1967 Legislative Report

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FOREWORD

To report the story of a legislative session makes the author vulnerable from all quarters, because almost every person would differ as to where to pinpoint the beginning; what items to report; and where to stop.

It seems only too clear, however, that the course of the First General Session of 1967, was substantially charted by events long preceding the rapping of the gavel on January 2, 1967.

First, this session of the Legislature was the first under a reapportionment program. When the Supreme Court of the United States issued on June 16, 1964, its decision that state legislatures (both houses) shall be apportioned as nearly as possible on a basis of population representation, the membership of the California Legislature, especially the State Senate, was dramatically changed.

The five counties of Ventura, Los Angeles, Orange, San Diego and Imperial in 1965 had five State Senators. In 1967, the same counties had 19 State Senators—one less than half the representation of the State Senate. Since 21 Senators can pass a bill in the State Senate, it can be readily seen how near the five counties, which previously had had only five Senators came to representing a majority of the State Senate.

Second, in the 1964 General Election the people approved Proposition 14. It was not until after the 1965 Session that the Supreme Court of the United States upheld the Supreme Court of California and found the initiative legislation to be unconstitutional. Since the voters had approved Proposition 14 by a vote of 4,526,460 "yes" to 2,395,747 "no," the legislators were noticeably conscious of the whole issue of civil rights, and especially open occupancy.

Lastly, every Legislator was conscious of the impact of the General Election of 1966. After all, Governor Reagan had defeated by a million votes the man who had defeated the majority leader of the Republican Party in the United States Senate in 1958, and four years later a former Vice President and a candidate for the office of President of the United States, who had narrowly missed being elected to that high office in 1960.

Most legislators believed that the tremendous revolt represented on the part of the electorate:

(1) A demand for "closed" occupancy.

(2) A demand for reduced costs of government and especially reduced welfare costs.

(3) A demand for retrenchment in social programs.

(4) A demand for relief for taxpayers on their property taxes.

Not only was Governor Reagan elected by a million vote majority, but his landslide victory reduced the large Democratic majorities in the Senate and Assembly to the slimmest margin.

Twenty-one Democratic Senators and 19 Republican Senators comprised the membership of the State Senate in 1967.

In the Assembly the story was the same; there were 42 Democrats and 38 Republicans elected.

In order to pass legislation, a constitutional majority of 41 votes is necessary in the Assembly and 21 votes in the Senate. This gave the Democratic leadership a margin of one vote in the Assembly and no margin in the Senate.

Much of the time of the Legislature was consumed in the enactment of the State's largest budget, in fact the largest budget ever adopted by any state in the union, and the enactment of the largest single increase in taxes ever enacted in California, and in fact ever enacted by any state, to meet the State's deficit and to pay for the increased budget.

Too many hours of too many days of the Federation's efforts were required in fighting legislation aimed at undermining labor's programs: anti-union legislation, the social insurance system, the wage and hour protections for working people, among many others.

In reviewing the session as a whole, I regret I must report that our accomplishments are measured in the numerous instances in which bad legislation was blocked rather than measured in the instances in which good legislation was enacted.

SOCIAL INSURANCE

During the legislative session, 140 bills were introduced making changes to California's workmen's compensation, unemployment disability insurance and unemployment insurance programs.

One of the 140 bills has been signed by the Governor; 16 have been enrolled and are on the way to his desk.

In my press statement of August 9, 1967, I stated that, "California workers will find little in the way of progressive labor legislation to thank their lawmakers for this year but they are indebted to those who helped defeat some of the most vicious anti-labor legislation presented to the legislature in years."

Unfortunately, the first part of my statement, namely, "California workers will find little in the way of progressive labor legislation to thank their lawmakers for this year . . ." is especially true in the social insurance programs.

Published by The California Labor Federation, AFL-CIO
995 Market Street, Third Floor, San Francisco, Calif.

Workmen's Compensation

In the field of workmen's compensation, 72 bills were introduced. Only five survived to go to the Governor. Of the 19 introduced in the Senate, only one survived the committee system to get to the floor of the Senate. It passed both houses and was sent to the Governor for his signature. Of the 53 bills introduced in the Assembly only four survived the legislative process.

