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HIGHWAY BONDS

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There are laws now on the statute books of the state that prevent other than qualified physicians from obtaining habit-forming drugs and further provide severe penalties for doctors who dispense them under conditions other than those prescribed by law. The Harrison Narcotic law (a federal law) also covers this field and affords full protection to the public.

Osteopaths have been licensed to practice major and minor surgery since 1913. Osteopaths who have passed the same examination required of medical doctors (the latter being granted unlimited rights) would be unable to perform minor operations should this bill pass. If it be said that osteopaths wishing to use local anesthetics can get that privilege by passing an oral examination, our reply is that for every osteopath licensed on credentials, four medical doctors were licensed without examination. If a law be enacted requiring these medical doctors

to submit to examination, we shall do likewise without protest. We object to discrimination.

The public could have had whatever added protection Chapter 612 may afford without injury to anyone. A companion bill was passed by both houses by an almost unanimous vote. This bill was identical with the one given executive approval save that it permitted osteopathic physicians to continue the practice of minor surgery as they have been licensed to do since 1901.

Senate Bill 604 (Chapter 612) was passed amidst the confusion of the last day of the session by a bare majority. There can be no reason for excluding osteopathic physicians from the use of pain-relieving drugs. The osteopaths have never abused the use of habit-forming drugs.

To prevent curtailment of your personal liberty in the selection of your physician, vote "No."

W. W. VANDERBURGH.

HIGHWAY BONDS. Initiative measure adding Section 3 to Article XVI of Constitution. Creates State Highway Finance Board to serve without compensation. Directs cancellation of unsold forty thousand bonds authorized by Section 2 of same article; authorizes other bonds to same amount, to be issued as provided in said section, but at times and interest rate, not exceeding six per cent, determined by said board under then prevailing market conditions; makes provisions of said section otherwise govern said bonds and proceeds thereof. Beginning July 1, 1921, relieves counties from payments to state on account of highway construction.

YES

NO

Sufficient qualified electors of the State of California present to the secretary of state this petition and request that there be submitted to the electors of the state for their approval or rejection, at the next general election, an amendment to the constitution of the State of California adding a new section three to article sixteen of said constitution, the full text of said proposed amendment being as follows:

The people of the State of California do enact as follows:

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

PROPOSED AMENDMENT.

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

Section 3. There is hereby created a state highway finance board composed of the governor, state controller, state treasurer, chairman of the state board of control and chairman of the California highway commission, all of whom shall serve thereon without compensation and a majority of whom shall be empowered to act for said board. All of the forty thousand bonds authorized by section two of article sixteen of this constitution which shall have heretofore been sold shall be and constitute valid obligations of this state. All of said forty thousand bonds which shall remain unsold at the time of the adoption of this section shall be cancelled and destroyed by the state treasurer, and in lieu thereof bonds in the same amount shall be prepared and sold as hereinafter stated. Said state highway finance board shall from time to time, so long as the bonds herein authorized remain unsold, determine when the same or any part thereof shall be sold, the number to be sold, the dates which the bonds so to be sold shall bear, and the interest rate thereon, which rate shall be fixed by said board according to the then prevailing market conditions but shall at no time exceed six per cent per annum, and the determination of said board as to the rate of interest shall be conclusive as to the then prevailing market

conditions. When requested by said board the state treasurer shall prepare such number of bonds, so dated and bearing such interest thereon, all as so determined by said board, said bonds as to maturity dates thereof, place and method of payment of principal interest thereon, and in all other particulars being the same as authorized by said section two of article sixteen, and as though the bonds herein authorized were the balance of said forty thousand bonds remaining unsold, and when so prepared said bonds shall be signed, countersigned, endorsed, sealed, sold and delivered, all as provided with respect to the bonds authorized by said section two of article sixteen, but by the respective officers in office at the time such acts are required to be done. In the event that any bonds prepared as herein provided cannot in the judgment of said state highway finance board be sold at the time fixed for the sale thereof or thereafter, said board may withdraw said bonds from sale and direct the state treasurer to cancel and destroy the same, and may at said time or thereafter, at its option, direct the preparation and sale as hereinbefore provided, of the same or a different number of bonds, but not to exceed in all the amount herein authorized, and at the same or a different rate of interest but not to exceed six per cent per annum. All of the provisions of said section two of article sixteen, except those relating to the number of the bonds therein authorized, the date thereof and interest rate thereon, and except as herein otherwise provided, shall apply to and govern the bonds herein authorized, the use of the proceeds therefrom, and the several funds to be created and payments to be made into and out of the same, and in all respects said bonds herein authorized and the moneys derived from the sale thereof shall be governed and dealt with in the same manner, except as herein otherwise provided, as though the bonds herein authorized were the unsold portion of the forty thousand bonds authorized by said section two of article sixteen.

