

1958

THE VETERANS BOND ACT OF 1958

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Part I—Arguments

FOR THE VETERANS BOND ACT OF 1958. This act provides for a bond issue of three hundred million dollars (\$300,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes.

AGAINST THE VETERANS BOND ACT OF 1958. This act provides for a bond issue of three hundred million dollars (\$300,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes.

(For Full Text of Measure, See Page 3, Part II)

Analysis by the Legislative Counsel *

The proposed measure, which constitutes the Veterans Bond Act of 1958, would authorize the issuance and sale of state bonds not exceeding the sum of \$300,000,000. The proceeds would be used to provide a fund for farm and home purchase aid pursuant to the Veterans' Farm and Home Purchase Act of 1943 (Sections 984-987.15, inclusive, Military and Veterans Code).

The measure would provide that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and it would appropriate from the General Fund the sum necessary to make payments of principal and interest on the bonds.

Money received as payments of principal and interest under contracts for the purchase or construction of farms and homes by veterans of World War I, World War II, or the Korean Campaign, under the Veterans' Farm and Home Purchase Act of 1943 is to be deposited in a special fund known as the Veterans' Farm and Home Building Fund of 1943. This measure would require the maturity dates of the bonds to be fixed so as to coincide as nearly as possible with the receipt of these payments. It would require further that, on the dates of payments of the principal and interest on the bonds, there be transferred to the General Fund from this special fund the amount necessary to make the payments of principal and interest.

The amounts of the bonds to be issued from time to time, their maturity dates, and the rate of interest they are to bear are to be determined by the Governor, State Treasurer, State Controller, Director of Finance, and Director of Veterans Affairs. The rate of interest on these bonds may not exceed 5 percent per year.

Argument in Favor of Veterans Bond Act of 1958

During the 36 years the "Cal-Vet" Farm and Home Purchase Program has been in operation,

* Section 1509.7 of the Elections Code requires the Legislative Counsel to prepare an impartial analysis of measures appearing on the ballot.

some 125,000 long-term loans have been made at low interest to California war veterans, without cost to the State taxpayers. This has been done through the use of almost a billion dollars of State credit. The program is entirely self-supporting, and, in fact, over the years has accumulated a reserve of several million dollars.

With the funds made available in these Veterans' Bond Issues by authority of the voters, the State Department of Veterans Affairs purchases properties selected by qualified veterans, and contracts with them for 20-year repayment. Repayment of principal and interest is made to the Department in low monthly installments.

Defaults amount to less than 1 per cent. The program was first financed by a \$10,000,000 bond issue in 1922. Thus, the tremendous majority of veterans who have been provided with this opportunity to become farm and home owners, at their own expense, have demonstrated to a remarkable degree their good faith with the State in repayment. The Department has made all bond redemption and interest payments promptly when due.

The need for continuing this program is most convincingly reflected in the great number of applications which the Department is still receiving, and in the fact that between 1,500 and 2,000 loans are being completed every month. These numbers represent a monthly investment of between \$20,000,000 and \$25,000,000 in property purchases by the Department.

At this rate, the remaining funds from the \$500,000,000 Veterans' Bond Issue approved by the voters in November, 1956, will have been used by the start of 1959.

The proposed \$300,000,000 issue for which voter approval is asked at this election, therefore, is essential to the continued existence of the program. Without it, those qualified California war veterans still awaiting loans at the start of 1959 would be denied their deserved opportunities.

In the ten previous Bond Acts proposed, California voters have expressed overwhelming approval of the program by heavy majorities. Their faith in the veteran, by guaranteeing to the purchasers of these bonds that the State's credit behind them, is amply justified by the record.

Cal-Vet loans are made of up to \$15,000 for a home (that does not exceed \$25,000 in value), and \$40,000 for a farm. Legislation enacted by the 1958 State Legislature and approved by the Governor except for the purchase of farms, restricted the loan almost entirely to "new" loans; which again demonstrates that great need still exists for providing more qualified veterans the opportunity to become home or farm owners for the first time. This was the reason for placing a bar on those "refinancing" loans applied for after July 2, 1957.

