

# CALIFORNIA LEGISLATURE—SENATE.

FORTY-SEVENTH (EXTRA) SESSION.

IN SENATE.

SENATE CHAMBER,  
SACRAMENTO, Tuesday, September 4, 1928.

The Senate met at eleven o'clock a.m., pursuant to the provisions of the proclamation of His Excellency, C. C. Young, Governor of the State of California, dated August 16, 1928, convening the Legislature of the State of California on this day in extraordinary session.

Lieutenant Governor Buron R. Fitts, President of the Senate, in the chair pursuant to the provisions of section 238 of the Political Code.

Pursuant to the provisions of section 237 of the Political Code, Joseph A. Beek, Secretary of the Senate; Harold J. Powers, Minute Clerk, and Joseph F. Nolan, Sergeant-at-Arms, were present, and occupied their respective positions.

Lieutenant Governor Buron R. Fitts called the Senate to order.

The roll was called and the following Senators answered to their names:

Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C. Jones, Ray; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Waggy, Weller, West, and Young—36.

Quorum present.

PRAYER.

By invitation of the President, prayer was offered by the Rev. Bryant Wilson.

RESOLUTION.

The following resolution was offered:

By Senators Sharkey and Slater:

IN THE SENATE OF THE STATE OF CALIFORNIA,

Tuesday, September 4, 1928

*Mr. President: Members of the Senate.*

The calling of the roll has indicated the absence today of a member of this body who on the occasion of its last assemblage was with us participating in its deliberations. Since we last assembled the Silent Messenger to whose knock none can say "nay" has removed one of our most highly esteemed and beloved members, Senator Thomas Ingram of Grass Valley.

In officially noting the death of Senator Ingram, his splendid record so notably inscribed with service to his beloved state and in the interest of his fellow men, merits something more than the passing tribute of a sigh. It is fitting, therefore, that at this session of the Senate of the State of California, we should make official record of our great respect for a fellow member whom to know was to love and whom to work with was a further token of a character enriched with so much of goodness.

Therefore, may we be permitted to publicly bear testimony of our high appreciation of Senator Ingram.

*Be it resolved by the Senate of the State of California,* That we most sincerely regret the taking away from life's endeavors of our beloved friend and fellow

Senator, and that permanent record be made of this sentiment. May this resolution be inscribed upon the minutes of the Senate and a copy of the same forwarded under the seal of the Senate by the Secretary of the Senate to Mrs. Ingram and the members of the family.

Resolution unanimously adopted by a rising vote of the Senate.

#### LEAVE OF ABSENCE.

Senator Fellom was, on motion of Senator Crowley, granted leave of absence for this day.

#### PROCLAMATION OF THE GOVERNOR.

The President directed the Secretary to read the proclamation by the Governor convening the Legislature in extraordinary session.

Whereupon the Secretary read the following proclamation:

#### PROCLAMATION BY THE GOVERNOR.

##### CONVENING THE LEGISLATURE IN EXTRAORDINARY SESSION.

##### EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA.

WHEREAS, An extraordinary occasion has arisen and now exists requiring that the Legislature of the State of California be convened,

Now, therefore, I, C. C. Young, Governor of the State of California, by virtue of the power and authority in me vested by section 9 of article V of the constitution of the State of California, do hereby convene the Legislature of the State of California to meet and assemble in extraordinary session, at Sacramento, California, on Tuesday, the fourth day of September, one thousand nine hundred and twenty-eight, at 11 o'clock a.m. of said day, for the purpose of considering the proposal to the people of the State of California at the general election in November, 1928, of an amendment to the constitution of the State of California, which will

(1) Provide a new method for the taxation of all banks located within the State of California

(2) Provide a new state franchise tax upon financial corporations, other than banks, and upon mercantile, manufacturing and business corporations, doing business within the State, which shall be a substitute for the present State franchise tax imposed under authority of subdivision (d), section 14, article XIII of the constitution of the State of California

(3) Provide a workable method for the taxation of intangibles at a rate not to exceed four mills on each dollar of their actual value

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed hereunto the Great Seal of the State of California, at my office in the State Capitol this sixteenth day of August, in the year of our Lord, one thousand nine hundred and twenty-eight.

C. C. YOUNG, Governor.

[SEAL]

Attest:

FRANK C. JORDAN, Secretary of State  
By FRANK H. CORY, Deputy.

#### RESOLUTIONS.

The following resolutions were offered:

By Senator Breed:

*Resolved*, That the Senate do now organize and proceed to elect the officers and employees of the Senate for this extra session.

Resolution read, and on motion of Senator Breed adopted.

By Senator Hurley:

*Resolved*, That Honorable Arthur H. Breed be and he is hereby elected President pro tempore of the Senate; that Joseph A. Beek be and he is hereby elected Secretary of the Senate; that Joseph F. Nolan be and he is hereby elected Sergeant-at-Arms of the Senate; that Harold J. Powers be and he is hereby elected Minute Clerk of the Senate; that Reverend Bryant Wilson be and he is hereby elected Chaplain of the Senate.

Resolution read.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote.

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wag, Weller, West, and Young—36.

NOES—None.

Whereupon the President declared each person named in the foregoing resolution elected.

#### OATH OF OFFICE ADMINISTERED.

The newly elected officers of the Senate, Arthur H. Breed, President pro tempore; Joseph A. Beek, Secretary; Joseph F. Nolan, Sergeant-at-Arms; Harold J. Powers, Minute Clerk; and Rev. Bryant Wilson, Chaplain, appeared at the bar of the Senate where the constitutional oath of office was administered to them by the Honorable J. A. Plummer, Associate Justice of the Third District Court of Appeal, and they subscribed to the same.

#### RESOLUTIONS—(RESUMED).

The following resolutions were offered:

By Senator Slater:

*Resolved*, That the standing rules of the forty-seventh regular session be and the same are hereby adopted as the rules of the Senate at this special session, except that Rules 1, 9 and 12 be stricken out and that Rule 8 be amended to read as follows:

8. The standing committees of the forty-seventh regular session shall be the standing committees of this extra session.

Resolution read.

Senator Slater moved the adoption of the resolution.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wag, Weller, West, and Young—36.

NOES—None.

#### RULES OF THE SENATE.

##### *Order of business.*

##### 2. The order of business:

1. Roll Call.
2. Prayer by the Chaplain.
3. Reading and Approval of the Journal of the Preceding Day.
4. Presentation of Petitions
5. Messages from the Governor.
6. Messages from the Assembly.
7. Reports of Standing Committees.
8. Reports of Select Committees.
9. Motions, Resolutions and Notices.
10. Introduction, First Reading, and Reference of Bills.
11. Consideration of Daily File.
12. Unfinished Business.
13. Special Orders of the Day.
14. Announcement of Committee Meetings.
15. Adjournment.

*Presiding Officers of the Senate—The President.*

3. The rooms, passage, and buildings set apart for the use of the Senate shall be under the control and direction of the President of the Senate, and he shall have the control and direction of the journals, papers, and bills of the Senate. The President shall preside over the sessions of the Senate. He shall see that all officers of the Senate perform their respective duties, and may assign places to properly accredited newspaper representatives.

*The President Pro Tempore.*

5. The President pro tempore shall, in the absence of the President, take the chair and call the Senate to order at the hour of the meetings of the Senate, and have the same power as the President; but the President pro tempore shall vote only as any other member of the Senate.

*Presiding by Senators.*

6. The President or President pro tempore, in the absence of the President, shall have the right to name any Senator to perform the duties of the chair, who shall be vested, during such time, with all the powers of the President; but such substitute shall not lose the right of voting on any question while so presiding.

*Committees of the Senate—Appointment of Committees.*

7. All standing committees of the Senate shall be named by the President of the Senate unless otherwise ordered, and the first named shall be the chairman thereof. All other committees shall be appointed in such manner as the Senate shall determine.

*Same Committees as Forty-seventh Session*

8. The standing committees of the forty-seventh regular session shall be the standing committees of this extra session.

*Quorum of Standing Committees.*

10. Each standing committee shall determine (a) its own quorum, and (b) the number of votes necessary to take any action upon any bill, resolution, or other matter referred to it.

The vote by the number of ayes and noes on each bill reported back on all committee reports shall be noted in such reports and recorded in the Journal. When a committee report is signed out, the Journal shall note such fact.

*No Committee Expenditures Permitted*

11. No member of any committee shall, except by resolution of the Senate, be permitted to incur any expense by visiting any part of the State on official business, except that the chairman of the Committee on Finance shall, during the constitutional recess, be permitted to visit State institutions for which appropriations are asked, and shall be allowed his actual expenses while on such business.

*Engrossing and Enrolling Bills.*

13. All bills ordered engrossed shall be delivered by the Secretary of the Senate to the Committee on Engrossment and Enrollment or to the clerk of that committee and a receipt in writing taken therefor, and all said bills shall be engrossed in the order of their receipt by that committee or its clerk. All Senate bills shall, after their final passage by, and receipt from the Assembly, be delivered by the Secretary of the Senate in the order of their receipt from the Assembly, to the Committee on Engrossment and Enrollment or its clerk and a receipt in writing taken therefor; and said bills shall be enrolled in the order of their receipt from the Secretary of the Senate.

*Committee on Rules.*

14. The Committee on Rules shall have the general duty of proposing or of presenting recommendations as to the Standing Rules of the Senate. The President pro tempore shall be the chairman of this committee, and the President shall be an ex officio nonvoting member. When executive communication of nominations shall be sent by the Governor to the Senate for their confirmation the same shall be referred to the Committee on Rules, unless otherwise ordered by the Senate, which motion shall be determined without debate.

*Committee on Contingent Expenses.*

15. No claim shall be paid out of the contingent fund of the Senate unless the same shall have been referred to and reported on by the Committee on Contingent Expenses.

*Committee on Revision and Printing.*

16. The Committee on Revision and Printing shall have general charge of matters connected with all printing done for the Senate. It shall have the specific duties prescribed for it in the Joint Rules of Senate and Assembly.

*Other Senate Officers—Secretary of the Senate.*

17. 1. It shall be the duty of the Secretary of the Senate to attend every session, call the roll, read all bills, amendments, resolutions, and all papers ordered read by the Senate or the presiding officer.

2. To superintend all copying and work to be done for the Senate. To have supervision over all attaches and employees of the Senate. To assign, reassign or transfer all attaches or employees to their respective duties. To certify to and transmit to the Assembly all bills, joint and concurrent resolutions, constitutional amendments and papers requiring the concurrence of the Assembly, immediately after their passage or adoption by the Senate.

3. To keep a correct Journal of the proceedings of the Senate.

4. To notify the Assembly of the action by the Senate on all matters originating in the Assembly, and requiring action on the part of the Senate.

5. To permit no papers or records belonging to the Senate to be taken out of its custody otherwise than in the regular course of business.

