

1954

## SCHOOL BONDS

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**SCHOOL BONDS. Senate Constitutional Amendment No. 3.** Directs issue and sale of \$100,000,000 of State bonds to provide loans and grants to school districts to be used for such purposes as school site acquisition and improvement, school building construction and alteration, and school furniture and equipment purchase, as well as for expenses of bond issue and of administration. Permits Legislature to reduce total bond issue by appropriation of other money or to augment bond proceeds by additional appropriation. Provides that fund allocation shall be regulated by Legislature, which shall require districts to repay State according to their ability.

2

YES	
NO	

(For Full Text of Measure, See Page 4, Part II)

**Analysis by the Legislative Counsel**

This constitutional amendment would authorize a \$100,000,000 bond issue for loans and grants to school districts for use in purchasing and improving school sites, purchasing furniture and equipment for schools, and planning and constructing, reconstructing, repairing, altering, and making additions to, school buildings.

It would authorize the Legislature to provide the procedure for issuing and redeeming the bonds, and to pass any laws, general or special, necessary or convenient for carrying out the provisions of the amendment.

The amendment would authorize the enactment of laws by the Legislature to carry out its provisions and to provide for the allocation of funds by the State Allocations Board or a similar agency. If provision is made for allocation by such agency, it would grant Members of the Legislature required to meet with the board equal rights and duties with the nonlegislative members to vote and act upon matters pending before the board.

The amendment provides that the Legislature shall require districts receiving an allocation of money from the bonds to repay it to the State on such terms and in such amounts as may be within the ability of the district.

The Legislature at the 1954 First Extraordinary Session adopted Chapter 41, the State School Building Aid Bond Law of 1954. This act provides for the issuance of the bonds and adopts the provisions of the State School Building Aid Law of 1952 for the formula for allocation of state aid money and determination of the ability to repay and the amounts of repayment. The bond act also provides that the bonds are to be sold so that \$5,000,000 will be available for apportionment on November 5, 1955, and each month thereafter until \$100,000,000 has become available for apportionment. It also appropriates \$75,000 as a revolving fund to pay the expenses of bond sales, to be repaid to the State Treasury from the bond proceeds.

**Argument in Favor of Senate Constitutional Amendment No. 3**

Two million children have been born in the last eight years in California. Several hundred thousand have moved to California from other states.

California schools need hundreds of new buildings to provide classrooms for these children. Several hundred school districts have used all available funds and voted their maximum of bonds and still do not have enough schools and have no way to provide them.

To meet this situation the state legislature has provided by law for loans by the state to the districts unable to build needed schools. The law provides many safeguards for state funds, such as cost per square foot limitations and space limitations per pupil.

To make the loans at the rate of five million dollars a month from November nineteen fifty five to June nineteen fifty seven, one hundred million dollars will be needed. This bond issue is to meet this need and is the minimum amount required for that period to keep our California boys and girls off the streets and in school.

Enrollment in the public elementary schools is expected to increase from 1,668,200 the past school year to 2,435,000 in 1960. To meet this increase 23,240 classrooms will be required in the elementary schools. A proportionate increase is expected in high schools and junior colleges.

State funds are carefully administered by the State Allocation Board and the districts make substantial repayments to the state. There is no other way to provide schools in several hundred districts and a "yes" vote on these bonds is a necessity.

Population growth in California will continue and we want it to continue. Providing schools for these new children is a responsibility of the whole state to the extent that it is beyond the ability of the local districts.

The California law on the matter is a fair law with reasonable safeguards and has been in operation for five years. The amount of funds asked is only a minimum for the urgent needs in a two year period.

The State of California is well able to provide for necessary school buildings and that is all that this bond issue will do. Vote yes.