This program has a beneficent influence on California's economy. By borrowing capital from na-

tionwide sources on its credit, the State cooperates with private enterprise to create taxable wealth and stimulate farm and home ownership. This is the outstanding veterans' legislation of all the States, benefiting both the veteran and the commonwealth without support from taxes. The veterans who benefit pay all of the costs. Vote "Yes."

ROBERT MCCARTHY
State Senator

ROY J. NIELSEN
Member of Assembly
Sacramento County

2 **SCHOOL BONDS. Senate Constitutional Amendment No. 1.** Directs issue and sale of \$220,000,000 of state bonds to provide loans and grants to school districts for (a) school sites, construction and equipment, and (b) housing and equipment for education of physically handicapped or mentally retarded minors. Requires repayment of advances from Investment Fund. Authorizes legislation regulating allocations to school districts and providing for repayment of allocations by districts. Declares state policy regarding public school sites and buildings.

YES

NO

(For Full Text of Measure, See Page 7, Part II)

Analysis by the Legislative Counsel

This constitutional amendment would add Section 19 to Article XVI of the State Constitution to authorize the issuance and sale of state bonds in the amount of \$220,000,000 to provide funds for two types of loans and grants to school districts. It would also provide funds to repay to the Investment Fund, created by Chapter 29, Statutes of 1956 (1st Ex. Sess.), the \$30,000,000 appropriated for school building aid from that fund by Chapter 15, Statutes of 1958 (1st Ex. Sess.).

The first type of loans and grants is 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. The second type of loans and grants is for assistance in providing necessary housing and equipment for the education of physically handicapped and mentally retarded minors. The amendment would provide that each district receiving a loan or grant of either type is to repay the same. The first type, however, must be repaid on such terms and in such amounts as may be within the ability of the district, while the second type may be repaid on such terms and in such amounts as the Legislature deems proper.

The amendment would also authorize the Legislature to appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds, to be expended for the first type of loans and grants. It also provides that if money is appropriated in lieu of the money from the bonds, the total amount of bonds required to be sold (\$220,000,000) shall be reduced by the amount so appropriated.

It would authorize the Legislature to prescribe the procedure for issuing and redeeming the bonds, and to pass all laws, general or special, necessary or convenient for carrying out the provisions of the amendment. It would authorize the enactment of laws by the Legislature which would provide for the allocation of funds by the State Allocation

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.

Argument in Favor of Senate Constitutional Amendment No. 1

More than 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 eight million dollars a month during the two years nineteen fifty-nine and nineteen sixty, two hundred twenty million dollars will be needed. This bond issue is to meet this need and is 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 to 2,435,000 in 1960. To meet this increase 20,000 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.

FOR THE VETERANS BOND ACT OF 1958.

This act provides for a bond issue of three hundred million dollars (\$300,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes.

AGAINST THE VETERANS BOND ACT OF 1958.

This act provides for a bond issue of three hundred million dollars (\$300,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes.

This proposed law, by act of the Legislature passed at the 1958 First Extraordinary Session, is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

(This proposed law does not expressly amend any existing law; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

An act to add Article 5g to Chapter 6 of Division 4 of the Military and Veterans Code, authorizing the creation of a debt or debts, liability or liabilities, through the issuance and sale of state bonds, to create a fund to provide farm and home aid for veterans in accordance with the provisions of the Veterans Farm and Home Purchase Act of 1943 and acts amendatory and supplemental thereto; defining the powers and duties of said committee and of the Department of Veterans Affairs and other state officers in respect to the administration of the provisions hereof; providing ways and means, exclusive of loans, for the payment of the interest of such debt or debts, liability or liabilities, as such interest falls due, and also for the payment and discharge of the principal of such debt or debts, liability or liabilities, as such principal matures; and providing for the submission of this act to a vote of the people at the general election to be held in the month of November, 1958.

