

1924

STATE TAXATION

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"provide for the assessment, levy and collection of taxes upon notes, debentures, shares of capital stock or mortgages * * * at a rate, or rates, or in proportion to value different from any other property." It means that the legislature shall do this itself, instead of providing for it, as the language suggests, for afterwards it provides that "when the rates shall be fixed by the legislature, they shall not be altered except by two-thirds vote."

The rates and values so fixed would have to remain fixed for two years, while those of other properties are subject to change every year and according to the laws of change. These rates and values "shall not exceed those assessed upon other property," but may be lower. As the rates and values of other property are fixed every year, it would be impossible to use such rates and values as a guide for the fixing of rates and values by the legislature. Worse still, the legislature meets and adjourns before the county rate is fixed, so that would add another impossibility.

Under our system, now prevailing, property taxed for county, city and district purposes is fixed according to value, and each county has a different value and a different rate. What county would be taken as the guide? The county where the particular security is owned? It does not say, and the bondholder would insist upon taking the county which would afford him the least liability. Would this "other property," which provides the test,

be realty, personal effects, property with or without face value?

It does not add a new species of property to the taxable list, but simply affords a system, more favorable to this class.

A constitutional amendment, properly guarded, giving each of the counties the right of making this discrimination for itself would meet the object in view; whether it would be wise or not, I do not say, but this provision for rate and value fixing by the legislature for county purposes, and adjusting such rates and values in each county, would be difficult of carrying out. The legislative duty should be confined to fixing rates for state purposes, as it is now, and this is a task so out of keeping with its ordinary functions that it occupied the session of 1921 up to March, to the exclusion, almost, of everything else. Such an innovation would destroy the whole theory of values; it would give room to favoritism and create conflicts among the counties, dependent upon the distinct and separate interests of each. It would impose duties upon the legislative body new and strange; duties it is not qualified to perform, even if it was practicable. Such rates and values so fixed could be hung up every two years, by the referendum, for nearly two years more, and this is against the provisions of the constitution affecting other taxes.

Respectfully submitted.

FRANK L. COOMBS,
Assemblyman Eleventh District

<p>STATE TAXATION. Assembly Constitutional Amendment 51. Amends Section 14 of Article XIII of Constitution. Exempts from the state tax on insurance companies county fire insurance companies organized under act of April 1, 1897; provides that state shall reimburse all counties for net loss in county revenue occasioned by withdrawal of property from county taxation, and directs Legislature to provide for reimbursement from county general funds to districts suffering loss from such withdrawals.</p>	<p>YES</p> <hr/> <p>NO</p>
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(For full text of Amendment see page 13, Part II.)

Argument in Favor of Assembly Constitutional Amendment No. 51.

This amendment makes no change in the present law except to provide that county cooperative insurance associations shall pay their taxes to their county on their property instead of to the state as a percentage on gross premiums.

The requirement that insurance companies pay to the state a tax on gross premiums is upon the theory that the company does a state-wide business, has not a local situs, and should therefore pay to the state a tax for the privilege of doing an insurance business for profit. This theory does not apply to county cooperative associations which can only issue policies for small amounts to its own membership and within limited areas,

the policies being nonprofit in character and representing a cooperation of the members to share each other's risks.

The only companies that will be benefited by the passage of this amendment will be the farmers' mutual insurance companies, which are purely mutual companies not organized for profit, but for mutual protection. There are no dividends declared, except for losses.

Since they are not allowed to do the usual commercial insurance business and must be strictly local, they should be taxed by the county and not by the state as general insurance companies operating for profit are taxed.

EMMETT I. DONOHUE,
Assemblyman Twelfth District
P. A. WHITACRE,
Assemblyman Seventh-ninth District.

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 "banks" as used in this subdivision shall include banking association, savings and loan societies and trust companies, but shall not include building and loan associations.

(d) All franchises, 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 col-

lected 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, 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.

STATE TAXATION. Assembly Constitutional Amendment 51. Amends Section 14 of Article XIII of Constitution. Exempts from the state tax on insurance companies county fire insurance companies organized under act of April 1, 1897; provides that state shall reimburse all counties for net loss in county revenue occasioned by withdrawal of property from county taxation, and directs Legislature to provide for reimbursement from county general funds to districts suffering loss from such withdrawals.

YES	
NO	

Assembly Constitutional Amendment No. 51—
A resolution to propose to the people of the State of California to amend section

fourteen of article thirteen of the constitution, relative to taxation.
Resolved by the assembly, the senate con-
[Thirteen]

curring. That the legislature of the State of California, at its forty-fifth regular session, commencing on the eighth day of January, one thousand nine hundred twenty-three, two-thirds of the members elected to each of the two houses of said legislature voting therefor, hereby proposes to the people of the State of California that section fourteen of article thirteen of the constitution of this state be amended to read as follows:

PROPOSED AMENDMENT.