*Custody of Bills and Papers.*

18. The Secretary of the Senate shall not permit any records or papers to be taken from the desk, or out of his custody, by any person except a chairman of a committee; but he shall deliver any bill or paper to be printed to the Superintendent of State Printing, and all bills ordered engrossed or enrolled to the Committee on Engrossment and Enrollment, and take receipts therefor.

*Sergeant-at-Arms of the Senate.*

19. A Sergeant-at-Arms shall be elected, to hold his office during the pleasure of the Senate, whose duty it shall be to attend the Senate during all of its sittings, to execute the commands of the Senate from time to time together with all such process issued by authority thereof, as shall be directed to him by the President. The Sergeant-at-Arms is authorized to arrest for contempt all persons outside the bar, or in the gallery, found in loud conversation or otherwise making a noise to the disturbance of the Senate. The actual expenses of the Sergeant-at-Arms for every arrest, for each day's custody and release, and the traveling expenses for himself and special messenger going and returning shall be paid out of the contingent fund, and no other fees shall be paid him beyond his per diem. It shall also be the duty of the Sergeant-at-Arms to keep the accounts for pay and mileage of Senators.

*Distribution of Printed Matter.*

20. The Sergeant-at-Arms shall place copies of all bills, joint and concurrent resolutions, constitutional amendments, and journals and histories, when printed, on the desks of Senators, at least one hour previous to the opening of session.

*Preparation and Introduction of Bills—Introduction and First Reading.*

21. Any Senator desiring to introduce a bill shall rise in his seat and address the President, and upon being recognized shall present the same. The title shall be announced by the Secretary, the bill shall be read the first time and thereupon referred by the President to a standing committee.

*Joint and Concurrent Resolutions and Constitutional Amendments.*

22. Joint and concurrent resolutions and constitutional amendments shall be treated the same as bills, *provided*, that they shall have but one reading, which reading shall occur after they have been reported by committee.

*Introduction of Bills by a Committee.*

23. Any committee may introduce a bill germane to any subject within the proper consideration of such committee, whereupon the bill shall immediately be read the first time, ordered to print and placed upon the second-reading file.

*Introduction of Bills After the Constitutional Recess.*

24. The Committee on Rules shall constitute a standing committee on introduction of bills to serve after the constitutional recess. All motions for leave to introduce bills after the constitutional recess shall be sent to the desk in writing, under the order of "Introduction of Bills." The motion shall give the title of the bill and shall be accompanied by the bill. The bill shall thereupon be referred to the Committee on Introduction of Bills.

The committee shall examine bills referred to it with particular reference to the question as to whether there is already any bill in either house of the same character which might be amended to effect the result sought and generally as to the advisability of introducing the measure.

No bill shall be introduced without the consent of three-fourths of the members after report thereupon by the Committee on Introduction of Bills, nor shall more than two bills be introduced by any one member after the constitutional recess.

Joint and concurrent resolutions and constitutional amendments shall not be referred to the Committee on Introduction of Bills, and shall not require a vote to

authorize their introduction, nor shall the number to be introduced by any one member be limited.

*Bills in Committee—Reference of Senate Bills.*

25. At the time of introduction the President shall first indicate to what committee a bill or resolution ought to be referred, and it shall be so referred, unless upon a motion, without debate, the Senate by a majority vote refer it to some other committee. No debate shall be allowed on any motion to refer a bill or resolution to a committee.

*Order of Reference.*

26. When a resolution shall be offered, or a motion made to refer any subject and a different committee shall be proposed, the question shall be taken in the following order:

1. The Committee of the Whole Senate.
2. A Standing Committee.
3. A Select Committee.

*Reference with Special Instructions.*

27. No amendment shall be received for discussion at the third reading of any bill; but it shall at all times be in order, before the final passage of such bill, to move its reference to a select committee under special instructions to amend.

*Reference of Assembly Bills.*

28. When an Assembly bill has been received by the Senate, with a message announcing that it has passed the Assembly, such bill shall be read the first time and be referred by the President to a standing committee; *provided, however*, that when an Assembly bill is received, the text of which is stated by a member to be identical with that of a Senate bill which has already been considered and reported by a standing committee of the Senate, such Assembly bill shall be referred to the Committee on Engrossment and Enrollment for comparison, which committee shall report without delay whether or not such bill is identical with the Senate bill. If reported identical, such Assembly bill shall be substituted for the Senate bill, shall take its place on the second-reading file and be considered as having received the same committee recommendation as the Senate bill; *provided*, that the fact that the bills are identical shall be entered in the Journal. Such Senate bill shall thereupon be placed upon the file of unfinished business.

*Reference of Appropriation Bills.*

29. All bills appropriating money from any fund shall be referred to the Committee on Finance before being read the second time. Concurrent resolutions for adjournment sine die shall in all cases, whether originating in the Senate or coming from the Assembly, be referred to the Committee on Finance.

*Notice to Author of Bill.*

30. The chairman or clerk of each committee of the Senate shall notify the author of any bill or resolution pending before such committee of the hour and place of hearing or acting upon such bill or proceeding.

*Committee Amendments to Bills*

31. When amendments to a bill are reported by a committee, the clerk of such committee shall prepare three copies of each amendment, one to go with the bill to the Superintendent of State Printing, one to the Minute Clerk, and one to the Secretary of the Senate.

*Reports of Committees.*

32. All committees shall act upon bills referred to them as soon as practicable and when acted upon each bill shall be reported back to the Senate forthwith, and the chairman of each committee is charged with the observance of this rule; *provided*, that the Senate may at any time, by a majority vote, recall a bill from any committee.

*Order of Considering Bills—Order of Making File.*

33. When bills are reported from committees they shall be placed upon the General File, to be kept by the Secretary as follows: All bills when reported to the Senate by the committee shall be placed at the foot of the second-reading file, in the order in which the reports are made, and after the second reading they shall be placed at the foot of the third-reading file, in the order of reading, and precedence shall be given in the consideration of bills, in the following order: Second-reading file and third-reading file, unless otherwise ordered by unanimous consent or by a two-thirds vote of the Senate. The bills upon third reading shall be considered in the order in which they appear upon the file, unless otherwise ordered by unanimous consent or by vote of majority of the members present; such vote to be taken by roll call; *provided*, that if a bill is passed on file for any reason,

other than absence of the author by leave of the Senate, note of the fact shall be made in the General File and when passed on file a second time, the bill shall be ordered at the foot of the file, and notice of the fact of the bill having been passed on file prior to the order placing it at the foot of the file shall be omitted from the General File.

#### *The General File.*

34. The General File shall be the special order for each day between such hours as the Senate may determine, unless sooner disposed of; but no bill shall lose its place upon the file by expiration of the time or by adjournment of the Senate while it is under consideration.

#### *Special Order.*

35. Any subject may, by vote of a majority of those voting, be made a special order, and when the time fixed for its consideration arrives, the presiding officer shall lay it before the Senate.

#### *Three Readings of Bills.*

36. Every bill shall be read on three several days previous to its passage (unless in case of urgency, two thirds of the membership of the Senate in which it is being considered shall by vote of the ayes and noes dispense with this provision).

#### *Ordering Bills to Third Reading.*

37. After being read the second time bills shall be ordered by the President to third reading (or, in the case of Senate bills, to engrossment and third reading). When any member makes objection to any bill thus being ordered to third reading, the final question for such bill shall be, "Shall the bill be ordered to third reading?"

#### *Bills Considered During Last Seven Days*

38. No Senate bill shall be passed by the Senate within seven days of the time set for adjournment sine die of the two houses of the Legislature unless permission to vote on such a bill be granted by a three-fourths vote of the entire membership of the Senate, voting by roll call.

#### *Questions and Motions—Precedence of Motions During Debate.*

39. When a question is under debate, no motion shall be received but the following privileged questions, which shall have precedence in the following order:

1. To adjourn.
2. For a call of the Senate.
3. To lay on the table.
4. To postpone to a day certain.
5. To commit.
6. To amend.
7. To postpone indefinitely.

*Provided, however,* that during a call of the Senate, it may consider and transact any matter or business that the Senators then present shall unanimously decide to consider, but no call of the Senate shall be had, during a call of the Senate, on any matter so taken up or considered while the Senate is under call. When a call of the Senate is ordered, pending the completion of a roll call, the pending roll call shall become unfinished business the consideration of which shall be continued until further proceedings under the call of the Senate are dispensed with, when it will forthwith become the order of business before the Senate.

#### *Amendment or Division of Question*

40. An amendment may be laid on the table without prejudice to the bill. When an amendment proposed to any pending measure shall be laid on the table, it shall not carry with it or prejudice such measure.

If the question in debate contains several propositions, any Senator may have the same divided; except a motion to strike out and insert shall not be divided. The rejection of a motion to strike out and insert one proposition shall not prevent a motion to strike out and insert a different proposition, nor shall it prevent a motion to simply strike out, nor shall the rejection of a motion to strike out prevent a motion to strike out and insert, but pending a motion to strike out and insert, the part to be stricken out and the part to be inserted shall each be regarded, for the purpose of amendment, as a question. Motions to amend the part to be stricken out shall have precedence.

#### *Restrictions as to Amendments.*

41. A substitute or amendment must relate to the same subject as the original bill, resolution or constitutional amendment under consideration.

*Vote Required for Amendments*

42. A constitutional amendment or bill requiring a vote of two-thirds of the members elected to the Senate for final adoption or passage may be amended by a majority of those voting.

*Procedure of Debate—Seconding and Announcement of Motion.*

43. No motion shall be debated until the same be seconded and distinctly announced by the President; and it shall be reduced to writing if desired by the President or any Senator, and read by the Secretary before the same shall be debated.

*Regulations as to Speaking.*

44 1. When a Senator desires to address the Senate he shall rise in his place, address the President, and when recognized he shall proceed to speak.

2. No Senator shall speak more than twice in any one debate on the same day, and at the same stage of the bill, without leave; and Senators who have once spoken shall not again be entitled to the floor (except for explanation) so long as any Senator who has not spoken desires to speak.

3. No Senator shall be interrupted when speaking, and no question shall be asked him except those through the presiding officer.

4. The author of a bill, motion, or resolution shall have the privilege of closing the debate.

*Securing of the Floor.*

45 When two or more Senators arise at the same time to address the Senate, the presiding officer shall designate the Senator who is entitled to the floor.

*Order in Debate.*

46. When a Senator shall be called to order he shall sit down until the President shall have determined whether he is in order or not; and every question of order shall be decided by the President, subject to an appeal to the Senate by any Senator. If a Senator be called to order for words spoken, the objectionable language shall immediately be taken down in writing by the Secretary of the Senate.

