

1922

## DEPOSIT OF PUBLIC MONEYS

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**DEPOSIT OF PUBLIC MONEYS. Assembly Constitutional Amendment 26.**

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Amends Section 16½ of Article XI of Constitution by extending the provisions permitting the deposit in banks in this state of moneys belonging to the state, county or municipality, to include moneys in the custody thereof; also extends to other political subdivisions the provisions permitting the state or any county, city and county, city, town or municipality issuing bonds, to deposit moneys in banks outside this state for payment of such bonds at place where payable.

YES

NO

Assembly Constitutional Amendment No. 26—A resolution to propose to the people of the State of California an amendment to the constitution of said state by amending section sixteen and one-half of article eleven thereof, relating to deposits of public moneys.

Resolved by the assembly, the senate concurring, That the legislature of the State of California, at its forty-fourth session, commencing on the third day of January, one thousand nine hundred twenty-one, two-thirds of all the members elected to each of the two houses of said legislature voting in favor thereof, proposes to amend section sixteen and one-half of article eleven of the constitution of the state to read as follows:

**PROPOSED AMENDMENT.**

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

Sec. 16½. All moneys belonging to, or in the custody of, the state or any county or municipality within this state may be deposited in any national bank or banks within this state, or in any bank or banks organized under the laws of this state, in such manner and under such conditions as may be provided by any law adopted by the people under the initiative or by a two-thirds vote of each house of the legislature and approved by the governor and subject to the referendum; provided, that the laws now governing the deposit of such moneys shall continue in force until such laws shall be amended, changed or repealed as in this section authorized; and provided, further, that the state or any county, city and county, city, town, municipality, or other political subdivision issuing bonds under the laws of this state, may deposit moneys in any bank or banks outside this state for the payment of the principal or interest of such bonds at the place or places at which the same are payable.

**EXISTING PROVISIONS.**

Section sixteen and one-half, article eleven, proposed to be amended, now reads as follows: (Provision proposed to be repealed is printed in italics.)

Sec. 16½. All moneys belonging to the state or to any county or municipality within this state may be deposited in any national bank or banks within this state, or in any bank or banks organized under the laws of this state, in such manner and under such conditions as may be provided by any law adopted by the people under the initiative or by a two-thirds vote of each house of the legislature and approved by the governor and subject to the referendum;

provided, that the laws now governing the deposit of such moneys shall continue in force until such laws shall be amended, changed or repealed as in this section authorized; and provided, further, that the state or any county, city and county, city, town or municipality, issuing bonds under the laws of this state, may deposit moneys in any bank or banks outside this state for the payment of the principal or interest of such bonds at the place or places at which the same are payable.

**ARGUMENT IN FAVOR OF AMENDMENT RELATIVE TO DEPOSIT OF PUBLIC MONEYS.**

It is proposed to amend section 16½ of article XI of the constitution in two particulars. As the section now reads, there is no authority for the deposit in local banks of any moneys belonging to school districts. The section does provide for the deposit of moneys belonging to the state, counties and municipalities, and through an oversight, moneys belonging to other political subdivisions of the state were not provided for.

It often occurs that moneys resulting from the sale of school bond issues, or otherwise, are not immediately spent and they lay in the county treasury unproductive, while at the same time the school district is paying interest on the bond issue. To correct this condition, the amendment permits the deposit of such moneys under the same conditions as state, county and city moneys are deposited, and the means therefor is provided, whereby this idle money may now earn interest until required.

The second amendment permits the payment through banks in other states of the interest and principal upon bonds issued by school districts and other political subdivisions of the state. As the section now reads, the state and its counties and municipalities may pay their bond obligations through banks in other states, and the section should be amended, as proposed, to extend this privilege to our school districts. Experience has shown that bonds may often times be marketed more favorably if this privilege of receiving payment in another jurisdiction than the State of California is extended.

There is no reason why our school districts should not be placed in as favorable a position as the state, its counties and municipalities in this regard. It is readily seen that bonds payable in eastern banks are for that reason more attractive to eastern investors.

The amendment, as provided, was voted for unanimously in both the senate and assembly. No good reason appears why it should not receive the indorsement of the electors of the state.

C. C. SPALDING,  
Assemblyman Forty-fifth Assembly District.  
ARTHUR A. WEBER,  
Assemblyman Sixty-second Assembly District.