

1918

LAND VALUES TAXATION

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it exempts schools from the operation thereof but it does not remedy all of its evils and is in itself cumbersome, involved and difficult of application.

The entire act is wrong in principle. Our government is a representative one. Existing laws place the duty directly upon the people's representatives to fix the tax rate. Should local officers abuse the trust placed in them they are subject to the recall.

Local officers know local conditions and needs. This act transfers these powers to an appointive board, which is a comparative stranger to the community for which it acts, in many instances five hundred miles away, and is not in a position to determine local needs. If this act was federal and applied to this state, that is, a board in Washington fixing the tax rate of California, its absurdity would immediately become apparent.

To acquaint the board with local necessities would require the sending to Sacramento each year of a delegation of citizens with the supervisors to explain their wants, thus entailing great expense to the county.

If this measure becomes a law it will increase the cost of state government as well as local government—state government, in that a number of high salaried employees will be necessary to carry on the clerical work of the board; local government, in that it provides for special elections. Special elections saddle more expense on the taxpayers and always disturb local business conditions.

In addition, this measure presents a vicious type of class legislation. The schools are

exempt from the operation thereof but it does not remedy all of its evils and is in itself cumbersome, involved and difficult of application. If not beneficial to the schools? And if good for the schools to exempt them from its operation, why not exempt all other branches from its operation? Why not a measure curtailing the abnormal costs of state government? The fact that it exempts the schools, and makes no provision limiting state expense, shows that it is not a good measure in principle. If not good in principle, it should not be adopted at all.

The objections to it may be thus summarized: **First**—The act is cumbersome and difficult of operation.

Second—It increases the cost of government: (1) by additional employees of the Board of Authorization; (2) by local elections.

Third—No good reason exists for such a measure, in view of the recall.

Fourth—It removes the matter of local taxation farther away from the people.

Fifth—It is vicious class legislation.

Sixth—Local officials are better acquainted with local needs and local conditions.

Seventh—If not a beneficent measure as applied to the schools, it must necessarily be harmful as applied to other branches of the government.

This measure, together with the "Tax Levy Limitations" Act, should be defeated.

ROBT. E. CALLAHAN,
Chairman Sacramento County Board
of Supervisors.

LAND VALUES TAXATION. Initiative measure adding Section 15 to Article XIII of Constitution. On and after January 1, 1919, requires all public revenues, state, county, municipal and district, be raised by taxation of value of land irrespective of improvements thereon; declaring war veteran, college and church exemptions in Sections 11, 12 and 1a of same Article not affected hereby; asserts intent of amendment to prevent holding land out of use for speculation and to apply to community purposes land values which community creates. Repeals all constitutional provisions and laws conflicting herewith.

YES
NO

The electors of the State of California present to the secretary of state this petition and request that there be submitted to the voters of the state, for their approval or rejection at the next general election, or as provided by law, an amendment to the constitution of the State of California.

The full text of the proposed amendment is: The people of the State of California do enact as follows:

A new section to be known as section 15 is hereby added to article XIII of the constitution, to read as follows:

PROPOSED AMENDMENT.

Proposed changes in provisions are printed in black-faced type.)

On and after January 1, 1919, all public revenues, state, county, municipal and district, all be raised by taxation of the value of land irrespective of improvements thereon; provided, that war veteran, college and church exemptions in sections 11, 12 and 1a, article XIII of the constitution, are not affected hereby.

The intent of this single tax amendment is to prevent the holding of land out of use for speculation and to apply the land values which community creates to community purposes. All constitutional provisions and laws in conflict herewith are hereby repealed.

Article thirteen of the constitution, proposed to be amended, now reads as follows:

EXISTING PROVISIONS.

(Provisions which will remain in force are printed in roman type; provisions enclosed in brackets will be rendered unnecessary and practically inoperative for the reason that the system of taxation upon which they are based will be abrogated; provisions proposed to be absolutely repealed are printed in italics.)

