

1958

TAXATION OF SCHOOL PROPERTY OF RELIGIOUS AND OTHER NONPROFIT ORGANIZATIONS

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TAXATION OF SCHOOL PROPERTY OF RELIGIOUS AND OTHER NONPROFIT ORGANIZATIONS California
Proposition 16 (1958).
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As a practical matter, boxing has developed as an evening event. To justify the legalization of Sunday boxing on the basis that additional revenue would accrue to the State or that additional profits would be made, is to ignore the experience of other states and to place an unwarranted value on the sport. California, even under Sunday closing, leads all

other states in the number of boxing and wrestling events held annually. Moreover, of the six states which lead in this activity, five still retain Sunday closing provisions.

JAMES A. COBEY
State Senator, 24th Senatorial District

TAXATION OF SCHOOL PROPERTY OF RELIGIOUS AND OTHER NONPROFIT ORGANIZATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT.

16

Amends Section 1c of Article XIII of the State Constitution by providing that the property authorized by said section to be exempted from taxation shall not include any property used or owned, directly or indirectly, in whole or in part, for any religious or other school or school purposes of less than collegiate grade, unless such property shall be used, owned and held exclusively for the blind, mentally retarded or physically handicapped. Does not affect exemptions granted by other sections of the Constitution.

YES	
NO	

(For Full Text of Measure, See Page 15, Part II)

Analysis by the Legislative Counsel

This initiative measure would amend Section 1c of Article XIII of the California Constitution, which authorizes the "welfare exemption." As added to the Constitution in 1944, Section 1c authorized the Legislature to exempt from real property taxation property used exclusively for religious, hospital, scientific, or charitable purposes. In 1952 the electors approved Chapter 242 of the Statutes of 1951, which extended this welfare exemption to the property of private schools of less than collegiate grade. (See Revenue and Taxation Code, Sec. 214; upheld in *Lundberg v. County ofameda* (1956), 46 Cal. 2d 644, appeal dismissed (1956), 352 U. S. 921.)

This initiative constitutional amendment would restrict the welfare exemption by eliminating from the class of property to which Section 1c applies the property of private schools of less than collegiate grade. It would thus eliminate the tax exemption for such property presently available under Sections 214 and 214.5 of the Revenue and Taxation Code.

The amendment would not affect tax exemptions for property used, held and owned exclusively for handicapped persons, nor would it modify any current exemption granted directly by the Constitution, including the exemptions now extended to the property of public schools, colleges, churches, orphan asylums and veterans.

Argument in Favor of Initiative Proposition No. 16

VOTE YES ON PROPOSITION 16! Will repeal exemption of undercollegiate private school property. Over 90% are schools under religious control. One sect has 90% more attendance than all the rest combined.

VOTE YES! STOP VIOLATION OF AMERICAN SEPARATION BETWEEN CHURCH AND STATE. Tax exemption is an indirect public subsidy. Parochial schools teach sectarian doctrine; and, one sect at least, opposition to church-state separation. Its high school book, "Living Our Religion," teaches its students:

"THE CHURCH IN THE UNITED STATES: In this country the church has flourished to such a degree that we may be inclined to think that separation is a satisfactory and workable plan. The Church holds that this is still a compromise and that the condition is the lesser of two evils." (Page 247.)

VOTE YES! STOP DIVERSION OF PUBLIC FUNDS TO PRIVATE PURPOSES. Parochial schools, as so-called non-profit organizations, have private, not public, purposes. The parochial book teaches:

"**COUNTERFEIT RELIGIONS:** The material, size, and shape of the paper and metal money in the United States is determined and authorized by the government. No other money is legal tender, and any other agency issuing such money is guilty of counterfeiting. In the same way, non-Catholic methods of worshipping God must be branded counterfeit." (Page 112.)

VOTE YES! STOP SUICIDE OF PUBLIC SCHOOL SYSTEM. If one sect does not get the monopoly it seeks, then each of 256 American sects would start its own school. End result would divide our children and cripple the symbol of our democracy—your public schools.

The parochial book teaches opposition to public schools and demands monopoly for its sect on all education!

"The Church is opposed to attendance at non-Catholic schools . . ." (Page 55.)

"In the words of Pope Pius XI: 'It is evident that both by right and in fact the mission to educate . . . belongs to the Church.' " (Page 237.)

