

1964

## VETERANS' TAX EXEMPTION: RESIDENCY REQUIREMENT

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of their bonding capacity but also by enabling districts to build new schools which are permanent economic and moral assets to the community.

In order to intelligently handle our increasing school population, to reduce pressure on the local taxpayer, to insure our future prosperity, and to develop our most precious resource, our youth, every citizen should vote "Yes" on this measure.

**CHARLES B. GARRIGUS**  
 Assemblyman, 33rd District  
 California Legislature

**GEORGE MILLER, Jr.**  
 State Senator  
 Contra Costa County

**ALVIN C. WEINGAND**  
 State Senator  
 Santa Barbara County

**4 VETERANS' TAX EXEMPTION: RESIDENCY REQUIREMENT.** Senate Constitutional Amendment No. 14. Provides as requirement that no veteran or survivor shall be entitled to the veterans' tax exemption of \$1,000 unless the veteran was a resident of California either or both at the time of entry into service or on the effective date of this amendment. Widow or surviving parent eligible for exemption on effective date of this amendment shall not lose exemption because of amendment.

YES

NO

(For Full Text of Measure, See Page 8, Part II)

**Analysis by the Legislative Counsel**

This measure would amend the second sentence of Section 14 of Article XIII. That section, among other things, now provides for a \$1,000 property tax exemption for described veterans and their surviving widows or parents under specified conditions. The only existing limitation as to residency is that such a person be a legal resident of California.

This constitutional amendment would restrict the exemption to a veteran who was a resident of California either at the time of his entry into the service or on the effective date of the adoption of the amendment, and to such a veteran's surviving widow or parent. It would, however, provide that a surviving widow or parent otherwise eligible for the exemption at the effective date of the amendment shall not lose such eligibility because the deceased veteran who was survived could not have qualified under the residency requirements proposed by the amendment.

**Argument in Favor of Proposition No. 4**

This proposition modifies the veterans tax exemption to make it more fair and equitable. It would limit eligibility for the exemption to veterans who:

1. Entered military service from California; or
2. Are residents on November 2, 1964 (One who by action and intent indicates that he will remain in California indefinitely is a resident. It is not necessary to have lived here any specified time.)

In other words, the proposition eliminates from eligibility the veteran from some other state who comes here after this year. But no veteran or veteran's widow eligible today

would lose that eligibility by this proposition.

Every other state which grants a veterans bonus (most frequently compared with the California exemption) limits it to their own veterans. But an out-of-state veteran can claim the bonus in his own state then move to California and receive tax exemption for the rest of his life. This practice would be stopped in the future by this proposition.

The CAL VET Farm and Home Loan Program is limited to California veterans. Thus, Proposition 4 brings the veterans exemption into line with other veterans benefit programs in this and other states.

Over 40 per cent of the veterans in California entered service in another state. These veterans are unaffected, but migrants in the future would not be eligible for the veterans exemption after their arrival.

Over \$70,000,000 in local taxes were lost to cities, counties, school and other districts last year due to this exemption—or these costs were shifted to other taxpayers, including veterans now receiving the exemptions.

This proposition reduces the future impact—giving some relief to all taxpayers, without affecting any veteran or veteran's widow now eligible or those in the future who will enter the service from this state for eligible service.

The subject of this proposition, included with other related changes in the exemption, was approved 2 to 1 by the voters in 1960, but, through a technicality, failed to become law; it was defeated narrowly in 1962 with opposition based on combining more than one element in the proposition. Only one change is made by Proposition 4. Other changes have been dropped or submitted as a separate proposition.

Proposition 4 should be approved.

This amendment was supported by taxpayers, veterans, and civil organizations at the 1963 Legislature and was not opposed.

It brings the exemption into conformity with other veterans benefits in California and other states. It does not affect any veteran or veteran's widow now eligible, but it will save all taxpayers of California, including veterans, tax dollars in the future.

Vote YES on Proposition 4.

LUTHER E. GIBSON  
 Senator for Solano County  
 JOHN C. BEGOVICH  
 Senator for Amador and  
 El Dorado Counties

**Argument Against Proposition No. 4**

This Constitutional Amendment denies property tax exemption to war veterans who were not fortunate enough to reside in California at the time they were called into the service. In effect, it will divide our veterans into two segregated categories, and bestow the gratitude of our people not as a recognition of sacrifice but rather on the basis of an accident of residence.

Since 1911 our Constitution has provided for veterans tax exemption to insure that benefit to all veterans in California who have served in the defense of our nation. Legislative history of this constitutional amendment clearly indicates an intent of the people to offer this exemption for the purpose of assisting young veterans and attracting them to California. It was not, and is not, in any sense a "bonus." It is a reflection of the desire of the citizens of California to encourage and enable young veterans to fill useful and productive positions in their communities.

It is important to remember that the present tax exemption is limited to those veterans who are small property owners. The exemption is available only to those whose property assessment is \$1,000 and not more than \$5,000.

The veteran contributes full tax rate on the remainder. If the property is assessed in excess of \$5,000 he loses all exemption.

