

7-10-1974

Alcoholic Beverages

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OFFICE OF THE ATTORNEY GENERAL

Department of Justice

555 CAPITOL MALL, SUITE 550
SACRAMENTO 95814

FILED

In the office of the Secretary of State
of the State of California

JUL 10 1974

EDMUND G. BROWN Jr., Secretary of State

By *Cashmere M. Apperson*
Deputy Secretary of State

July 9, 1974

Hon. Edmund G. Brown, Jr.
Secretary of State
111 Capitol Mall
Sacramento, California 95814

Re: Initiative - Constitutional Amendment
Alcoholic Beverages

Dear Mr. Brown:

Pursuant to the provisions of section 3507 of the Elections Code, you are hereby informed that on this day we mailed to Mr. Patrick H. O'Shaughnessy and Ms. Bunny Roth, as proponents, the following title and summary:

ALCOHOLIC BEVERAGES. INITIATIVE CONSTITUTIONAL AMENDMENT. Provides that after March 1, 1975, sale of all alcoholic beverages for consumption in California shall be only by the State. Net sales revenues shall be deposited in "Local Government Distribution Fund" and disbursed to local governments therefrom. Creates Department of Revenue to control distribution and sale of alcoholic beverages. On March 1, 1975 employees of every business licensed to sell alcoholic beverages shall become employees of Department. Present retail licensees eligible for employment with Department as manager of formerly owned business. Directs issuance of revenue bonds in amount of \$100 million dollars. If this proposed initiative is adopted there will be no on-going net state costs. It may require substantial start-up costs which would be recoverable.

Enclosed herewith is a declaration of mailing thereof, and a copy of the proposed measure.

Very truly yours,

EVELLE J. YOUNGER
Attorney General

[Signature]
J. M. SANDERSON
Deputy Attorney General

JMS:PH
Encs.

DECLARATION OF SERVICE BY MAIL

I, Pauline Hutson, declare as follows:

I am a citizen of the United States, over the age of 18 years and not a party to the within action; my place of employment and business address is: 555 Capitol Mall, Suite 550, Sacramento, California 95814.

On July 9, 1974, I served the attached Letter to Secretary of State in re the title and summary and the proposed initiative.

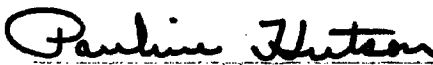
by placing a true copy thereof in an envelope addressed to the persons named below at the address set out immediately below each respective name, and by sealing and depositing said envelope in the United States Mail at Sacramento, California, with postage thereon fully prepaid. There is delivery service by United States Mail at each of the places so addressed, or there is regular communication by mail between the place of mailing and each of the places so addressed:

Mr. Patrick H. O'Shaughnessy
76 Third Street, No. 725
San Francisco 94103

Ms. Eunny Roth
317 Tenth Street
San Francisco, CA

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 9, 1974, at Sacramento, California 95814.



/s/ Pauline Hutson
Declarant

Proposed Amendment
To The
CONSTITUTION OF THE STATE OF CALIFORNIA

ARTICLE XXVIII

Part Three

1 CALIFORNIA FOUNDATION FOR ECONOMIC JUSTICE
76 Third Street #725
2 San Francisco, California 94103
Telephone: (415) 362-9210
3
4
5

6 REQUEST TO THE ATTORNEY GENERAL FOR TITLE
7 AND SUMMARY OF PROPOSED INITIATIVE MEASURE
8
9

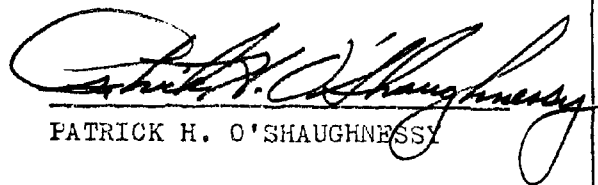
10 TO THE ATTORNEY GENERAL OF CALIFORNIA:
11

12 We, the undersigned, being the proponents of the attached
13 initiative measure, hereby submit the draft of the measure and
14 request that you prepare a title and a summary of its principal
15 points and purposes.

