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Pensions, Taxes, Initiatives and Referenda

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INITIATIVE CONSTITUTIONAL AMENDMENT

1948

The Attorney General has summarized the proposed measure as follows:

PENSIONS, TAXES, INITIATIVES AND REFERENDA. INITIATIVE CONSTITUTIONAL AMENDMENT. Adds Article XXX, amends Article IV, Section 1, State Constitution. Provides \$75 minimum monthly payments for persons at age 60, disabled or blind persons, subject to cost-of-living increases. Imposes one percent gross income tax, to be increased if necessary to finance public schools and pension payments. Abolishes State sales tax. Levies graduated tax on net incomes \$30,000 and over. Decreases number of signatures required to qualify initiative petitions; subjects all legislative enactments to referendum; changes procedure for preparing, circulating and filing initiative petitions and preparing arguments on ballot measures.

State of California, }
 County (or City and County) of } ss.

To the 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 hereby present to the Secretary of State this petition and hereby propose that the Constitution of the State of California be amended by adding a new article to be numbered Article XXX thereof, to read as hereinafter set forth in full, and that Article IV, Section 1 be amended 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 read as follows:

PART I California Security Act

ARTICLE XXX

Sec. 1. Any person eligible for benefits pursuant to Sec. 2 shall receive the sum of \$75 per month, provided however, that at any time the cost of living, as shown by the cost of living index, increases 5 per cent or any multiple thereof, the benefit paid monthly shall automatically be increased 5 per cent, at such time as the cost of living, as shown by the cost of living index, shall decrease 5 per cent, or any multiple thereof, the amount of the benefit shall be decreased 5 per cent, except that in no event shall the benefits be less than \$75.00 per month. The United States Department of Labor Cost of Living Index as of January 1, 1948, shall be the basis for computing the initial benefit and any such increases or decreases. In the event said Department fails to compile such index, then a similar index shall be compiled and published by the Department of Social Welfare semi-annually and shall then be the basis for computing said increases and decreases.

Sec. 2. Benefits shall be granted pursuant to Sec. 1 to any person who comes within all of the following descriptions:

(a) Who either (1) has attained the age of 60 years, or (2) is totally and permanently disabled, as defined by law or regulation established by the Department of Social Welfare, or (3) is blind as defined by law or regulation established by the Department of Social Welfare.

(b) Who is a citizen of the United States.

(c) Who possesses either of the following residence qualifications:

(1) Who is physically present in the State and has been so continuously for at least 5 years immediately preceding the date of application; but continuous physical presence in the State shall not be deemed to have been interrupted by any periods of absence therefrom if the total of such periods does not exceed three months in any one calendar year.

(2) During such time as grants in aid are provided by the United States Government for a person described in paragraph (a) above, and are accepted by the State, benefits may be granted under this chapter to any such person eligible to receive grants in aid from the United States Government who resides in the State and has so resided for the minimum period prescribed by the United States Government.

(d) Who is physically present in the county in which the application is made and has been so continuously for at least one year immediately preceding the date of application; any person otherwise qualified who has been physically present in the State for the required period and who has not been physically present in the county for one year may file his application in the county in which he is physically present, and the aid, if granted to him, shall be paid entirely by the State until the first day of the first month beginning after the date upon which he gains such county residence, unless the day upon which he gains county residence is the first day of the month in which event the county shall assume its share of the costs thereon;

(e) Who is not, at the time of receiving such aid an inmate of any public home for the aged, or any public home, or any public institution of a custodial, correctional, or curative character, except in the case of temporary medical or surgical care in a public hospital not exceeding two calendar months in duration. Any such inmate, however, may make an application for and under this chapter and have his application investigated and acted upon without delay, in the same manner as applications of other persons are acted upon, while he is such an inmate, and, if he is otherwise qualified under the terms of this chapter, such application shall be approved. The aid shall be granted to him from the first day of the month in which the determination is made that he is eligible, but in no event shall the aid commence prior to the date of application. The applicant may remain an inmate until he receives his first monthly payment, whereupon he shall cease to be such inmate. Persons who are inmates of a boarding house or other institution not supported in whole or in part by public funds shall be granted aid but no such aid shall be granted if such persons are cared for under a contract for a period of time exceeding one month;

(f) Who does not own real property, or in the event both a husband and wife apply for benefits, then husband and wife jointly do not own real property, the assessed value of which, as assessed

by the County Assessor, less all encumbrances thereon of record, exceeds \$3,500 at the time of making application for benefits.