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

Section 1. Article 5g is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5g. Veterans Bond Act of 1958

996.60. This article may be cited as the Veterans Bond Act of 1958.

996.61. For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the provisions of the Veterans Farm and Home Purchase Act of 1943 and of all acts amendatory thereof and supplemental thereto, the Veterans' Finance Committee of 1943, created by Section 991, shall be and it hereby is authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the manner and to the extent hereinafter provided, but not otherwise, nor in excess thereof.

996.62. After adoption of any resolution by the Veterans' Finance Committee of 1943, provided for in Section 996.69 the State Treasurer shall arrange for the preparation of the requisite number of suitable bonds in accordance with the specifications contained in such resolution. The aggregate par value of all bonds issued under this article shall not exceed the sum of three hundred million dollars (\$300,000,000) and shall bear interest at a rate not exceeding 5 percent per annum payable as provided in such resolution. Both principal and interest shall be payable in lawful money of the United States, at the Office of the State Treasurer, or at the office of any duly authorized agent of the State Treasurer.

All bonds issued under this article shall bear the facsimile signature of the Governor and the facsimile countersignature of the Controller and shall be endorsed by the State Treasurer either by original signature or by a signature stamp, and the bonds shall be signed, countersigned, and endorsed by the officers who shall be in office on the date of adoption of the resolution of the Veterans' Finance Committee of 1943, and each of said bonds shall bear an impress of the Great Seal of the State of California. Interest coupons attached to each bond shall bear the facsimile signature of the State Treasurer who shall be in office on the date of adoption of the resolution of the Veterans' Finance Committee of 1943. The Veterans' Finance Committee of 1943 may require that said bonds be authenticated by the State Controller or by any Deputy State Controller, and in such event no bond authorized hereunder shall be valid unless so authenticated in the manner so required. The bonds or coupons so signed, countersigned, endorsed, and sealed, when sold, shall be and constitute a valid and binding general obligation upon the State of California, although the sale or delivery thereof be made at a date or dates upon which the officers having signed, countersigned, and endorsed said bonds or coupons, or any or either of said officers, shall have ceased to be the incumbents of the offices held by them at the date of adoption of the resolution of the Veterans' Finance Committee of 1943. Each bond issue under this article shall contain a clause or clauses referring to this article and to the resolution of the Veterans' Finance Committee of 1943 hereunder by virtue of which said bond is issued, and if subject to call or redemption prior to maturity, shall contain a recital to that effect.

996.63. The State Treasurer shall, on the respective dates of maturity or prior redemption of said bonds, or as soon thereafter as said bonds are surrendered to him, pay the same out of the proceeds of the Controller's warrants drawn in his favor as provided in Section 996.64 and perforate the bonds so paid with a suitable device in a manner to indicate such payment and the date thereof. The State Treasurer, or his duly authorized agent, shall also, on the respective dates of maturity, cancel all bonds and appurtenant coupons bearing said dates of maturity and remaining unsold, by perforation with a suitable device in a manner to indicate such cancellation and the date thereof; provided, however, new bonds may be prepared and executed in lieu of bonds canceled solely by reason of the fact that such bonds have not been sold prior to their fixed maturity dates, whenever the Veterans' Finance Committee of 1943 shall determine such new bonds shall be prepared and executed, subject to the condition the total indebtedness created hereunder shall not exceed the maximum limit herein specified. Not less than four years after the final maturity date of a particular issue of bonds, the State Treasurer, or his duly authorized agent, may destroy or cremate any bonds of such issue which have been previously paid or canceled as hereinbefore provided.

996.64. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof. There is hereby appropriated from the General Fund in the State Treasury such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this article, as said principal and interest become due and payable.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the State, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collections of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be returned into the General Fund in the State Treasury, all of the money in the Veterans' Farm and Home Building Fund of 1943, not in excess of the principal of and interest on the said bonds then due and payable, except as hereinafter provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity being less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of said Veterans' Farm and Home Building Fund of 1943 as soon thereafter as it shall become available, together with interest thereon from such dates of

maturity until so returned at the same rate as borne by said bonds, compounded semiannually.