Section eight of the "state highways act" of 1909 as amended and approved by the electors November 7, 1916, section eight of the "state highways act" of 1916, section two of

article sixteen of the constitution, and this section, to the extent that the provisions of any of said sections require the payment into the state treasury by the several counties of sums of money equal to the interest upon any moneys expended from the proceeds of the bonds issued under said acts and constitutional provisions respectively within those counties in the construction of state highways, shall on and after July 1, 1921, have no further force or effect; it being the intent of this provision that on and after said date the interest upon all bonds issued by the state for highway construction shall be paid exclusively by the state and that the counties shall thereafter be relieved from any obligation now or heretofore imposed to pay into the state treasury any money by reason of any expenditures for previous or subsequent highway construction in said counties; but nothing in this section contained shall be construed to exempt or relieve any county from the payment into the state treasury of any money due from it prior to said date under any of said provisions of any of said sections.

All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action; and all expenses that shall be incurred by the state treasurer in the preparation of bonds herein provided for and in the advertising and sale thereof and all expenses incurred by any officer in reference thereto shall be paid from the general fund of the state. Nothing in this constitution contained, except as in this section provided, shall be a limitation upon the provisions of this section.

EXISTING PROVISIONS.

Section two of article sixteen, to which reference is made and which section will be affected by the proposed new section three, reads as follows:

Provisions proposed to be repealed are printed in italics.)

Section. 2. Immediately upon the adoption of this section the state treasurer shall prepare forty thousand suitable bonds of the State of California in the denomination of one thousand dollars each, to be numbered from one to forty thousand inclusive, to bear a date *not later than thirty days after said adoption* and to bear interest at the rate of *four and one-half per cent per annum* from the date of said bonds, said interest to be payable on the third day of January and the third day of July of each and every year after the sale of said bonds, and said bonds to become due and payable in annual parcels of one thousand bonds, commencing July 3, 1926, and ending July 3, 1965.

The provisions of the act of the legislature approved May 20, 1915, known as the "state highways act of 1915," relative to the signing, countersigning, endorsing and sealing of the bonds therein provided for and the interest coupons thereon, the place and method of payment of principal and interest thereon, the procedure for initiating, advertising and holding sales thereof, and the performance by the several state boards and officers of their respective duties in connection therewith as therein stated, and all other provisions, terms and conditions in said last-named act relating to the bonds therein mentioned, so far as the same shall be pertinent, shall be applicable to the preparation, issuance and sale of the bonds herein provided for, as herein contemplated.

Funds corresponding to those provided for in said act are hereby created, and payments into and out of the same shall be made as in said act provided, said funds to be designated respectively, "third state highway fund," "third state highway interest and sinking fund," "third state highway revolving fund," and "third state highway sinking fund"; and the state treasurer shall on the first day of January, 1920, and on the first day of each July and the first day of each January thereafter transfer from the gen-

eral fund to the "third state highway interest and sinking fund," and on the first day of July, 1926, and on the first day of July of each year thereafter, from the general fund to the "third state highway sinking fund," the required moneys as provided in section five of said act for the purposes therein stated but as applicable only to the bonds herein provided for and the interest thereon.