(g) Who does not own personal property the value of which, less all encumbrances of record, exceeds \$600. Insurance policies in effect at least 5 years before the date of an application for benefits and having a cash surrender value of less than \$1,000; and interment plots as defined in Section 7022 of the Health and Safety Code; and money placed in trust or insurance for funeral or interment expenses or similar purposes, or any contract rights connected therewith, if such money, insurance, or contract rights do not exceed five hundred dollars (\$500) in value; shall not be considered personal property herein.

(h) Who has not made any voluntary assignment or transfer of property for the purpose of qualifying for such benefits.

Sec. 3. Monthly payments of benefits under this article shall begin April 1, 1949. Nothing in this article shall be construed so as to relieve the counties of this state from the obligation now imposed by law to contribute to the support of the aged.

Sec. 4. Commencing January 1, 1949 there shall be levied, collected and paid monthly a tax of one per cent on the gross income of every person, firm, association, co-partnership or corporation and every trust and every trustee in his or its representative or fiduciary capacity residing or doing business in California, derived from any and all sources, except (1) that portion of gross income derived from business conducted in commerce between states, but only to the extent that the State of California is prohibited from taxing such gross income by the Constitution and laws of the United States, (2) the first \$250.00 of gross income in any one calendar month, and (3) any and all gross incomes received from the first sale only by the actual producer of all farm products.

Sec. 5. The provisions of Section 4 shall not apply to:

(a) Fraternal benefit societies, orders or associations, operated under the lodge system, or for the exclusive benefit of the members of the fraternity itself, operating under the lodge system, and providing for the payment of death, sick, accident or other benefits to the members of such societies, orders or associations, and to their dependents or beneficiaries;

(b) Corporations, associations, or societies, organized and operated exclusively for religious, charitable, scientific, or educational purposes;

(c) Business Leagues, chambers of commerce, labor organizations, boards of trade, civic leagues, and other similar organizations operated exclusively for the benefit of the community or the promotion of social welfare, and not for commercial trading in any form, and from which no profit inures to the benefit of any private stockholder or individual;

(d) Hospitals, infirmaries and sanitariums, from which no profit inures to the benefit of any private stockholder or individual;

(e) Individuals or organizations receiving money or property to be held in custody or as a deposit for others without pecuniary benefit to the holder of such money or property; but not trustees in their representative capacity, who are herein above expressly declared to be subject to the provisions of this article;

(f) Gross incomes on sales to the United States or any agency or instrumentality thereof except a corporate agency or a corporate instrumentality;

Provided, however, that exceptions (a) to (f) inclusive, shall apply only to the gross income received from non-profit activities and transactions.

Sec. 6. The taxes imposed by Sec. 4 shall be administered and collected by the State Board of Equalization and said board is hereby empowered to require all persons, firms, associations, co-partnerships, trusts and trustees to register and designate the manner and place for filing returns and payment of taxes, and shall provide such simplified forms and instructions and regulations as may be necessary for the proper administration of this article.

Sec. 7. The total tax receipts collected under this article shall be deposited in the Security Act Fund, and shall be kept in a separate account to be expended only for (1) the support of the Public School System and (2) the payment of benefits pursuant to this article.

Sec. 8. If the receipts from the taxes imposed by this article shall be insufficient to support the Public School System and to pay the monthly benefits provided by this article, then the Board of Equalization shall increase the rate of the gross income tax to raise

the additional amounts required for said purposes.

Sec. 9. The Department of Social Welfare shall administer and handle the qualifying of applicants and the disbursing of benefits.

Sec. 10. Adequate funds shall be made available to the Board of Equalization and the Department of Welfare from the Security Act Fund for the full and proper administration of this article. No injunction or writ of mandate or other legal or equitable process shall ever issue in any suit, action or proceeding in any court against the Board of Equalization, or any member or officer thereof, to prevent or enjoin the collection of any tax levied under the provisions of this article, but after payment thereof, action may be maintained to recover, in such manner as may be provided by law, any tax claimed to have been illegally collected.

Sec. 11. Wilful violation of the requirement to make a tax return or to make a payment of tax, as required hereby, shall be a misdemeanor punishable by a fine not exceeding \$500 or by imprisonment in the county jail not exceeding six months, or by both such fine and imprisonment.

Sec. 12. Wilfully making or filing a false tax return by a taxpayer, with attempt to defraud, shall be a misdemeanor, punishable by a fine not exceeding \$500 or by imprisonment in the county jail not exceeding six months, or by both such fine and imprisonment.

Sec. 13. All penalties received under this article shall be sent without delay by the person receiving them to the State Treasurer to be deposited in the State Treasury to the credit of the Security Act Fund.