*The Previous Question.*

47. The previous question shall be put in the following form: "Shall the question be now put?" It shall be admitted only when demanded by a majority of the Senators present upon division; and its effect shall be to put an end to all debate except that the author of the bill or the amendments shall have the right to close, and the question under discussion shall thereupon be immediately put to a vote. On a motion for the previous question prior to a vote being taken by the Senate, a call of the Senate shall be in order.

*Executive Session.*

48. When a motion is adopted to close the doors of the Senate, on the discussion of any business which may, in the opinion of the Senate, require an executive session, the President shall require all persons, except the Senators, President of the Senate, Secretary, Minute Clerk, and Sergeant-at-Arms, to withdraw, and during the discussion of said business the doors shall remain closed. Every Senator and officer present shall keep secret all matters and proceedings concerning which secrecy shall be enjoined by order of the Senate.

*Voting by Senate—Calling Ayes and Noes*

49. When the ayes and noes shall be called for by three members present, every member within the bar of the Senate at the time the question was put shall declare openly, and without debate, assent or dissent to the question. In taking the ayes and noes, and upon the call of the Senate, the names of the Senators shall be taken alphabetically. When the ayes and noes shall be taken upon any question in pursuance of this rule, no Senator shall be permitted, under any circumstances whatever, to vote after the announcement of the vote by the presiding officer.

*Excuse From Voting.*

50. When a Senator declines to vote on a call of his name he shall be required to assign his reasons therefor, and having assigned them, the presiding officer shall submit the question to the Senate: "Shall the Senator, for the reasons assigned by him, be excused from voting?" which shall be decided without debate. And these proceedings shall be had after the roll call and before the result is announced, and any further proceedings in reference thereto shall be after such announcement.

*Reconsideration of Vote.*

51. On the day succeeding that on which a final vote on any bill, concurrent or joint resolution, or constitutional amendment has been taken, said vote may be recon-



sidered on motion of any Senator; ~~provided~~, notice of intention to move such reconsideration shall have been given on the day on which such final vote was taken, by a Senator voting with the prevailing side; and it shall not be in order to reconsider on the day on which such final vote was taken. Said motion for reconsideration shall have precedence over every other motion, except a motion to adjourn. It shall require twenty-one votes to carry any motion to reconsider the vote by which any bill, concurrent or joint resolution, has been passed or defeated, fourteen votes to reconsider the vote by which any constitutional amendment has been passed, and twenty-seven votes to carry any motion to reconsider the vote by which any constitutional amendment has been defeated. Notice of reconsideration of the vote by which a Senate bill was passed, or a Senate joint resolution, Senate concurrent resolution or Senate constitutional amendment adopted, shall not be in order on or after the eighth day preceding the last day of the session. No notice of reconsideration shall be in order on the day preceding the last day of the session.

*When Bill Is Held for Reconsideration.*

52 If a Senator gives notice that he intends to move a reconsideration, the Secretary shall not transmit the bill, concurrent or joint resolution, or constitutional amendment to the Assembly till the reconsideration is disposed of, or the time for moving the same has expired, unless the bill or resolution has already been transmitted to the Assembly.

*When Bill Is Recalled for Reconsideration.*

53 When a bill, resolution, amendment, order or message upon which a vote has been taken shall have gone out of the possession of the Senate and been communicated to the Assembly, a motion to reconsider shall be preceded by a motion to request the Assembly to return the same, which last-named motion shall be acted upon immediately and without debate, and if determined in the negative shall be a final disposition of the motion to reconsider.

*Debate on Motion to Reconsider.*

54. A Senator, after a notice to reconsider is given, as provided in Rule 53, shall, at the reconsideration thereof, present the main question in his argument thereon, and the same shall be debated by the Senate, provided that the subject matter is debatable, and the vote on reconsideration shall be on the merits of the main question.

*Messengers and Other Papers—Messengers from the Governor.*

55 Messengers from the Governor may be introduced at any stage of business except while a question is being put, while the ayes and noes are being called, while ballots are being counted, or while a Senator is addressing the Senate.

*Messengers from the Assembly.*

56 Messengers from the Assembly may be introduced at any stage of business, except while a question is being put, while the ayes and noes are being called, while ballots are being counted, or while a member is addressing the Senate.

*Consideration of Assembly Messages.*

57. Messages from the Assembly may be considered when indicated by the Order of Business, or at any other time, by unanimous consent, or by vote of the Senate.

*Reading of Papers*

58. When the reading of a paper (except a petition) is called for, and the same is objected to by any Senator, the question shall be determined by a vote of the Senate.

*Contents of Senate Journal—Proceedings to be Printed.*

59 The proceedings of the Senate, when not acting as a Committee of the Whole, shall be entered in the Journal as concisely as possible, care being taken to record a true and accurate account of the proceedings.

*Titles of Bills to be Printed*

60 The titles of all bills, joint and concurrent resolutions, and constitutional amendments introduced shall be printed in the Journal.

*Statement of Petitions to be Printed.*

61 Every vote and a brief statement of the contents of each petition, memorial, or paper presented to the Senate shall be entered in the Journal.

*Other Matter to be Printed.*

62. Messages from the Governor (other than biennial messages and inaugural addresses), joint and concurrent resolutions and constitutional amendments, when adopted, and the titles of all bills, joint and concurrent resolutions and constitutional

amendments, when acted upon by the Senate, shall be printed in the Journal in full; *provided*, that in case of a concurrent resolution offering the adoption of a charter or charter amendments of any kind, the text of such charter or charter amendments shall not be printed in the Journal.

*Legislative Printing—Number of Bills Printed.*

63. Fifteen hundred copies of all bills shall be printed; and the Sergeant-at-Arms shall be required to certify to the reception by the Senate of all printed matter, and the quantity. One copy of each bill or paper printed by order of the Senate shall be delivered to each Senator at his desk, and the balance shall be distributed according to law.

*Number of Journals Printed.*

64. The Superintendent of State Printing shall print one thousand copies of the Journal of each day's proceedings of the Senate, and one copy of the same shall be placed upon each Senator's desk, and a sufficient number sent to the Assembly to supply each Assemblyman with one copy; he shall also print a sufficient number of copies, properly paged, to bind in book form as the Journal of the Senate, at the end of the session, as required by law.

*Number of Other Documents Printed.*

65. Seven hundred fifty copies shall be printed of each document or other matter ordered, unless the Senate especially directs a different number.

*Excess Printing Only on Written Order.*

66. The Superintendent of State Printing shall not print for the use of the Senate any matter other than provided by law, unless upon a written order signed by the Secretary. The Secretary may, when necessity requires it, order from the State Printer such printing as he deems necessary to be printed in advance of the regular order of business, under specially prepared written order, to be known as a "Rush Order."

*Form of Printing Amendments.*

67. All bills amended shall immediately be reprinted; the new matter added by any amendments to be enclosed in heavy brackets, and the omission of any matter to be indicated by the insertion of heavy parentheses.

*The Senate Chamber—Admission Within Bar of Senate.*

68. It shall be the duty of the gatekeeper to prevent all persons, except Senators, ex-Senators, members of the Assembly, State officers, officers of the two houses, and such accredited newspaper representatives as have seats assigned to them by the President, from coming within the bar of the Senate, unless upon invitation of the President or a Senator; *provided*, that no visitor shall be allowed upon the floor while the Senate is in session.

*No Lobbying in Senate Chamber.*

69. No person engaged in presenting to the Senate or any of its committees any business, claim, or legislation, shall be permitted to engage in such business in the Senate Chamber or be permitted on the floor of the Senate at any time while the Senate is in session. Any person transgressing this rule shall be removed from the floor of the Senate and shall be debarred from the privilege of the floor during the remainder of the entire session. The President and President pro tempore are charged with the enforcement of this rule, and this rule can not be suspended except by a two-thirds vote of the entire Senate.

*Maintaining of Order.*

70. In case of a disturbance or disorderly conduct in the lobbies, the President (or Chairman of the Committee of the Whole) shall have the power to order the same cleared.

*Smoking Within Senate Chamber.*

71. No smoking shall be allowed within the Senate Chamber when objected to by the presiding officer or by any five members.

*Miscellaneous Provisions—Duties of Members.*

72. No Senator shall absent himself from attendance upon the Senate without leave first obtained. A less number than a quorum of the Senate is hereby authorized to send the Sergeant-at-Arms, or any other person, for any and all absent Senators at the expense of such absent Senators, respectively, unless such excuse for non-attendance as shall be made to the Senate, when a quorum is convened, shall be judged sufficient, and in that case the expense shall be paid out of the Contingent Fund of the Senate; and this rule shall apply as well to the first convention of the Senate, at the legal time of meeting, as to each day of the session after the hour has arrived to which the Senate stood adjourned. The President or Acting President of

the Senate, or less than a quorum present, shall have the power to issue process directed to the Sergeant-at-Arms, or to any other person, to compel the attendance of Senators absent without leave. Any Senator who shall refuse to obey such process unless sick or unable to attend, shall be deemed guilty of contempt of the Senate, and the Sergeant-at-Arms, or any other person, to whom such process may be directed, shall have power to use such force as may be necessary to compel the attendance of such absent Senator, and for this purpose he may command the force of the county, or of any county in the State.

By Senator Johnson :

*Resolved*, That the Secretary of the Senate is hereby directed to notify the Assembly that the Senate is now duly organized and ready to proceed to the business of the State, having elected the following statutory officers :

President pro tempore, Arthur H. Breed ;  
Secretary of the Senate, Joseph A. Beek ;  
Sergeant-at-Arms, Joseph F. Nolan ;  
Minute Clerk, Harold J. Powers ;  
Chaplain, Rev. Bryant Wilson

Resolution read, and on motion of Senator Johnson adopted.

By Senator Inman :

*Resolved*, That the President of the Senate appoint a special committee of three, to notify the Assembly of the organization of the Senate, and that the Senate is now ready to receive any communication they may have to make

#### APPOINTMENT OF SPECIAL COMMITTEE.

The President announced, in accordance with the above resolution, the appointment of Senators Johnson, West and Maloney.

By Senator Murphy :

*Resolved*, That the President of the Senate appoint a special committee of three Senators, to notify the Governor of the organization of the Senate, and that the Senate is now ready to receive any communication he may have to make.

Resolution read, and on motion of Senator Murphy adopted.

#### APPOINTMENT OF SPECIAL COMMITTEE.

The President announced the appointment of Senators Murphy, Nelson and Jones, H. C., as the special committee to call upon the Governor and notify him of the organization of the Senate and its readiness to receive his communications.

#### APPOINTMENT BY SECRETARY.

The following communication was received and read :

SENATE CHAMBER, SACRAMENTO, September 4, 1928.

*To the President and Members of the Senate of the State of California.*

I have the honor to inform you that I have this day appointed Paul Mason to the position of Assistant Secretary and Clerk of the Committee on Printing at a per diem of \$9, and respectfully ask the consent of the Senate thereto

J. A. BEEK, Secretary.

Senator Breed moved that the appointment by the Secretary be confirmed by the Senate.