VOTE YES! REPEAL OBNOXIOUS LAW. It provides no public control over parochial schools; no provision against teaching sectarian doctrines or using sectarian books; no uniform application; no limitation of exemption possible; no requirement that sects or schools reveal resources or need. The people never enacted law as such. It was enacted by implication in Courts, reversing California's one hundred year policy against such

exemptions. California is the only state with such unjust, uncontrolled exemption base to feed and foster unfair competition against public schools.

VOTE YES! SHUT FLOOD GATES TO PAROCHIAL SCHOOL EXPANSION AT YOUR EXPENSE. Assessed value of private school property off tax rolls since passage of law has grown from \$14 millions in 1953 to over \$53 millions in 1957. A five year increase of 278%! What a future! You pay **additional** tax burden.

Existing public schools could accommodate all parochial school children with about two more in each classroom. But parochial school sects choose their church schools, **SO THEY SHOULD PAY THE COST THEMSELVES!**

VOTE YES! REAL ISSUE IS PRESERVATION OF AMERICAN FREEDOMS.

TULLY C. KNOLES, Educator
Stockton

DOROTHY H. ROGERS
San Francisco

JOHN A. OWEN, President,
Californians For Public Schools
Los Angeles

Argument Against Initiative Proposition No. 16

SIX GOOD REASONS TO VOTE AGAINST PROPOSITION NO. 16:

VOTE "NO" BECAUSE:

1. It will raise your taxes.
2. It will over-load public schools, forcing more children into half day sessions.
3. It punishes Protestant, Catholic and Jewish schools.
4. It is un-American—no State taxes schools.
5. It rejects the historic principle of tax free education.
6. It is condemned by both political parties and the AFL-CIO.

BERT W. LEVIT
Immediate Past President,
San Francisco Board of Education;
Immediate Past President,
California School Boards
Association

Argument Against Initiative Proposition No. 16

PROPOSITION NO. 16 RAISES EVERYONE'S TAXES—VOTE "NO"

Proposition No. 16 would impose a punitive tax on nonprofit elementary and high schools. Its purpose is to curtail their enrollment and force many to close. Either result would raise YOUR taxes by shifting to the State part of the tremendous cost of educating California's 340,000 nonprofit school students.

State Controller Kirkwood reports that nonprofit schools, by absorbing the total cost of educating these students, **REDUCE PUBLIC SCHOOL TAXES \$118,000,000 ANNUALLY—\$346 a year for every student enrolled.**

Parents of children attending California's 390 Protestant, 643 Catholic and 43 Jewish and non-

sectarian schools **ALSO PAY THEIR FULL SHARE OF PUBLIC SCHOOL TAXES.**

This measure would force **EVERY** school district to build **MORE** classrooms and hire **MORE** teachers to educate the thousands of children taught—in subjects prescribed by the State Education Code—**WITHOUT ONE CENT OF STATE SUPPORT.**

It would overthrow a law passed 108 to 3 by the Legislature, signed by Governor Earl Warren, confirmed by vote of the people, and upheld by **BOTH** the California and U.S. Supreme Courts.

Despite these verdicts, repudiated promoters of Proposition No. 16 seek to deceive the voters by again raising the **OUTLAWED** claim that tax exemption—totaling less than \$2,000,000—is a "subsidy." They masquerade as "Californians for Public Schools," but have **NO CONNECTION** with public schools. Their hidden goal is **TO TAX ALL RELIGIONS AND ALL CHURCHES.**

Proposition No. 16 is condemned by public school administrators, who welcome nonprofit schools as partners in education; by over 4,500 clergymen of all faiths; by Attorney General Brown, U.S. Senator Knowland, Republican and Democratic Parties, and the AFL-CIO.

This scheme would extract multi-million dollar annual tribute from **ALL** taxpayers to finance its unworthy, un-American aims. Vote **"NO"**.

JUSTUS F. CRAEMER
State Chairman, Citizens United
Against Taxing Schools
President, California Press Association,
Past President, California Newspaper
Publishers Association

Argument Against Initiative Proposition No. 16

DEFEND AMERICAN PRINCIPLES—

VOTE "NO" ON NO. 16:

Over 2,000 Protestant ministers of all denominations ask for an overwhelming **"NO"** vote on Proposition No. 16 to prevent a dangerous departure from American tradition. Our Protestant founding-fathers decreed that we don't tax schools any more than we tax churches or hospitals. Honored by all 48 states, upheld by the California and U.S. Supreme Courts, tax exemption for religious-sponsored schools obviously does not violate the separation of Church and State.

