

1968

BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES

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BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES California Proposition 3 (1968).
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unless they were taxable when acquired. Under Proposition 2, however, the tax rate on lands owned by outside public agencies will not be set by the local assessor. Instead, it will be locked into the Constitution and cannot be more than the assessed value for 1966 lien date, factored upwards by a very conservative formula which strongly favors big city utilities.

Keep your right to assess the value of all land in your own county—vote NO on proposition.

RICHARD J. DOLWIG
California State Senator
12th Senate District

LEO J. RYAN
California State Assemblyman
27th Assembly District

3 FOR BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES. (This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000).)

AGAINST BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES. (This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000).)

(For Full Text of Measure, See Page 29, 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 to provide funds not to exceed (1) \$200,000,000 for the major building construction, equipment and site acquisition needs of University of California and California State Colleges, and (2) \$50,000,000 for the reconstruction and replacement of substandard buildings in school districts maintaining public elementary and secondary schools in urban areas.

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

For further details see below.

**Detailed Analysis by the
Legislative Counsel**

This act, the State Higher Education and Urban School Construction Program Bond Act of 1968, would authorize the issuance and sale of state bonds in an amount not to exceed \$250,000,000.

Bond proceeds, in an amount not to exceed \$200,000,000, would be used for major building construction, equipment, and site acquisition needs of the University of California and the California State Colleges.

Bond proceeds, in an amount not to exceed \$50,000,000, are to be used for reconstruction and replacement of substandard buildings, constructed prior to 1943 and for related off-site facilities, utilities or improvements, in school districts maintaining public elementary and secondary schools in urban areas, pursuant to the Urban School Construction Aid Law of 1968 (included in this act), which establishes a program authorizing apportionments by the State Allocation Board to school districts for such purposes, with a requirement that each school district receiving an apportionment repay, with interest, one-half of the apportionment.

The act provides that the bonds, when sold, are to be general obligations of the state for the payment of 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.

Bond proceeds to be expended for capital outlay purposes for the University of California and the California State Colleges required to be appropriated in a special section of the annual Budget Act.

The State Construction Program Committee, consisting of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of the Coordinating Council for Higher Education is required to have sufficient bonds issued and sold to carry out projects for which appropriations have been made, or apportionments made, as requested by the Department of Finance and the State Allocation Board, respectively.

Argument in Favor of Proposition No. 3

Passage of Proposition 3 is vital to every family in California. It provides \$200 million for the continued growth of higher education in California, and \$50 million for badly needed school construction in the urban areas of our state.

Here are ten arguments in its favor:

- 1. Increasing Enrollments**—The University of California's nine campuses and the California State Colleges' eighteen campuses increase by 14,000 students annually. We must either provide additional classrooms and laboratories, or shut the door to some very able students by more restrictive admissions policies.
- 2. Over-loaded Already**—The Coordinating Council for Higher Education reports that the University of California is 13% overloaded now and will be 20% over-

loaded by 1972. A similar situation exists in the California State Colleges.

New Campuses—We need to sustain the momentum of new University and State College campuses now being developed. Four new campuses—in San Mateo, Kern, Contra Costa and Ventura Counties—have been authorized but not built because of lack of funds.

4. **Medical Schools**—Some 34% of the funds earmarked for the University of California will go toward the development of three new medical schools—at Davis, San Diego and Irvine. In addition, the veterinary medicine school at Davis is scheduled to be double its size and a similar school in Southern California is planned.
5. **Hard-core Buildings**—Buildings to be constructed with the bond issue are “hard-core” educational facilities. The State does not fund student housing, cafeterias, health centers, intercollegiate athletic facilities or parking. There is no “blank check.” The Legislature and the Governor will approve each individual project.
6. **Matching Money**—The bond issue provides funds that will be matched—in almost equal amounts—by foundations, gift sources and federal funds. Without basic building money, these “matching funds” will be lost.
7. **Toward Pay-As-You-Go**—This is another step toward the principle of “pay-as-you-go.” Minimum needs at present can be met by combining bond issue money, general fund money and tidelands oil revenue.
8. **Elementary and High Schools**—The bond issue also establishes the Urban School Construction Aid Law of 1968 which provides building funds as loans and grants to replace dilapidated, run-down elementary and high school buildings constructed prior to 1943.
9. **Upgrade Education Opportunity**—The bond issue will help improve many schools in the ghetto areas of our cities—thus providing greater education opportunities for minority and economically disadvantaged children.
10. **Delay is costly**—The time to pass this bond issue is now. Construction costs rise at a rate of 5% annually. Bond money is available at 4.5%.

The cost of Proposition 3 to each person in California over the 25 years life of the bonds is estimated at a little more than the price of a pack of cigarettes per year.

Your “yes” vote will provide improved educational opportunity for youngsters in urban schools and will enable the University and State Colleges to provide educational facilities to meet their enrollment needs.

ALBERT S. RODDA
State Senator
Sacramento County

WILLIAM T. BAGLEY
Assemblyman
Marin-Sonoma Counties

WINFIELD SHOEMAKER
Assemblyman
D—From Lompoc

Argument Against Proposition No. 3

There are four substantial reasons for refusing at this time to approve this additional debt for the State. They are as follows:

1. The State now has an outstanding and authorized bonded indebtedness of \$6 Billion 279 Million. This has resulted in a near saturation of the bond market and is creating problems in marketing the State's bonds.
A number of cities, counties, local agencies and rapid transit districts also contemplate the sale of bonds which will add to this already unbalanced and dangerous situation.
2. The minimum interest cost for this bond issue would be \$163,125,000. It could be much higher. Each year this interest cost will add \$16,500,000 to the annual appropriation by the State for interest payments on its outstanding indebtedness.
3. Because of a glutted bond market and a huge backlog of authorized but unsold bonds, the State could not hope to sell these bonds for over two years. Why should we authorize such a bond issue before we can actually use it? Our present authorized but unsold bonded indebtedness now exceeds \$1 Billion 500 Million.
4. The money cannot be used even if it was available for more than two years. In 1966, the voters authorized \$275 Million for school construction bonds—none of which have been sold yet. The last of a \$260 Million authorization for higher education which the voters approved in 1964 was just sold in May of 1968.

