

1968

HOSPITAL LOANS

Follow this and additional works at: http://repository.uchastings.edu/ca_ballot_props

Recommended Citation

HOSPITAL LOANS California Proposition 5 (1968).
http://repository.uchastings.edu/ca_ballot_props/703

This Proposition is brought to you for free and open access by the California Ballot Propositions and Initiatives at UC Hastings Scholarship Repository. It has been accepted for inclusion in Propositions by an authorized administrator of UC Hastings Scholarship Repository. For more information, please contact marcusc@uchastings.edu.

Proposition 4 benefits the rich at the expense of middle and lower income families. Under the guise of conformity, federal exemptions, which are much lower than the State's could easily be adopted resulting in a major downward shift of the tax burden from the wealthy to the middle and lower income groups. In addition, with full conformity to federal law, Proposition 4 would mean an automatic tax windfall of up to \$100 for persons owning stock.

Proposition 4 discriminates against veterans and military personnel. Proposition 4 would remove the California tax law which now provides that the first \$1,000 of military pay (active duty, reserve duty, and retired persons) is exempt from the state income tax. All of these citizens would lose that benefit if California conforms to federal tax laws.

Proposition 4 would mean that federal tax law would automatically become state law. Why should California taxpayers shift the responsibility for enactment of state tax laws to the federal government? Only 38 out of 435 members of the House of Representatives and only 2 of the 100 members of the Senate are elected by Californians. The practice of adopting federal law "by reference" as this measure proposes, could spread from tax to automatic state adoption of many other federal laws.

Californians would be giving up most of the responsibility of the state government.

Dilution of accountability for tax legislation will not best serve California's taxpayers. Responsibility for increases in your state income tax should not be divided between Sacramento and Washington. The legislative body spending the tax dollar should be solely answerable to the electorate for levying the tax. This is the best assurance that your elected representatives will carefully balance the interests of taxpayers and the beneficiaries of state appropriations.

A NO vote on Proposition 4 will protect the spendable wages of the lower income families living and working in California.

A NO vote on Proposition 4 will protect the tax right of veterans and military personnel living and working in California.

A NO vote on Proposition 4 will assure all Californians that our tax laws will be made by California legislators, not by elected representatives from other states.

We do not see how this proposal will do anything for the ordinary taxpayer. Its implications are too serious to be put into our Constitution. I urge all Californians to vote NO on Proposition 4.

RICHARD J. DOLWIG
California State Senator
12th Senate District

JOHN J. MILLER
California State Assemblyman
17th Assembly District

5 HOSPITAL LOANS. Legislative Constitutional Amendment. Authorizes Legislature to insure or guarantee loans to nonprofit corporations and public agencies for construction, improvement, or repair of any public or nonprofit hospital and other specified facilities, and for purchase of original equipment therefor.

YES

NO

(For Full Text of Measure, See Page 31, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this measure is a vote to authorize the Legislature to insure or guarantee loans made by private or public lenders to nonprofit corporations and public agencies for the construction or improvement of any public or nonprofit hospital or hospital facility, extended care facility, or facility for the treatment of mental illness, and any original equipment for any such hospital or facility.

A "No" vote is a vote to retain existing constitutional limitations upon the power of the Legislature to insure or guarantee such loans.

For further details see below.

Detailed Analysis by the Legislative Counsel

The State Constitution now contains various provisions which, as construed by the

courts, limit the power of the Legislature to insure or guarantee loans.

This measure, if approved by the voters, would add a new Section 21.5 to Article XIII of the California Constitution to give to the Legislature the power, unlimited by any other provision of the State Constitution, to insure or guarantee loans made by private or public lenders to nonprofit corporations and public agencies for specified purposes. The purposes for which the proceeds of the insured loans could be used would be the construction, expansion, enlargement, improvement, renovation or repair of any public or nonprofit hospital, hospital facility, extended care facility, or facility for the treatment of mental illness, including any outpatient facility and any other facility useful or convenient in the operation of the hospital, and any original equipment for any such hospital or facility.

Argument in Favor of Proposition No. 5

A "Yes" vote for Proposition #5 will assure that California can continue to build necessary community hospitals, clinics, tuberculosis hospitals, and facilities for the mentally ill and retarded, assisted by the Hill-Harris Health Facilities Construction Program.

20 Years of Progress: Since 1947, California communities needing to provide health facilities for the growing population have relied upon Hill-Harris funds granted by the Federal and State governments, matched by local fund drives and bond elections. California's Constitution was amended in 1952 to enable our State to participate more fully. Now it has become more difficult to provide the State share.

Could Save \$20 Million: A "Yes" vote on Proposition #5 will authorize a constructive alternate State-supported mortgage insurance plan to match Federal funds. It could save California taxpayers \$20 million per year. Instead of outright grants of money, the State would help necessary hospital projects by providing mortgage insurance to improve the ability of sponsoring organizations to borrow more money for longer periods at lower interest rates.