The moneys in said "third state highway fund" shall be used by the state department of engineering for the acquisition of rights of way for and the acquisition, construction and improvement of uncompleted portions of the system of state highways prescribed by the act of the legislature approved May 22, 1909, known as the "state highways act," and the act of the legislature approved May 20, 1915, and certain extensions thereof described in said last-named act, and also for the acquisition of the rights of way for and the acquisition, construction and improvement of the following additional highways as state highways: Barstow to Needles; Oxnard to San Juan Capistrano; Barstow to Mojave; Santa Maria to Bakersfield; Skyline boulevard San Francisco to Santa Cruz; Rio Vista to Fairfield; Auburn to Verdi; Ukiah to Tahoe City; Crescent City to Oregon line; Santa Rosa to Shellville; Big Pine to Oasis; Placerville to Sportsman's Hall; Feather river route Oroville to Quincy; General Grant National Park to Kings river canyon; Calistoga to Lower Lake; Mecca to Elythe; Rumsey to Lower Lake; Azusa to Pine Flats in San Gabriel canyon; La Canada via Arroyo Seco to Mount Wilson road; Lancaster to Bailey's; Bakersfield via Walker's pass to Freeman; McDonald's to the mouth of the Navarro river; Carmel to San Simeon; Klamath river state highway bridge to coast state highway; Susanville to Nevada state line; Pacheco pass road into Hollister; Visalia to Sequoia Park line; Deep creek easterly via Bear Valley dam to the county road at Metcalf creek in the Angeles national forest; Orland to Chico; Tiburon to Alto; and county line near Michigan Bar via Huot's ranch to Drytown. Said additional highways to be located on the most direct and practical routes; provided, however, that twenty million dollars of the moneys in said "third state highway fund," or so much of said twenty million dollars as shall be necessary, shall be used for the completion of all of the system of state highways contemplated and provided for in said "state highways act" and in said "state highways act of 1915," and the extensions thereof specified in said last-named act.

The cost of acquisition and construction of the several extensions described in said "state highways act of 1915" shall hereafter be entirely borne by the State of California, it being the intention hereof to relieve the several counties from any further co-operation as contemplated by said "state highways act of 1915" but nothing herein shall prevent any county from contributing towards the cost of said extensions or of any other state highways at its option to such extent as it may desire under the provisions of any existing laws.

All provisions of section eight of said "state highways act of 1915" and of any amendment thereof, and any provisions of said act or of any amendment thereof, relating to the selection of routes, character of construction of highways, manner of conducting work thereon, powers and duties of officers in connection therewith, adoption of public highways as state highways, payment of principal and interest on any bonds and appropriation of money for payment thereof, and the keeping of records and making of statements and reports, and all provisions of section eight of the "state highways act," as amended May 22, 1915, and of section eight of the "state highways act of 1915," and of any amendment of either thereof, relating to the payment by counties of money for interest upon any bonds and the relief of counties from such payment, shall, so far as

Applicable, apply to the bonds herein authorized and all highways constructed hereunder.

All provisions of this section shall be self executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action; and all expenses that shall be incurred by the state treasurer in the preparation of bonds herein provided for and in the advertising and sale thereof and all expenses incurred by any officer in reference thereto shall be paid from the general fund of the state. Nothing in this constitution contained shall be a limitation upon the provisions of this section.

Section eight of the state highways act of 1909, as amended by chapter 414, Statutes of 1915, to which reference is made, and which section will be affected by the proposed highway bonds constitutional amendment, reads as follows:

(Provisions proposed to be repealed are printed in italics.)

Section 8. The highway constructed or acquired under the provisions of this act shall be permanent in character and be finished with oil or macadam or a combination of both, or of such other material as in the judgment of the said department of engineering shall be most suitable and best adapted to the particular locality traversed. The state department of engineering, in the name of the people of the State of California, may purchase, receive by donation or dedication, or lease any right of way, rock quarry or land necessary or proper for the construction, use or maintenance of said state highway and shall proceed, if necessary, to condemn under the provisions of the Code of Civil Procedure relating to such proceedings any necessary or proper right of way, rock quarry or land. The department of engineering shall have full power and authority to purchase all supplies, material, machinery and to do all other things necessary or proper in the construction and maintenance of said state highway. With the exception of those public highways which have been permanently improved under county or permanent road division bond issues within three years prior to the adoption of this act, all public highways within this state lying within the right of way of said state highway as determined and adopted by the department of engineering shall be and the same shall become a part of the right of way of said state highway, without compensation being paid therefor; provided, nothing herein contained shall require the state to maintain any highway along or on said right of way, prior to the completion or acquisition of the permanent improvements contemplated by this act. *Whenever any money received from the sale of bonds, under the provisions of this act, shall be expended in any county in this state, such county must pay into the state treasury such sum each year as shall equal the interest, at the rate of four per cent per annum, upon the entire sum of money expended within such county in the construction of said state highway, less such portion of said amount expended as the bonds matured under the provisions of this act, shall bear to the total number of bonds sold and outstanding; provided, however, that in all cases where, by reason of physical difficulties to be overcome, or other good and sufficient cause, the state department of engineering shall determine that the cost of construction of any portion of such state highway in any county, or counties, is so great as to entail an unjust and inequitable burden upon any such county, or counties, in refunding to the state the sums so paid for interest upon the bonds sold and the proceeds thereof applied as aforesaid, such county, or counties, shall not be required to refund the whole amount of such interest, but only such proportion thereof as the state department of engineering shall adjudge to be fair and reasonable. All highways constructed or acquired under the provisions of*