Both principal and interest of said bonds shall be paid when due upon warrants duly drawn against said appropriation from the General Fund by the Controller of the State in favor of the State Treasurer, or his duly authorized agent, and the money to be returned into the General Fund in the State Treasury pursuant to the provisions of this section shall likewise be paid as herein provided upon warrants duly drawn by the Controller. The Department of Veterans Affairs, by resolution approved by the Veterans' Finance Committee of 1943, shall direct the State Treasurer to call bonds (which are then subject to redemption) if such call is desirable and whenever funds are available to effect such redemption, the part of each issue so called to be not less than all of the bonds maturing in any one year. Notice of such redemption shall be given by the State Treasurer in the manner provided in the resolution authorizing the issuance of said bonds.

996.65. The bonds authorized to be issued under this article shall be sold by the State Treasurer to the highest bidder for cash, either at public auction or upon sealed bids as the Veterans' Finance Committee of 1943 may by resolution determine. The Treasurer must reject any and all bids for said bonds, or for any of them, which shall be below the par value of said bonds so offered plus the interest which shall have accrued thereon between the date of purchaser's payment for said bonds and the last preceding interest maturity date; and the Treasurer may from time to time, by public announcement at the place and time fixed for the sale, continue such sale, as the whole of the bonds offered, or any part thereof offered, at such time and place as he may select. If said bonds are offered for sale upon sealed bids, then each bid shall be in writing and signed by the bidder and sealed, and shall be accompanied by the deposit of a certified check or cashier's check for five thousand dollars (\$5,000), drawn on a bank or trust company authorized to transact and transacting business in the State of California, payable to the Treasurer of the State of California, such deposit not to bear interest. The deposit of each unsuccessful bidder shall be returned to him immediately upon the nonacceptance of his bid, and the deposit of the successful bidder shall immediately upon the acceptance of his bid become and be the property of the State of California and be placed in the State Treasury to the credit of the Veterans' Farm and Home Building Fund of 1943, and shall be credited to the successful purchaser upon the purchase price of the bonds bid for in case such purchase price is paid in full by him within the time mutually agreed upon between the successful bidder and the Treasurer. If the purchase price is not so paid, the successful bidder shall have no right in and to said bonds or by reason of said bid, or to the recovery of said deposit accompanying said bid, or to any allowance or credit by reason of such deposit unless it shall appear that the bonds would have been validly issued if delivered to the purchaser.

the form and manner proposed. In case the purchase price is not so paid, the bonds so sold but not paid for shall be resold by the State Treasurer upon notice as provided in case of original sale. Temporary or interim bonds, certificates, or receipts of any denomination whatever and with or without coupons attached thereto, to be signed by the State Treasurer, may be issued and delivered until the definitive bonds are executed and available for delivery. Signature of the State Treasurer may be by signature stamp.

996.66. Due notice of the time and place of sale of all bonds shall be given by said Treasurer by publication in one newspaper published in the City and County of San Francisco and also by publication in one newspaper published in the City of Sacramento and by publication in one newspaper published in the City of Los Angeles once a week during two weeks prior to such sale. In addition to the notice last above provided for, the State Treasurer may give such further notice as he may deem advisable, but the expense and cost of such additional notice shall not exceed the sum of five hundred dollars (\$500) for each sale so advertised. The proceeds of the sale of such bonds and such amount as may have been paid as accrued interest thereon shall be forthwith paid over by said Treasurer into the Veterans' Farm and Home Building Fund of 1943 and must be used exclusively in aiding veterans in the acquisition of, or payments for, farms and homes, in accordance with the provisions of this chapter; provided, that the proceeds from the sale of said bonds may be used to pay the debt created the issuance and sale thereof.