Section 1. All property in the state except as otherwise in this constitution provided, not exempt under the laws of the United States, shall be taxed in proportion to its value, to be ascertained as provided by law, or as hereinafter provided. *The word "property," as used in this article and section, is hereby declared to include moneys, credits, bonds, stocks, dues, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership; [provided, that a mortgage, deed of trust, contract, or other obligation by which a debt is secured when land is pledged as security for the payment thereof, together with the money represented by such debt, shall not be considered property subject to taxation;] and further provided, that property used for free public libraries and free museums, growing crops, property used exclusively for public schools, and such as*

may belong to the United States, this state, or to any county, city and county, or municipal corporation within this state shall be exempt from taxation, except such lands and the improvements thereon located outside of the county, city and county or municipal corporation owning the same as were subject to taxation at the time of the acquisition of the same by said county, city and county or municipal corporation; [provided, that the improvements of any character whatever constructed by any county, city and county or municipal corporation shall be subject to taxation.] All lands or improvements thereon, belonging to any county, city and county or municipal corporation, not exempt from taxation, shall be assessed by the assessor of the county, city and county or municipal corporation in which said lands or improvements are located, and said assessment shall be subject to review, equalization and adjustment by the state board of equalization. *The legislature may provide, except in the case of credits secured by mortgage or trust deed, for a deduction from credits of debts due to bona fide residents of this state.*

Sec. 14. The property to the amount of one thousand dollars of every resident in this state who has served in the army, navy, marine corps, or revenue marine service of the United States in time of war, and received an honorable discharge therefrom; or lacking such amount of property in his own name, so much of the property of the wife of any such person as shall be necessary to equal said amount; and property to the amount of one thousand dollars of the widow resident in this state, or if there be no such widow, of the widowed mother resident in this state, of every person who has so served and has died either during his term of service or after receiving honorable discharge from said service; and the property to the amount of one thousand dollars of pensioned widows, fathers, and mothers, resident in this state, of soldiers, sailors, and marines who served in the army, navy, or marine corps, or revenue marine service of the United States, shall be exempt from taxation; provided, that this exemption shall not apply to any person named herein owning property of the value of five thousand dollars or more, or where the wife of such soldier or sailor owns property of the value of five thousand dollars or more. No exemption shall be made under the provisions of this act of the property of a person who is not a legal resident of this state.

Sec. 15. [All buildings, and] so much of the real property on which they are situated as may be required for the convenient use and occupation of said buildings, when the same are used solely and exclusively for religious worship shall be free from taxation; provided, that no building so used which may be rented for religious purposes and rent received by the owner therefor, shall be exempt from taxation.

Sec. 16. [All bonds hereafter issued by the State of California, or by any county, city and county, municipal corporation, or district (including school, reclamation, and irrigation districts) within said state, shall be free and exempt from taxation.]

Sec. 17. Any educational institution of collegiate grade, within the State of California, not conducted for profit, shall hold exempt from taxation [its buildings and equipment,] its grounds within which its buildings are located, not exceeding one hundred acres in area, [its securities and income used exclusively for the purposes of education.]

Sec. 18. Land, and the improvements thereon, shall be separately assessed. Cultivated and uncultivated land, of the same quality, and similarly situated, shall be assessed at the same value.

Sec. 19. Every tract of land containing more than six hundred and forty acres, and which has been sectioned by the United States government, shall be assessed, for the purposes of taxation, by sections or fractions of sections. The legislature shall provide by law for the assessment in small tracts, of all lands not sectioned by the United States government.

Sec. 4. [All vessels, more than fifty tons burden registered at 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, nineteen hundred thirty-five.]

Sec. 5. [Repealed November 6, 1906.]

Sec. 6. The power of taxation shall never be surrendered or suspended by any grant or contract to which the state shall be a party.

Sec. 7. The legislature shall have the power to provide by law for the payment of all taxes on real property by installments.

Sec. 8. The legislature shall by law require each taxpayer in this state to make and deliver to the county assessor, annually, a statement, under oath, setting forth specifically all the real and personal property owned by such taxpayer, or in his possession, or under his control, at twelve o'clock meridian on the first Monday of March.

Sec. 9. A state board of equalization, consisting of one member from each congressional district in this state, as the same existed in eighteen hundred and seventy-nine, shall be elected by the qualified electors of their respective districts, at the general election to be held in the year one thousand eight hundred and eighty-six, and at each gubernatorial election thereafter, whose term of office shall be for four years; whose duty it shall be to equalize the valuation of the taxable property in the several counties of the state for the purposes of taxation. The controller of state shall be ex officio a member of the board. The boards of supervisors of the several counties of the state shall constitute boards of equalization for their respective counties, whose duty it shall be to equalize the valuation of the taxable property in the county for the purpose of taxation; provided, such state and county boards of equalization are hereby authorized and empowered, under such rules of notice as the county boards may prescribe as to county assessments, and under such rules of notice as the state board may prescribe as to the action of the state board, to increase or lower the entire assessment roll, or any assessment contained therein, so as to equalize the assessment of the property contained in said assessment roll, and make the assessment conform to the true value in money of the property contained in said roll; [provided, that no board of equalization shall raise any mortgage, deed of trust, contract or other obligation by which a debt is secured, money, or solvent credits, above its face value.] The present state board of equalization shall continue in office until their successors, as herein provided for, shall be elected and shall qualify. The legislature shall have power to redistrict the state into four districts, as nearly equal in population as practical, and to provide for the elections of members of said board of equalization.