NELSON S. DILWORTH  
Senator for Riverside County

SAMUEL R. GEDDES  
Assemblyman, Napa and Solano  
Counties

J. HOWARD WILLIAMS  
State Senator for Tulare County

**Argument Against Senate Constitutional Amendment No**

Proposition 2 provides for a bond issue to be paid by state taxes, primarily sales taxes. The money will be handed to school districts to reduce local property taxes. A vote for Proposition 2 is therefore a vote for state sales taxes in preference to local property taxes—for taxes on working people who are least able to pay, rather than on privileged holders of valuable land, who are most able to pay.

Except for propositions like this, which drain the state treasury, it would be possible to reduce or repeal the sales tax. But with the passage of such propositions, it is harder to remove the sales tax.

Proposition 2 is put forward as a relief to property owners, but all property owners, except a few with very valuable holdings, will pay more in sales taxes for these bonds than they would pay in property taxes for local bonds.

Local communities view state handouts as free of cost, so they spend more than when they pay their own bills. Admitting this, the advocates of Proposition 2 propose centralized controls over school districts, which would divorce schools further from local property owners and parents.

The major property taxpayers are not small property owners but the holders of valuable commercial and industrial land. The sales tax relieves these wealthy landholders at the expense of the little property owner, who does not realize how many dollars of sales tax he pays for their benefit in pennies, day after day. Paying for schools by sales taxes raises the total tax burden of the small property owner.

It is said that growing population throws heavier school taxes on property owners, who must therefore get aid such as Proposition 2 provides. But growing population boosts land values and raises the ability of the major property taxpayers to pay taxes with the high-r rents they can derive.

The sales tax, which Proposition 2 fastens more securely on us, is an unmixed evil and tends to drive business away. But property tax, which will be relied on more heavily after Proposition 2 fails, opens employment opportunities by encouraging the holders of idle land to put it to use.

It is not true that school districts are "impoverished." What keeps them from raising enough revenue in the traditional American way is low assessment levels and artificial bonding limits imposed on them by the Legislature at the behest of selfish holders of valuable land who do not want to pay their fair share for schools.

What school districts need is not state aid but removal of the artificial limitations imposed on them by the state. Friends of education should double their efforts to free the local communities

instead of turning to the state for easy money. Every genuine bond expert knows that the bonding capacity of the local communities that make up the state is as great as the bonding capacity of the whole state.

For local independence and lower taxes, vote NO on Proposition 2.

ROBERT TIDEMAN  
566 Head Street, San Francisco 25,  
Calif.

**3** **ALCOHOLIC BEVERAGE CONTROL. Senate Constitutional Amendment No. 4.** Establishes Department of Alcoholic Beverage Control to administer liquor licensing laws in place of State Board of Equalization. Provides for Director of Alcoholic Beverage Control, appointed by Governor with Senate approval, subject to removal by Governor or by legislative majority. Makes offenses involving moral turpitude an additional ground for denial, suspension or revocation of liquor licenses. Establishes three-man board to hear appeals from department's decisions. Prohibits State manufacture or sale of liquor. Preserves consistent provisions of existing Alcoholic Beverage Control Act and existing license fee scale, until Legislature provides otherwise.

<b>YES</b>	
<b>NO</b>	

(For Full Text of Measure. See Page 5, Part II)

**Analysis by the Legislative Counsel**

This constitutional amendment would place the existing alcoholic beverage regulatory powers of the State Board of Equalization, other than those relating to excise taxes on alcoholic beverages, in a Department of Alcoholic Beverage Control to be administered by a Director of Alcoholic Beverage Control.

The director would be appointed by the Governor, subject to confirmation by a majority vote of all the members elected to the Senate, and would serve at the Governor's pleasure. He would also be removable from office by the Legislature for dereliction of duty, neglect, or incompetency, by a majority vote of all members elected to each house on a concurrent resolution introduced by at least five members of the Senate, or ten members of the Assembly, as joint authors. The director would be authorized to employ four persons exempt from civil service.

In addition to the existing constitutional ground for disciplinary action against a liquor licensee (that is, that the granting or continuance of the license would be contrary to public welfare or morals), this measure would authorize the department to deny, suspend, or revoke a license if the person seeking or holding a license has violated any law prohibiting conduct involving moral turpitude.

