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INSURANCE COMPANIES: GROSS PREMIUM TAX

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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	

(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 exclude premiums paid on contracts for retirement benefits for employees of educational institutions and nonprofit organizations engaged in scientific research from the basis of the annual tax levied on insurance companies.

A "No" vote is a vote against authorizing the Legislature to grant this exclusion.

For further details see below.

Detailed Analysis by the Legislative Counsel

Section 14-4/5 of Article XIII of the State Constitution now imposes an annual tax on insurance companies based on the premiums received by the companies in doing business in California.

If approved by the voters, this measure would add Section 35.5 to Article XIII to authorize the Legislature to exclude from basis of the insurance tax, all premiums paid on retirement benefit contracts issued on the lives of persons who, at the time of the issuance of the contracts, are employed by (1) a public school or a public educational institution of collegiate grade or (2) a nonprofit educational institution of collegiate grade, school or nonprofit organization engaged in scientific research.

Argument in Favor of Proposition No. 6

Proposition 6 has been placed before the voters by action of the California Legislature because of a recent Supreme Court decision subjecting the retirement programs of California's independent, non-tax-supported colleges and universities to discriminatory taxation.

Proposition 6, unanimously adopted by both houses of the Legislature, is supported by all of the private four-year accredited colleges and universities in California as well as by public segments of education in the State.

Proposition 6 Will Permit the Legislature to Avoid the Imposition of a Discriminatory Tax on Our Independent Colleges and Universities.

The retirement programs of state-supported colleges and universities are not subject to taxation, and the imposition of such tax on private educational institutions would place them at a distinct disadvantage in the recruiting and retaining of high-quality faculty and administrative personnel.

Passage of Proposition 6 will permit the Legislature to equalize the tax treatment of the public and private sectors of education.

Passage of Proposition 6 Will Not Reduce State Revenue.

Since this proposed Constitutional Amendment merely authorizes the Legislature to continue tax relief on retirement programs of colleges and universities and other similarly situated schools and organizations, approval of Proposition 6 would not result in a reduction in the revenue of the State. Such retirement programs have not been subjected to the tax in the past.

Private Education Vitally Important to the State.

Independent colleges and universities now save California taxpayers millions of dollars annually by educating 25 percent of all such students in the State. If all students now attending independent colleges and universities were enrolled in state-supported institutions, the cost to California taxpayers would exceed \$150,000,000 annually. And this does not include the value of the land, buildings and equipment, which have been privately financed. These independent educational institutions today are faced with a financial crisis; and it is of vital importance that they be allowed to operate free from discriminatory taxation.

Proposition 6 Has Bipartisan Support.

Proposition 6 was supported in the Legislature by both Democratic and Republican members; and was adopted without a negative vote.

We strongly urge a YES vote on Proposition 6.

BOB MORETTI
Chairman of the Assembly Committee on Finance and Insurance

JESSE M. UNRUH
Speaker of the Assembly

ROBERT T. MONAGAN
Assembly Republican Leader

Argument Against Proposition No. 6

There is no good reason why employees of Public Schools and Colleges should receive preferred treatment over the rest of the population, in regard to taxation of insurance premiums for their retirement program.

These employees already are the recipients of many advantages and benefits through

their employment in the public educational system.

However, in view of the grossly unsatisfactory performance of the public educational system in California, in fulfilling its primary function—instilling good citizenship,—the People of the State of California should be no longer indulgent with regard to the requests of the public educational system, no matter how minor.

The time has come for the People to take a tight rein over their public educational system (both state and local). All requests for funds, benefits and preferred treatment should be carefully scrutinized because to a large degree, the public educational system is undermining the moral fabric of our youth, and weakening the state and nation, through its permissive methods, and abandonment of fundamentals and proper discipline.

Here in Berkeley, the city's public schools have become centers for sociological experimentation, instead of education. School taxes have risen sharply, while school discipline has become lax, disturbances are common, leftist political indoctrination is prevalent, and radical political agitation unimpeded.

The University of California, at Berkeley, has become a privileged sanctuary for many

types of political agitation and subversion. This institution, as presently constituted a major threat to the continued survival of the United States as a free nation.

Moreover, the University of California, statewide, through its many programs and research projects, has intentionally been moving our state and nation towards Socialism.

The much defended code of Academic Freedom, is a mockery at the University of California, at Berkeley. Their kind of Academic Freedom excludes free speech by patriotic American constitutionalist conservatives. 90% of the Berkeley campus activities are slanted towards the Left.

For the above reasons, I respectfully suggest that the People of the State of California express their dissatisfaction with the performance of their public educational system.

A NO vote on this Amendment proposal will indicate to the authorities that no preferred treatment will be given to any matter connected with the public educational system until there is a return to the basic and proven principles of proper education.

FRED E. HUNTLEY
972 Grizzly Peak Blvd.
Berkeley, California

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	

(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 permit the Legislature to allocate money from the General Fund of the state to any county, city and county, or city, to be used for local purposes.

A "No" vote is a vote to retain the present law, which permits the Legislature to allocate state money to local agencies for state purposes only.

For further details see below.

Detailed Analysis by the Legislative Counsel

The Constitution now prohibits the Legislature from allocating money to counties, cities and counties, or cities, for a purpose which is not a state purpose.

This measure, if adopted, would authorize the Legislature to allocate money from the General Fund of the state to any county, city and county, or city, for county, city and county, or city purposes, as well as for state purposes.

Argument in Favor of Proposition No. 7

A "YES VOTE" on Proposition No. 7 will permit the Legislature to authorize use of

existing state allocated funds by cities and counties for city and county purposes. State allocations to counties and cities must now be used for state purposes even though the revenue being allocated by the state is a replacement for taxes which at one time were levied and collected locally.

Two examples are motor vehicle license fees and cigarette taxes. When motor vehicles were assessed and taxed locally as personal property, the revenue went into local general funds. The same thing is true of cigarette taxes. Both of these taxes are now levied and collected by the state in lieu of any local taxes and the revenue is returned to counties and cities. However, when the revenue is returned to counties and cities it must be put in a special fund to be used for state purposes. The effect of the present law is to keep the pressure on property taxes and other new sources of local revenue for local purposes.

A "YES VOTE" on Proposition No. 7 is an essential step toward tax reform in California. The Governor has said that "Any significant tax reform program in our state must involve a reallocation of the functions and tax resources of our governments at both the state and local level." Approval of

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 14½ 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.