

1960

SCHOOL BONDS

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opportunity to secure a suitable home of their own now, homes for which they are willing to pay on the installment plan.

For 39 years the veterans have repaid these bonds without cost to the State. Vote yes.

MYRON H. FREW
 Assemblyman for 35th District
NELSON S. DILWORTH
 Senator for Riverside County
FRED S. FARR
 Senator for Monterey County

ARGUMENT IN OPPOSITION TO THE ISSUANCE OF \$400,000,000 IN CALIFORNIA VETERANS FARM AND HOME LOAN BONDS

The Property Owners Tax Association of California urges a NO vote on this proposal to issue the huge amount of \$400,000,000 in additional state general obligation bonds for home and farm purchase loans to veterans. Unless defeated, this proposal would bring to \$1,835,000,000 the total amount of bonds authorized for this one purpose.

Experts are agreed, based on 1958 estimates of the State's own Department of Veterans' Affairs, that this contingent public debt upon all taxpayers can pyramid in the future to the fantastic sum of \$3,935,000,000—nearly four billion dollars—unless a halt is demanded by voters, and that if any severe economic distress conditions were to arise, critical financial difficulties would at once confront the entire State because of veterans' inability to repay loans through no fault of their own.

Although it is stated that the general taxpayers have not been required to contribute anything directly to the cost of interest and retirement of these bonds, with the very nominal 4 percent interest now charged veterans for their loans, the credit of the entire State is always pledged for their support should any deficiency occur.

In 1956, the Legislature again increased loan limits, already generous, to \$15,000 for home purchases and \$40,000 for farms, even though experts of the State's own Department of Veterans' Affairs then tried to restrain such:

Bond marketing experts concur that maximum use of the State's credit for this one purpose—already exceeding a billion dollars—is costing the taxpayer higher interest on all other bonds issued by the State of California, counties, cities and other public agencies. More than half of all outstanding state general obligation bonds now are veterans farm and home loan bonds.

Out of California's 15,000,000 population, about 105,000 veterans are now the beneficiaries of more than \$1,000,000,000 in these special privilege bonds already outstanding against the bonding credit capacity of the entire State.

For virtually every one of these bond-financed loans granted to veterans, an additional hidden but heavy cost to taxpayers is created because nearly all such veterans' properties are exempted from tax levy on the first \$1,000 of their assessed valuation. In most counties this now amounts to a shift of about \$80 every year for every such parcel on to the tax bill of all other taxpayers. In Los Angeles County alone, veterans now are shifting \$34,000,000 a year on to all taxpayers because of these exemptions. Because of such granted exemption of the first \$1,000 of assessed value of veterans' homes from taxation, all other taxpayers throughout the State are making them an annual—EVERY YEAR—tax gift of more than \$70,000,000.

We are convinced that the best interests of the veterans themselves as well as that of all taxpayers of the State require overwhelming disapproval of this further \$400,000,000 bond issue.

PROPERTY OWNERS TAX ASSOCIATION OF CALIFORNIA, INC.

By **PAUL SHEEDY**, Executive Vice President

2 SCHOOL BONDS. Senate Constitutional Amendment No. 2. Directs issuance and sale of \$300,000,000 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 the General 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 1, Part II)

Analysis by the Legislative Counsel

This constitutional amendment would add Section 20 to Article 16 of the Constitution, and would authorize a \$300,000,000 bond issue to provide money for two types of loans and grants to school districts.

The first type of loans and grants is for use in purchasing and improving school sites, pur-

chasing furniture and equipment for schools, and planning and constructing, reconstructing, repairing, altering, and making additions to school buildings. The amendment would provide that the Legislature shall require each district receiving a loan or grant of this type to repay to the State the money received under the loan or grant on such terms and in such amounts as may be within the ability of the district.

The second type of loans and grants is assistance in providing necessary housing

equipment for the education of physically handicapped minors and mentally retarded minors. The amendment would provide that the Legislature may require each district receiving a loan of this type to repay to the State the money received under the loan or grant on such terms and in such amounts as the Legislature deems proper.

The constitutional amendment would provide that the Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds, and that the money so appropriated shall be expended for the first type of loans and grants. It would also provide that if money is appropriated in lieu of the money from the bonds, the total amount of bonds required to be sold (\$300,000,000) shall be reduced by the amount so appropriated.

It would authorize the Legislature to provide the procedures 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 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. 2

More than 2,000,000 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 during the two years 1961 and 1962, \$300,000,000 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 above 2,400,000, and is expected to increase to 2,800,000 by 1962. To meet this increase 15,000 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.

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 responsible safeguards and has been in operation for 11 years. The amount of funds asked is for the needs in a two-year period.

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

NELSON S. DILWORTH
Senator from Riverside County

ERNEST R. GEDDES
Assemblyman for Forty-ninth District, Claremont

JEROME R. WALDIE
Assemblyman for Tenth District, Antioch

3 STATE INDEBTEDNESS. Assembly Constitutional Amendment No. 6. Provides that laws authorizing state indebtedness or bond issue may be voted upon at direct primary instead of general election if two-thirds of each house of the Legislature so directs. Provides that Members of the Legislature required to meet with State Allocation Board shall have equal rights and duties with nonlegislative members in allocation and apportionment of funds for school construction and related purposes.