The measure would also provide for an Alcoholic Beverage Control Appeals Board consisting of three members who would be required to be, at the time originally appointed, from different counties. The members would be appointed and be removable from office in the same manner as the Director of Alcoholic Beverage Control.

Any person aggrieved by a decision of the department ordering any penalty assessment, or issuing, denying, transferring, suspending, or revoking any license, would be entitled to appeal to the board, and the board would review the decision, subject to limitations imposed by the Legislature. The review would be limited to specified questions of law, and the board would be prohibited from receiving any additional evidence. The board, if it reverses the department's decision, could direct a reconsideration of the matter and could direct the department to take further action as required by law; but the board could not limit or control the discretion vested by law in the department. Orders of the board would be subject to judicial review upon petition of the director or any party aggrieved thereby.

The measure would authorize the Legislature to enact laws implementing it and not inconsistent with it, but would prohibit the Legislature from constituting the State or any agency thereof a manufacturer or seller of intoxicating liquors. In accordance with the authorization, the Legislature has enacted Chapter 20 of the First Extraordinary Session, which implements the provisions of this constitutional amendment.

The measure would authorize the Legislature, rather than the State Board of Equalization, to change on-sale license fees.

The measure, if adopted, would become operative January 1, 1955.

**Argument in Favor of Senate Constitutional Amendment No. 4**

**CALIFORNIA NEEDS LIQUOR REFORM.** Proposition 3 is the basic and first step in the reorganization of liquor administration in California. A YES vote is needed to give the people of California the reform and change in liquor enforcement which practically everyone agrees is necessary and vital to good government.

Our liquor enforcement at present is not as effective and efficient as the people are entitled to expect. A change is necessary to remove the present abuses and to establish proper and honest enforcement of our liquor laws.

A YES vote will remedy this present ineffective situation in liquor enforcement by removing it from the State Board of Equalization and placing it in a new Department of Alcoholic Beverage Control. This department will be headed by the Director of Alcoholic Beverage Control who is to be appointed by the Governor in the same manner that other department heads are appointed. This means that the appointment of this Director will be subject to confirmation by a majority vote of all of the members elected to the Senate and he will serve at the pleasure of the Governor.

Proposition 3 also provides for an Alcoholic Beverage Control Appeals Board consisting of three members appointed by the Governor and subject to confirmation by a majority vote of all of the members elected to the Senate. Thus any citizen who has had his license revoked or suspended and who feels that the decision of the Director was not a fair one will have the right and opportunity to request that this Appeals Board review such decision. Of course, recourse to our courts is also available to either the aggrieved citizen or the Director. The members of the Appeals Board also serve at the pleasure of the Governor.

Furthermore Proposition 3 provides for the Legislature to act as a safeguard to insure proper administration of the liquor laws. The Director and the members of the Appeals Board may be removed from office by the Legislature for dereliction of duty or corruption or incompetency.

Thus it is obvious that there are sufficient checks on the Director of this new department to prevent him from becoming arbitrary and dictatorial. Proposition 3 is so designed that the Director cannot possibly become a czar or dictator.

Proposition 3 was overwhelmingly adopted by both the Assembly and Senate, with 195 Legislators enthusiastically voting for it and only 3 dissenting.

A YES vote is a vote for reform in the present liquor control which the Weinberger Committee on Alcoholic Beverage Control found so gravely deficient. That Committee unanimously endorses and recommends the adoption of Proposition 3.

A YES vote is the people's mandate to the Legislature to follow up this basic reform with other changes which will further improve liquor administration in California.

Vote YES so that liquor control may be separated from the Board of Equalization and placed in a new independent department.

996.37. So long as any bonds authorized under this article may be outstanding, the Director of the Department of Veterans Affairs shall cause to be made at the close of each fiscal year, a survey of the social condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, such survey to be made by an independent public accountant of recognized standing. The results of such surveys and projections shall be set forth in written reports and said independent public accountant shall forward copies of said reports to the Director of the Department of Veterans Affairs, the members of the California Veterans Board, and to the members of the Veterans' Finance Committee of 1943. The Division of Farm and Home Purchases shall reimburse said independent public accountant for his services out of any funds which said division may have available on deposit with the Treasurer of the State of California.

