

1968

THE VETERANS BOND ACT OF 1968

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PROPOSED BOND ACTS

Together With Arguments

To Be Submitted to the Electors of the State of California at the

SPECIAL ELECTION

Consolidated With

PRIMARY ELECTION

TUESDAY, JUNE 4, 1968

Compiled by GEORGE H. MURPHY, Legislative Counsel

Distributed by FRANK M. JORDAN, Secretary of State

PART I—ARGUMENTS

FOR THE VETERANS BOND ACT OF 1968. (This act provides for a bond issue of two hundred million dollars (\$200,000,000) to provide farm and home aid for California veterans.)	
AGAINST THE VETERANS BOND ACT OF 1968. (This act provides for a bond issue of two hundred million dollars (\$200,000,000) to provide farm and home aid for California veterans.)	

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

General Analysis by the Legislative Counsel *

A "Yes" vote (a vote FOR BONDS) is a vote to authorize the issuance and sale of state bonds up to \$200,000,000 to provide funds for farm and home purchase aid pursuant to the Veterans' Farm and Home Purchase Act of 1943.

A "No" vote (a vote AGAINST BONDS) is a vote to refuse to authorize the issuance and sale of state bonds for this purpose.

For further details see below.

Detailed Analysis by the Legislative Counsel *

This act, the Veterans Bond Act of 1968, would authorize the issuance and sale of state bonds in an amount not to exceed \$200,000,000. Bond proceeds are to be used to provide a fund for farm and home purchase aid pursuant to the Veterans' Farm and Home Purchase Act of 1943 (Sections 984-987.25, inclusive, Military and Veterans Code).

The act provides that the bonds, when sold, are to be general obligations of the state. Section 3566 of the Elections Code requires the Legislative Counsel to prepare an impartial analysis of measures appearing on the ballot.

state, for which the full faith and credit of the state is pledged. It annually appropriates from the General Fund in the State Treasury the amount necessary to make the principal and interest payments on the bonds as they become due.

Money received as payments of principal and interest under contracts for the purchase or construction of farms and homes by veterans under the Veterans' Farm and Home Purchase Act of 1943 is deposited in a special fund known as the Veterans' Farm and Home Building Fund of 1943. The bond act requires that, on the due dates for 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. If the amount in the special fund is less than the amount of the payments then due, the balance must be transferred to the General Fund as soon as it becomes available, with interest from such dates of maturity at the same rate as is borne by the bonds, compounded semi-annually.

The amounts of the bonds to be issued from time to time are to be determined by the Veterans' Finance Committee of 1943, which consists of the Governor, State Con-

troller, State Treasurer, Director of Finance, and Director of Veterans Affairs.

Argument in Favor of Proposition No. 1

This Bond Act will continue the Cal-Vet farm and home purchase program. This program has served the housing needs of veterans of World War I, World War II, and the Korean War, and is now beginning to serve the housing needs of the returning California servicemen from the Vietnam War. These young men are returning in ever increasing numbers, and will need assistance when they are ready to establish families and buy homes. It is well to remember that California has lost more men in the Vietnam War than any other state. Countless others have been wounded.

This has been a very worthwhile program since its inception in 1921, and has assisted over a quarter of a million veterans to become home and farm owners. The veterans have kept faith with the program by promptly repaying their loans so that bonds from the 13 previous issues are being retired in accordance with their scheduled maturities without expenditure of taxpayers' money. No General Fund moneys are necessary for the operation and maintenance of this program. All expenses of the program are borne by the participating veterans.

The Cal-Vet program has been well managed throughout its 46-year history. All financial records of the Cal-Vet program are audited annually by a nationally recognized firm of accountants. These audit reports have shown conclusively that the program has been well managed financially.

The State cooperates with private enterprise in the operation of this farm and home loan program; private investors provide the money through the purchase of Veterans Bonds; labor and materials are furnished by the building materials industry and the building trades; properties financed with Cal-Vet loans are usually purchased through real estate brokers; the transactions are handled by regularly established escrow and title companies; life, disability, and fire insurance are provided by California companies. The State furnishes the management only, which is paid for by those veterans who participate in the program.

The Department of Veterans Affairs recognizes that even with the passage of this bond issue there will not be sufficient funds to adequately serve the needs of all the returning Vietnam War veterans as well as existing reservoir of Korean War and World War II veterans who have not yet had the opportunity to avail themselves of this benefit. The Department has had studies under way for many months to try to find an alternate means of financing the program.

A vote for this proposition means an authorization to continue the Cal-Vet loan program and insure that California servicemen now fighting in Vietnam will have the same benefits from the State as those who fought in previous wars—all at no cost to the taxpayers.

We sincerely urge your YES vote.