YES
NO

(For Full Text of Measure, See Page 2, Part II)

Analysis by the Legislative Counsel

This constitutional amendment would amend Section 1 of Article XVI of the Constitution to provide that legislative acts proposing the creation of any debt or liability on the part of the State in excess of the sum of three hundred

thousand dollars (\$300,000), may be submitted to the people at a direct primary election, as well as at a general election. It provides, however, that no such measure shall be submitted at a direct primary election unless two-thirds of all the members elected to each of the two houses of the Legislature vote in favor of the measure.

The measure also authorizes Members of the Legislature who are required to meet with the

Part II - Appendix

1	<p>VETERANS FARM AND HOME BONDS. Assembly Constitutional Amendment No. 4. Authorizes issue and sale of four hundred million dollars (\$400,000,000) in state bonds to provide funds to be used by State Department of Veterans Affairs in accordance with Veterans Farm and Home Purchase Act of 1943 in assisting California war veterans to acquire farms and homes. Brings into operation and validates Veterans Bond Act of 1960, governing issue, sale and redemption of such bonds.</p>	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. 21. The issuance and sale of bonds of the State of California, not exceeding in the aggregate the sum of four hundred million dollars (\$400,000,000), and the use and disposition of the proceeds of the sale of said bonds, all as provided in the Veterans Bond Act of 1960 (Article 5h of Chapter 6 of Division 4 of the Military and Veterans Code) authorizing the issuance and sale of state bonds in the sum of four hundred mil-

lion dollars (\$400,000,000) for the purpose of providing a fund to be used and disbursed to provide farm and home aid for veterans in accordance with the provisions of the Veterans Farm and Home Purchase Act of 1943, and all acts amendatory and supplemental thereto are hereby authorized and directed and said Veterans Bond Act of 1960 is hereby approved, adopted, legalized, ratified, validated, and made fully and completely effective upon the effective date of this amendment to the Constitution. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action. Nothing in this Constitution contained shall be a limitation upon the provisions of this section.

	<p>SCHOOL BONDS. Senate Constitutional Amendment No. 2. Directs issuance and sale of \$300,000,000 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 the General 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.</p>	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. 20. Bonds of the State of California shall be prepared, issued, and sold in the amount of three hundred million dollars (\$300,000,000), 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 the purchasing and improving school buildings, the purchasing of furniture and equipment for schools, and the planning, 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 8 and 9 of Division 6 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 General Fund at the 1960 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. 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 concerning this section or any other section of the Constitution or legislative act authorizing the allocation of funds to school districts for purposes the same or substantially the same as those enumerated in this section.

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 bonds pursuant to this section for the purposes prescribed in subdivision (b) of this section to repay such money to the State on such terms and in such amounts as the Legislature deems proper.

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	STATE INDEBTEDNESS. Assembly Constitutional Amendment No. 6. Provides that laws authorizing state indebtedness or bond issue may be voted upon at direct primary instead of general election if two-thirds of each house of the Legislature so directs. Provides that Members of the Legislature required to meet with State Allocation Board shall have equal rights and duties with nonlegislative members in allocation and apportionment of funds for school construction and related purposes.	YES	
		NO	

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

**PROPOSED AMENDMENT TO
ARTICLE XVI**

SECTION 1. The Legislature shall not, in any manner create any debt or debts, liability or liabilities, which shall, singly or in the aggregate with any previous debts or liabilities, exceed the sum of three hundred thousand dollars (\$300,000), except in case of war to repel invasion or suppress insurrection, unless the same shall be authorized by law for some single object or work to be distinctly specified therein which law shall provide ways and means, exclusive of loans, for the payment of the interest of such debt or liability as it falls due, and also to pay and discharge the principal of such debt or liability within 50 years of the time of the contracting thereof, and shall be irrevocable until the principal and interest thereon shall be paid and discharged, and such law may make provision for a sinking fund to pay the principal of such debt or liability to commence at a time after the incurring of such debt or liability of not more than a period of one-fourth of the time of maturity of such debt or liability; but no such law shall take effect until, at a general election or at a direct primary, it shall have been submitted to the people and shall have received a majority of all the votes cast for and

against it at such election; and all moneys raised by authority of such law shall be applied to the specific object therein stated or to payment of the debt thereby created. Full publicity as to matters to be voted upon by the people is afforded by the setting out of the complete text of the proposed laws, together with the arguments for and against them, in the ballot pamphlet mailed to each elector preceding the election at which they are submitted, and the only requirement for publication of such law shall be that it be set out at length in ballot pamphlets which the Secretary of State shall cause to be printed. The Legislature may, at any time after the approval of such law by the people, reduce the amount of the indebtedness authorized by the law to an amount not less than the amount contracted at the time of the reduction, or it may repeal the law if no debt shall have been contracted in pursuance thereof.

No law subject to this section shall be submitted to the people at a direct primary election unless two-thirds of all the members elected to each of the two houses of the Legislature vote in favor thereof.

Notwithstanding any other provision of this Constitution, Members of the Legislature who are required to meet with the State Allocation Board shall have equal rights and duties with the nonlegislative members to vote and act upon matters pending or coming before such board for the allocation and apportionment of funds to school districts for school construction purposes or purposes related thereto.