Sec. 10. All property, except as otherwise in this constitution provided, shall be assessed in the county, city, city and county, town or township, or district in which it is situated, in the manner prescribed by law.

Sec. 10a. [The personal property of every householder to the amount of one hundred dollars, the articles to be selected by each householder, shall be exempt from taxation.]

Sec. 11. Income taxes may be assessed in and collected from persons, corporations, joint-stock associations, or companies resident or doing business in this state, or any one or more of them, in such cases and amounts, and in such manner, as shall be prescribed by law.

Sec. 12. [No poll tax or head tax for any purpose whatsoever shall be levied or collected in the State of California.]

Sec. 12a. [Fruit and nut-bearing trees under the age of four years from the time of planting in orchard form, and grapevines under the age of three years from the time of planting in vineyard form, shall be exempt from taxation, and nothing in this article shall be construed as affecting such trees and grapevines to taxation.]

Sec. 13. The legislature shall pass all laws necessary to carry out the provisions of this article.

Sec. 12. Every tax, license, and collected or levied, provided for in this section, including street railways, whether operated in and on more counties; sleeping car, dining car, drawing-room car and palace car companies; refrigerator, oil, stock, fruit, and other car-leasing and other car companies operating upon railroads in this state; companies doing express business on any railroad, steamboat, vessel or stage line in this state; telegraph companies; telephone companies; companies engaged in the transmission or sale of gas or electricity; insurance companies; banks, banking associations, savings and loan societies, and trust companies; and taxes upon all franchises of every kind and nature, shall be entirely and exclusively for state purposes, and shall be levied, assessed and collected in the manner hereinafter provided. The word "companies" as used in this section shall include persons, partnerships, joint-stock associations, companies, and corporations.

(a) All railroad companies, including street railways, whether operated in one or more counties; all sleeping car, dining car, drawing-room car, and palace car companies, all refrigerator, oil, stock, fruit and other car-leasing and other car companies, operating upon the railroads in this state; all companies doing express business on any railroad, steamboat, vessel or stage line in this state; all telegraph and telephone companies; and all companies engaged in the transmission or sale of gas or electricity shall annually pay to the state a tax upon their franchises, roadways, roadbeds, rails, rolling stock, poles, wires, pipes, canals, conduits, rights of way, and other property, or any part thereof used exclusively in the operation of their business in this state, computed as follows: Said tax shall be equal to the percentages hereinafter fixed upon the gross receipts from operation of such companies, and each thereof within this state. When such companies are operating partly within and partly without this state, the gross receipts within this state shall be deemed to be all receipts on business beginning and ending within this state, and a proportion, based upon the proportion of the mileage within this state to the entire mileage over which such business is done, of receipts on all business passing through, into, or out of this state.

The percentages above mentioned shall be as follows: On all railroad companies, including street railways, four per cent; on all sleeping car, dining car, drawing-room car, palace car companies, refrigerator, oil, stock, fruit, and other car-leasing and other car companies, three per cent; on all companies doing express business on any railroad, steamboat, vessel or stage line, two per cent; on all telegraph and telephone companies, three and one-half per cent; on all companies engaged in the transmission or sale of gas or electricity, four per cent. Such taxes shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property above enumerated of such companies except as otherwise in this section provided; provided, that nothing herein shall be construed to release any such company from the payment of any amount agreed to be paid or required by law to be paid for any special privilege or franchise granted by any of the municipal authorities of this state.

