
STATUTES OF CALIFORNIA

EXTRA SESSION OF FORTY-SEVENTH LEGISLATURE,
1928.

Began Tuesday, September fourth, at eleven o'clock a.m.,
and adjourned Wednesday, September fifth,
at twelve o'clock meridian.

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 eleven 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.

[GREAT SEAL OF THE
STATE OF CALIFORNIA]

Attest: FRANK C. JORDAN, Secretary of State.

By FRANK H. CORY, Deputy.

STATUTES OF CALIFORNIA
PASSED AT THE
EXTRA SESSION OF THE FORTY-SEVENTH LEGISLATURE
CHAPTER 1.

An act submitting to the people, at the general election in November, one thousand nine hundred twenty-eight, a proposed amendment to the constitution of the State of California, relating to taxation.

[Approved by the Governor September 5, 1928.]

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

SECTION 1. Assembly Constitutional Amendment No. 1, a proposal by the Legislature, adopted in extraordinary session commencing on the fourth day of September, one thousand nine hundred twenty-eight, to add section 16, relating to taxation, to article XIII of the constitution of the State of California, shall be submitted to the people of said state at the general election on the first Tuesday after the first Monday in November, one thousand nine hundred twenty-eight.

Submission
of A. C. A.
No. 1, 1928
(extra), to
electors.

SEC. 2. The presiding officer of the Assembly, before the adjournment of said session, shall appoint a member of the Legislature who voted for the proposition to draft an argument giving the reasons for the adoption of such amendment, and he shall also appoint a member of the Legislature who voted against the proposition, if there be a minority vote, to draft an argument against the adoption of such amendment. Each argument shall be not more than five hundred words in length, and shall be submitted by the author to the secretary of state within ten days from said adjournment.

Arguments.

SEC. 3. The provisions of sections 1195a, 1195b and 1197 of the Political Code of California, so far as they are applicable, are incorporated herein by reference and made part of this act for the submission of said proposed amendment to the people with the same force and effect as if said amendment were expressly mentioned in said sections.

Incorporation by
reference.

CONSTITUTIONAL AMENDMENT AND CONCURRENT RESOLUTION

CHAPTER 1.

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 thirteen thereof a new section, to be numbered sixteen, relative to taxation.

[Filed with Secretary of State September 5, 1928.]

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California, in extraordinary session commencing on the fourth day of September, one thousand nine hundred twenty-eight, 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 sixteen, 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.

Constitutional amendment proposed

(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, 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 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.

CHAPTER 2.

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^{Adjoarn-}
sine die at twelve o'clock meridian, September 5, A. D. 1928.
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