16 The foregoing is submitted pursuant to Article IV, Section
17 1 of the Constitution of the State of California.
18

19 Dated: March 22, 1974.

20
21 Signed:


PATRICK H. O'SHAUGHNESSY

22
23
24
25
26 
BUNNY ROTH
27
28
29
30
31
32

1
2 INITIATIVE MEASURE TO BE SUBMITTED
3 DIRECTLY TO THE ELECTORS
4
5

6 Proposed Amendment
7 To The
8 CONSTITUTION OF THE STATE OF CALIFORNIA
9

10 ARTICLE XXVIII

11 Part Three
12

13 The following provisions are enacted to recover part of the
14 approximately three billion, six hundred million dollars (\$3.6
15 billion) which will become lost to county and municipal govern-
16 ments by the exemption of nearly all residence property from tax-
17 ation, and also to recapture part of the approximately five hun-
18 dred million dollars (\$500 million) by which annual residential
19 tenant assistance payments will exceed the amount of tax payments
20 made by landlords of residential property.
21

22 Section 27. Beginning March 1, 1975 all alcoholic bevera-
23 ges of every type which are not clearly marked for consumption
24 outside this State shall be sold only by the State of California.
25 The foregoing shall extend to every level of traffic except for
26 sales made by a distillery, winery or brewery. But products sold
27 by a manufacturer for consumption within this State shall be pur-
28 chased only by the State itself. All revenue realized from the
29 sales of alcoholic beverages shall be transferred on the first
30 day of each month to the State Board of Equalization where it
31 shall be held in trust as part of the Local Government Distribu-
32 tion Fund.

1 Section 28. Administrative control of the distribution and
2 sales of alcoholic beverages, both at wholesale and at retail,
3 shall be exclusively placed in the Department of Revenue of the
4 State of California, the establishment of which Department is
5 hereinafter provided. Subject only to existing provisions of law
6 concerning hours of retail sales and the minimum age of persons
7 who may purchase alcoholic beverages for consumption, which pro-
8 visions shall remain within the authority of the legislature, the
9 Department of Revenue shall oversee the distribution of alcoholic
10 beverages in a manner pointed toward the health, safety and wel-
11 fare of the people of this State, and the authority of every other
12 agency to regulate any aspect of the transportation or sale of any
13 alcoholic beverage is hereby terminated.

14
15 Section 29. Beginning March 1, 1975 every employee of every
16 business which was previously licensed to sell alcoholic beverages
17 either at wholesale or at retail, and whose principal duties
18 of employment were confined to the alcoholic beverage aspect
19 of his employer's business, shall become an employee of the De-
20 partment of Revenue at a compensation equal to one hundred and
21 ten per cent of his former rate of pay, but not to exceed twenty
22 thousand dollars (\$20,000.00) per year. The collective bargain-
23 ing arrangements of labor organizations whose members become em-
24 ployees of the Department of Revenue shall continue to be fully
25 operative.

26
27 Section 30. Every retail licensee whose name appears upon
28 his license shall be eligible for employment with the Department
29 of Revenue as manager of the business formerly owned by him, and
30 at a compensation equal to one hundred and twenty per cent of the
31 wage owing to a manager under the collective bargaining agreement
32 applicable to his area but without applying the ten per cent

1 increase provided by Section 29. Such employment of a retail li-
2 censee shall be further subject to the following requirements:

3 1. The licensee must have applied for his license prior to
4 the date when this Article was filed for delivery to the Attorney
5 General for his ballot initiative summary;

6 2. The licensee must have earned no more than fifteen
7 thousand dollars (\$15,000.00) of his 1974 adjusted gross income
8 from sources other than the retailing of alcoholic beverages at a
9 single location;

10 3. During 1974 the licensee must have worked upon his pre-
11 mises, and exclusively within the alcoholic beverage aspect of his
12 business, for no fewer than one thousand, seven hundred hours;

13 4. In the case of multiple qualified licensees at the same
14 premises the premium portion of the compensation shall be equally
15 divided among all of them.