this act shall be permanently maintained and controlled by the State of California.

Section eight of the state highways act of 1915, to which reference is made, and which section will be affected by the proposed highway bonds constitutional amendment, reads as follows:

(Provisions proposed to be repealed are printed in italics.)

Section 8. The highway constructed or acquired under the provisions of this act shall be permanent in character and be finished with oil or macadam or a combination of both, or of such other material as in the judgment of the said department of engineering shall be most suitable and best adapted to the particular locality traversed. The state department of engineering, in the name of the people of the State of California, may purchase, or receive by donation or dedication from counties, or from public or private persons, or it may lease, any right of way, rock quarry or land necessary or proper for the construction, use, improvement or maintenance of said state highway and shall proceed, if necessary, to condemn under the provisions of the Code of Civil Procedure relating to such proceedings any necessary or proper right of way, rock quarry or land. The department of engineering in accordance with law shall have power and authority to purchase, sell, exchange, lease or otherwise acquire or dispose of all supplies, stock, material, machinery and implements and do all other things necessary or proper in the construction, improvement or maintenance of said state highway. The department of engineering in accordance with law shall have power and authority to purchase, lease, or erect plants for manufacture of cement, crushed rock and other materials used in road or highway work, and also the power to dispose of said plants when no longer required for such purposes. With the exception of those public highways which have been permanently improved under county or permanent road division bond issues within nine years prior to the adoption of this act, all public highways within this state lying within the right of way of said state highway as determined and adopted by the department of engineering shall be and the same shall become a part of the right of way of said state highway, without compensation being paid therefor; provided, nothing herein contained shall require the state to maintain any highway along or on said right of way, prior to the completion or acquisition of the permanent improvements contemplated by this act. *Whenever any money received from the sale of bonds, under the provisions of this act, shall be expended in any county in this state, such county must pay into the state treasury such sum each year as shall equal the interest, at the rate of four and one-half per cent per annum, upon the entire sum of money expended from the proceeds of the bonds issued under this act within such county in the construction of said state highway, less such portion of said amount expended as the bonds matured under the provisions of this act shall bear to the total number of bonds sold and outstanding; provided, however, that in all cases where, by reason of physical difficulties to be overcome, or other good and sufficient cause, the state department of engineering shall determine that the cost of construction of any portion of such state highway in any county, or counties, is so great as to entail an unjust and inequitable burden upon any such county, or counties, in refunding to the state the sums so paid for interest upon the bonds sold and the proceeds thereof applied as aforesaid, such county, or counties, shall not be required to refund the whole amount of such interest, but only such proportion thereof as the state department of engineering shall adjudge to be fair and reasonable. All highways constructed or acquired under the provisions of this act shall be permanently maintained and controlled by the State of California.*

ARGUMENT IN FAVOR OF HIGHWAY BONDS INTEREST INCREASE.

The state highway bonds are now unsalable under the law will not permit their being sold at less than par. No state bond bearing but four and one-half per cent interest can hope to compete with the United States bonds now purchasable to yield seven per cent, nor with the many excellent industrial bonds which are selling to yield eight per cent or more.

The initiative measure on highway bonds proposes to meet these conditions by the establishment of a finance board composed of the Governor, State Controller, State Treasurer, Chairman of the State Board of Control and the Chairman of the California Highway Commission, which finance board is to have the power to adjust up or down the interest rate on previously unsold state highway bonds, and so as to meet the market fluctuations at times when the money is required for state highway work.