The question being on the confirmation of the appointment

The roll was called, and the appointment confirmed by the following vote :

AYES—Senators Allen, J. M., Baker, Boggs, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones,

Ray; Kline, Lyon, McKinley, Mueller, ~~Pedrotti~~, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagy, Weller, and Young—30.

NOES—None.

#### APPOINTMENTS BY SERGEANT-AT-ARMS.

The following communication was received and read:

SENATE CHAMBER, SACRAMENTO, September 4, 1928.

*To the President and Members of the Senate of the State of California.*

I have the honor to inform you that I have this day made the following appointments: John T. Young, to the position of Bookkeeper to the Sergeant-at-Arms at a per diem of \$5.00; and Harry Caro, to the position of Assistant Sergeant-at-Arms at per diem of \$5.00; Ed Hurley to the position of Assistant Sergeant-at-Arms, at a per diem of \$5.00, and Boyd Garrison to the position of page at a per diem of \$2.50, and Elmo Sullivan to the position of page at a per diem of \$2.50, and respectfully ask the consent of the Senate thereto.

JOS. F. NOLAN, Sergeant-at-Arms.

Senator Breed moved that the appointments by the Sergeant-at-Arms be confirmed by the Senate.

The question being on the confirmation of the appointments.

The roll was called, and the appointments confirmed by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hurley, Inman, Johnson, Jones, Ray; Kline, Lyon, McKinley, Mueller, ~~Pedrotti~~, Sharkey, Slater, Taylor, Tubbs, Wagy, Weller, West, and Young—28.

NOES—None.

#### RESOLUTIONS—(RESUMED).

The following resolutions were offered:

By Senator Crowley:

*Resolved*, That the following named person be and she is hereby appointed to the respective position hereinafter set forth, as provided by law, with the compensation set opposite her name, and the Controller is hereby directed to draw his warrant for the said respective amount, and the Treasurer is directed to pay the same:

Miss Beatrice Bockley, Stenographer.....\$5 00 per day

Resolution read.

Senator Crowley moved the adoption of the resolution.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hurley, Johnson, Jones, H. C. Jones, Ray; Kline, Lyon, Malonev, McKinley, Mueller, Murphy, Nelson, ~~Pedrotti~~, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagy, Weller, West, and Young—34.

NOES—None.

By Committee on Contingent Expenses:

*Resolved*, That the Controller be and he is hereby authorized and directed to draw his warrant upon the Contingent Fund of the Senate in favor of the following named persons for the sums set opposite their respective names and the Treasurer is

directed to pay the same; said amounts being in payment for services rendered prior and incidental to the convening of the present extraordinary session of the Senate:

Joseph F. Nolan, Sergeant-at-Arms, one day-----	\$8 00
Joseph A. Beek, Secretary, one day-----	10 00
Beatrice Beckley, Stenographer, one day-----	5 00
John T. Young, Bookkeeper to Sergeant-at-Arms, one day-----	5 00
Harold J. Powers, Minute Clerk, one day-----	9 00

ALLEN, Chairman.

Resolution read.

Senator Allen, J. M., moved the adoption of the resolution.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray, Lyon, Maloney, McKinley, Mueller, Murphy, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Weller, West, and Young—33.

NOES—None.

Also:

*Resolved*, That the Controller be and he is hereby authorized and directed to draw his warrant on the Contingent Fund of the Senate in the sum of fifty dollars (\$50) in favor of Joseph A. Beek, Secretary of the Senate, and the Treasurer is hereby directed to pay the same for postage, telegraph, rental of typewriters, stationery and supplies, and other incidental expenses in connection with completing the work of this extraordinary session of the Senate. Vouchers and receipts and all expenditures to be furnished to the Controller.

ALLEN, Chairman.

Resolution read.

Senator Allen, J. M., moved the adoption of the resolution.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Boggs, Breed, Canepa, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray, Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Waggy, Weller, West, and Young—34.

NOES—None

#### REPORT OF SPECIAL COMMITTEE.

The following report of special committee was received and read:

SENATE CHAMBER, SACRAMENTO, September 4, 1928.

MR. PRESIDENT: Your special committee appointed to notify the Governor of the organization of the Senate and that the Senate is now ready to receive any communication he may have to make, respectfully reports that it has communicated with the Governor as directed.

MURPHY,  
NELSON,  
JONES, H. C.,  
Committee.

#### REPORT OF SPECIAL COMMITTEE.

The following report of special committee was received and read:

SENATE CHAMBER, SACRAMENTO, September 4, 1928.

MR. PRESIDENT: Your special committee appointed to notify the Assembly of the organization of the Senate and that the Senate is now ready to receive any communication the Assembly may have to make, respectfully reports that it has communicated with the Assembly as directed.

JONES,  
WEST,  
MALONEY,  
Committee.

## PRIVILEGE OF FLOOR EXTENDED.

On request of Senator Kline, the privilege of the floor of the Senate Chamber for the day was unanimously extended to Lyman M. King, former State Senator from the Thirtieth District.

On request of Senator Maloney, the privilege of the floor of the Senate Chamber for the day was unanimously extended to Chas. L. Peck, President of KFWI radio station of San Francisco, and Mildred Schneider, Secretary of KFWI.

## MESSAGE FROM THE GOVERNOR.

The following message from the Governor was received and read:

EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA, September 4, 1928.

*To the Senate and Assembly of the State of California.*

I have already communicated with a number of you, and intend to communicate with all, respecting our mutual desire to expedite legislation during the forthcoming regular session. To do this I feel convinced that the members of both houses would like to hold down as far as possible the number of bills introduced, and would welcome extreme care in the preparation of all bills prior to their introduction. For my own part, it is my desire that so-called "skeleton bills" this year be conspicuous by their absence.

To aid members in the early preparation of their bills, arrangements have been made by which, from now to the first of next January, the Legislative Counsel Bureau will increase its staff as much as may be necessary to render such service as any of you may desire. It is obvious that bills prepared now, before the strenuous days of a new session are actually upon us, will be far more carefully prepared and far less in need of time-consuming amendments than it left until next January.

After consultation with members of interested committees of the Senate and Assembly and with members of the Governor's Council, I am convinced that the State Printing Office can aid greatly in this direction if that office be authorized to print for you, in advance of the session, the bills which you propose to introduce. The fact that these measures may thus be available to you for study and discussion prior to their actual introduction should save you many weeks of time during the actual session, with corresponding saving in the burden of work and expense to which you are personally subjected, and at the same time furnish opportunity for more mature deliberation upon the bills.

Accordingly, I would suggest your consideration of a resolution in each house which will authorize your respective officers to require such advance printing of bills, when authentically supplied by members and members-elect, as soon as the membership of the new Legislature has been determined. It is the opinion of the Legislative Counsel that there is proper justification of such an arrangement in law and precedent; and, if it meets with the approval of the Legislature at its next regular session, I suggest that a statute be enacted making the arrangement permanent and automatic.

In accordance with this plan, you are invited at once to communicate with the Legislative Counsel Bureau as to assistance on legislation which you may have in mind or which may have been suggested to you. After these bills have been prepared, they may be sent to the State Printing Office at any time during November or December, and will be printed in regular form with your name as author and fully complete except as to the number of the bill and the committee reference. Proofs will be furnished you for such corrections as you may desire to make, and the perfected bill in printed form will be yours for introduction.

In this way we shall get far better and more carefully prepared bills than ever before offered, shall have them for the use of the public immediately after the convening of the Legislature, shall save much expense in the printing office through lessening the amount of overtime work, shall reduce to a minimum the length of our January session; and, through improving the quality of our legislation, shall accomplish the greatest legislative advance ever attempted in any state. I commend this plan to your careful consideration, and urge that it be given a trial.

Respectfully submitted.

C. C. YOUNG, Governor.

## RESOLUTIONS—(RESUMED).

The following resolution was offered:  
By Senator Breed:

*Resolved by the Senate,* That the Secretary of the Senate be and he is hereby authorized and directed to order and cause to be printed at the State Printing Office at as early a date as possible and prior to the convening of the forty-eighth session, such legislative bills and constitutional amendments as members and members-elect of the Senate in writing certify to him they intend to introduce in the Senate at the forty-eighth session of the Legislature of California, and the Superintendent of State Printing is hereby ordered to print the same, the cost thereof to be paid out of the appropriation for legislative printing.

Resolution read.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Khue, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Waggy, Weller, West, and Young—36.

NOES—None.

#### MESSAGE FROM THE GOVERNOR.

The following message from the Governor was received and read:

EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA, September 4, 1928.

*To the Senate and Assembly of the State of California.*

In addressing you respecting the present tax emergency which has called you together in special session, there is little to add to my former letter and advance message, sent to you nearly three weeks ago, and now upon your desks. These were sent, together with a copy of the Tax Commission's report, in order that you and the general public might have exact knowledge as to the fiscal problem which now confronts us, and that you might determine for yourselves whether there is any possible method of solution other than that worked out by the Commission.

As you will recall, I pointed out in my advance message that, by decisions of the United States Supreme Court construing section 5219 of the United States Revised Statutes as forbidding the imposition by a state of a tax on intangibles at a lower rate than that applied to national banks, and by other inconsistent and very old provisions of our state constitution, the California constitutional provision taxing national banks on shares has been shown to be discriminatory, and such bank taxes are therefore now apparently wiped out: that as long as this condition exists we can not in equity attempt to tax state banks, and that if we do so attempt we shall inevitably lose our state bank system through these banks becoming nationalized; that as a result of this situation the state is in danger of losing past, present and future bank taxes amounting to possibly as much as \$22,000,000, all of which can probably be saved by at once establishing a valid method of bank taxation, that under the provisions of the federal statute the only present available method of taxing banks will compel us to tax other corporations at the same rate, a considerable portion of this new tax coming from subsidiary financial corporations affiliated with banks and now escaping almost tax-free; that this new method of corporate franchise tax, while reducing the taxes of a majority of corporations and increasing the taxes of other corporations, will equalize the tax burden as between corporations and banks and between the corporations themselves; and, finally, that the only rate which would not be confiscatory as to corporations must necessarily be lower than the rate assessed against banks by the former invalid method, and that therefore the only alternative is not between this rate and the present bank tax rate, but between this rate and the entire abolishment of bank taxation which seems inevitable if no action is taken at this time.

Today, I shall attempt only a brief review of the existing problem, together with a statement of what would appear to be the only possible alternatives for action in the premises.

The situation by which it has become evident that our method of taxing banks on the value of their shares is invalid, can be chargeable to none of you, nor, in fact, to any one connected with California state government during the past twenty years. The share-tax method was first voted upon by the people in 1908 and finally adopted in 1910. Evidently no one at that time appreciated that this method of taxing banks was in conflict with federal law, although one of these things, probably causing such conflict—namely, mortgage-tax exemption—was adopted at the same election.