16
17 Section 31. In assuming control of the sales of alcoholic
18 beverages the Department of Revenue shall have full exercise of
19 the property-condemnation authority of this State. When a former
20 licensee's interest in his premises was by virtue of a leasehold
21 agreement the State of California shall at its option become sole
22 assignee of all rights owing to the former tenant, notwithstanding
23 that the lease agreement precluded the tenant from assigning or
24 subletting his interest in the premises. If the former licensee
25 is the legal owner of the premises the Department may either nego-
26 tiate a lease or acquire such interest through condemnation pro-
27 ceedings, but no purported agreement between the Department and
28 any other party shall bind the State under any principle of law or
29 equity until the agreement has been ratified by both houses of the
30 Legislature. The Department shall not purchase real estate in
31 connection with the retail sales of alcoholic beverages.

32 * * * * *

1 Section 32. To implement the provisions of this Part the
2 State Treasurer is hereby directed immediately to issue revenue
3 bonds of the State of California in the amount of one hundred mil-
4 lion dollars (\$100 million). The bonds shall have a ten year ma-
5 turity and shall bear interest at the lowest rate which the Treas-
6 urer, the Controller and the Director of Finance shall by majority
7 vote determine to be sufficient for complete sale of the bonds,
8 but the rate of interest shall not exceed seven per cent. Begin-
9 ning April 1, 1975, and on the first day of each subsequent month,
10 the Department of ~~Finance~~ ^{Revenue} shall cause fifteen per cent of the rev-
11 enue realized from the sales of alcoholic beverages, after deduct-
12 ing only expenses for payment of wages, to be transferred to the
13 State Treasurer for payment of interest upon the bonds and to in-
14 crement the fund for retirement of the bonds at their maturity.
15 When the cumulative funds thusly transferred equals ten million
16 dollars (\$10 million) plus the total amount of interest owing up-
17 on the bonds during the current year, no further transfer of funds
18 shall be made to the State Treasurer until February 1 of the fol-
19 lowing year. The revenue minus payroll realized from the sales of
20 alcoholic beverages shall be the exclusive source of payment to
21 the holder of any bond issued under the authority of this Section,
22 and obligations arising under such bonds shall be deemed neither
23 to be a general obligation of the State of California nor to be
24 secured by any property of this State.

25
26 Section 33. Beginning May 1, 1975, and on the first day of
27 each month thereafter, the Department of Revenue shall cause all
28 of the net revenue realized from the sales of alcoholic beverages
29 to be transferred to the Board of Equalization to be held in
30 trust as part of the Local Government Distribution Fund. "Net
31 revenue" shall be that amount of the gross revenue which remains

32 * * * * *

1 after the Department has met its obligation to the State Treasurer
2 as set forth within Section 31, and has also met all operating ex-
3 penses incurred during the previous month. The Department shall
4 also retain sufficient funds to maintain a cash account of three
5 hundred dollars (\$300.00) at each retail premises.

6
7 Section 34. Funds which become part of the Local Govern-
8 ment Distribution Fund shall be distributed to counties and muni-
9 cipalities in accordance with the following provisions:

10 (a) Each person residing within this State shall represent
11 five shares of the Local Government Distribution Fund. The county
12 in which each person resided during a majority of the previous tax
13 year shall receive three shares of the fund. The municipality in
14 which each person resided during a majority of the previous tax
15 year shall receive two shares of the fund, but in the case of
16 persons who lived in an unincorporated area such shares shall be
17 paid to the county of residence.