The maximum interest rate which may be so established is six per cent, but it is conceivable that the rate at some future time may be fixed at, or even below, the present four and one-half per cent rate.

Like other commodities, money must be paid for when needed at the going market rate. Its value can not be fixed by state legislation and the proposed plan appears to be well within the scope of sound business.

The finance board will serve in an ex officio capacity from time to time when the need arises. For such services no compensation is to be paid.

The initiative measure will also relieve the counties, after June 30, 1921, of all interest payments to the state on account of highway construction. It is believed that this is a just provision.

Many poor counties have already had built and will have constructed within their borders, some of the most costly roads undertaken by the State Highway Commission. These counties can not afford to pay the interest on the amounts so expended, as the present law provides.

The state roads are for the use of all, and they are travelled to a great extent by people from other parts of the state, particularly from the populous and wealthy communities, and by thousands of visitors from other states. The use of the state highways by nonresidents far exceeds the local use in most cases.

The secondary roads are being built by the counties without pecuniary assistance from the state and the cost of this work is all that should be expected from the counties. The state should bear its own burden.

Thus it appears that the passage of the initiative measure is of utmost importance at this time. Without it the state highway work can not continue; the state will lose a large sum, estimated to be more than \$6,000,000, from the government in the matter of federal aid payments, and that money will be allotted to other states which are able to provide the state's share of the cost of federal aid roads; and finally much damage and loss will accrue to the state highways already built.

M. B. JOHNSON,
State Senator Eleventh District.

ARGUMENT AGAINST HIGHWAY BONDS INTEREST INCREASE.

This measure should be emphatically rejected and defeated.

The foremost intent of the proposed amendment is to authorize an increase in the interest rate on about \$37,000,000 worth of unsold bonds of the third highway issue, from $\frac{4}{3}$ per cent to a maximum of 6 per cent.

Based on probable sale of \$10,000,000 in bonds annually for four years, this proposal means an increase, in interest alone, from \$36,000,000 to \$48,000,000, which, added to the principal, makes a total cost of \$85,000,000. That is a huge price to pay for the use of \$37,000,000!

Competent estimates show that for this \$85,000,000 (principal and interest) we will get only about \$25,000,000 worth of highways! This is not a loose statement. From the \$37,000,000 principal, deduct 12 per cent, or about \$4,500,000 for Highway Commission "overhead." The remaining \$32,500,000 will build only about \$25,000,000 worth of highways (many believe not over \$20,000,000), as compared with normal construction costs.

Considering the enormous amount of money involved, together with the admitted fact that state highways already constructed are fast crumbling under the strain of traffic, this proposal represents reckless financing and unjustified extravagance. With these roads worn out and gone in half the time, our children's children, over forty years from now, will still be paying the price of our financial shortsightedness.

If the state boosts bond interest rates, our counties and cities will have to do likewise, at heavy cost, with added taxes. Our schools will find it harder and costlier to sell bonds, meaning still more burdens for taxpayers and fewer school facilities for the children.

The proposal to shift the payment of highway bond interest from the counties to the state is alluring, but dangerous and deceptive.

The State Controller and other state officers have repeatedly warned the people that the state's finances face a crisis. It is proposed, however, at this election, to add \$5,000,000 annually of state money to teachers' salaries. The next legislature will be asked for many other millions in addition to present expenses, for orphans' aid, state institutions, public works, etc. The state's taxing resources are strained.

Therefore, if the state has to assume the highway interest burden, it will almost certainly be compelled (it came near to doing so in 1919) to levy a direct ad valorem tax and thus shift this burden, probably with others, back on to county and city taxpayers. In addition, it will undoubtedly increase automobile license fees and keep all the revenue derived therefrom, instead of giving half of it back to the counties, as at present.

If the ad valorem tax is levied it will apply to all counties alike. Counties which have little or none of the state highway will therefore suffer a serious injustice.

The cry that some counties suffer from the amounts of highway interest charged against them should be explained by the Highway Commission, which, under the present law, can relieve any county of any portion of highway interest which is unduly burdensome, unjust or inequitable.

WILL H. FISCHER,
Director, Taxpayers' Association
of California.