(b) Every insurance company or association doing business in this state shall annually pay to the state a tax of one and one-half per cent upon the amount of the gross premiums received upon its business done in this state, less return premiums and reinsurance in companies or associations authorized to do business in this state; provided, that there shall be deducted from said one and one-half per cent upon the gross premiums the amount of any county and municipal taxes paid by such companies on real estate owned by them in this state. This tax shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property of such companies, except county and municipal taxes on real estate, and except as otherwise in this section provided; provided, that when by the laws of any other state or country, any taxes, fees, penalties, licenses, fees, deposits of money,

or of securities, or other obligations, shall be levied, assessed or levied upon any company, or upon its agents therein, in such other state or country, or upon their agents therein, in witness of such taxes, fees, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, imposed upon insurance companies of such other state or country, so long as such laws continue in force, the same obligations and prohibitions of whatsoever kind may be imposed by the legislature upon insurance companies of such other state or country doing business in this state.

(c) The shares of capital stock of all banks, organized under the laws of this state, or of the United States, or of any other state and located in this state, shall be assessed and taxed to the owners or holders thereof by the state board of equalization, in the manner to be prescribed by law, in the city or town where the bank is located and not elsewhere. There shall be levied and assessed upon such shares of capital stock an annual tax, payable to the state, of one per centum upon the value thereof. The value of each share of stock in each bank, except such as are in liquidation, shall be taken to be the amount paid in thereon, together with its pro rata of the accumulated surplus and undivided profits. The value of each share of stock in each bank which is in liquidation shall be taken to be its pro rata of the actual assets of such bank. This tax shall be in lieu of all other taxes and licenses, state, county and municipal, upon such shares of stock and upon the property of such banks, except county and municipal taxes on real estate and except as otherwise in this section provided. In determining the value of the capital stock of any bank there shall be deducted from the value, as defined above, the value, as assessed for county taxes, of any real estate, other than mortgage interests therein, owned by such bank and taxed for county purposes. The banks shall be liable to the state for this tax and the same shall be paid to the state by them on behalf of the stockholders in the manner and at the time prescribed by law, and they shall have a lien upon the shares of stock and upon any dividends declared thereon to secure the amount so paid.

The moneyed capital, reserve, surplus, undivided profits and all other property belonging to unincorporated banks or bankers of this state, or held by any bank located in this state which has no shares of capital stock, or employed in this state by any branches, agencies, or other representatives of any banks doing business outside of the State of California, shall be likewise assessed and taxed to such banks or bankers by the said board of equalization, in the manner to be provided by law and taxed at the same rate that is levied upon the shares of capital stock of incorporated banks, as provided in the first paragraph of this subdivision. The value of said property shall be determined by taking the entire property invested in such business, together with all the reserve, surplus, and undivided profits, at their full cash value, and deducting therefrom the value as assessed for county taxes of any real estate, other than mortgage interests therein, owned by such bank and taxed for county purposes. Such taxes shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property of the banks and bankers mentioned in this paragraph, except county and municipal taxes on real estate and except as otherwise in this section provided. It is the intention of this paragraph that all moneyed capital and property of the banks and bankers mentioned in this paragraph shall be assessed and taxed at the same rate as an incorporated bank, provided for in the first paragraph of this subdivision. In determining the value of the moneyed capital and property of the banks and bankers mentioned in this subdivision, the said state board of equalization shall include and assess to such banks all property and everything of value owned or held by them, which go to make up the value of the capital stock of such banks and bankers, if the same were incorporated and had shares of capital stock.

The word "bonded" used in this subdivision shall include mortgages, encumbrances, savings and loan certificates and trust companies, but shall not include building and loan associations.

(c) All franchisees, other than those expressly provided for in this section, shall be assessed at their actual cash value, in the manner to be provided by law, and shall be taxed at the rate of one per centum each year, and the taxes collected thereon shall be exclusively for the benefit of the state.

(e) Out of the revenues from the taxes provided for in this section, together with all other state revenues, there shall be first set apart the moneys to be applied by the state to the support of the public school system and the state university. In the event that the above named revenues are at any time deemed insufficient to meet the annual expenditures of the state, including the above named expenditures for educational purposes, there may be levied, in the manner to be provided by law, a tax, for state purposes, on all the property in the state, including the classes of property enumerated in this section, sufficient to meet the deficiency. All property enumerated in subdivisions a, b, and d of this section shall be subject to taxation, in the manner provided by law, to pay the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township or district, before the adoption of this section. The taxes so paid for principal and interest on such bonded indebtedness shall be deducted from the total amount paid in taxes for state purposes.

