
		NO	

(For full text of measure, see page 14, Part II)

**Argument in Favor of Senate Constitutional Amendment No. 36**

This proposed constitutional amendment was adopted by more than a two-thirds vote of both houses of the State Legislature and should receive the approval of the people.

Realizing the benefit to the State resulting from a large local merchant marine, the Legislature proposed, and the people in 1914 adopted, a constitutional amendment which exempted California vessels over fifty tons burden engaged in the transportation of freight or passengers from taxation except for State purposes until the year 1935. The results of this policy were so satisfactory that in 1932 the people reenacted this section continuing the exemption until the year 1955.

Undoubtedly, the Legislature and the people intended both in 1914 and in 1932 that the exemption from local taxation should apply to all commercial vessels over fifty tons burden. Such was the interpretation of tax officials for twenty-five years. Recently an appellate court held that the exemption only applied to vessels engaged in the transportation of freight and passengers *for hire*. Under this decision, ocean fishing vessels over fifty tons will be subject to local taxation. These large ocean going vessels are owned by California citizens and are engaged in the American fisheries from Alaska to the equator. They are useful as naval auxiliaries in time of war, and were built and documented in this State under the belief that they would be exempt from local taxation.

This proposed amendment is designed to correct the discrimination resulting from this decision and to give the law the effect originally intended. It has no other purpose. There is no sound reason why a vessel owned by a Californian should be subject to tax while the State does not tax vessels documented outside of the State, but operating in the same waters and in direct competition with the California vessels. Likewise, there is no sound reason why our high-seas fishing vessels should pay local taxes while the large steamship companies are tax free.

Under this amendment, all yachts of any tonnage, and all alien-owned vessels will continue to pay local taxes as they have in the past.

Any loss in tax revenue to a few of our coastal counties resulting from the adoption of this amendment is insignificant in comparison with, and is far offset by, the benefits conferred on those counties and the whole State of California by the industries supported by these vessels, and the other benefits obtained by such vessels' retaining their home port in California.

Unless this amendment is adopted by the people, many vessels now documented in this State will change their home ports to Oregon, Washington, or other States where they will be exempt from taxation. This would be a serious blow to the people of California.

RAY W. HAYS,  
Senator, Thirtieth District.  
IRWIN T. QUINN,  
Senator, Third District.

**Argument Against Senate Constitutional Amendment No. 36**

This proposed amendment should be defeated for the following reasons:

1. It has been so worded that its meaning is ambiguous. No one can tell just what boats would be exempt from taxation under its provisions. The courts would have to construe its meaning and no amendment of the Constitution should receive a "Yes" vote that is subject to various interpretations.
2. Boats of more than fifty tons burden engaged in the transportation of freight or passengers are already exempt from local taxation. This exemption was adopted by the people to encourage commerce. The proposed amendment is capable of construction as broadening the exemption to include boats used exclusively for pleasure purposes.
3. The amendment proposes to exempt commercial fishing boats and other watercraft from taxation. The exemption from taxation of this class of property would be simply a gift from the people and result in additional taxes on real estate and personal property.
4. The exemption would create a favored class of people and property, viz.: the owners of boats, as, generally speaking, all such owners could hold their watercraft free from taxation and at the expense of other classes of taxpayers. None of the privileges of government would be denied boat owners, but the cost thereof that their exempt boats should bear would be shifted in additional taxes to other property.

With the ever-mounting burden of taxation upon real estate in California there should be no additional exemption of property from taxation unless it is based upon sound and logical reason. Most certainly a particular industry and a large group of pleasure-seekers should not be placed in a privileged class.

The measure should be overwhelmingly defeated.

ROBERT W. KENNY,  
Senator, Thirty-eighth District,  
Los Angeles County.

**8 FISH AND GAME COMMISSION. Assembly Constitutional Amendment 45.** Amends Constitution, Article IV, section 25½. Creates Fish and Game Commission of five members, appointed by Governor subject to confirmation by Senate, with six-year terms, removable by majority vote of Legislature; rotates terms by requiring terms of those first appointed shall expire one each year. Empowers Legislature to delegate to Commission powers relating to protection, propagation and preservation of fish and game.

YES	
NO	

Assembly Constitutional Amendment No. 45—A resolution to propose to the people of the State of California an amendment to section 25½ of Article IV of the Constitution of said State, relating to fish and game and a commission to enforce and administer the laws relating thereto.

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California, at its fifty-third regular session, commencing on the second day of January, 1939, two-thirds of all of the members elected to each of the two houses of the Legislature voting in favor thereof, hereby proposes to the people of the State of California that section 25½ of Article IV of the Constitution of said State be amended to read as follows:

(This proposed amendment expressly amends an existing section of the Constitution; therefore, EXISTING PROVISIONS proposed to be DELETED are printed in STRIKE-OUT TYPE; and NEW PROVISIONS proposed to be INSERTED are printed in BLACK-FACED TYPE.)

PROPOSED AMENDMENT TO THE CONSTITUTION.

SEC. 25½. The Legislature may provide for the division of the State into fish and game districts; and may enact such laws for the protection of fish and game ~~therein~~ in such districts or parts thereof as it may deem appropriate to the ~~respective districts~~.

There shall be a Fish and Game Commission of five members appointed by the Governor, subject to confirmation by the Senate, with a term of office of six years, except that the terms of the members first appointed shall expire as follows: one member, January 15, 1943; one member, January 15, 1944; one member, January 15, 1945; one member, January 15, 1946; and one member, January 15, 1947. Each subsequent appointment shall be for six years, or, in case of a vacancy, then for the unexpired portion of such term. The Legislature may delegate to the commission such powers relating to the protection, propagation and preservation of fish and game as the Legislature sees fit. Any member the commission may be removed by concurrent resolution of the Legislature passed by the vote of a majority of the members elected to each of the two houses thereof.

**9 TAX-EXEMPT VESSELS. Senate Constitutional Amendment 36.** Amends Constitution, Article XIII, section 4. Exempts from local taxes until January, 1955, all vessels except yachts of more than fifty tons burden documented at and operating from any port in this State.

YES	
NO	

Senate Constitutional Amendment No. 36—A resolution to propose to the people of the State of California an amendment to section 4 of Article XIII of the Constitution of the State, relative to the exemption of vessels other than yachts from taxation except for State purposes.

Resolved by the Senate, the Assembly concurring, That the Legislature of the State of California, at its fifty-third regular session, commencing on the second day of January, 1939, two-thirds of all members elected to each of the two houses of the said Legislature voting therefor, hereby proposes to the people of the State of California that section 4 of Article XIII, of the Constitution of said State be amended to read as follows:

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PROPOSED AMENDMENT TO THE CONSTITUTION.

SEC. 4. All vessels ~~except~~ yachts of more than fifty (50) tons burden ~~registered~~ documented at ~~and~~ operating from any port in this State ~~and engaged in the transportation of freight or passengers~~ shall be exempt from taxation except for State purposes until and including the first day of January, 1955