Sec. 14. The California Sales Tax Law is repealed as of December 31, 1948. Expenses of the State for payment of support of the Public School System, and of Old Age Assistance, Blind Aid, Disabled Aid, School and Educational Operations and other Social Activities paid for from revenue derived from the Sales Tax shall be paid from the State General Fund during the period from January 1, 1949 to April 1, 1949, on which latter date disbursements from funds accumulated through the application of this article shall begin.

Sec. 15. There is hereby levied a tax to be collected and paid for each taxable year beginning January 1, 1949 upon the entire net income of every resident of this State and upon the net income of every non-resident which is derived from sources within the State, in the following amount and at the following rate upon the amount of net income in excess of credits against net income as now provided in Article 1, Chapter 7, Part 10 of the Revenue and Taxation Code of California:

One thousand fifty dollars (\$1,050) upon net incomes of thirty thousand (\$30,000); and upon net incomes in excess of thirty thousand (\$30,000) dollars and not in excess of forty thousand dollars (\$40,000), 7 per cent in addition of such excess.

One thousand seven hundred and fifty dollars (\$1,750) upon net incomes of forty thousand dollars (\$40,000); and upon net

incomes in excess of forty thousand dollars (\$40,000) and not in excess of fifty thousand dollars (\$50,000) 8 per cent in addition of such excess.

Two thousand five hundred fifty (\$2,550) upon net incomes of fifty thousand dollars (\$50,000); and upon net incomes in excess of fifty thousand dollars (\$50,000) and not in excess of sixty thousand dollars (\$60,000), 9 per cent in addition of such excess.

Three thousand four hundred fifty (\$3,450) upon net incomes of sixty thousand dollars (\$60,000); and upon net incomes in excess of sixty thousand dollars (\$60,000) and not in excess of seventy thousand dollars (\$70,000), 10 per cent in addition of such excess.

Four thousand four hundred fifty dollars (\$4,450) upon net incomes of seventy thousand dollars (\$70,000); and upon net incomes in excess of seventy thousand dollars (\$70,000) and not in excess of eighty thousand dollars (\$80,000), 11 per cent in addition of such excess.

Five thousand five hundred fifty dollars (\$5,550) upon net incomes of eighty thousand dollars (\$80,000); and upon net incomes in excess of eighty thousand dollars (\$80,000) and not in excess of one hundred thousand dollars (\$100,000), 12 per cent in addition of such excess.

Seven thousand nine hundred fifty dollars (\$7,950) upon net incomes of one hundred thousand dollars (\$100,000); and upon net incomes in excess of one hundred thousand dollars (\$100,000) and not in excess of one hundred fifty thousand dollars (\$150,000), 13 per cent in addition of such excess.

Fourteen thousand four hundred fifty dollars (\$14,450) upon net incomes of one hundred fifty thousand dollars (\$150,000); and upon net incomes in excess of one hundred fifty thousand dollars (\$150,000) and not in excess of two hundred fifty thousand dollars (\$250,000), 14 per cent in addition of such excess.

Twenty eight thousand four hundred fifty dollars (\$28,450) upon net incomes of two hundred fifty thousand dollars (\$250,000); and upon net incomes in excess of two hundred fifty thousand dollars (\$250,000), 15 per cent in addition of such excess.

Sec. 16. In the event that any decision or order of any Court shall hold invalid or unconstitutional any provisions, section, subsection, sentence, clause or phrase of this article, or the application thereof to any person or circumstance, such decision or order shall not affect the validity of the remaining portions of this article, and the remaining portions of this article and the application of such provisions to other persons or circumstances shall not be affected thereby. The people of the State of California do hereby declare that they do adopt and would have adopted this article and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional. This section is self executing, but legislation may be enacted to facilitate its operation, but in no way limiting or restricting either the provisions of this section or the powers herein established.

PART II

Initiative and Referendum

Sec. 1. The fortieth, forty-first and forty-second words of Paragraph 2 of Section 1 of Article IV of the Constitution of California are hereby amended to read: "five per cent."

Sec. 2. Paragraph 4 of Section 1 of Article IV of the Constitution of California is hereby amended by adding a new sentence at the end thereof to read as follows: All of the acts described in this paragraph shall go into effect on the date prescribed herein or by the legislature but are, nevertheless, subject to the provisions of the referendum as set forth in this section and upon sufficient signatures being filed with the Secretary of State asking that any such act be submitted to the electors for approval or rejection, any such act shall be immediately suspended.