WALTER W. POWERS
Chairman, Assembly Industrial
Relations Committee

GEORGE W. MILIAS
Chairman, Assembly State Personnel
and Veterans Affairs Committee

Argument Against Proposition No. 1

A "No" vote is a sound vote on this measure because the full faith and credit of the State of California is now heavily encumbered by the need of California to sell its bonds for water, education and capital improvements. Proponents proclaim that these bonds are self-supporting and therefore create no problem. It is true that so far they are self-liquidating, but in case of a serious recession they would not be. Mainly, however, they do cost the state money because they compete for the bond market with the bonds for water, education and capital improvements which we must have, thus forcing up the interest rate the state must pay.

Another problem is the pressure exerted on the Legislature to expand the act and use these bonds for re-financing loans instead of buying homes or ranches. This puts the state in the banking business where it should not be.

California should wind this program up. We can start by voting "No" on this measure.

SENATOR CLARK L. BRADLEY

SENATOR JOHN L. HARMER

SENATOR H. L. RICHARDSON

PART II—APPENDIX

1	FOR THE VETERANS BOND ACT OF 1968. (This act provides for a bond issue of two hundred million dollars (\$200,000,000) to provide farm and home aid for California veterans.)
	AGAINST THE VETERANS BOND ACT OF 1968. (This act provides for a bond issue of two hundred million dollars (\$200,000,000) to provide farm and home aid for California veterans.)

This proposed law, by act of the Legislature passed at the 1967 Regular 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

Section 1. Article 5j (commencing with Section 996.971) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5j. Veterans Bond Act of 1968

996.971. This article may be cited as the Veterans Bond Act of 1968.

996.972. The State General Obligation Bond Law, except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" shall be deemed to refer both to this article and such law.

996.973. As used in this article and for the purposes of this article as used in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code, the following words shall have the following meanings:

(a) "Bond" means veterans bond, a state general obligation bond issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(b) "Committee" means the Veterans' Finance Committee of 1943, created by Section 991 of the Military and Veterans Code.

(c) "Board" means the Department of Veterans Affairs.

(d) "Fund" means the Veterans Farm and Home Building Fund of 1943 created by Section 988 of the Military and Veterans Code.

(e) "Bond Act" means this article authorizing the issuance of State General Obligation Bonds and adopting Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code by reference.

996.974. 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 aggregate amount of two hundred million dollars (\$200,000,000), in the manner provided herein, but not otherwise, nor in excess thereof.

996.975. 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 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 on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds 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 remittance dates is less than 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 bond compounded semiannually.

996.976. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this article, such an amount as will equal the following:

(a) 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.

(b) Such sum as is necessary to carry out the provisions of Section 996.977 which sum is appropriated without regard to fiscal years.

996.977. For the purposes of carrying out the provisions of this article the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this article. Any amounts withdrawn shall be deposited in the Veterans' Farm and Home Building Fund of 1943. Any moneys made available under this article to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this article, together with interest at the rate of interest fixed in the bonds so sold.

996.978. Upon request of the Department of Veterans Affairs, supported by a statement of the plans 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.

996.979. So long as any bonds authorized under this article may be outstanding, the Director 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 Veterans Affairs, the members of the California Veterans Board, or, if such board is redesignated by the Legislature as the California Veterans Advisory Board, the members of the California Veterans Advisory 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.

996.980. 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.

996.981. Whenever bonds are sold, out of the first money realized from their sale, there shall be redeposited in the General Obligation Bond Expense Revolving Fund established by Section 16724.5 of the Government Code such sums as have been expended for the purposes specified in Section 16724.5 of the Government Code, which may be used for the same purpose and repaid in the same manner whenever additional sales are made.

FOR BONDS TO PROVIDE JUNIOR COLLEGE FACILITIES. (This act provides for a bond issue of sixty-five million dollars (\$65,000,000).)

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AGAINST BONDS TO PROVIDE JUNIOR COLLEGE FACILITIES. (This act provides for a bond issue of sixty-five million dollars (\$65,000,000).)

This proposed law, by act of the Legislature passed at the 1967 Regular 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-FACE TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

Section 1. This act shall be known and may be cited as the Junior College Construction Program Bond Act of 1968.

Sec. 2. The purpose of this act is to provide the necessary funds to meet the major

building construction, equipment and site acquisition needs of California public junior colleges.

Proceeds of the bonds authorized to be issued under this act, in an amount or amounts which the Legislature shall determine, shall be used for major building construction, acquisition of equipment, and acquisition of sites for California public junior colleges under the Junior College Construction Act (Chapter 18 (commencing with Section 20010) of Division 14 of the Education Code), as it may be amended from time to time, or under any act enacted to succeed the Junior College Construction Act.

Sec. 3. Bonds in the total amount of