18 (b) No later than November 1, 1975, and no later than on
19 the same date of each subsequent year, the board of supervisors of
20 each county shall cause the following information to be delivered
21 to the Board of Equalization:

22 1. Under separate listing, the name of each person who re-
23 sided within the county during a majority of the previous tax
24 year; the address of each such person; and the date when such
25 person first took residence at this address.

26 2. Under separate listing for each municipality, the name
27 of each person who resided within every municipality within the
28 county during a majority of the previous tax year; the address of
29 each such person; and the date when such person first took resi-
30 dence at this address.

31 3. Under separate listing, the name of each person who re-
32 sided in an unincorporated area of the county during a majority

1 of the previous tax year; the address of each such person; and the
2 date when such person first took residence at this address.

3 (c) The Board of Equalization shall make its first dis-
4 bursement of the Local Government Distribution Fund on December 1,
5 1975. Thereafter, proceeds of the fund shall be distributed on
6 the First Day of June and on the First Day of December.

7
8 Section 35. There is hereby established the Department of
9 Revenue of the State of California. The Department shall be in
10 the charge of seven directors and shall function in accordance
11 with the following provisions:

12 (a) Beginning with the general election of November 1974,
13 each of the Department's directors shall be elected at large and
14 the election shall be non-partisan. Each director shall serve
15 for six years, but the first seven directors shall serve their
16 first terms as follows: The three directors receiving the larg-
17 est number of votes shall serve for six years; the two directors
18 receiving the smallest number of votes shall serve for two years;
19 and the two remaining directors shall serve for four years. Each
20 director shall be compensated at the annual rate of thirty-seven
21 thousand dollars (\$37,000.00).

22 (b) The Department shall have its headquarters in San Fran-
23 cisco and shall maintain additional offices in such places as
24 the directors may deem expedient to the Department's business.

25 (c) From among their number the directors shall annually
26 select the Department's chairman, and the directors shall formally
27 convene no less frequently than three times in each month. The
28 proceedings of the Department shall conform to all requirements
29 prescribed for an administrative agency as such requirements are
30 set forth in the Government Code, and the Department shall formu-
31 late rules concerning all matters placed within its administrative
32 jurisdiction.

1 (d) The directors of the Department shall in their discre-
2 tion select the following officers, each of whom shall serve in
3 the pleasure of the Department:

4 1. A Clerk of the Department, who shall be its chief exe-
5 cutive officer, at an annual compensation of thirty-two thousand
6 dollars (\$32,000.00);

7 2. A General Counsel, who shall have charge of the Depart-
8 ment's legal business, at an annual compensation of thirty-two
9 thousand dollars (\$32,000.00);

10 3. A Superintendent of the Department's Alcoholic Beverage
11 Division, who shall have general charge of the purchase and dis-
12 tribution of alcoholic beverages, at an annual compensation of
13 thirty-two thousand dollars (\$32,000.00);

14 4. Four Retail Distribution Managers, each of whom shall
15 supervise the retail sales of alcoholic beverages within a geogra-
16 phic area to be designated by the Department, at an annual compen-
17 sation of thirty-two thousand dollars (\$32,000.00);

18 5. Each director shall select his administrative assistant
19 at an annual compensation of twenty thousand dollars (\$20,000.00),
20 and a personal aide at an annual compensation of seventeen thou-
21 sand dollars.

22 (e) Unless otherwise expressly provided by statute all
23 other administrative officers and employees of the Department
24 shall be recruited as follows:

25 1. The Department shall advise the Legislature of the num-
26 ber of administrative officers and employees it seeks to employ,
27 and shall classify each category of employment and recommend the
28 compensation for each classification;

29 2. The Legislature shall by enactment independently prov-
30 ide the classification of each such officer or employee, the num-
31 ber of persons which the Department may cause to be recruited
32 within each classification, and the compensation for each

1 classification of employment. But no employee shall be compensa-
2 ted at less than seven hundred dollars (\$700.00) per month;

3 3. In any case where a prospective employee will be com-
4 pensated at not more than seven hundred and fifty dollars
5 (\$750.00) per month, the Department of Revenue may authorize his
6 recruitment by administrative resolution and need not receive
7 approval from the Legislature. The provision of this clause shall
8 be applicable to persons recruited to perform services in connect-
9 ion with the distribution and sales of alcoholic beverages as well
10 as to persons hired to perform general administrative work for the
11 Department.

