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VETERANS' TAX EXEMPTION FOR BLIND VETERANS

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the deduction on an occupancy formula. Under these rules a company's deduction of its real property taxes depends on the percentage of the building occupied by it and its insurance affiliates. The deduction is limited to the percentage of such occupancy plus an expansion or growth allowance. Thus, a company can claim the full deduction only if it occupies 75% or more of its building. As occupancy decreases, the deduction decreases.

This formula continues the spirit of the original deduction which has been beneficial to California's economy but modifies it to meet changing conditions and prevent serious abuse.

California's own companies with home offices are permitted to keep the full deduction until they move into a new building, at which time they become subject to the same formula. Therefore, long range, all companies will be on the formula.

This slight advantage given to California's home industry will bring California into line with the 26 other states which give their home companies some form of tax advantage over out-of-state companies. Some states completely exempt their own companies from premium tax.

A purely technical change made by the measure brings the Constitution into conformity with a 1963 act of the Legislature designed to treat reciprocal insurers and their attorneys-in-fact as a single unit, rather than as separate entities. This unitary approach follows the Federal law and puts all domestic insurers in the same tax position.

This amendment received a unanimous vote in the Senate at the 1966 Session of the Legislature and only two negative votes in the eighty member Assembly. VOTE YES.

CILARLES EDWARD CHAPEL
Assemblyman, 46th District

STEPHEN P. TEALE
Senator, 26th District

Argument Against Proposition No. 8

This proposed constitutional amendment has two major defects and should be soundly rejected by the voters.

The first defect is that it gives a tax break to a small group of insurance companies by extending the provisions of the principal office deduction to attorneys-in-fact. In the next session, the Legislature will be faced with the necessity of making substantial changes in the state tax structure. If we are to start giving tax reductions, we should start by reducing taxes of the property owners of this state, rather than a small group of insurance companies.

The second defect of this measure is that it sets up a grossly discriminatory system of taxation in our state constitution. Out-of-state companies are to have, in effect, a higher net insurance tax rate than in-state companies, with the same type of principal office in California.

We should not use the power of government to give one firm a competitive advantage over any other. The end result of this will be a lessening of competition which will ultimately work to the disadvantage of the consumer. It is also setting a very bad precedent which could lead into a system of favoritism for certain firms through the use of the power of government.

Perhaps the most objectionable aspect to this whole procedure is that it is being sold to the people as a tightening up of an existing loophole. It is granted that this does reduce the principal office deduction for out-of-state insurance firms—but not California firms. This is what causes the objectionable discrimination. However, while closing this loophole it opens another by including the attorneys-in-fact in the definition of insurer. It is very questionable whether there will be any revenue advantage to the state by passage of this measure. At any rate, two defects which are cited above should be compelling reasons to defeat this measure. I am confident that the Legislature can work out a better solution to this problem than the one proposed.

E. RICHARD BARNES, Member
Assembly Committee on Revenue
and Taxation

VETERANS' TAX EXEMPTION FOR BLIND VETERANS. Legislative Constitutional Amendment. Authorizes tax exemption on home of veteran who by reason of a permanent and total service-connected disability is blind. Limits such exemption to \$5,000. Exemption shall apply to 1965-1966 fiscal year.

9

YES	
NO	

(For Full Text of Measure, See Page 34, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this measure is a vote to authorize the Legislature to exempt from local property taxes, not more than \$5,000 of the value of a home of a blind veteran who is blind in both eyes by reason of a permanent and total service-connected disability.

A "No" vote on this measure is a vote to deny the Legislature authority to allow such an exemption.

For further details see below.

Detailed Analysis by the Legislative Counsel

Under Section 14 of Article XIII of the Constitution, qualified veterans, including blind vet-

erans, are now granted a property tax exemption to the amount of \$1,000, if the veteran does not own property valued at \$5,000 or more and the veteran's spouse does not own property valued at \$5,000 or more.

This measure, if approved by the voters, would add Section 14b to Article XIII of the State Constitution to authorize the Legislature to grant to a blind veteran who would otherwise qualify for the \$1,000 veteran's exemption, a property tax exemption on his home of an amount not to exceed \$5,000. This exemption would be in lieu of the \$1,000 exemption. The exemption would be available without regard to the value of property owned by the blind veteran or his spouse, but could not be applied to more than one home.

The exemption would be limited to otherwise qualified veterans who, by reason of a permanent and total service-connected disability incurred in the military or naval service of the United States, are blind in both eyes with visual acuity of 5/200 or less.

The measure would provide that a blind veteran who sells or otherwise disposes of his home, may apply the exemption to the next property he acquires and habitually occupies as his home. It also permits retroactive application of the exemption for the 1965-66 fiscal year in the manner provided by the Legislature.

Argument in Favor of Proposition No. 9

This amendment to the Constitution of California would correct a glaring inequity which has existed in our property tax laws concerning service-connected, totally blind veterans.

For many years we have had on our statute books the provision that veterans who are totally disabled from service-connected injuries; that is, injuries they have received as a result of service in the armed forces of the United States; of the

wheelchair variety, such as paraplegics, etc., shall receive a \$5,000 property tax exemption on their homes. Inadvertently there was not included in this group those people who received injuries while serving in the armed forces as a result of which they became totally blind. Certainly a totally blind war veteran is just as disabled as those who are confined to a wheelchair. This amendment would include the blind veterans of California who became blind as a result of service in the armed forces of their country in the same \$5,000 home exemption as that of the other service-connected, totally disabled veterans. Equity and justice would support the argument that the blind veteran should be put on the same exemption basis as the other totally disabled veterans.

The number of persons affected by this is relatively small—perhaps only forty or fifty in the whole State of California, but in order to do justice to those affected, this measure should be adopted.

