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APPORTIONMENT OF FUNDS TO POLITICAL SUBDIVISIONS

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be successful in doing this there would be frozen into the civil service a large number of employees, employed by the State whether their services are needed or not.

This amendment would permit the Legislature to return the administration of relief to the counties, and due to the fact that California has some fifty-eight counties and there are many different residence requirements for the granting of relief, there would arise a pathetic state of chaos among the poverty-stricken.

The under-privileged believe that they will be dealt with more equitably by the voters of the State than by the representatives in the Legislature.

Log rolling tactics by legislators should be abhorred. Such an amendment as is here presented contains possibilities and opportunities for pork barrel laws for favored constituents. In a thing as important as Relief we should steer our course away from amendments which would present opportunities to throw the whole Relief set-up into a state of chaos and degradation and saddle the State with a large number of civil service employees who must be kept on the pay roll whether they are needed or not.

HENRY C. TODD.

<p>8</p> <p>APPORTIONMENT OF FUNDS TO POLITICAL SUBDIVISIONS. Assembly Constitutional Amendment 21. Amends section 31 of Article IV of Constitution. Adds to present section dealing with public credit and moneys, the proviso that Legislature shall have power by general and uniform laws to provide for the apportionment of funds out of State treasury for county, city and county, city or other municipal purposes. Eliminates prohibition of legislative gift or authorization of gift of public money or thing of value to municipal corporations.</p>	YES
	NO

(For full text of measure, see page 16, Part II)

Argument in Favor of Assembly Constitutional Amendment No. 21

The purpose of this amendment is to make it constitutionally possible for the tax systems of the State and local governments to be properly coordinated, to permit an efficient and economical administration of the tax laws, and to protect the property taxpayers from increased tax burdens brought about by the inability of the Legislature to make desirable adjustments in the tax system of the State without depriving local governments of general fund revenue.

There is a major obstacle to the effective functioning of State collection of taxes, if any portion of the tax is to be returned to local governments. Section 31 of Article IV of the Constitution operates to prohibit the cities and counties from using for "local purposes" revenues allocated to them by the State.

As a part of the effort to reduce the burden of taxes on real property, we find a trend toward State assessment and collection of certain types of taxes which normally are assessed and collected by the cities, counties and school districts and used for "local purposes," but this section of the Constitution not only tends to defeat this purpose, but actually to increase instead of decrease taxes.

One example of this—prior to 1935 local governments collected personal property taxes on motor vehicles, and such revenue was used for "local purposes." The 1935 Legislature

deprived cities, counties and school districts of the power to levy this tax, and substituted a license collected by the State. To compensate for this loss of revenue, a part of this State-collected license was apportioned to the cities and counties. But difficulty arose from the fact that the money so apportioned could be used only for "State purposes," while the personal property taxes previously collected by the cities and counties were used for "local purposes."

The Legislature also prohibited cities and counties from levying personal property taxes on intangibles (stocks, bonds, etc.), and no substitute revenue was given back to compensate for this loss.

Another example of the loss of taxes is State collection of liquor licenses, which, prior to prohibition, were imposed by local governments and used for "local purposes."

The consequence of these exemptions, and the legal inability of the State to return any part of the State funds to the local bodies for "local purposes," is that a very substantial loss of personal property tax revenue is sustained by the cities and counties for "local purposes." This loss of revenue for "local purposes" can only be made up by increased taxation on real and other classes of personal property.

The sponsors of this amendment believe that the way should be cleared for future adjustments of our State and local tax system, and that the Legislature should be empowered to apportion State funds for "local purposes" by

general and uniform laws. We ask support of the measure from all persons interested in a more efficient administration of the tax laws and a more equitable distribution of the tax load.

LEON M. DONIHUE,
Member of the Assembly,
Fifteenth District.

EARL DESMOND,
Member of the Assembly,
Ninth District.

HENRY A. DANNENBRINK,
Member of the Assembly,
Eighteenth District.

ARTHUR H. BREED, JR.,
Member of the Assembly,
Sixteenth District.

CHESTER F. GANNON,
Member of the Assembly,
Eighth District.

RAY WILLIAMSON,
Member of the Assembly,
Twenty-sixth District.

CLYDE A. WATSON,
Member of the Assembly,
Seventy-fourth District.

Argument Against Assembly Constitutional Amendment No. 21

Vote "NO" on Proposition No. 8 in the interests of good government and also the taxpayers—including the sales taxpayers.

The proposal authorizes the Legislature to apportion State funds, such as revenue from the sales tax, to the cities and counties in any manner, time and amount it sees fit.

The three arguments briefly stated below show conclusively that there is no valid reason for its adoption. And that the best interests of all, except local officials, demand its defeat.

1. *Dangerous Pork-Barrel Legislation Threatened:* A blanket authorization for the apportionment of State funds to cities and counties with no restrictions whatever as to amount or use thereof threatens needless raids upon the State treasury.

2. *State Finance of Purely Local Enterprises is Inequitable and Seldom Justified:* Generally

speaking, governmental services should be financed by the people concerned and from the resources affected. Services of general concern should be financed from funds collected by a unit of government with general, broad taxing-powers. Services of purely local concern should be financed from local revenues. From government, the people should have what they want and are able and willing to pay for—not what they want and can make somebody else pay for. This is in no sense an argument against the levy of ability-to-pay taxes nor the establishment of special services adapted to special conditions. But it is a general principle which, as a rule, is sound. If the people at large are to make a financial contribution to a locality, a city or a county, the people should be assured that they are in accord with the purposes for which the funds are to be expended. The voters should reserve the right to protect themselves against having to pay for nonproductive, inconsequential or even destructive enterprises.

There is no justification for the sponsors' argument that frozen funds should be freed—to be used as city councils see fit. But rather, State moneys, such as liquor and auto "in-lieu" tax revenues, are paid by everyone in the entire State and the existing law is justified in restricting its use to services of general interest. The repeal of this restriction as provided in this proposal will create inequalities.

3. *Another Means to Accomplish Justified Objectives:* It is recognized that there is need for revenue to supplement the property tax. This is more true of counties, however, than it is of cities because most of the recent increases in county costs have been due to State and to national legislation which has forced upon them new burdens and new objectives.

The need for additional revenue created by these new burdens can be best provided either by transferring to the State or national government all or part of the financial responsibility for services which are of more than local concern, or by sharing centrally collected revenues. If centrally collected revenues are shared, however, sufficient restrictions should be placed upon the use of the funds to guard against the abuse or use for unjustifiable purposes. Such restrictions are not provided in Assembly Constitutional Amendment No. 21. It does not solve the problem.

Proposition No. 8 should be defeated. Vote "NO."

RAY B. WISER, President,
California Farm Bureau Federation.