Sec. 2. This act shall take effect upon its adoption by the people as to all its provisions except those relating to and necessary for its submission to the people, and for returning, canvassing, and proclaiming the votes, and as to said excepted provisions this act shall take effect immediately.

Sec. 3. This act shall be submitted to the people of the State of California for their ratification at the next general election, to be held in the month of November, 1954, and all ballots at said election shall have printed thereon and in a square thereof, the words: "For the Veterans Bond Act of 1954," and the same square under said words the following in eight-point type: "This act provides for a bond issue of one hundred seventy-five million dollars (\$175,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes." In the square immediately below the square containing such words, there shall be printed on said ballot the words, "Against the Veterans Bond Act of 1954," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of one hundred seventy-five million dollars (\$175,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans." Opposite the words "For the Vet-

erans Bond Act of 1954" and "Against the Veterans Bond Act of 1954," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Veterans Bond Act of 1954" and those voting against the said act shall do so by placing a cross opposite the words "Against the Veterans Bond Act of 1954." Provided, that where the voting of said general election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section, such use of such voting machines and the expression of the voters' choice by means thereof, shall be deemed to comply with the provisions of this section. The Governor of this State shall include the submission of this act to the people, as aforesaid, in his proclamation calling for said general election.

Sec. 4. The votes cast for or against this act shall be counted, returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers; and if it appear that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid, then the same shall have effect as hereinbefore provided, and shall be irrevocable until the principal and interest of the liabilities herein created shall be paid and discharged, and the Governor shall make proclamation thereof; but if a majority of the votes cast as aforesaid are against this act then the same shall be and become void.

Sec. 5. It shall be the duty of the Secretary of State in accordance with law to have this act published in at least one newspaper in each county, or city and county, if one be published therein, throughout this State, for three months next preceding the general election to be held in the month of November, 1954. The costs of publication shall be paid out of the General Fund, on Controller's warrants duly drawn for that purpose and shall be refunded to the General Fund out of the Veterans' Farm and Home Building Fund of 1943. Said refund shall be made upon Controller's warrants duly drawn against said fund for said purpose upon demands audited by the State Department of Finance.

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2

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO ARTICLE XVI

Sec. 17. Bonds of the State of California shall be prepared, issued, and sold in the amount of one hundred million dollars (\$100,000,000), in such denominations, to be numbered, to bear such dates, and to bear such rate of interest as shall be determined by the Legislature.

The proceeds of such bonds shall be used:

(a) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts of the State for use in purchasing and improving school sites, the purchasing of furniture and equipment for schools, and the planning and constructing, reconstructing, repairing, altering, and making additions to, school buildings;

(b) To pay the expenses that may be incurred in preparing, advertising, issuing, and selling the bonds, and in administering and directing the expenditure of the moneys realized from the sale of such bonds.

The issuance, signing, countersigning, endorsing, and selling of the bonds herein 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 state officers of their respective duties in connection therewith; and all other provisions, terms, and conditions relating to the bonds, shall be as provided by the Legislature.

The Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds sold under the authority of this section. The money so appropriated shall be expended pursuant to subdivision (a) of this section. If the Legislature appropriates money in lieu of the money received from the sale of the bonds, the total amount of bonds required to be sold pursuant to this section shall be reduced by the amount so appropriated.

The Legislature shall pass all laws, general or special, necessary or convenient to carry into effect the provisions of this section. Such laws may provide for the allocation of funds to school districts pursuant

to this section by the State Allocations Board or a similar agency and in that event, notwithstanding any other provision of this Constitution, Members of the Legislature who are required to meet such board shall have equal rights and duties the nonlegislative members to vote and act upon matters pending before such board.