(f) All the provisions of this section shall be self-executing, and the legislature shall pass all laws necessary to carry this section into effect, and shall provide for a valuation and assessment of the property enumerated in this section, and shall prescribe the duties of the state board of equalization and any other officers in connection with the administration thereof. The rates of taxation fixed in this section shall remain in force until changed by the legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof. The taxes herein provided for shall become a lien on the first Monday in March of each year after the adoption of this section and shall become due and payable on the first Monday in July thereafter. The gross receipts and gross premiums herein mentioned shall be computed for the year ending the thirty-first day of December prior to the levy of such taxes and the value of any property mentioned herein shall be fixed as of the first Monday in March. Nothing herein contained shall affect any tax levied or assessed prior to the adoption of this section; and all laws in relation to such taxes in force at the time of the adoption of this section shall remain in force until changed by the legislature. Until the year 1918 the state shall reimburse any and all counties which sustain loss of revenue by the withdrawal of railroad property from county taxation for the net loss in county revenue occasioned by the withdrawal of railroad property from county taxation. The legislature shall provide for reimbursement from the general funds of any county to districts therein where loss is occasioned in such districts by the withdrawal from local taxation of property taxed for state purposes only.

(g) No injunction shall ever issue in any suit, action or proceeding in any court against this state or against any officer thereof to prevent or enjoin the collection of any tax levied under the provisions of this section; but after payment action may be maintained to recover any tax illegally collected in such manner and at such time as may now or hereafter be provided by law.

ARGUMENT IN FAVOR OF LAND VALUES TAXATION AMENDMENT.

This is the People's War Measure. It will open California's twenty million idle farming acres, mines and oil wells, to immediate food

production—to home buyers who would be glad to buy land that no one else is buying—and prevent the crowding of the labor market at the end of the war, millions of soldiers finding themselves on farms or jobs at good pay awaiting their victorious home-coming.

It will remove what President Wilson named "the economic barriers" that keep labor and industry from access to natural opportunities, and make "self-determination" possible between man and man.

It will take profit out of land monopoly and end speculation in the source of food. Land and natural resources are for use. This measure will prevent gambling in them and make it impossible for any one to keep intending users from going on unused land.

It will cut up vast estates and cure "the curse of California"—its twenty million slacker acres—and attract millions of settlers to land at prices that can be paid out of crops grown, or from saving in land rent now paid to private landlords.

This it will do in a natural way, without the least confusion to anything but speculative values. Land value is now separately assessed and the complete official and technical machinery therefor is already in successful operation. It will merely abolish the "absurd, costly, and unsatisfactory" taxation complexities complained of by every home owner and business man, and criticized by the State Tax Commission.

It is claimed that Single Tax will strip money, credits, bonds and accumulated wealth. Then why do the holders of these so bitterly oppose it—in spite of its great necessity as a war measure?

All wealth (money, bonds, securities) must first come out of the land, and the reason that these are now in the hands of about three per cent of the population is that they own ninety per cent of the land value of California.

The Single Tax is on land value and will fall upon those who hold that value—on the three per cent.

It is said that public service corporations now pay the state tax which, under Single Tax, will fall back on the people. The truth is that the corporations merely collect the tax (plus a good commission) from the people. Single Tax will stop this indirect tax-farming and put all taxes on the fair open basis of those paying who take, in exact proportion to value of their holdings, while farmers, home owners, labor and business will be untaxed on everything but the very small land value held by them.

Single Tax is the basic step in the social reconstruction which began when the railroads passed from private profit to public service. It will put land holding on the same high plane. It is only speculation and monopoly "interests" that fear and oppose the justice and harmony of Single Tax.

LONA INGHAM ROBINSON,
LUKE NORTH.

ARGUMENTS AGAINST LAND VALUES TAXATION AMENDMENT.

America has risen from an obscure province to be the mightiest nation in the world, because in the beginning land laws were enacted that made it possible for every citizen to become a land owner.

The single taxer is the enemy of every person who owns a lot or an acre of ground, every farmer, every owner of a home, because he wishes to destroy the value of land by taxing it to death.

Single tax would destroy the loan value of real estate. Bonds and mortgages based on land security would be valueless.

It would go into effect January first, 1918, bring about utter chaos in county and state governments, and overturn our entire commercial system.

It would jeopardize our public school system. It would not result in converting "idle acres" into productive farms. All the idle California farm lands require irrigation. It takes capital to develop a farm. A man must have money to

Developed