EDWIN L. Z'BERG
Member, 9th Assembly District,
California State Legislature

10 **LOANS OF PUBLIC FUNDS. Legislative Constitutional Amendment.** Authorizes Legislature to provide by general law for the loaning of public funds without interest, or the payment of interest on loans made by others, to finance the repair, restoration, or replacement of private property damaged in area declared by Governor to be in a state of disaster.

YES	
NO	

(For Full Text of Measure, See Page 34, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this measure is a vote to give the Legislature specific authority to provide, without regard to constitutional limitations, for interest-free loans of public funds for the purpose of financing the repair, restoration, or replacement of private property damaged or destroyed in an area declared to be in a state of disaster by the Governor. It would also permit the Legislature to provide for payment of interest on loans made from private funds for that purpose.

A "No" vote is a vote that the Legislature, in enacting such measures, must meet existing constitutional limitations.

For further details see below.

Detailed Analysis by the Legislative Counsel

The California Constitution now prohibits the Legislature from making any gift of public funds or lending or pledging the credit of the state, or authorizing such gifts or the lending of the credit of the state, in aid of any person or organization. These prohibitions do not apply where a statewide public purpose is served by the gift, loan, or pledge. Thus, the validity of legislation authorizing the lending or the making a gift of public funds in connection with the repair or replacement of private property damaged or destroyed in a disaster area, depends on whether or not such legislation serves a statewide public purpose.

This measure, if approved by the voters, would give the Legislature express authority to enact general laws, regardless of existing constitutional limitations, to authorize or provide for the lending

of public funds, without interest, or for the payment of interest on loans made by others, to finance the repair, restoration, or replacement of private property damaged or destroyed in any area or region declared by the Governor to be in a state of disaster, where the damage or destruction is a result of the condition which caused the Governor to declare the area or region to be in a state of disaster.

Argument in Favor of Proposition No. 10

Proposition No. 10 is a nonpartisan measure which merits the support of all Californians.

Your Yes vote on Proposition No. 10 would permit the enactment of legislation to enable private businesses and private individuals who are located in areas proclaimed by the Governor to be disaster areas to rebuild, repair or replace private property destroyed by calamity either through the means of (1) noninterest bearing loans made by the state or (2) the state providing for the payment of all or a portion of the interest on private loans made for such purpose.

The state would thus be enabled to act in the situation where the widespread damage and destruction of private property in areas or regions which the Governor declares to be in a state of disaster results in a reduction of the tax base of such areas or regions to such an extent that sufficient revenues cannot be raised by state and local public agencies in such areas or regions to carry on the ordinary functions of such agencies at a time when they are in need of extraordinary revenues to repair, restore, or replace public property which has been damaged or destroyed.

9	VETERANS' TAX EXEMPTION FOR BLIND VETERANS. Legislative Constitutional Amendment. Authorizes tax exemption on home of veteran who by reason of a permanent and total service-connected disability is blind. Limits such exemption to \$5,000. Exemption shall apply to 1965-1966 fiscal year.	YES	
		NO	

(This amendment proposed by Assembly Constitutional Amendment No. 41, 1965 Regular Session, 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 they are **NEW**.)

**PROPOSED AMENDMENT TO
ARTICLE XIII**

Sec. 1½b. The Legislature may exempt from taxation, in whole or in part, the property, constituting a home, of every resident of this state who, by reason of his military or naval service, is qualified for the exemption provided in subdivision (a) of Section 1½ of this article, without regard to any limitation contained therein on the value of property owned by such person or his spouse, and who, by reason of a permanent and total service-

connected disability incurred in such military or naval service is blind in both eyes with visual acuity of 5/200 or less; except that such exemption shall not extend to more than one home nor exceed five thousand dollars (\$5,000) for any person or for any person and his spouse. This exemption shall be in lieu of the exemption provided in subdivision (a) of Section 1½ of this article.

Where such blind person sells or otherwise disposes of such property and thereafter acquires, with or without the assistance of the government of the United States, any other property which such totally disabled person occupies habitually as a home, the exemption allowed pursuant to the first paragraph of this section shall be allowed to such other property.

This section shall apply to such property for the 1965-1966 fiscal year in the manner provided by law.

10	LOANS OF PUBLIC FUNDS. Legislative Constitutional Amendment. Authorizes Legislature to provide by general law for the loaning of public funds without interest, or the payment of interest on loans made by others, to finance the repair, restoration, or replacement of private property damaged in area declared by Governor to be in a state of disaster.	YES	
		NO	

(This amendment proposed by Senate Constitutional Amendment No. 8, 1965 Regular Session, 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 IV**

31d. No provision of this Constitution shall be construed as a limitation upon the power of the

Legislature, by general law, to authorize or provide for the loaning of any public funds, without interest, or to authorize or provide for the payment of interest or a portion of the interest on loans extended by others, to finance the repair, restoration, or replacement of private property damaged or destroyed in any area or region which the Governor has declared to be in a state of disaster as a result of the condition which caused the Governor to declare such area or region to be in a state of disaster.

11	BOXING AND WRESTLING CONTESTS. Amendment of Initiative. Submitted by Legislature. Provides Legislature may amend, revise, or supplement boxing and wrestling initiative act of November 4, 1924.	YES	
		NO	

(This law proposed by Assembly Bill No. 147, 1966 First Extraordinary Session, amends the boxing and wrestling initiative act of November 4, 1924, by adding Section 18608 to the Business and Professions Code; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

SEC. 30. Section 18608 is added to the Business and Professions Code, to read:

18608. The Legislature may amend, revise, or supplement any part of that certain initiative act relating to boxing and wrestling, approved by the electors on November 4, 1924, as embodied in Chapter 2 (commencing with Section 18600) of Division 8 of the Business and Professions Code.