The following bills are those which survived and as of this writing have gone to enrollment:

SB 336 was introduced by Senator J. Eugene McAteer. SB 336 provided that the governing board of any school district may extend to persons authorized by the governing board to perform voluntary services for the district, insurance coverage which is the same as, or comparable to, that provided by the governing board for its employees under the workmen's compensation program.

AB 941 was introduced by Assemblyman Jack R. Fenton (D), Los Angeles. AB 941 provided that referees under the workmen's compensation system shall be taken from an eligible list of attorneys who have the qualifications prescribed by the State Personnel Board. In establishing eligible lists for this purpose, state civil service examinations shall be conducted by the State Personnel Board on a **non-promotional** basis.

AB 942 was introduced by Assemblyman Jack R. Fenton. AB 942 required the permanent disability rating chief and his rating specialists to include the formula used in computing the permanent disability rating in every rating report, estimate, or recommendation prepared in writing.

AB 1506 was introduced by Assemblyman Robert E. Badham (R), Orange County. AB 1506 did three things:

(1) Authorized the Workmen's Compensation Appeals Board, rather than the Division of Industrial Accidents, to punish an employer for failure to comply with an order of the appeals board concerning an injury report by contempt proceedings.

(2) Specified that the administrative director rather than the appeals board may amend, modify or rescind an inadequacy order concerning a hospital.

(3) Provided with regard to enrollees in the programs under the Economic Opportunity Act of 1964 that the percentage of disability to total disability shall be determined for the occupation of a laborer of like age by applying the schedule for the determination of the percentage of permanent disabilities prepared and adopted by the appeals board.

AB 1573, introduced by Assemblyman James Bear (D), San Diego, provided that the title of a member of the Workmen's Compensation Appeals Board shall be "Commissioner."

Interim Study Relative to Workmen's Compensation

H.R. 548 introduced August 2, 1967, by Assemblyman Robert Moretti (D), Los Angeles, requests the Committee on Rules to refer the subject of the functions and operations of the State Compensation Insurance Fund to an appropriate committee of the Assembly for interim study.

Disability Insurance

Three bills affecting the disability insurance program have been adopted by the Legislature and sent to the Governor.

SB 593 was introduced by Senator Stephen P. Teale (D), Railroad Flat. In its original form the bill provided that hospitals which were established, maintained and operated pursuant to the local hospital district law should be subject to the unemployment disability insurance law.

It was amended in the Assembly to include disability insurance coverage for employees performing service for a non-profit corporation in connection with the operation of a hospital rather than at present to include a non-profit corporation organized and operated exclusively as a hospital.

AB 305 was introduced by Assemblyman Walter W. Powers (D), Sacramento.

AB 305 provided that a person who has an unexpired benefit year for unemployment compensation disability insurance purposes, when he enters military service for more than 90 days, shall have such unexpired benefit year rights re-established upon his termination from military service and may claim unemployment compensation disability insurance based on such old wage credits.

AB 2553 was introduced by Assemblyman Robert Moretti (D), Los Angeles. This was a Department of Employment technical bill to eliminate chaptering out of certain legislation.

Summary: Protection has been granted to a limited but worthy group of veterans and to additional hospital personnel, . . . a small plus.

Unemployment Insurance

Unemployment insurance continues to be the largest of the State's social insurance programs.

In all, there were 46 bills affecting the unemployment insurance program. Forty-one of these were introduced in the Assembly, of which five went on to the Governor. Four of the five Senate bills were sent to the Governor.

The following are the bills which passed the Legislature:

SB 1160 was introduced by Senator John L. Harmer (R), Glendale, Los Angeles County.

SB 1160 amended only the low tax schedule of the unemployment insurance program. It lowered the computation rates assigned to many employers, but it did not change the maximum or the minimum present rate.

Since, however, the lower rate is triggered when the fund balance exceeds 5 percent of the taxable payrolls, and since, as pointed out by the Fund's actuaries, a fund balance of 5 percent of taxable wages is inadequate, the adoption of the proposed lower schedule weakened, not strengthened, the funding of the California unemployment insurance program.

SB 1315 was introduced by Senator Richard J. Dolwig (R), San Mateo.

As introduced, SB 1315 excluded agricultural employers from those provisions of the unemployment insurance provisions which authorize elective coverage.