996.67. The Department of Veterans Affairs is authorized, with approval of the Department of Finance, to invest any surplus money in the Veterans' Farm and Home Building Fund of 1943 in bonds or obligations of the United States, or of the State of California, or of the several counties or municipalities or other political subdivisions of the State of California, and to sell such bonds, or obligations, or any of them, at the governing market rates, upon approval of the Department of Finance; or the Department of Veterans Affairs may, with the approval of the Director of Finance, invest money in such fund, in interest-bearing certificates of deposit of state banks having a paid-up capital of five hundred thousand dollars (\$500,000) or more; provided, the total amount of money so deposited with any one bank shall not exceed a sum equal to 50 percent of the paid-up capital of such bank; provided, however, nothing herein contained shall inhibit the depositing in banks in accordance with Chapter 4, Part 2, Division 4, Title 2 of the Government Code, of money of any of the funds subject to the control of the Department of Veterans Affairs or appropriated for its use.

Interest accruing upon the deposit of money of the Veterans' Farm and Home Building Fund of 1943 shall be paid into and credited to said fund.

996.68. Upon request of the Department of Veterans Affairs, supported by a statement of the needs and projects of said department with respect thereto, and approved by the Governor, the

Veterans' Finance Committee of 1943 shall determine whether or not it is necessary or desirable to issue any bonds authorized under this article in order to carry such plans and projects into execution, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to carry out said plans and projects progressively, and it shall not be necessary that all the bonds herein authorized to be issued shall be sold at any one time.

996.69. Whenever the Veterans' Finance Committee of 1943 shall have determined that the sale of all or any part of the bonds authorized to be issued under this article is necessary or desirable to carry such plans into execution, in whole or in part, it shall adopt a resolution to this effect. The said resolution shall authorize and direct the State Treasurer to provide for the preparation of the requisite number of suitable bonds then authorized to be sold and shall specify as to such bonds then to be sold:

1. The maximum number of each denomination or denominations, aggregate par value, and the date of the bonds to be then sold. The date appearing on said bonds shall be deemed to be the date of issuance for all purposes of this article, irrespective of the actual date of delivery of such bonds and the payment of the purchase price thereof. Successive issues of bonds herein authorized shall be identified by the number of the issue, or the entire authorized issue may be divided into series or divisions appropriately identified by letter or number.

2. The date or dates of maturity, and the number and numerical sequence of the bonds maturing at each date of maturity, to be at annual intervals.

3. The provisions, if any, for the retirement of said bonds at any time or times prior to their maturity, the manner thereof, and the price or prices at which said bonds shall be redeemed.

4. The annual rate of interest which the bonds to be issued shall bear, to be in multiples of one-fourth of 1 percent, which rate, at the discretion of said committee, may be determined by the bidder at the time of sale of said bonds, not to exceed 5 percent payable as herein provided.

5. The provisions, if any, for the interexchange of bonds of different denominations, the issuance of new bonds of different denominations in lieu of, or in exchange for, bonds of a like aggregate principal amount but of different denominations, and the authentication of any bonds by the State Controller or by any deputy state controller.

6. The technical form and language of said bonds and of the interest coupons to be attached thereto.

In determining the date or dates of maturity of the said bonds and the amount of bonds maturing at each date of maturity, the Veterans' Finance Committee of 1943 shall be guided by the amounts and dates of maturity of the revenues estimated to accrue to the Veterans' Farm and Home Building Fund of 1943 from the transactions to be financed by each issue, and shall fix and determine said dates and amounts in such manner that, to-

gether with the dates and amounts of interest payments on the said bond issue, they shall coincide, as nearly as practicable, with the dates and amounts of such estimated revenues; provided, the bonds first to mature in each issue shall mature not later than five years and the bonds last to mature in each issue shall mature not later than 45 years from the date of issuance thereof.

The rate of interest to be borne by the bonds need not be uniform for all bonds of the same issue or series or division, and may be determined and fixed by the Veterans' Finance Committee of 1943 by resolution adopted at or after the sale of said bonds, but not exceeding in any case 5 percent per annum payable semiannually. The highest bid received on the sale of the bonds shall be determined by deducting the total amount of the premium bid (if any) from the total amount of interest which the State would be required to pay from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, and the award shall be made on the basis of the lowest net interest cost to the State. The lowest net interest cost to the State shall be computed on a 360-day year basis. The interest coupon first payable may, if the Veterans' Finance Committee of 1943 shall so determine and specify, be payable at any time within one year after the date of issuance of said bonds.