The desired purposes for this bond issue can safely wait for at least another two years when the market will be more receptive and the cost to the taxpayer will not be so high.

JOHN L. HARMER
State Senator

3 **THE BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES.** (This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000).)

AGAINST BONDS TO PROVIDE STATE COLLEGE, UNIVERSITY, AND URBAN SCHOOL FACILITIES. (This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000).)

This law proposed by SB 705 by act of the Legislature passed at the 1968 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. This act shall be known and may be cited as the State Higher Education and Urban School 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 the state for purposes of the University of California and the California State Colleges, and to provide necessary funds for the reconstruction and replacement of substandard buildings in school districts maintaining public elementary and secondary schools in urban areas, pursuant to the Urban School Construction Aid Law of 1968.

Proceeds of the bonds authorized to be issued under this act shall be made available for the reconstruction and replacement of substandard buildings in school districts maintaining public elementary and secondary schools in urban areas, pursuant to the Urban School Construction Aid Law of 1968 and in accordance with the provisions of Section 10.5 of this act.

Subject to the provisions of Section 10.5 of this act, 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 site acquisitions for new institutions of public higher education which institutions are approved or authorized by the Legislature subsequent to the adoption of this act by the people.

Sec. 3. Bonds in the total amount of two hundred fifty million dollars (\$250,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in Section 2 of this act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Government Code Section 16724.5. Said bonds shall be known and designated as State Higher Education and Urban School Construction Program bonds and, when sold, shall be and

constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on said bonds as said principal and interest become due and payable.

Sec. 4. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on said bonds maturing in said year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

Sec. 5. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this act, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this act, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 8 of this act, which sum is appropriated without regard to fiscal years.

Sec. 6. Proceeds of the bonds, in amount not to exceed two hundred million dollars (\$200,000,000), issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the State Construction Program Fund. The money so deposited in the fund shall be reserved and allocated solely for expenditure for the major building construction, equipment, and site acquisition needs of the state for purposes of the University of California and the California State Colleges, and only pursuant to appropriation by the Legislature in the manner hereinafter prescribed.

Sec. 7. A section shall be included in the Budget Bill for each fiscal year bearing the caption State Higher Education Construction Bond Act Program. Said section shall contain proposed appropriations only for the major building construction, equipment, and site acquisition needs of the state for purposes of the University of California and the California State Colleges, and no funds derived from the bonds authorized and issued for such purposes may be expended pursuant to an appropriation not contained in said sec-

tion of the Budget Act. The Department of Finance, which is hereby designated as the board for the purposes of this act, shall annually total the Budget Act appropriations referred to in this section and, pursuant to Section 16730 of the Government Code, request the State Construction Program Committee to cause bonds to be issued and sold in quantities sufficient to carry out the projects for which such appropriations were made.

Sec. 8. For the purposes of carrying out the provisions of this act 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 act. Any amounts withdrawn shall be deposited in the State Construction Program Fund, or in the Urban School Construction Aid Fund, and shall be reserved, allocated for expenditure, and expended as specified in Section 6 or Section 10.5 of this act. Any moneys made available under this section 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 act, together with interest at the rate of interest fixed in the bonds so sold.

Sec. 9. The bonds authorized by this act shall be prepared, executed, issued, sold, paid

and redeemed as provided in the State General Obligation Bond Law (Chapter 4 Part 3, Division 4, Title 2 of the Government Code), and all of the provisions of said law are applicable to said bonds and to this act, and are hereby incorporated in this act as though set forth in full herein.

Sec. 10. The State Construction Program Committee is hereby created. The committee shall consist of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of the Coordinating Council for Higher Education. For the purpose of this act the State Construction Program Committee shall be "the committee" as that term is used in the State General Obligation Bond Law.

Sec. 10.5. Proceeds of the bonds, in an amount not to exceed fifty million dollars (\$50,000,000), issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the State Urban School Construction Aid Fund. The money so deposited shall be reserved and allocated for expenditure pursuant to the Urban School Construction Aid Law of 1968.

Upon request of the State Allocation Board, the State Construction Program Committee shall cause bonds to be issued and sold in quantities sufficient to carry out such purposes.

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PERSONAL INCOME TAXES. Legislative Constitutional Amendment. Legislature may provide for reporting and collecting California personal income taxes by reference to provisions of present or future laws of the United States and may prescribe exceptions and modifications thereto. Prohibits change in state personal income tax rates based on future changes in federal rates.

4

YES

NO

(This amendment proposed by Senate Constitutional Amendment No. 18, 1968 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. 11 $\frac{1}{4}$. (a) Except as provided in subdivision (c), the Legislature may simplify the reporting and collecting of California personal income taxes, notwithstanding any other provision of this Constitution, by ref-

erence to any provision of the laws of the United States as the same may be or become effective at any time or from time to time, and may prescribe exceptions or modifications.

(b) The phrase "any provision of the laws of the United States" shall not refer to the amount of any federal tax on, in respect to, or measured by, personal income which is computed under any provision of the federal laws.

(c) The Legislature shall not enact any statute which directly or indirectly provides for a change in state personal income tax rates based upon future changes in personal income tax rates of the United States.