

1968

# APPORTIONMENT OF LOCAL SALES AND USE TAX

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**8** **APPORTIONMENT OF LOCAL SALES AND USE TAX. Legislative Constitutional Amendment.** Legislature may, by general law, authorize counties, cities and counties, and cities to contract to apportion between themselves revenues derived from any sales or use tax imposed by them which is collected by the state, provided the electors of each local entity approve the contract by majority vote. The contract may provide that the recipient of funds pursuant to such contract may use such funds for same purposes as its own revenues.

YES

NO

(For Full Text of Measure, See Page 32, Part II)

**General Analysis by the Legislative Counsel**

A "Yes" vote on this measure is a vote in favor of allowing the Legislature to authorize counties, cities and counties, and cities, with the approval of the voters, to contract to share their state-collected sales and use tax revenues and to enable the recipient of such revenues to use them for any purpose for which its own revenues could be used.

A "No" vote is a vote against providing for legislative authorization for such local tax sharing.

For further details see below.

**Detailed Analysis by the Legislative Counsel**

Existing law provides for the State Board of Equalization to collect for counties, cities and counties, and cities, certain sales and use taxes imposed by those local agencies.

Disposition of these taxes is limited by Section 25 of Article XIII of the State Constitution, which has been construed by the courts as prohibiting the Legislature from authorizing one county, city and county, or city, to give its funds to another county, city and county, or city, unless the funds are expended for purposes of interest and benefit to the county, city and county, or city making the contribution.

This measure would add Section 25.5 to Article XIII of the State Constitution to permit the Legislature, by general law, to authorize counties, cities and counties, and cities, to enter into contracts to apportion their sales and use tax revenues between them, if the taxes are collected by the state. However, before any such contract could become operative, it would have to be submitted to the voters at a primary or general election and receive approval by a majority of the votes cast for and against the proposition in each county, city and county, and city which is a party to the contract.

The measure provides that the contract between any such county, city and county, or city could provide that a recipient of funds would be able to use such funds for any purpose for which it could expend its own revenues.

**Statutes Contingent upon Adoption of Above Measure**

A digest of the provisions of Chapter 991 of the Statutes of 1968 to become operative if and when this measure is approved, is as follows:\*

Authorizes counties, cities and counties, and cities, on and after January 1, 1969, to enter into contracts to share sales and use tax revenues collected pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, when it is determined that patrons in a given area are, or will be, purchasing goods from retailers located in one local agency to the extent that such revenues should be distributed in an equitable manner to all local agencies affected thereby. Requires local auditors to transmit Bradley-Burns sales and use tax revenues to parties to such a contract in accordance with the terms thereof.

**Argument in Favor of Proposition No. 8**

Frequently the location of large new shopping centers creates inequitable shifts in the manner in which sales taxes are turned over to local governments. These new shopping centers draw their patrons from a wide area which reaches far outside the boundaries of the city or county in which the shopping center is located.

When this happens surrounding cities and unincorporated areas may have a sharp drop in retail sales with a corresponding loss in sales tax revenues. They may have to increase property taxes to make up the loss.

Because a shopping center may mean an increase in sales tax revenues for one local agency and a loss for another, the location of such centers often causes bitter arguments and hostile rivalries among local governments. There is no way under the present Constitution that cities or counties may share sales tax revenues from shopping centers—even though this would ease sales tax fluctuations; even though this would be

\*The complete text of the cited statute on record in the office of the Secretary of State in Sacramento, and is also contained in the published statutes (1968).

the fairest thing to do; even though local  
dents wished to do it.

Proposition 8 would allow cities and coun-  
ties to share sales tax revenues if they wished  
and if they could agree among themselves on  
a mutually acceptable formula for doing so.

The sales tax sharing would not go into  
effect unless the appropriate city councils  
and boards of supervisors all agreed to a  
specific method for sharing and unless this  
agreement had been approved by the voters  
at an election.

Proposition 8 gives local governments an-  
other tool with which to solve problems.

It is a way to provide a fairer distribution  
of sales tax revenues among cities and  
counties.

It is a way to reduce bickering and im-  
prove cooperation among cities and counties.  
We strongly urge a "yes" vote.

ASSEMBLYMAN JOHN T. KNOX,  
11th District

ASSEMBLYMAN FRANK LANTERMAN,  
47th District

#### **Argument Against Proposition No. 8**

This Amendment Proposal is NOT in the  
best long-range interests of the People of  
the State of California.

Taxation at all levels of government, has  
a continually increasing—with no end in  
sight. As taxes go up, a serious financial  
burden is being imposed on more and more  
people—especially those on fixed and modest  
incomes.

The imperative need of our times, is to  
curb government spending and reduce taxa-  
tion—not to seek new ways to impose taxes  
and apportion revenues (as this Amendment  
Proposal does).

Unless spending and taxation are reduced  
at all levels of government,—government,  
the supposed Servant of the People, will in-  
stead, become their Enslaver.