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

Sec. 14. Taxes levied, assessed and collected as hereinafter provided upon railroads, and street railways, whether operated in one or more counties; sleeping car, dining car, drawingroom car and palace car companies, refrigerator, oil, stock, fruit, and other car-loaning 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, and street railways, whether operated in one or more counties; all sleeping car, dining car, drawingroom car, and palace car companies, all refrigerator, oil, stock, fruit and other car-loaning 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, seven per cent; on all street railways, herein defined to include interurban electric railways and gasoline propelled railways, five and one-quarter per cent; on all sleeping car, dining car, drawingroom car, palace car companies, refrigerator, oil, stock, fruit, and other car-loaning and other car companies, five and one-quarter per cent; on all companies doing express business on any railroad, steamboat, vessel or stage line, one per cent; on all telegraph and telephone companies, five and one-half per cent; on all companies engaged in the transmission or sale of gas or electricity, seven and one-half 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, except county fire insurance companies organized under and by virtue of an act entitled "An act to provide for the organization management of county fire insurance companies," approved April 1, 1897, and all acts amendatory thereof, doing business in this state shall annually pay to the state a tax of two and sixty hundredths 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 two and sixty hundredths 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, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, are imposed on insurance companies of this state, doing business in such other state or country, or upon their agents therein, in excess of such taxes, fines, 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 any other state and located in this state, shall be assessed and taxed the owners or holders thereof by the board of equalization, in the manner 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 and forty-five hundredths 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 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 incor-

porated 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 unearned 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 "banks" as used in this subdivision shall include banking association, savings and loan societies and trust companies, but shall not include building and loan associations.

(d) All franchises, 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 and six-tenths 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 revenues, there shall be first set apart 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, 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 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. The state shall reimburse any and all counties which sustain loss of revenue by the withdrawal of property from county taxation for the net loss in county revenue occasioned by the withdrawal of such 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.

EXISTING PROVISIONS.

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

Sec. 14. Taxes levied, assessed and collected as hereinafter provided upon railroads, including street railways, whether operated in one or more counties; sleeping car, dining car, drawing-room car and palace car companies, refrigerator, oil, stock, fruit, and other car-loaning 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-loaning 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-loaning 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, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, are imposed on insurance companies of this state, doing business in such other state or country, or upon their agents therein, in excess of such taxes, fines, 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 the loan, 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 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 "banks" as used in this subdivision shall include banking association, savings and loan societies and trust companies, but shall not include building and loan associations.

(d) All franchises, 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 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 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 a 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.

KLAMATH RIVER FISH AND GAME DISTRICT. Initiative measure. Creates Klamath River Fish and Game District consisting of Klamath River and waters thereof following its meanderings from confluence of Klamath and Shasta rivers in Siskiyou County to mouth of Klamath River in Del Norte County. Prohibits the construction or maintenance of any dam or other artificial obstruction in waters of said district, prescribes penalties therefor, and declares any such artificial obstruction to be a public nuisance.

YES	
NO	

Sufficient qualified electors of the State of California present to the secretary of state this petition and request that a proposed measure, as hereinafter set forth, be submitted to the people of the State of California for their approval or rejection, at the next ensuing general election.

The proposed measure is as follows:

PROPOSED LAW.

Initiative act to create the Klamath River Fish and Game District, and prohibit the construction or maintenance of any dam or other artificial obstruction in the waters of said district, provide penalties and declare such obstructions a public nuisance.

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

Section 1. The Klamath River Fish and Game District is hereby created and shall consist of the Klamath river and the waters thereof, following its meanderings from the confluence of the Klamath river and the Shasta river in the county of Siskiyou to the mouth of the Klamath river in Del Norte county.

Sec. 2. Every person, firm, corporation or company who constructs or maintains any dam or other artificial obstruction in any of the waters of said Klamath River Fish and Game District is guilty of a misdemeanor and upon conviction must be fined not less than five hundred dollars (\$500.00) or be imprisoned in the county jail of the county in which the conviction shall be had, not less than one hundred days, or by both such fine and imprisonment, and any artificial obstruction constructed, placed or maintained in said district is hereby declared to be a public nuisance.

MUNICIPAL COURTS. Senate Constitutional Amendment 25. Amends Sections 1, 5, 11, 12, 14, 18, 23 and 24 of Article VI of Constitution, relating to courts and their jurisdiction, by providing therein for the establishment of municipal courts as courts of record in any city or county and for their jurisdiction for the establishment of appellate departments of the superior court in any county or city and county wherein any municipal court is established.

YES	
NO	

Senate Constitutional Amendment No. 25—A resolution to propose to the people of the State of California an amendment to the constitution of the State of California, by amending sections one, five, eleven, twelve, fourteen, eighteen, twenty-three and twenty-four of article six thereof, relating to the judicial department, and providing for the establishment of municipal courts.

The legislature of the State of California, at its regular session commencing on the eighth day of January, one thousand nine hundred twenty-three, two-thirds of all the members elected to each of the two houses of said legislature voting in favor thereof, hereby propose that sections one, five, eleven, twelve, fourteen, eighteen, twenty-three and twenty-four of article six of the constitution of the State of California be amended to read as follows:

PROPOSED AMENDMENT.

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

Section 1. The judicial power of the state shall be vested in the senate, sitting as a court of impeachment, in a supreme court, district

courts of appeal, superior courts, such municipal courts as may be established in any city or county, and such inferior courts as the legislature may establish in any incorporated city or town, township, county or city and county.

Sec. 5. The superior courts shall have original jurisdiction in all cases in equity and in all cases at law, which involve the title or possession of real property, or the legality of any tax, impost, assessment, toll, or municipal fine, and in all other cases, except as hereinafter provided, in which the demand, exclusive of interest, or the value of the property in controversy, amounts to three hundred dollars, and in all criminal cases amounting to a felony, and in all cases of misdemeanor not otherwise provided for; of actions for forcible or unlawful entry or detainer, except as otherwise provided in this article; of proceedings in insolvency; of actions to prevent or abate a nuisance; of all matters of probate; of divorce and for annulment of marriage; and of all such special cases and proceedings as are not otherwise provided for; and said courts shall have the power of naturalization, and to issue papers therefor.

The superior courts shall have appellate jurisdiction in such cases arising in municipal and other inferior courts in their respective counties