Neither should the last state administration, under which the intangibles law was passed, be charged with consciously invalidating the bank share-tax, since similar

laws for taxing intangibles had been adopted in numerous other states. However, as soon as the laws in two of those states, Minnesota and Wisconsin, were passed upon by the United States Supreme Court, the true situation became known; whereupon California banks began to protest the payment of their taxes and instituted suits now pending before the courts.

As soon as the Tax Commission looked into the matter, it began its endeavor to find a way by which at least a portion of this bank tax might be saved. In conjunction with other states it attempted to induce congress to amend section 5219, the federal statute which was causing the difficulty, but to no avail. It then turned to the only other practical method of bank taxation provided by federal law, the method of taxing a value measured by net income, in which, however, the rate of bank taxation was permitted to be no greater than the rate assessed against other corporations. It finally fixed upon a rate equivalent to 4 per cent of the net income as a rate which would neither increase nor decrease the present state revenue derived from banks and other corporations taken together.

This will unquestionably reduce the taxes of many banks, though in the case of some of the larger banks affiliated with subsidiary financial corporations, the total tax will probably be increased, owing to the fact that these subsidiaries are now escaping with a very small tax burden. It will equalize the tax burden as between the banks and other corporations, and will further equalize the burden as between the corporations themselves. It will lighten a very oppressive and unjust burden upon many smaller corporations, while adding very materially to the taxes of some of the larger corporations, now escaping practically tax free. It will in no way affect the general taxpayer not concerned with banks or corporations, since the amount of the state's revenue received from these two sources is not altered, and consequently nothing additional need be required from those now paying local taxes.

Finally, in fairness it must be conceded that the present situation is not chargeable to California banks any more than to California legislatures, though I suspect that eastern banking influence may be helping to prevent the amendment of section 5219 in congress. I am satisfied that what the banks desire is a stabilized and valid system of bank taxation, and that if this is once secured they will make no further effort to collect back from the state those taxes already paid, even though paid under a system which they regard as invalid.

I hold no brief for the banks, and have not the slightest personal or financial interest in any of them; but I do not like to see them unjustly charged with trying in this instance to escape their fair share of the tax burden, owing to the operation of a federal law which they have no power to change.

As far as I have been able to determine, there are just six possible courses of action now before this Legislature. I will enumerate these as follows:

1. *Adopt a constitutional amendment along lines suggested by the Commission, but with a lower rate than the equivalent of four per cent on net income.* This would undoubtedly be pleasing to certain corporations which have hitherto been escaping with very low taxes, and which now naturally dislike to see these taxes materially increased. It would probably be regarded by most of the banks as a greater reduction in their taxes than they have any right to expect. It would be resented by the ordinary taxpayer, who holds that even at four per cent there is too great a reduction in bank taxes. Moreover, it would cause a decrease in the state's revenue, which would have to be made up from some other source.

2. *Adopt a constitutional amendment along lines suggested by the Commission, but with a higher rate than the equivalent of four per cent on net income.* This would probably not be opposed by some of the banks if the increase were not too great, but it would undoubtedly be opposed by those banks with subsidiary financial corporations whose taxes are possibly increased even at a four per cent rate. It would be welcomed by the general taxpayer, who feels keenly the burden of his own taxes and would like to see other taxes kept proportionately high. It would be vigorously combatted by most of California's 25,000 corporations, many of which would accept even a four per cent rate only with reluctance. Finally, it would produce a greater revenue than that now received from the same sources, and greater than is necessary at the present time.

3. *Adopt a constitutional amendment along lines suggested by the Commission, but with no definite initial rates indicated.* This plan might be advantageous as giving the Legislature opportunity to deliberate at length over the rates during the regular session in 1929. However, the opportunity for such deliberation is carefully preserved in the amendment as proposed, in that the Legislature may at any time modify the rates now recommended. Furthermore, it seems obvious that both the Legislature and the people are justified in demanding all available information as to what the rate is likely to be. The Tax Commission must naturally have studied this question of rates before committing itself to the proposed plan. It therefore seems only fair to present the facts frankly to the voters, as to rates as well as to method. Moreover, if no rate were now fixed, and if it should happen that through delay no rate could be agreed upon before the first Monday of next March, the banks would escape all taxation for the next fiscal year.



4. *Make some modification of the bank share-tax plan such as will remove it from conflict with the federal law.* This possibility was at the very beginning studied into by the Tax Commission with extreme care. Their conclusion was that to do this at least three things would be necessary. First, to bring real estate mortgages again under taxation—an action which would unquestionably be resented both by borrower and by lender; second, to eliminate the present constitutional provision permitting the deduction of debts from solvent credits, thus placing an additional burden and inconvenience on business generally; and, third, forever to give up any thought of a reduced tax on intangibles, demanded by the people in a constitutional amendment adopted only four years ago; for it will be understood, of course, that under the share-tax method no moneyed capital, including intangibles, can bear a lower rate of taxation than that assessed against the banks.

5. *Do nothing at the present time.* This, as the Commission has fully pointed out in its report, will place in jeopardy no less than \$22,000,000 of state revenue, which, if lost, must be made up by increasing the tax burden in some other direction, while permitting the banks to escape with no taxes whatever. Part of this vast sum will be the amount lost between the present time and 1931 through a failure now to establish a valid tax for banks and other corporations, and part will be the amount of taxes already paid under the share-tax method, which the banks will seek to recover in order to justify their refusal to pay further taxes levied by the same method. As a former legislator, I have several times voted for increases in bank taxes, and I can fully sympathize with the attitude of those who now deplore the necessity of sharply reducing them. However, under federal law as interpreted by the United States Supreme Court, there is a manifest necessity of reducing them to some such rate as other corporations can be expected to pay; or, by taking no action at the present time, reducing them to absolutely nothing. Please remember that if recent court decisions stand, bank taxes have been completely wiped out and are at present absolutely nothing. In fixing a rate equivalent to four per cent of net income, for instance, you would therefore not be reducing bank taxes, but you would be actually raising them from nothing to this new rate. In other words, through causes beyond the control of any of us, the alternative is no longer between the present invalid tax and a lower tax, but between that lower tax and zero.

6. *Place before the people of the state the constitutional amendment submitted to you today.* In doing this you will be following out the recommendations of an able and conscientious Tax Commission, aided by some of the leading tax experts that the nation affords. They have been busily engaged in attempting to work out some comprehensive plan for equalizing and stabilizing taxes; and neither they nor I would have called you into special session prior to the presentation of the whole plan, had we not seen an emergency which threatens enormous loss to the state if not attended to at once. Having thus called you together, and having presented the case to the best of my ability, my responsibility is ended. If you submit this constitutional amendment to the people and show them what is involved, your responsibility is ended. Meanwhile, by ratifying the amendment at next November's election, the voters can empower you to pass the legislation necessary to carry out this new bank-tax plan, even to the extent of altering the plan whenever a future amendment to the federal statute so permits. The adoption of this amendment will in no way complicate consideration of the entire problem of state taxation by the next Legislature upon presentation of the complete reports by the Tax Commission; but it will provide a legal method of bank taxation to meet the present emergency. Having thus presented all possible alternatives as clearly as I can, I leave to you the solution of the problem.

Respectfully submitted.

C. C. YOUNG, Governor.

PRESIDENT PRO TEMPORE IN THE CHAIR.

At twelve o'clock and twenty minutes p m, Hon Arthur H. Breed, President pro tempore of the Senate, in the chair.

RESOLUTIONS—(RESUMED).

The following resolution was offered:  
By Senator Inman:

WHEREAS, The Grand Army of the Republic, representing and composed of the survivors of the great army of the Union which fought the battles for the integrity of the republic from 1861 to 1865, has during its sixty-three years of existence held its annual encampments but thrice in California; and

WHEREAS, The people of the State of California are desirous of again seeing this gallant body of men, once the flower of the youth and manly strength of the country, now well advanced in years, as the guests of the State of California, that its people may be enabled to extend to them the hospitality of highly honored guests, and that the children of the State may have the opportunity of seeing those who have been spared of that Grand Army, thereby inciting them to an increased reverence for the principles of patriotism which a passing through our streets under the tattered battle flags of over three score years ago can not fail to inspire; and

WHEREAS, The Department of California and Nevada Grand Army of the Republic at its last annual encampment extended its invitation to the Grand Army to hold its sixty-third national encampment in the city of Sacramento, California, in 1929, now, therefore, be it

*Resolved by the Senate*, That the sixty-third national encampment of the Grand Army of the Republic be and is hereby invited to hold its annual encampment in the year 1929 in the city of Sacramento, State of California.

Resolution read, and on motion of Senator Inman adopted.

#### MESSAGE FROM THE ASSEMBLY.

The following message from the Assembly was received and read:

ASSEMBLY CHAMBER, SACRAMENTO, September 4, 1928.

MR. PRESIDENT: I am directed to inform your honorable body that the Assembly on this day perfected permanent organization and is ready to proceed with the business of the state, having elected the following statutory officers:

Speaker of the Assembly, Hon. Edgar C. Levey.

Speaker pro tempore, Hon. William M. Byrne;

Arthur A. Ohnimus, Chief Clerk;

Louis F. Erb, Minute Clerk;

William J. McQuillan, Sergeant-at-Arms;

A. Watson Brown, Chaplain;

Edwin C. Lynch, First Assistant Clerk.

ARTHUR A. OHNIMUS, Chief Clerk.

LIEUTENANT GOVERNOR BURON R. FITTS, PRESIDENT OF THE SENATE,  
IN THE CHAIR.

#### LEAVE OF ABSENCE.

Senator Cobb was, on motion of Senator Breed, granted leave of absence for this day.

#### RECESS.

At twelve o'clock and thirty minutes p.m., on motion of Senator Breed, the President declared the Senate at recess until the hour of one o'clock and thirty minutes p.m.

#### RECONVENED.

At one o'clock and thirty minutes p.m., the Senate reconvened. Lieutenant Governor Buron R. Fitts, President of the Senate, in the chair.

Secretary Joseph A. Beek at the desk.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF BILLS, ETC.

The following bills were introduced:

By Senator Nelson:

#### SENATE CONSTITUTIONAL AMENDMENT No. 1.

A resolution to propose to the people of the State of California an amendment to the constitution of the State of California adding to article thirteen thereof a new section, to be numbered sixteen, relative to taxation.

*Resolved by the Senate, the Assembly concurring*, That the Legislature of the State of California, in extraordinary session commencing on the fourth day of

September, 1928 two-thirds of all the members elected to each of the two houses voting in favor thereof, hereby proposes to the people of the State of California that the constitution of the State of California be amended by adding to article XIII thereof a new section, to be numbered 16 and to read as follows:

Sec. 16 Notwithstanding any other provision of this constitution:

1. (a) Banks, including national banking associations, located within the limits of this State, shall annually pay to the State a tax according to or measured by their net income, which shall be in lieu of all other taxes and licenses, State, county and municipal, upon such banks, or the shares thereof, except taxes upon their real property. The amount of the tax shall be equivalent to four per cent of their net income.