There is no surer route to slavery than  
through unrestrained taxation of the Peo-  
ple's substance. No triumph of a foreign  
ideology or internal conspiracy could en-  
slave the people more thoroughly than they  
could be through confiscatory taxation.

100% taxation is certainly slavery, and it  
may not even take that much a percentage.  
66% taxation would probably be just as ef-  
fective in enslaving completely. In this coun-  
try, we are already past the 35% mark in  
total tax-take (federal, state and local) out  
of the average person's yearly income.

The thinking behind this Amendment Pro-  
posal is totally repugnant as it opens the  
door to enactment of laws that would in-  
crease the present tax burden.

As a means of opposing the type of bu-  
reaucratic attitude behind this Amendment  
Proposal, I have made the following sugges-  
tion for amending our Berkeley City Charter.  
The suggestion is equally applicable to the  
state constitution, and all county and city  
charters:

#### **(suggested) ARTICLE XVII— SAFEGUARDING LIBERTY**

Section 117. Ownership of property.

The City of Berkeley recognizes that pri-  
vate ownership of property is a basic human  
right.

Section 118. Taxation of property.

The City of Berkeley shall deprive no per-  
son of his property through oppressive, con-  
fiscatory or unequal taxation.

Section 119. City officials to promote eco-  
nomical operation.

Every elected or appointed City official  
shall exercise diligence in promoting econom-  
ical operation of the City government. Fail-  
ure to do so, shall be cause for removal from  
office.

Section 120. City employees to promote  
economical operation.

Every City employee shall exercise dili-  
gence in promoting economical operation of  
the City government. Failure to do so, shall  
be cause for dismissal from employment.

(end)

I respectfully suggest that State Constitu-  
tion Amendment Proposal "8" is ill advised,  
"government as usual" legislation which ig-  
nores the dangers of the times. Consequently,  
it should be defeated.

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

<b>8</b> <b>APPORTIONMENT OF LOCAL SALES AND USE TAX. Legislative Constitutional Amendment.</b> Legislature may, by general law, authorize counties, cities and counties, and cities to contract to apportion between themselves revenues derived from any sales or use tax imposed by them which is collected by the state, provided the electors of each local entity approve the contract by majority vote. The contract may provide that the recipient of funds pursuant to such contract may use such funds for same purposes as its own revenues.	<b>YES</b>	
	<b>NO</b>	

(This amendment proposed by Assembly Constitutional Amendment No. 36, 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**.)

**PROPOSED AMENDMENT TO  
ARTICLE XIII**

**Sec. 25.5.** The Legislature may, by general law, authorize counties, cities and counties, and cities, or any of them, to enter into contracts to apportion between them the revenue derived from any sales or use tax im-

posed by a county, city and county, or city, which is collected for such county, city and county, or city by the state. Before any such contract becomes operative, it shall be submitted at a general election or at a direct primary election to the qualified electors of each county, city and county and city which is a party thereto and shall have received a majority of all the votes cast for and against it at such election in each such county, city and county and city, which is a party to the contract. The agreement may provide that the recipient of any funds pursuant to a contract entered into under a legislative authorization pursuant to this section may use such funds for any purpose for which the recipient could expend its own revenues.

<b>9</b> <b>TAXATION. LIMITATIONS ON PROPERTY TAX RATE. Initiative Constitutional Amendment.</b> Provides that total ad valorem tax burden on all property limited after July 1, 1969, to 1 percent of market value for property related services (all costs except for education and welfare) plus 80 percent of base cost of people related services (costs for education and welfare); percentage of base cost for people related services reduced 20 percent annually and eliminated after July 1, 1973. Limitations may be exceeded to extent specified to pay existing and future bonded indebtedness.	<b>YES</b>	
	<b>NO</b>	

(This proposed amendment 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**.)

**PROPOSED AMENDMENT TO  
ARTICLE XIII**

*The people of the State of California do enact as follows:*

The Constitution of the State of California is hereby amended by the addition of Section 30 to Article XIII thereof to read as follows:

**SECTION 30. PROPERTY TAX  
LIMITATION**

The total ad valorem property tax burden imposed in any tax year on all property in the state as defined in Section 1, Article XIII when added to the total ad valorem special assessments levied thereon during the pre-

ceding fiscal year shall not exceed, except as otherwise provided herein, on or after July 1, 1969, the total cost of property related services plus 80 percent of the base cost of people related services; nor, on or after July 1, 1970 the total cost of property related services plus 60 percent of the base cost of people related services; nor, on or after July 1, 1971 the total cost of property related services plus 40 percent of the base cost of people related services; nor, on or after July 1, 1972, the total cost of property related services plus 20 percent of the base cost of people related services; nor, on or after July 1, 1973, the total cost of property related services only.

On and after July 1, 1969, the total ad valorem tax burden imposed in any tax year on all property in the State as defined in Section 1, Article XIII, when added to the total ad valorem special assessments levied thereon during the preceding fiscal year shall not exceed one percent of market value . . . provide for the total cost of property related services.