The Legislature shall require each district receiving an allocation of money from the sale of bonds pursuant to this section to repay such money to the State on such terms and in such amounts as may be within the ability of the district to repay.

The people of the State of California in adopting this section hereby declare that it is in the interests of the State and of the people thereof for the State to aid school districts of the State in providing necessary school sites and buildings for the pupils of the Public School System, such system being a matter of general concern inasmuch as the education of the children of the State is an obligation and function of the State.

**3** **ALCOHOLIC BEVERAGE CONTROL. Senate Constitutional Amendment No. 4.** Establishes Department of Alcoholic Beverage Control to administer liquor licensing laws in place of State Board of Equalization. Provides for Director of Alcoholic Beverage Control, appointed by Governor with Senate approval, subject to removal by Governor or by legislative majority. Makes offenses involving moral turpitude an additional ground for denial, suspension or revocation of liquor licenses. Establishes three-man board to hear appeals from department's decisions. Prohibits State manufacture or sale of liquor. Preserves consistent provisions of existing Alcoholic Beverage Control Act and existing license fee scale, until Legislature provides otherwise.

YES

NO

(This proposed amendment expressly amends an existing section of the Constitution, therefore, **EXISTING PROVISIONS** proposed to be **DELETED** are printed in **STRIKE-OUT TYPE**, and **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BLACK-FACED TYPE**.)

PROPOSED AMENDMENT TO ARTICLE XX

Sec. 22. The State of California, subject to the internal revenue laws of the United States, shall have the exclusive right and power to license and regulate the manufacture, sale, purchase, possession and transportation of intoxicating liquor within the State, and subject to the laws of the United States regulating commerce between foreign nations and among the states shall have the exclusive right and power to regulate the importation into and exportation from the State, of intoxicating liquor. **In the exercise of these rights and powers, the Legislature shall not constitute the State or any agency thereof a manufacturer or seller of intoxicating liquors.**

Intoxicating liquors, other than beers, shall not be consumed, bought, sold, or otherwise disposed of for consumption on the premises, in any public saloon, public bar or public barroom within the State; provided, however, that subject to the aforesaid restriction, all intoxicating liquors may be kept and may be bought, sold, served, consumed, and otherwise disposed of in any bona fide hotel, restaurant, cafe, cafeteria, railroad dining or club car, passenger ship, or other public eating place, or in any bona fide club after such club has been lawfully operated for not less than one year.

**The Director of Alcoholic Beverage Control shall be the head of the Department of Alcoholic Beverage Control, shall be appointed by the Governor subject to confirmation by a majority vote of all of the members elected to the Senate, and shall serve at the**

pleasure of the Governor. The director may be removed from office by the Governor, and the Legislature shall have the power, by a majority vote of all members elected to each house, to remove the director from office for dereliction of duty or corruption or incompetency. The director may appoint three persons who shall be exempt from civil service, in addition to the person he is authorized to appoint by Section 4 of Article XXIV.

**The State Board of Equalization Department of Alcoholic Beverage Control shall have the exclusive power, except as herein provided and in accordance with laws enacted by the Legislature, to license the manufacture, importation and sale of intoxicating liquors in this State, and to collect license fees or occupation taxes on account thereof and. The department shall have the power, in its discretion, to deny, suspend or revoke any specific liquor license if it shall determine for good cause that the granting or continuance of such license would be contrary to public welfare or morals, or that a person seeking or holding a license has violated any law prohibiting conduct involving moral turpitude. It shall be unlawful for any person other than a licensee of said board department to manufacture, import or sell intoxicating liquors in this State.**

**The Alcoholic Beverage Control Appeals Board shall consist of three members appointed by the Governor, subject to confirmation by a majority vote of all of the members elected to the Senate. Each member, at the time of his initial appointment, shall be a resident of a different county from the one in which either of the other members resides. Two members of the board may be removed from office by the Governor, and the Legislature shall have the power, by a majority vote of all members elected to each house, to remove any member from office for dereliction of duty or corruption or incompetency.**