Sec. 3. The last sentence of Paragraph 6 of Section 1 of Article IV of the Constitution of California is hereby amended to read as follows:

All measures submitted to a vote of the electors under the provisions of this section shall be printed, and together with arguments for and against each measure by those in favor of, and those oppose to, it shall be mailed to each elector in the same manner as now provided by law as to amendments to the Constitution, proposed by the Legislature; the proponents of a measure or their nominees shall prepare the arguments for a measure; the persons to prepare the arguments against a measure shall be selected by the presiding officer of the Senate.

Sec. 4. Paragraph 8 of Section 1 of Article IV of the Constitution of California is hereby amended to read as follows:

Prior to circulation of any initiative or referendum petition for signatures thereon, three copies of such proposed measure shall be submitted to the Attorney General at Sacramento, together with a filing fee in the sum of One Hundred Dollars (\$100.00) and a written request that he prepare a title and summary of the chief purpose and points of said proposed measure. The Attorney General shall issue a title and summary not exceeding one hundred words within fifteen days after receipt of said request. The persons presenting such request to the Attorney General shall be known as "proponents" of said proposed measure.

The date the Attorney General issues a title and summary to the proponents is designated the "official summary date" for such proposed initiative measure. The Attorney General shall forthwith notify the Secretary of State of such date and send the Secretary of State a copy of the title and summary together with one copy of such proposed measure. The Secretary of State shall forthwith notify the clerk or registrar of voters of each county of the state of the official summary date and mail each a copy of the title and summary. No petitions for a proposed initiative measure shall be circulated for signature prior to the official summary date.

Sec. 5. Paragraph 9 of Section 1 of Article IV of the Constitution of California is hereby amended to read as follows:

Any initiative or referendum petition may be presented in sections, but each section shall contain a full and correct copy of the title and text of the proposed measure. Each signer shall add to his signature his place of residence, giving the street and number if such exists. The number of signatures attached to each section shall be at the pleasure of the person soliciting signatures to the same. Any qualified elector of the State shall be competent to solicit said signatures within the county or city of which he is an elector. Each section of the petition shall bear the name of the county or

city and county in which it is circulated, and only qualified electors of such county or city and county shall be competent to sign such section. Each section shall have attached thereto the statement of the person soliciting signatures to the same, made under the penalty of perjury, stating his own qualifications and that all the signatures to the attached section were made in his presence and that to the best of his knowledge and belief each signature to the section is a genuine signature of the person whose name it purports to be, and no other statement or other affidavit thereto shall be required. Such petitions, together with the required statements shall be prima facie evidence that the signatures are genuine and that the persons signing the same are qualified electors. Unless and until it be otherwise proven upon official investigation, it shall be presumed that the petition presented contains the signatures of the requisite numbers of qualified voters.

Sec. 6. Paragraph 10 of Sec. 1 of Article IV of the Constitution of California is hereby amended to read as follows:

Each section of the petition shall be filed anytime within one hundred and eighty days after the official summary date with the clerk or registrar of voters of the county or city and county in which it was circulated. On the two hundredth day after the official summary date the said clerk, or registrar of voters, shall determine from the records of registration what number of qualified electors have signed the same, and if necessary, the Board of Supervisors shall allow said clerk or registrar additional assistance for the purpose of examining such petition and provide for their compensation. Said clerk or registrar, upon the completion of such examination, shall forthwith certify to the Secretary of State the result of said examination and shall also certify the total number of signatures secured for said petition in his county; he shall also file a copy of said certificate in his office. Within two hundred and seventy days after the official summary date, supplemental petitions identical with the original as to the body of the petition but containing supplemental names, secured anytime following one hundred and eighty days after the official summary date, may be filed with the clerk or registrar of voters, as aforesaid. The county clerk or registrar of voters need not accept any further petitions when the certificate of the Secretary of State shows that a sufficient number of signatures to qualify the proposed measure for the ballot have been certified to as set forth herein.

Sec. 7. The last sentence of Paragraph 14 of Section 1 of Article IV of the Constitution of California is hereby amended to read as follows:

This section is self-executing, and no legislation may be enacted to facilitate its operation.

Sec. 8. In the event that any decision or order of any court shall hold invalid or unconstitutional any provision, section, subsection, sentence, clause or phrase of this article, or the application thereof to any person or circumstances, such decision or order shall not affect the validity of the remaining portions of this article, and the remaining portions of this article and the application of such provisions to other persons or circumstances shall not be affected thereby. The people of the State of California do hereby declare that they do adopt and would have adopted this article and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.