Proposition No. 16 threatens religious and educational freedom. Its logic leads inescapably to eventual taxation of all church institutions—colleges, homes for children and the aged, welfare agencies—even churches and Sunday Schools.

This is no time to penalize any school. Right now all education—public and private—deserves strong and sympathetic encouragement from every citizen. An overwhelming **"NO"** vote on Proposition No. 16 will defeat an unjust and discriminatory tax while upholding religious and educational liberty.

THE REV. KENNETH W. CARY
Chairman, "Protestants United
Against Taxing Schools",
Representing the Episcopal Diocese
in California

TAXATION OF SCHOOL PROPERTY OF RELIGIOUS AND OTHER NONPROFIT ORGANIZATIONS. Initiative Constitutional Amendment. Amends Section 1c of Article XIII of the State Constitution by providing that the property authorized by said section to be exempted from taxation shall not include any property used or owned, directly or indirectly, in whole or in part, for any religious or other school or school purposes of less than collegiate grade, unless such property shall be used, owned and held exclusively for the blind, mentally retarded or physically handicapped. Does not affect exemptions granted by other sections of the Constitution.

YES	
NO	

(This proposed amendment expressly amends an existing section of the Constitution; therefore, **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BLACK-FACED TYPE**.)

PROPOSED AMENDMENT TO ARTICLE XIII

Sec. 1c. In addition to such exemptions as are now provided in this Constitution, the Legislature may exempt from taxation all or any portion of property used exclusively for religious, hospital or charitable purposes and owned by community chests, funds, foundations or corporations organized and operated for religious, hospital or charitable purposes, not conducted for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual. As used in this section, "property used exclusively for religious, hospital or charitable purposes" shall include a building and its equipment in the course of construction on or after the first Monday of March, 1954, together with the land on which it is located

as may be required for the use and occupation of the building, to be used exclusively for religious, hospital or charitable purposes. As used in this section, "property used exclusively for religious, hospital or charitable purposes" shall not include any property use, held or owned, directly or indirectly, in whole or in part, for any parochial, sectarian, denominational, or other school or school purposes of less than collegiate grade, unless used, held and owned exclusively for the blind, mentally retarded or physically handicapped. The exemption limitations provided for in this section shall not limit or alter any exemptions now expressly provided by other sections in this Constitution, including among others the public school, church, college, military service and orphan asylum exemptions. If any part, clause or phrase hereof is for any reason held to be invalid, it is intended that all the remainder shall continue to be fully effective.

SALES, USE, AND INCOME TAX RATES. Initiative. Reduces sales and use tax rate from 3 to 2 percent. Changes income tax rates (now ranging from 1 percent on incomes under \$5,000 to 6 percent on incomes over \$25,000) to new range of 1/2 percent on incomes under \$5,000 to 46 percent on incomes over \$50,000. Legislature may lower but not increase sales and use tax rates. Income tax rates may be changed only by vote of electors. Sales and use tax rate changes effective January 1, 1959. Income tax rate changes effective after December 31, 1957.

YES	
NO	

(This proposed law expressly amends existing sections and adds new provisions to the law; therefore, **EXISTING PROVISIONS** proposed to be **DELETED** are printed in **STRIKE-OUT TYPE** and **NEW PROVISIONS** proposed to be **INSERTED** or **ADDED** are printed in **BLACK-FACED TYPE**.)

PROPOSED LAW

An act providing for the amendment of Sections 6051, 6201, 17041 and 17048 of the Revenue and Taxation Code of the State of California relating to sales, use and personal income taxes; permitting the Legislature to lower the rates set by Sections 1 and 2 of the act relating to sales and use taxes; and providing for the application of Sections 3 and 4 of this act, relating to personal income taxes, to specified taxable years.

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

DECLARATION OF INTENT. It is hereby declared to be the intent of this act to reduce burden of taxation on low- and middle-income taxpayers by a reduction in the state

sales and use taxes and the imposition of a lower rate of taxation on taxable personal incomes below \$6,000, and to provide a base for an offsetting increase in state revenues by increasing the rate of taxation of taxable personal incomes above \$7,000 on a progressive, ability-to-pay basis.

SECTION 1. Section 6051 of the Revenue and Taxation Code is hereby amended to read as follows:

6051. For the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 2 1/2 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this State on or after August 1, 1933, and to and including June 30, 1935, and at the rate of 3 percent thereafter, and at the rate of 2 1/2 percent on and after July 1, 1943, and to and including June 30, 1949, and at the rate of 3 percent thereafter, and at the rate of 2 percent on and after January 1, 1959.