

1928

AUTHORIZING QUASI-PUBLIC CORPORATIONS TO EXTEND TERM OF EXISTENCE

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

Recommended Citation

AUTHORIZING QUASI-PUBLIC CORPORATIONS TO EXTEND TERM OF EXISTENCE California Proposition 14 (1928).
http://repository.uchastings.edu/ca_ballot_props/243

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.

<p>AUTHORIZING QUASI-PUBLIC CORPORATIONS TO EXTEND TERM OF EXISTENCE. Senate Constitutional Amendment 22. Amends Section 7, Article XII, of Constitution. Authorizes any quasi-public corporation to extend its term of existence, prior to expiration thereof, for 14 not exceeding fifty years from date of extension, by vote or written consent of stockholders representing two-thirds of its stock or of two-thirds of its members; extension of any corporation's term not to extend term of any franchise previously held, owned or controlled by it; requires public utility corporation first obtain written consent of Railroad Commission or body having jurisdiction over issuance of its securities.</p>	YES	
	NO	

(For full text of Measure see page 41, Part II)

Argument in Favor of Senate Constitutional Amendment No. 22

This amendment will permit corporations engaged in public utility business to extend their term of existence for a period not exceeding fifty years by a vote of holders of two-thirds of their capital stock. All other corporations already have this right. Public utility corporations will be required to obtain the consent of the Railroad Commission before they can exercise the right granted by this amendment.

The amendment was referred to the Railroad Commission and all amendments and changes suggested by the commission were incorporated in the text. It was approved by both houses of the legislature.

The amendment expressly provides that the extension of the term of existence of any corporation shall not be construed as extending any franchise held by it.

Many public utility corporations are well along in their corporate life. They can not at present extend their existence, but when their legal life expires, their stockholders must organize new corporations to take over their properties and continue their business. This is an expensive and cumbersome procedure. It means

winding up the affairs of the old corporation, transferring its properties to the new corporation, setting up new accounts and getting out new stock and bond issues, all of which involves not only expense but interruption of business and sometimes delay in providing for constantly growing demands for service.

Public utility corporations issue long-term mortgage bonds and by so doing obtain low interest rates. It is obviously not practicable for a corporation to do this when it approaches the end of its term of existence.

The amendment will relieve the situation. It will permit such corporations to extend their life as other corporations now do; it will save the trouble and expense of organizing new corporations and transferring business and properties to them. It will save large sums that otherwise have to be paid as high interest rates on short-term bond issues.

We recommend that the voters of California vote "YES" on this amendment.

H. C. NELSON,
State Senator, First District.

RALPH E. SWING,
State Senator, Thirtieth District.

veterans' welfare act, providing land settlement for veterans (statutes of 1921, chapter 580), and provisions of the "Veterans' farm and home lease act," providing farm and home aid for veterans (statutes of 1921, chapter 519) is hereby approved, adopted, legalized, validated and made fully and completely effective irrespective of the vote that may be cast upon the proposition of approving or disapproving such veterans' welfare bond act of 1921 at the general election of November 7, 1922. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action.

And provided, still further, that notwithstanding the restrictions contained in this constitution, the treasurer of any city, county, or city and county shall have power and it shall be his duty to make such temporary transfers from the funds in his custody as may be neces-

sary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in his custody and are paid out solely through his office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed eighty-five per cent of the taxes accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the taxes accruing to such political subdivision before any other obligation of such political subdivision is met from such taxes.

AUTHORIZING QUASI-PUBLIC CORPORATIONS TO EXTEND TERM OF EXISTENCE. Senate Constitutional Amendment 22. Amends Section 7, Article XII, of Constitution. Authorizes any quasi-public corporation to extend its term of existence, prior to expiration thereof, for **14** not exceeding fifty years from date of extension, by vote or written consent of stockholders representing two-thirds of its stock or of two-thirds of its members; extension of any corporation's term not to extend term of any franchise previously held, owned or controlled by it; requires public utility corporation first obtain written consent of Railroad Commission or body having jurisdiction over issuance of its securities.

YES	
NO	

ate Constitutional Amendment No. 22—A resolution to propose to the people of the State of California that section seven of article twelve of the constitution of said state relating to the extension of franchises and charters and the remission of forfeitures of franchises and charters of corporations be amended.

Be it resolved by the Senate, the Assembly concurring, That the Legislature of the State of California, at its forty-seventh regular session commencing the third day of January, 1927, two-thirds of the members elected to each of the houses thereof voting in favor thereof, hereby proposes to the people of the State of California an amendment to the constitution of this state, viz: that section 7 of article XII of said constitution be so amended that said section shall read as follows:

PROPOSED AMENDMENT

(Proposed changes in provisions are printed in black-faced type)

Sec. 7. The Legislature shall not extend any franchise or charter, nor remit the forfeiture of any franchise or charter of any quasi-public corporation now existing or which shall hereafter exist under the laws of this state. The term of existence of any corporation now or hereafter existing under the laws of this state, may be extended, at any time prior to the expiration of its corporate existence, for a period not exceeding fifty years from the date of such extension, by the vote or written consent of stockholders representing two-thirds of its capital stock or of two-thirds of the members thereof; provided, in the case of corporations engaged in public utility business the written consent of the railroad commission or such governing body having jurisdiction over the issuance of securities of such corporations, is first obtained. A certificate of such vote or consent shall be signed and sworn to by the president and secretary, and by a majority of the directors or trustees of the corporation and filed and certified in the manner and upon payment of fees required by law for filing and certifying articles of incorporation, and thereupon the

term of existence of the corporation shall be extended for the period specified in such certificate, and such corporation shall thereafter pay all annual or other fees required by law to be paid by such corporation. The extension of the term of existence of any corporation shall in no case be construed as extending the term of existence of any franchise held, owned or controlled by such corporation prior to the time of such extension.

And be it further resolved by the Senate, the Assembly concurring, That the Legislature of this state hereby submits said proposed amendment to the people of this state for adoption at the next ensuing general election, in the manner and after the publication provided for in the sections of the Political Code of the State of California then in force and effect relating to general elections and the submission and adoption of proposed constitutional amendments.

EXISTING PROVISIONS

(Provisions proposed to be repealed are printed in italics)

Sec. 7. The Legislature shall not extend any franchise or charter, nor remit the forfeiture of any franchise or charter of any quasi-public corporation now existing or which shall hereafter exist under the laws of this state. The term of existence of any *other* corporation now or hereafter existing under the laws of this state, may be extended at any time prior to the expiration of its corporate existence, for a period not exceeding fifty years from the date of such extension, by the vote or written consent of stockholders representing two-thirds of its capital stock or of two-thirds of the members thereof. A certificate of such vote or consent shall be signed and sworn to by the president and secretary, and by a majority of the directors of the corporation and filed and certified in the manner and upon payment of fees required by law for filing and certifying articles of incorporation, and thereupon the term of the corporation shall be extended for the period specified in such certificate, and such corporation shall thereafter pay all annual or other fees required by law to be paid by *corporations*.