996.70. All actual and necessary expenses of the Veterans' Finance Committee of 1943 and of the members thereof incurred in the performance of their duties arising out of the provisions of this article and expenses incurred by the State Treasurer in having said bonds prepared and in advertising their sale or their prior redemption shall be paid out of the Veterans' Farm and Home Building Fund of 1943, on Controller's warrant duly drawn for that purpose, and shall constitute expenses of the Department of Veterans Affairs.

Whenever the Veterans' Finance Committee of 1943 deems it advisable to obtain a legal opinion as to the validity of the bonds, prior to or after sale, from attorneys other than the Attorney General, the committee may authorize the State Treasurer or the Department of Veterans Affairs or both to obtain such a legal opinion. Payment for such legal services shall be made from the Veterans' Farm and Home Building Fund of 1943, on Controller's warrant duly drawn for that purpose, and shall constitute expenses of the Department of Veterans Affairs.

996.71. The Controller, the Treasurer and the Veterans' Finance Committee of 1943 shall keep full and particular account and record of all their proceedings under this article, and they shall transmit to the Governor an abstract of all such proceedings thereunder, with an annual report, to be by the Governor laid before the Legislature biennially; and all books and papers pertaining to the matter provided for in this article shall at all times be open to the inspection of any party interested, or the Governor, or the Attorney Gen-

eral, or a committee of either branch of the Legislature, or a joint committee of both, or any citizen of the State.

996.72. 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 financial 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. Section 1 of this act shall take effect upon the adoption by the people of the Veterans Bond Act of 1958, as set forth in Section 1 of this act. Sections 2 to 5 of this act contain provisions relating to and necessary for the submission of the Veterans Bond Act of 1958 to the people, and for returning, canvassing, and proclaiming the votes thereon, and shall take effect immediately.

Sec. 3. The Veterans Bond Act of 1958, as set forth in Section 1 of this act, shall be submitted to the people of the State of California for ratification at the next general election, to be held in the month of November, 1958, and all ballots at said election shall have printed thereon and in a square thereof, the words: "For the Veterans Bond Act of 1958," and the same square under said words the following in eight-point type: "This act provides for a bond issue of three hundred million dollars (\$300,000,000) 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 1958," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of three hundred million dollars (\$300,000,000) to be used by the Department of Veterans Affairs in assisting California war veterans to acquire farms and homes." Opposite the words "For the Veterans Bond Act of 1958," and "Against the Veterans Bond Act of 1958," 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 1958," and those voting against the said act shall do so by placing a cross opposite the words "Against the Veterans Bond Act of 1958." Provided, that where the voting of said general election is done by means of voting machi-

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 the Veterans Bond Act of 1958 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.

2 **SCHOOL BONDS. Senate Constitutional Amendment No. 1.** Directs issue and sale of \$220,000,000 of state bonds to provide loans and grants to school districts for (a) school sites, construction and equipment, and (b) housing and equipment for education of physically handicapped or mentally retarded minors. Requires repayment of advances from Investment Fund. Authorizes legislation regulating allocations to school districts and providing for repayment of allocations by districts. Declares state policy regarding public school sites and buildings.

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. 19. Bonds of the State of California shall be prepared, issued, and sold in the amount of two hundred twenty million dollars (\$220,000,000), in such denominations, to be numbered, to bear such rates, 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) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts for assistance in providing necessary housing and equipment for the education of physically handicapped minors and mentally retarded minors as those terms are defined in Chapters 9 and 11 of Division 4 of the Education Code.

(c) 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.

(d) To repay, as provided by law, any money appropriated from the Investment Fund at the 1958 First Extraordinary Session for state school building aid.

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 with such board shall have equal rights and duties with 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 for the purposes prescribed in subdivision (a) of 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 Legislature may require each district receiving an allocation of money from the sale of