Would Be Self-Supporting: Hospital leaders, who ask for a "Yes" vote on Proposition #5, intend the program to be self-supporting. Loan fees would provide administrative costs and reserves for possible default, making the use of tax money unnecessary.

Projects Must Be Approved: Only properly planned health facilities in areas of greatest need would obtain State-supported mortgage insurance. Projects would be approved by the Advisory Hospital Council, assuring fair administration.

Physician-Senator Knows Need: The author of Proposition #5 has been a physician in California for more than 25 years. He knows the difficulties of hospital construction financing. Hospitals are high-cost, single-purpose buildings. A "Yes" vote on Proposition #5 will help California communities keep pace with health care needs.

STEPHEN P. TEALE, M.D.
State Senator
Calaveras County
LOU CUSANOVICH
State Senator
Los Angeles County
JOSEPH M. KENNICK
State Senator
Los Angeles County

Argument Against Proposition No. 5

Senate Constitutional Amendment 28 approved by the voters of California, will extend the credit of the State of California to the financing of non-profit corporations and public agencies, by insuring or guaranteeing the loans which they receive, for construction, improvements and the purchase of equipment in the area of hospitals, hospital facilities, extended care facilities, including out-patient facilities and a facility for the treatment of mental illnesses.

To the extent that the use of the enabling legislation, which the Legislature will have to adopt if this constitutional amendment is approved, applies to any of these facilities provided by public agencies, there is probably no objections to the proposed amendments. However, the measure would allow private lenders to finance the construction by non-profit corporations of all of these facilities which is quite a different matter.

This could lead to an over-building to such a degree that the state could readily find itself in the position of having to take over and then try to dispose of the facilities at a loss to the taxpayers.

Again, if the measure was limited to general non-profit hospitals so far as private lenders were concerned, this would not be so objectionable, but the measure is too extensive and cannot in this respect be compared to the California Veteran Home Farm Program, which program deals with the individual ownership of a home or farm. The measure is also objectionable in that it allows the state to lend its credit to underwrite the expansion, renovation and repair, as well as, the purchase of original equipment. In no area such as this has the state ever before loaned its credit. The proposition is too broad and should receive a "no" vote.

SENATOR H. L. RICHARDSON
SENATOR JOHN G. SCHMITZ
SENATOR CLARK L. BRADLEY

HOSPITAL LOANS. Legislative Constitutional Amendment. Authorizes Legislature to insure or guarantee loans to nonprofit corporations and public agencies for construction, improvement, or repair of any public or nonprofit hospital and other specified facilities, and for purchase of original equipment therefor.	YES	
	NO	

(This amendment proposed by Senate Constitutional Amendment No. 28, 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**.)

of which are to be used for the construction, expansion, enlargement, improvement, renovation or repair of any public or nonprofit hospital, hospital facility, or extended care facility, facility for the treatment of mental illness, or all of them, including any outpatient facility and any other facility useful and convenient in the operation of the hospital and any original equipment for any such hospital or facility, or both.

PROPOSED AMENDMENT TO ARTICLE XIII

Sec. 21.5. The Legislature shall have the power to insure or guarantee loans made by private or public lenders to nonprofit corporations and public agencies, the proceeds

No provision of this Constitution, including but not limited to, Section 1 of Article XVI and Section 18 of Article XI, shall be construed as a limitation upon the authority granted to the Legislature by this section.

6 INSURANCE COMPANIES: GROSS PREMIUM TAX. Legislative Constitutional Amendment. Permits Legislature to exclude from base of gross premium tax on insurance companies premiums on contracts providing retirement benefits for persons employed by public schools, public or nonprofit educational institutions of collegiate grade, or school or nonprofit organization engaged in scientific research.	YES	
	NO	

This amendment proposed by Assembly Constitutional Amendment No. 34, 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**.)

Section 14 $\frac{1}{2}$ of this article all premiums paid on contracts providing retirement benefits issued on the lives of persons who, at the time of such issuance, are in the employ of (1) a public school or public educational institution of collegiate grade or (2) a nonprofit educational institution of collegiate grade, school or nonprofit organization engaged in scientific research.

PROPOSED AMENDMENT TO ARTICLE XIII

Sec. 35.5. The Legislature may exclude from the basis of the annual tax imposed by

7 STATE FUNDS. Legislative Constitutional Amendment. Legislature may provide that money allocated from the State General Fund to any county, city and county, or city may be used for local purposes.	YES	
	NO	

(This amendment proposed by Assembly Constitutional Amendment No. 20, 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 indicated that they are **NEW**.)

PROPOSED AMENDMENT TO ARTICLE XIII

Sec. 12. Money allocated by the Legislature from the State General Fund to any county, city and county, or city may be used when specified by the Legislature for county, city and county, or city purposes, as the case may be.