(b) The Legislature, two thirds of all the members elected to each of the two houses voting in favor thereof, in lieu of such tax, may provide by law for any other form of taxation, now or hereafter permitted by the Congress of the United States respecting national banking associations; *provided*, that such form of taxation shall apply to all banks located within the limits of this State.

(c) If it be finally determined that any tax levied upon or respecting any bank, national banking association, or the shares thereof, is invalid, said bank or association, or the shares thereof, shall be reassessed in conformity with any method provided by law. No claim against the State for refund or rebate of taxes paid shall be allowed without first deducting therefrom the amount of any such unpaid reassessment.

2. (a) All financial, mercantile, manufacturing and business corporations doing business within the limits of this State, subject to be taxed pursuant to subdivision (d) of section 14 of this article, in lieu of the tax thereby provided for, shall annually pay to the State for the privilege of exercising their corporate franchises within this State a tax according to or measured by their net income. The amount of such State tax shall be equivalent to four per cent of their net income. Such tax shall be subject to offset, in a manner to be prescribed by law, in the amount of personal property taxes paid by such corporations to the State or political subdivisions thereof, but the offset shall not exceed ninety per cent of such State tax. In any event, each such corporation shall pay an annual minimum tax to the State not subject to offset, of twenty-five dollars.

(b) The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, may provide by law for the taxation by any other method authorized in this constitution of the corporations, or the franchises, subject to be taxed pursuant to subdivision (a) of paragraph 2 of this section or subdivision (d) of section 14 of this article.

3. The Legislature, two-third of all the members elected to each of the two houses voting in favor thereof, may change by law the rates of tax, or the percentage, amount or nature of offset provided for in paragraphs 1 and 2 hereof.

4. Notes, debentures, shares of capital stock, bonds, solvent credits, deeds of trust, mortgages, and any legal or equitable interest therein, of the classes now taxable to the owner thereof and not otherwise taxed under subdivisions (a) or (b) of section 14 or under section 15 of this article, shall be declared in a manner to be prescribed by law and shall be taxed upon their actual value at the rate of three-tenths of one per cent. The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, may by law change the rate or rates upon any one or more of the classes of property herein enumerated, provided that no rate shall exceed four-tenths of one per cent. Said tax shall be in lieu of all other property taxes thereon, and the proceeds of said tax shall not go to the State but to such political subdivisions thereof, and in such manner, as may be provided by law.

5. The Legislature shall define "corporations" and "doing business"; shall define "net income," and may define it to be the entire net income received from all sources; shall provide for the allocation of income, for the assessment, levy and collection of the afore-said taxes, and for reassessment in the event of the invalidity of any tax under 2 (a) or 2 (b) hereof. Said taxes shall become a lien on the first Monday in March of 1929 and of each year thereafter. The Legislature shall pass laws necessary to carry out this section. The acts of the forty-eighth session of the Legislature passed pursuant to this section shall be effective immediately upon their passage.

By Senator Chamberlin:

SENATE CONSTITUTIONAL AMENDMENT No. 2.

Proposed amendment to article thirteen of the constitution by adding a new section thereto to be numbered sixteen, relating to taxation

*Resolved by the Senate, the Assembly concurring.* That the Legislature of the State of California, in extraordinary session commencing on the fourth day of

September, 1928, two-thirds of all the members elected to each of the two houses voting in favor thereof, hereby proposes to the people of the State of California that the constitution of the State of California be amended by adding to article XIII thereof a new section, to be numbered 16, and to read as follows:

Sec. 16. Notwithstanding any other provision of this constitution:

The Legislature, two-thirds of all members elected to each of the two houses voting in favor thereof, may pass and/or amend an act or acts affecting a change or changes in the method and manner of taxing banks, or the shares thereof, to any method or manner now or hereafter permitted by the Congress of the United States; *provided*, that the change or changes apply to all banks located within the State.

If it be finally determined that any tax levied upon any bank, including national banking associations, or the shares thereof, is invalid, said bank or association, or the shares thereof, shall be reassessed in conformity with any method authorized by the congress of the United States for taxation of national banks. No claim against the State for refund or rebate of taxes paid shall be allowed without first deducting therefrom the amount of any such unpaid reassessment.

The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, may pass and/or amend an act or acts affecting such change in the method and manner of taxing corporations doing business within this State of the class covered by subdivision (d) of section fourteen (14) of article thirteen (13) for the privilege of exercising their corporate franchises within the State as may be required by any change or changes in the method or plan of taxing banks.

Any act or acts passed by the Legislature, pursuant to the authority vested in it by section 12½ of this article, at its first regular session following the adoption of this amendment, shall take effect immediately thereafter; *provided, however*, that any tax levied at any time by the Legislature under said section 12½ of this article shall not exceed an amount equivalent to a rate of three-tenths of one per cent (1%) of the full cash value of the property taxed.

Senate Constitutional Amendment No. 2 read, and referred to Committee on Revenue and Taxation.

By Senator Nelson:

Senate Bill No. 1.—An act submitting to the people, at the general election in November, 1928, a proposed amendment to the constitution of the State of California, relating to taxation.

Senate Bill No. 1 read first time, and referred to Committee on Revenue and Taxation

By Senator Lyon:

#### SENATE CONCURRENT RESOLUTION No. 1.

Relative to investigation and report upon the feasibility of establishing and maintaining a radio broadcasting station at the State Capitol.

WHEREAS, It is necessary that the Legislature have available adequate information to enable its members to consider and act upon the question of the desirability and feasibility of installing and maintaining a radio broadcasting station at the State Capitol; now, therefore, be it

*Resolved by the Senate, the Assembly concurring.* That the President of the Senate shall appoint two members and the Speaker of the Assembly shall appoint three members, who shall act as a committee of the Legislature to investigate and to report to the Legislature, at the forty-eighth session thereof, upon the desirability and feasibility of the establishment and maintenance by the State of a radio broadcasting station at the State Capitol; and be it further

*Resolved*, That the expenses incurred in such investigation, not to exceed the sum of \$100, shall be paid equally by the Senate and Assembly out of their respective contingent funds.

Senate Concurrent Resolution No. 1 read, and referred to Committee on Governmental Efficiency.

## COMMITTEE OF THE WHOLE.

Senator Breed moved that the Senate meet in Committee of the Whole with the Assembly in the Assembly Chamber for the purpose of obtaining the State Tax Commission recommendations.

## IN THE COMMITTEE OF THE WHOLE.

Lieutenant Governor Buron R. Fitts, President of the Senate, directed the Secretary of the Senate to call the roll of the Senators.

The roll was called, and the following answered to their names:

Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray, Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagv, Weller, West, and Young—36.

The President of the Senate declared a quorum of the Senate present.

Hon. Edgar C. Levey, Speaker of the Assembly, directed the Chief Clerk of the Assembly to call the roll of Assemblymen.

The roll was called, and the following answered to their names:

Adams, Anderson, D. P., Anderson, Roscoe J., Badham, Ball, Baum, Bernard, Brock, Byrne, Carter, Cloudman, Cloudsley, Coombs, Crawford, Crittenden, Davis, Deuel, Dillinger, Duval, Easley, Eddy, Feigenbaum, Fisher, Flynn, Fry, Gant, Hawes, Hedges, Hornblower, Jespersen, Jewett, Jones, Jost, Kenton, Kelsey, Leuchan, Leymel, Little, Lyons, McPherson, Melville, Miller, Eleanor, Miller, James A., Morrison, Murphy, Nielsen, Noyes, Parkman, Patterson, Reindollar, Roberts, Rochester, Roland, Scofield, Sewell, Smith, Snyder, Spalding, Wemple, West, Wherrell, Williams, Williamson, Witter, Woodbridge, Woolwine, and Mr. Speaker—67.

The Speaker of the Assembly declared a quorum of the Assembly present.

The recommendations of the State Tax Commission were heard and considered.

## IN SENATE.

Lieutenant Governor Buron R. Fitts, President of the Senate, in the chair.

Secretary Joseph A. Beek at the desk.

## RESOLUTIONS—(RESUMED).

The following resolution was offered.

By Committee on Contingent Expenses:

MR. PRESIDENT: Your Committee on Contingent Expenses begs leave to offer the following resolution and recommend its adoption:

*Resolved*, That the State Controller be and he is hereby directed and ordered to draw his warrants upon the proper funds in favor of the following named Senators and officers of the Senate for the amount set opposite each of their names, and the State Treasurer is hereby directed and ordered to pay the same, being the mileage due them by law.

Senators	County	Mileage	Total at five cents per mile
Allen, J. M.	Siskiyou	590	\$29 50
Baker, C. C.	Monterey	416	20 80
Boggs, Frank S.	San Joaquin	96	4 80
Breed, Arthur H.	Alameda	168	8 40
Canepa, Victor J.	San Francisco	180	9 00
Chamberlin, Harry A.	Los Angeles	834	44 70
Christian, E. H.	Alameda	182	9 10
Crowley, John J.	San Francisco	180	9 00
Evans, H. J.	Los Angeles	914	45 70
Garrison, J. C.	Stanislaus	164	8 20
Gray, P. J.	San Francisco	180	9 00
Handy, Fred C.	Menlo Park	300	15 00
Hollister, J. James	Santa Barbara	1,004	50 20
Hurley, Edgar S.	Alameda	168	8 40
Inman, J. M.	Sacramento	2	10
Johnson, M. B.	San Mateo	288	14 40
Jones, Herbert C.	Santa Clara	256	12 80
Jones, Ray	Yuba	104	5 20
Kline, Chester M.	Riverside	1,100	55 00
Lyon, Charles W.	Los Angeles	926	46 30
Maloney, Thomas A.	San Francisco	180	9 00
McKinley, J. W.	Los Angeles	894	44 70
Mueller, Edwin A.	San Diego	1,178	58 90
Murphy, Daniel C.	San Francisco	180	9 00
Nelson, H. C.	Humboldt	624	31 20
Pedrotti, J. L.	Los Angeles	894	44 70
Rush, Benjamin F.	Solano	80	4 00
Sharkey, Will R.	Contra Costa	124	6 20
Slater, Herbert W.	Sonoma	180	9 00
Swing, Ralph E.	San Bernardino	1,016	50 80
Taylor, Cadet	Los Angeles	958	47 90
Tubbs, Tallant	San Francisco	180	9 00
Wagy, J. I.	Kern	556	27 80
Weller, Frank C.	Los Angeles	910	45 50
West, T. C.	Alameda	168	8 40
Young, Sanborn	Santa Clara	278	13 90
<b>OFFICERS.</b>			Total at ten cents per mile
Fitta, Burton R., President	Los Angeles	894	\$89 40
Beek, Joseph A., Secretary	Orange	990	99 00
Nolan, Joseph F., Sergeant-at-Arms	Los Angeles	894	89 40
Powers, Harold J., Minute Clerk	Modoc	832	83 20

ALLEN, J. M., Chairman.