Furthermore, the exemption is strictly limited to veterans who actually served in the armed forces in time of war or in a campaign or expedition for which a medal was issued by the Congress of the United States. Even then, these veterans can only qualify by showing proof of such service.

The people of California are protected from abuse of this exemption provision by the presence of county grand juries throughout the State who investigate and seek prosecution for any fraudulent claims that might be presented.

The average actual tax benefit per exempt veteran is \$78.00 per year for each veteran rightfully claiming his exemption. State Board of Equalization figures show in 1962, 1,111,000 veterans claimed their exemption on property assessed at \$960,859,000. This represents only about 3% of all taxable property in California. Only a small percentage of our veterans claim the exemption—less than half the estimated 2.5 million veterans in the State and less than the total 1.5 million veterans still living in California who went into the service from this State. These are the people to whom the exemption has the most meaning and who are most in need of financial assistance in their personal affairs.

A recent survey shows that approximately one-third of our sister States presently offer a similar tax exemption to their veterans. Can we in California do less for ours?

It is in the best tradition of California history to extend this sort of benefit to all of our citizens, not to limit it to a privileged few. We urge you to vote "NO" on this proposal and to help keep intact California's reputation for fairness and equality to all of its citizens.

VIRGIL O'SULLIVAN  
 Senator from Tehama, Glenn  
 and Colusa Counties

<b>VETERANS' TAX EXEMPTION FOR WIDOWS. Senate Constitutional</b>		<b>YES</b>
<b>5</b>	<b>Amendment No. 15. Increases from \$5,000 to \$10,000 amount of property widow of veteran may own and still receive exemption.</b>	<b>NO</b>

(For Full Text of Measure, See Page 9, Part II)

**Analysis by the Legislative Counsel**

This measure would amend the first sentence of Section 14 of Article XIII. That section, among other things, now provides for a \$1,000 property tax exemption for a surviving widow of a deceased veteran who has died during his term of service or, subject to specified conditions, after discharge. It also provides for an exemption for a pensioned widow a veteran who had otherwise met the service requirement of the section. Each exemption is subject to the condition that the widow not own property of more than \$5,000.

This constitutional amendment would increase from \$5,000 to \$10,000 the maximum amount of property that the surviving widow (other than a pensioned widow) may own and still qualify for the exemption.

**Argument in Favor of Proposition No. 5**

Proposition 5, which affects the veterans tax exemption, restores equity to the treatment of veterans' widows under that exemption.

It eliminates a quirk in the law by which some widows lose their veterans tax exemp-

19920. Upon request of the board, supported by a statement of the apportionments made and to be made under Sections 19551 to 19689, inclusive, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. A sufficient number of bonds authorized under this chapter shall be issued and sold so that seventy million dollars (\$70,000,000) will be available for apportionment on December 5, 1964, or as soon thereafter as such bonds can be issued and sold, and so that twelve million dollars (\$12,000,000) will become available for apportionment on January 5, 1965 and a like amount on the fifth day of each month thereafter until a total of two hundred sixty million dollars (\$260,000,000) has become available for apportionment. However, if the board determines that an additional three million dollars (\$3,000,000) is necessary, a sufficient number of bonds authorized under this chapter shall be issued and sold so that fifteen million dollars (\$15,000,000), rather than twelve million dollars (\$12,000,000), will become available for apportionment on the fifth day of any month after January, 1965. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

19921. In computing the net interest cost under Section 16754 of the Government

Code, interest shall be computed from 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, such computation to be made on a 360-day year basis.

19922. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

19923. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 19915 to pay principal and interest on bonds.

19924. With respect to the proceeds of bonds authorized by this chapter, all the provisions of Section 19551 to 19689, inclusive, shall apply except:

(a) Any reference in Sections 19551 to 19689, inclusive, to "Section 16.5, Article XVI of the Constitution of this State" shall be deemed a reference to this chapter.

(b) Any reference in Sections 19551 to 19689, inclusive, to "Section 19704" shall be deemed a reference to "Section 19915."

19925. Out of the first money realized from the sale of bonds under this act, there shall be repaid any moneys advanced loaned to the State School Building Fund under any act of the Legislature, together with interest provided for in that act.

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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 XIII**

That the second sentence of Section 14 of Article XIII of the Constitution of the State be amended to read:

No exemption shall be made under the provisions of this section of the property of a person who is not legal resident of the State provided, however, **no person described in this section who has served in the Army, Navy, Marine Corps, Coast Guard or Reve-**

**nue Marine (Revenue Cutter) Service of the United States, nor a widow, father, or mother of such person, shall be eligible for an exemption as a result of such service, unless such person was a resident of California either or both (1) at the time of his entry into such service or (2) at the effective date of the amendment of this sentence as proposed at the 1963 Regular Session of the Legislature, except that a widow, father or mother who was eligible for the exemption at the effective date of said amendment of this sentence shall not lose his or her eligibility for the exemption as a result of that amendment. All real property owned by the Ladies of the Grand Army of the Republic and all property owned by the California Soldiers Widows Home Association shall be exempt from taxation.**