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Taxation

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File: 1938-t-1

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE ELECTORS

The Attorney General has prepared a title and summary of the chief purposes and points of said proposed measure, as follows:

TAXATION. Initiative Constitutional Amendment. Repeals limitation on ad valorem property taxes for State appropriations. Prohibits increasing present assessed valuation of improvements and tangible personal property; annually reduces tax rate thereon and exempts same from taxation in nine years, except for regulation; existing tax rate limitations becoming inoperative proportionately as necessary to offset such reductions. Exempts from taxation \$1000.00 of assessed improvements on land occupied by owner as home. Limits tax moratoriums to improved property in one parcel and ownership having assessed valuation not exceeding \$5000.00. Repeals specified Sales, Use and Private Car Taxes.

STATE OF CALIFORNIA,
COUNTY (or City and County) of..... **SAN FRANCISCO** } ss.

To the Honorable Secretary of State of the State of California:

We, the undersigned, registered and qualified electors of the State of California, residents of the County (or City and County) of..... **SAN FRANCISCO**....., present to the Secretary of State this petition and hereby propose that the Constitution of the State of California be amended by repealing a portion of section 34a of Article IV, and by adding to Article XIII, sections 5 and 5.5, to read as hereinafter set forth in full, and petition that the same be submitted to the electors of the State of California for their adoption or rejection at the next succeeding general election or as provided by law. The proposed constitutional amendments are as follows:

FIRST—That portion of section 34a of Article IV reading as follows:

“Not more than twenty-five per cent of the total appropriations from all funds of the State shall be raised by means of taxes on real and personal property according to the value thereof.”
is hereby repealed.

SECOND—Section 5 is hereby added to Article XIII of the Constitution, to read as follows:

SEC. 5. (a) For the first fiscal year following the adoption of this amendment the rate of taxation on improvements and on tangible personal property levied by the state or by any county, city and county, municipality or district shall not exceed ninety per cent of the rate levied on land for the same year. Annually thereafter for each successive fiscal year the rate of tax on improvements and on tangible personal property shall be reduced an additional ten per cent less than the rate then levied on land. Thereafter and commencing with the tenth fiscal year following the adoption of this amendment, improvements and tangible personal property shall be exempt from taxation.

The present assessed value of improvements and tangible personal property shall not be increased.

Existing limitations of the tax rate of county, city and county, municipality or district shall become inoperative proportionately to the extent necessary to offset the reduced taxation of tangible personal property and improvements required by this article.

The legislature shall provide for the assessment, levy and collection of taxes on property subject to taxation.

(b) The assessed value of improvements on land occupied by the owner as a home is hereby exempt from taxation to the extent of one thousand dollars.

(c) No existing or future tax moratorium or extension of time for the payment of taxes shall extend to any class of property except improved property in one parcel and ownership of an assessed value not exceeding five thousand dollars.

(d) As used in this section and except where the context clearly indicates otherwise:

“Improvements” include structures of any character in or upon land, and pipes, ditches, wells, tunnels, roads, clearing and leveling; also vineyards, orchards, alfalfa, growing crops, planted timber and applied fertility or other alterations of or additions to nature made by man.

“Tangible personal property” includes any movable personal property which may be seen, weighed, measured, felt, touched, or is in any other manner perceptible to the senses.

“Land” includes all real property not embraced within the above definition of “improvements,” water and water rights, unplanted timber, and, while contained in the earth, oil, gas, minerals, rock, sand and other metallic or natural deposit of any kind.

THIRD—Section 5.5 is hereby added to Article XIII, to read as follows:

SEC. 5.5 (a) On and after the first day of July next following the adoption of this amendment, the following acts, and all acts amendatory or supplemental thereto, are repealed subject to the right of the State to collect all taxes theretofore accrued: The Retail Sales Tax Act of 1933 (Chapter 1020, Statutes of 1933); The Use Tax Act of 1935 (Chapter 361, Statutes of 1935); “An act relating to licensing and taxing vehicles, providing for license fees for the privilege of operating certain vehicles, providing for exemption of such vehicles from all taxes according to value for state, county or municipal purposes, providing for the administration and enforcement of this act, creating a fund to be known as the motor vehicle license fee fund, and making an appropriation of the moneys therein,” approved June 25, 1935 (Chapter 362, Statutes of 1935); “The Private Car Tax Act of 1937 (Chapter 283, Statutes of 1937).

(b) Except for police or regulatory purposes no tax, license fee, or excise shall hereafter be levied or imposed upon the privilege of selling, storing, using, or consuming tangible personal property or which is based upon or directly or indirectly measured by the value of tangible personal property or improvements.

(c) Nothing in this section shall be construed as repealing, modifying, or otherwise affecting the provisions of the Motor Vehicle Fuel License Tax Act (Chapter 267, Statutes of 1923), the Use Fuel Tax Act of 1937 (Chapter 352, Statutes of 1937) or of any acts amendatory thereof, supplemental thereto, or continuations or reenactments thereof; nor, except as specifically provided shall anything in this section or in section 5 be construed as repealing, modifying, or otherwise affecting or prohibiting the continuation or reenactment of existing license taxes or fees, corporation taxes, inheritance taxes, or income taxes, or existing constitutional tax exemptions or as forbidding or prohibiting the imposition of severance taxes.

(d) The provisions of this section or section 5 shall not be construed as affecting in any way the obligations of any county, city and county, municipality or district and shall be deemed inoperative to the extent that any bonds or other obligations outstanding at the time of the adoption of this amendment specifically require the imposition of taxes upon tangible personal property or improvements.

(e) This amendment does not repeal, supersede or modify that provision of section 15 of this article which reads as follows: “Out of the revenues from State taxes for which provision is made in this article, together with all other State revenues, there shall first be set apart the moneys to be applied by the State to the support of the public school system and the State University.”

(f) Except as herein provided, the provisions of this section and of section 5 shall control in any case of conflict with any other provision of this constitution.