Resolution read.

Senator Allen, J. M. moved the adoption of the resolution.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Jones, H. C., Jones, Ray, Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Pedrotti, Rush, Sharkey, Slater, Swing, Tubbs, Wagy, Weller, West, and Young—32.

NOES—None.

ADJOURNMENT.

At five o'clock and ten minutes p.m., on motion of Senator Breed, the President declared the Senate adjourned out of respect to the memory of the late Thomas Ingram, Senator from the Third district, until ten o'clock a.m., Wednesday, September 5, 1928.

IN SENATE.

SENATE CHAMBER,  
SACRAMENTO, Wednesday, September 5, 1928.

Pursuant to adjournment, the Senate met at ten o'clock a.m.

Lieutenant Governor Buron R. Fitts, President of the Senate, in the chair.

Secretary Joseph A. Beek at the desk.

ROLL CALL.

The roll was called, and the following answered to their names:

Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Waggy, Weller, West, and Young—35.

Quorum present.

PRAYER.

Prayer was offered by the Chaplain, Rev. Bryant Wilson.

READING OF THE JOURNAL.

During the reading of the Journal of Tuesday, September 4, 1928, the further reading was dispensed with, on motion of Senator Rush.

LEAVE OF ABSENCE.

Senator Fellom was, on motion of Senator Crowley, granted leave of absence for the day.

PRIVILEGE OF FLOOR OF SENATE EXTENDED.

On request of Senator Baker, the privilege of the floor of the Senate Chamber for the day was unanimously extended to Fred McCargan, Secretary of the Salinas Chamber of Commerce.

REPORT OF STANDING COMMITTEE.

The following report of standing committee was received and read:

ON REVENUE AND TAXATION.

SENATE CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT. Your Committee on Revenue and Taxation, to which was referred Senate Constitutional Amendment No 1—A resolution to propose to the people of the State of California an amendment to the constitution of the State of California adding to article XIII thereof a new section, to be numbered 16, relative to taxation—has had the same under consideration, and respectfully reports the same back and recommends that it be adopted.

NELSON, Chairman.

## MESSAGE FROM THE ASSEMBLY.

The following message from the Assembly was received and read:

ASSEMBLY CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: I am directed to inform your honorable body that the Assembly on this day adopted Assembly Constitutional Amendment No. 1—Proposed amendment to article XIII of the constitution, relative to taxation.

ARTHUR A. OHNIMUS, Chief Clerk.  
By C. W. BOOTH, Assistant Clerk.

Assembly Constitutional Amendment No. 1 referred to Committee on Revenue and Taxation.

## REPORT OF STANDING COMMITTEE.

The following report of standing committee was received and read:

## ON REVENUE AND TAXATION.

SENATE CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: Your Committee on Revenue and Taxation, to which was referred Senate Bill No. 1—An act submitting to the people, at the general election in November, 1928, a proposed amendment to the constitution of the State of California, relating to taxation—has had the same under consideration, and respectfully reports the same back, and recommends that it do pass.

NELSON, Chairman.

## RESOLUTION.

The following resolution was offered:

By Senator Nelson:

*Resolved*, That Senate Bill No. 1 presents a case of urgency, as that term is used in section 15 of article IV of the constitution, and the provision of that section requiring that the bill shall be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read:

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones Ray, Kline, Lyon, Maloney, McKinley, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Taylor, Tubbs, Wagy, Weller, West, and Young—33.

NOES—None.

Whereupon, the President declared the provisions of section 15 of article IV of the constitution suspended for the purpose of considering at this time Senate Bill No. 1.

## RE-REFERENCE OF BILL.

On motion of Senator Nelson, Senate Bill No. 1 was ordered re-referred to Committee on Revenue and Taxation.

## MESSAGES FROM THE ASSEMBLY.

The following messages from the Assembly were received and read:

ASSEMBLY CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: I am directed to inform your honorable body that the Assembly



on this day adopted Assembly Concurrent Resolution No. 1—Relative to adjournment sine die.

ARTHUR A. OHNIMUS, Chief Clerk.  
By C. W. BOOTH, Assistant Clerk.

Assembly Concurrent Resolution No. 1 referred to Committee on Rules.

Also:

ASSEMBLY CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: I am directed to inform your honorable body that the Assembly on this day passed Assembly Bill No. 1—An act submitting to the people, at the general election in November, 1928, a proposed amendment to the constitution of the State of California, relating to taxation.

ARTHUR A. OHNIMUS, Chief Clerk.  
By C. W. BOOTH, Assistant Clerk.

Assembly Bill No. 1 referred to Committee on Rules.

# RESOLUTION.

The following resolution was offered:

By Committee on Contingent Expenses:

WHEREAS, It is necessary to employ certain statutory legislative employees of the Superintendent of Capitol Buildings and Grounds during the special session of the Legislature to properly accommodate said body, and also to do certain necessary clean-up work of the legislative chamber and committee rooms after adjournment; and

WHEREAS, There is no statutory provision for the salaries of said legislative employees for an extraordinary session; now, therefore, be it

*Resolved*, That the State Controller be and he is hereby directed and authorized to draw his warrant upon the Contingent Fund of the Senate in favor of Frank N. Killam, and the State Treasurer is hereby directed to pay the same for the sum of fifty-eight and seventy-five one-hundredths dollars (\$58 75), said amount being in payment of said services.

Resolution read.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Kline, Lyon, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Taylor, Tubbs, Wagy, Weller, West, and Young—33.

NOES—None.

# RECESS.

At ten o'clock and forty minutes a.m., on motion of Senator Breed, the President declared the Senate at recess until the hour of ten o'clock and fifty minutes a.m.

# RECONVENED.

At ten o'clock and fifty minutes a.m., the Senate reconvened.

Lieutenant Governor Buron R. Fitts, President of the Senate, in the chair.

Secretary Joseph A. Beek at the desk.

# REPORT OF STANDING COMMITTEE.

The following report of standing committee was received and read:

## ON REVENUE AND TAXATION.

SENATE CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: Your Committee on Revenue and Taxation to which was referred Assembly Constitutional Amendment No. 1—A resolution to propose to the

people of the State of California an amendment to the constitution of the State of California adding to article XIII thereof a new section, to be numbered 16, relative to taxation—has had the same under consideration, and respectfully reports the same back, and recommends that it be adopted.

NELSON, Chairman.

#### COMMUNICATION.

On request of Senator Herbert C. Jones, the following communication was ordered printed in the Journal:

September 5, 1928.

*Honorable Herbert C. Jones,  
Sacramento, California.*

DEAR SENATOR: The State Tax Commission has given careful consideration to the question as to the consequence of the proposed constitutional amendment respecting mutual building and loan associations and guarantee associations issuing withdrawable shares.

The whole matter is a question of what constitutes the net income of such associations to be taxed. The Legislature in the constitutional amendment is expressly given the power to define net income. The interest of these companies, therefore, can be adequately protected in the statute that will be passed by the Legislature to give effect to the provisions of the amendment.

It is a prudent and generally recognized principle that where such matters of legislative detail can properly be taken care of by statute the constitution should not be encumbered with them.

If the amendment should be opened to insert a special provision respecting such companies many other classes of corporations would be equally entitled to have provisions relating to them included, with the result that the amendment would be overloaded with administrative detail, and subject to the hazard of precluding proper provisions, even as to minor details or as to conditions that may not have been anticipated.

It is the purpose of the commission for the information of the Legislature, to draft an act to carry out the provisions of the amendment, and in this draft to include appropriate provisions insuring an equitable distribution of the tax burden among the different types of building and loan associations.

Yours truly,

CALIFORNIA TAX COMMISSION,  
By IRVING MARTIN, Chairman.

#### PRESENTATION OF OPINION.

The following opinion was presented by Senator Nelson and ordered printed in the Journal:

SACRAMENTO, CALIFORNIA, September 5, 1928.

*Senator H. C. Nelson, Chairman,  
Committee on Revenue and Taxation.*

DEAR SIR: It is my opinion as counsel for the California Tax Commission, and I have so advised that body, that the term "political subdivisions" in paragraph 4 of Senate Constitutional Amendment No. 1 includes municipalities.

FRANK L. GUERENA,  
Deputy Attorney General.

#### RESOLUTION.

The following resolution was offered:

By Senator Nelson:

*Resolved*, That the words "political subdivisions thereof," wherever the same appear in Assembly Constitutional Amendment No. 1, are intended to mean and be construed to include municipalities.

Resolution read, and on motion of Senator Nelson adopted.

#### ASSEMBLY CONSTITUTIONAL AMENDMENT No. 1.

A resolution to propose to the people of the State of California an amendment to the constitution of the State of California adding to article XIII thereof a new section, to be numbered 16, relative to taxation.

*Resolved by the Assembly, the Senate concurring*, That the Legislature of the State of California, in extraordinary session commencing on the fourth day of Sep-

tember, 1928, two-thirds of all the members elected to each of the two houses voting in favor thereof, hereby proposes to the people of the State of California that the constitution of the State of California be amended by adding to article XIII thereof a new section, to be numbered 16, and to read as follows.

Sec. 16 Notwithstanding any other provision of this constitution:

1. (a) Banks, including national banking associations, located within the limits of this State shall annually pay to the State a tax according to or measured by their net income, which shall be in lieu of all other taxes and licenses, state, county and municipal, upon such banks, or the shares thereof, except taxes upon their real property. The amount of the tax shall be equivalent to four per cent of their net income.

(b) The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, in lieu of such tax, may provide by law for any other form of taxation now or hereafter permitted by the Congress of the United States respecting national banking associations; *provided*, that such form of taxation shall apply to all banks located within the limits of this state.

(c) If it be finally determined that any tax levied upon or respecting any bank, national banking association, or the shares thereof, is invalid, said bank or association, or the shares thereof, shall be reassessed in conformity with any method provided by law. No claim against the State for refund or rebate of taxes paid shall be allowed without first deducting therefrom the amount of any such unpaid reassessment.

2. (a) All financial, mercantile, manufacturing and business corporations doing business within the limits of this State, subject to be taxed pursuant to subdivision (d) of section 14 of this article, in lieu of the tax thereby provided for, shall annually pay to the state for the privilege of exercising their corporate franchises within this State a tax according to or measured by their net income. The amount of such State tax shall be equivalent to four per cent of their net income. Such tax shall be subject to offset, in a manner to be prescribed by law, in the amount of personal property taxes paid by such corporations to the State or political subdivisions thereof, but the offset shall not exceed ninety per cent of such state tax. In any event, each such corporation shall pay an annual minimum tax to the State, not subject to offset, of twenty-five dollars.