12 4. The recruitment and selection of personnel shall be
13 conducted by the State Personnel Board according to qualifying
14 standards to be prescribed by the Department of Revenue. While
15 the Department may limit eligibility to be examined for certain
16 job classifications to persons having work experience in the
17 applicable field of employment, applicants shall be rated for
18 selection only on the basis of the results of a written examina-
19 tion, and every officer and employee shall have civil service
20 status.

21
22 Section 36. Every rate of compensation provided by this
23 Part may be increased by majority vote of both houses of the Le-
24 gislature.

25
26 Section 37. Each provision of this Part is enacted to ef-
27 fect its purpose independently of every other provision, and the
28 invalidation of any portion of this Part shall not be construed
29 to compel repeal of those provisions which remain.

30
31 * * * * *

32 * * * * *

July 11, 1974

TO THE REGISTRARS OF VOTERS AND COUNTY CLERKS:

Pursuant to Section 3507 of the Elections Code, there is transmitted herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

ALCOHOLIC BEVERAGES.
INITIATIVE CONSTITUTIONAL AMENDMENT.

Circulating and Filing Schedule:

- 1. Minimum number of signatures required 520,806
Constitution IV, 22(b).
- 2. Official Summary Date 7/9/74
Elections Code Section 3507.
- 3. Petition Sections:
 - a. First day Proponent can circulate Sections for
signatures. 7/9/74
Elections Code Section 3507.
 - b. Proponent may file petition sections with the Registrar of
Voters at any time, and at as many times as he wishes during
the 150 day period. The Registrar of Voters must determine
within 30 days of any filing the number of qualified electors
who have signed the petition.
Elections Code Section 3520(a)(b).
 - c. Each Registrar of Voters where Proponents have filed any
section of the petition shall transmit his Certificate to
the Secretary of State. The Certificate is to show the num-
ber of valid signatures determined as of that date. The
following are the dates on which the Certificates must be
sent to the Secretary of State:
Elections Code Section 3520(c).

60 Day 9/10/74*

90 Day 10/7/74

120 Day 11/6/74

140 Day 11/26/74

*date adjusted for official deadline which falls on a
Saturday, Sunday or Holiday.
Code of Civil Procedure, Section 12.

3. Petition Sections (continued)

- d. Last day Proponent can circulate and file with the County12/6/74
Elections Code Sections 3507, 3520(a).
- e. Last day for County to transmit Certificate as to number of valid signatures on Initiative Petition1/3/75*
Elections Code Section 3520(c).

4. Campaign Statements

- a. If the measure qualifies for the ballot:
Last day for Proponent to file a Statement of Receipts and Expenditures for period ending 1/31/752/7/75
(If the Secretary of State qualified the measure for the ballot on a date other than 1/3/75, the last day is the 35th calendar day after the date the measure qualified.)
Elections Code Section 11552(a).
- b. If the measure does not qualify for the ballot:
Last day for Proponent to file a Statement of Receipts and Expenditures for period ending 1/3/75. . . .1/10/75
Elections Code Section 11552(b).

5. The Proponents of the above measure are:

Mr. Patrick H. O'Shaughnessy
76 Third Street, No. 725
San Francisco, CA 94103

Ms. Bunny Roth
317 Tenth Street
San Francisco, CA



PHILLIP J. MENDES
Chief, Elections Division

PJM:msl

NOTE TO PROPONENT: Your attention is directed to Elections Code Sections 3500.1, 3502, and 3502.5 for appropriate format and type considerations in printing, typing or otherwise preparing your initiative petition for circulation and signing.