(b) The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, may provide by law for the taxation by any other method authorized in this constitution of the corporations, or the franchises, subject to be taxed pursuant to subdivision (a) of paragraph 2 of this section or subdivision (d) of section 14 of this article.

3. The Legislature, two-thirds of all the members elected to each of the two houses voting in favor thereof, may change by law the rates of tax, or the percentage, amount or nature of offset provided for in paragraphs 1 and 2 hereof.

4. Notes, debentures, shares of capital stock, bonds, solvent credits, deeds of trust, mortgage, and any legal or equitable interest therein, of the classes now taxable to the owner thereof and not otherwise taxed under subdivisions (a) or (b) of section 14 or under section 15 of this article, shall be declared in a manner to be prescribed by law and shall be taxed upon their actual value at the rate of three-tenths of one per cent. The Legislature two-thirds of all the members elected to each of the two houses voting in favor thereof, may by law change the rate or rates upon any one or more of the classes of property herein enumerated, provided that no rate shall exceed four-tenths of one per cent. Said tax shall be in lieu of all other property taxes thereon, and the proceeds of said tax shall not go to the State but to such political subdivisions thereof, and in such manner, as may be provided by law.

5. The Legislature shall define "corporations" and "doing business"; shall define "net income," and may define it to be the entire net income received from all sources, shall provide for the allocation of income, for the assessment, levy and collection of the aforesaid taxes, and for reassessment in the event of the invalidity of any tax under 2 (a) or 2 (b) hereof. Said taxes shall become a lien on the first Monday in March of 1929 and of each year thereafter. The Legislature shall pass laws necessary to carry out this section. The acts of the forty-eighth session of the Legislature passed pursuant to this section shall be effective immediately upon their passage.

Constitutional amendment read.

The question being on the adoption of the constitutional amendment.

The roll was called, and Assembly Constitutional Amendment No. 1 adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handv., Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson,

Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagv, Weller, West, and Young—36.

NOES—None.

Assembly Constitutional Amendment No. 1 ordered transmitted to the Assembly.

#### EXPLANATION OF VOTE.

The following explanation of vote was submitted by Senator Chamberlin, and ordered printed in the Journal:

I voted for Assembly Constitutional Amendment No. 1 solely because of the immediate necessity that constitutional authority be secured by which the banks may be legally taxed. I believe, however, that Senate Constitutional Amendment No. 2, which I introduced and which, it was apparent, did not meet with the approval of the Senate, but which would have vested complete constitutional authority in the Legislature to solve the bank tax situation in such manner as it might determine at its next regular session, was all that was required of the Legislature to meet the emergency arising from the probable invalidity of the present method of taxing banks.

I further believe that Assembly Constitutional Amendment No. 1, aside from its general provisions, unnecessarily and unjustly shifts the burden of responsibility for the ultimate solution of the bank tax situation from the Legislature, where it properly belongs, to the people, and that its approval by the people at the coming election will, later, be regarded as a definite commitment for the establishment of a general State income tax law.

#### CONSIDERATION OF ASSEMBLY BILL NUMBER ONE.

Senator Nelson asked for and was granted unanimous consent to take up for consideration Assembly Bill No. 1, without reference to committee.

#### CASE OF URGENCY.

The following resolution was offered:

By Senator Nelson:

*Resolved*, That Assembly Bill No. 1 presents a case of urgency, as that term is used in section 15 of article IV of the constitution, and the provision of that section requiring that the bill shall be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read.

The question being on the adoption of the resolution.

The roll was called, and the resolution adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Ray, Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagv, Weller, West, and Young—36.

NOES—None.

Whereupon, the President declared the provisions of section 15 of article IV of the constitution suspended for the purpose of considering at this time Assembly Bill No. 1.

#### SECOND READING OF ASSEMBLY BILL NUMBER ONE.

Assembly Bill No. 1—An act submitting to the people, at the general election in November, 1928, a proposed amendment to the constitution of the State of California, relating to taxation.

Bill read second time, considered engrossed, and ordered on file for third reading.

Bill read third time.

The question being on the passage of the bill.

The roll was called, and Assembly Bill No. 1 passed by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson, Jones, H. C., Jones, Rav; Kline, Lyon, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagy, Weller, West, and Young—36.

NOES—None.

Title read and approved.

Bill ordered transmitted to the Assembly.

#### PRESENTATION TO SENATOR RUSH.

Senator Inman called the attention of the members of the Senate to the fact that Senator Ben Rush, "the dean of the Senate," had voluntarily retired to private life, and was on this legislative day rendering his last service as a member of this body. On behalf of the members of the Senate, Senator Inman presented Senator Rush with a clock as a token of the esteem of his fellow Senators.

#### STATEMENT BY SENATOR KLINE.

The following statement by Senator Kline was ordered printed in the Journal:

MR. PRESIDENT AND GENTLEMEN OF THE SENATE: As you are well aware, this special session will be the last one to be presided over by our Lieutenant Governor, Burton Fitts. Our President has been elected district attorney of Los Angeles County. Some may think that he is taking an inferior position to the one he now holds, but Los Angeles County needs a capable man to do a big job and Burton Fitts has never shirked when duty calls. His life is too well known to take the time to recall, except to say he has always been in the forefront in war and peace, and when the Los Angeles call came he could do nothing else but respond.

I want to take this occasion to say that I appreciate the uniform courtesy and kindness and efficiency of our President's regime and I know that when I say this I am reflecting the sentiment of every Senator.

#### REPORT OF STANDING COMMITTEE.

The following report of standing committee was received and read:

##### ON RULES.

SENATE CHAMBER, SACRAMENTO, September 5, 1928

MR. PRESIDENT Your Committee on Rules to which was referred Assembly Concurrent Resolution No. 1—Relating to adjournment sine die of this forty-seventh (extra) session—has had the same under consideration, and respectfully reports the same back and recommends that it be adopted.

Committee membership—5; committee vote: Ayes—4; noes—0; absent—1.

BREED, Chairman.

#### ASSEMBLY CONCURRENT RESOLUTION No. 1.

Relative to adjournment sine die

*Resolved by the Assembly and the Senate Concurring,* That this forty-seventh (extra) session of the Legislature adjourn sine die at twelve o'clock meridian, September 5, A. D. 1928

Resolution read.

The question being on the adoption of the resolution.

The roll was called, and Assembly Concurrent Resolution No. 1 adopted by the following vote:

AYES—Senators Allen, J. M., Baker, Boggs, Breed, Canepa, Chamberlin, Christian, Crowley, Evans, Garrison, Gray, Handy, Hollister, Hurley, Inman, Johnson,

Jones, Rav; Kline, Maloney, McKinley, Mueller, Murphy, Nelson, Pedrotti, Rush, Sharkey, Slater, Swing, Taylor, Tubbs, Wagye, Weller, West, and Young.—34.

NOES—None.

Assembly Concurrent Resolution No. 1 ordered transmitted to the Assembly.

#### REPORTS OF STANDING COMMITTEES.

The following reports of standing committees were received and read:

##### ON REVENUE AND TAXATION.

SENATE CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: Your Committee on Revenue and Taxation, to which was referred Senate Constitutional Amendment No. 2—Proposed amendment to article XIII of the constitution by adding a new section thereto to be numbered 16, relating to taxation—has had the same under consideration, and respectfully reports the same back without recommendation.

NELSON, Chairman.

##### ON GOVERNMENTAL EFFICIENCY.

SENATE CHAMBER, SACRAMENTO, September 5, 1928.

MR. PRESIDENT: Your Committee on Governmental Efficiency, to which was referred Senate Concurrent Resolution No. 1—Relating to investigation and report upon the feasibility of establishing and maintaining a radio broadcasting station at the State Capitol—has had the same under consideration and respectfully reports the same back without recommendation.

SWING, Chairman.

#### RESOLUTION.

The following resolution was offered:

By Senator Jones, H. C.:

*Resolved*, That a committee of three be appointed to notify the Governor that the Senate is ready to adjourn sine die, and to ask if he has any further communication to transmit to the Senate.

Resolution read, and on motion of Senator Jones adopted.

#### APPOINTMENT OF COMMITTEE.

In accordance with the above resolution, Senators Johnson, Kline and Hollister were named by the President as the committee to notify the Governor that the Senate was ready to adjourn sine die.

#### RESOLUTION.

The following resolution was offered:

By Senator Lyon:

*Resolved*, That a committee of three be appointed to notify the Assembly that the Senate is ready to adjourn sine die, and to ask if the Assembly has any further communication to transmit to the Senate.

Resolution read, and on motion of Senator Lyon adopted.

#### APPOINTMENT OF COMMITTEE.

In accordance with the above resolution, Senators Rush, Taylor and Chamberlin were named by the President as a committee to notify the Assembly that the Senate was ready to adjourn sine die.

#### REPORTS OF SPECIAL COMMITTEES.

Senator Johnson, as chairman of the committee appointed to wait upon the Governor and inform him of the Senate's readiness to adjourn

sine die, reported that His Excellency had informed the said committee that he had no further communication to transmit to the Senate.

Also:

Senator Rush, as chairman of the committee appointed to notify the Assembly that the Senate was ready to adjourn sine die, reported that the committee had notified the Assembly according to its instructions, and that the Assembly would shortly convey a message to the Senate through their committee.

#### MESSAGE FROM THE ASSEMBLY.

At eleven o'clock and fifty minutes a.m., a committee from the Assembly, consisting of Messrs. Lyons, chairman; Miller, Eleanor; Anderson, Roscoe J., Crittenden and Adams, appeared at the bar of the Senate and announced that the Assembly had no further communication to transmit to the Senate, and now was prepared for adjournment sine die.

#### MESSAGE TO THE ASSEMBLY.

Upon receipt of the foregoing message from the Assembly, the President announced that the Senate had no further communication to transmit to the Assembly, and requested the committee from the Assembly to convey to the Assembly the information that the Senate was now prepared to adjourn sine die.

#### APPROVAL OF JOURNAL.

On motion of Senator Breed, the Senate Journal for Tuesday, September 4, was approved as corrected.

#### APPROVAL OF MINUTES.

On motion of Senator Breed, the minutes of this day, Wednesday, September 5, were read and approved as read.

#### FINAL ADJOURNMENT.

Whereupon, at twelve o'clock noon, in accordance with the provisions of Assembly Concurrent Resolution No. 1, the President declared the forty-seventh (extraordinary) session of the Senate of the State of California adjourned sine die.

JOSEPH A. BEEK,

Secretary of the Senate.

HAROLD J. POWERS,

Minute Clerk of the Senate.

PAUL MASON,

Assistant Secretary.

BURON R. FITTS,

President of the Senate.

A. H. BREED,

President pro tempore of the Senate.