Since UFWOC has negotiated voluntary agricultural coverage in its new contracts, the proposed legislation would have negated their efforts, because it made agricultural coverage impossible.

As amended in the Senate June 26, SB 1315 eliminated wages paid to agricultural workers from the provisions permitting an employer whose reserve account has not been subject to benefit charges during the period of four consecutive calendar quarters ending on a computation date, or whose average base payroll has increased on a compu-

tation date 25 percent or more above his average base payroll on the preceding computation date. Therefore, agricultural employers, electing coverage, will hereafter pay unemployment insurance contributions to the balancing fund at the maximum rate required of all employers who do not qualify for the lower balancing fund tax rate.

As the bill was amended, the Federation lifted its opposition.

SB 1027 was introduced by Senator John L. Harmer (R), Glendale.

The bill authorized the Department of Employment to accept voluntary restitution or an acceptable arrangement for restitution prior to the filing of a criminal complaint for overpayment from any person who received overpayment of benefits by willfully making a false statement or representation or failing to disclose a material fact. However, this authorization does not apply if such person has previously claimed any right under this authorization and who has been convicted within the last three years of making a willful false statement or representation or knowing failure to disclose facts to obtain unemployment benefits. The new legislation required the Department to give ten days notice to an individual of its intent to file a criminal complaint.

SB 1262 was introduced by Senator Richard J. Dolwig (R), San Mateo. SB 1262 revised the membership requirements of the State Advisory Council to the Department of Employment and expanded its responsibilities.

AB 909 was introduced by Assemblyman Carl A. Britschgi (R), San Mateo. AB 909 authorized the Director of Employment to extend for good cause the period beyond 10 days during which an employer may submit to the Department facts concerning the filing of a new or additional claim. It extended the same privilege to any base period employer when the Director of Employment found good cause to extend the period beyond 15 days and when he was entitled to receive a notice of computation.

AB 1432 was introduced by Assemblyman Robert Moretti (D), Los Angeles.

AB 1432 increased the number of members of the Appeals Board from 3 to 5 and required that two members of the board be attorneys-at-law; increased the salary of board members to $24,000 per year and the chairman to $24,500; further provided that the chairman of the board will be appointed by the Governor rather than electing their own chairman; provided the appeals board shall prepare its own budget; and, employed the rotation system of the workmen's compensation appeals board.

AB 1432 provided that cases will be heard by three members of the board with the composition of the members so assigned to cases that the composition will be varied to equalize the workload and to assure that there will not be a fixed and continuous composition of members hearing cases; authorized the Appeals Board to designate certain of its decisions as precedents; and, required that the Director of Employment and the Appeals Board referees shall be controlled by such precedents except as modified by judicial review; provided that the director shall have the right to seek judicial review from an Appeals Board decision irrespective of whether or not he appeared or participated in the appeal to the referee or the Appeals Board. The bill was passed and sent to enrollment.

AB 1807 was introduced by Assemblyman John F. Foran (D), San Francisco. This was a Department of Employment technical bill.

AB 2394 was introduced by Assemblyman John G. Veneman (R), Modesto. The bill made automatic technical amendments to the Code which were requested by the Department of Employment.

AB 2396 was introduced by Assemblyman John G. Veneman (R), Modesto. It was later amended to include Assemblyman Robert Moretti (D), Los Angeles as co-introducer.

Mr. Moretti is chairman of the Subcommittee on Unemployment Insurance; Mr. Veneman is a member of that Subcommittee. The Subcommittee had a total of five members.

As originally introduced, AB 2396 proposed to establish a benefit schedule based on average earnings for the 12 months of the base period. In this respect it was in principle identical to the proposal in AB 1702.

As originally introduced, the proposal would have paid a $1.00 increment in weekly benefit amount for each $130.00 step in average annual earnings. AB 2396 provided no increase in the maximum benefit amount. It would have decreased total benefits $46.1 million per year, or a percentage of 10.4 percent.

It would have also reduced from 34 percent to 21 percent the beneficiaries entitled to the maximum award of $65.00 per week.

As amended on June 23, the schedule was changed to provide a $1.00 increment in the weekly benefit amount for each $100.00 step in average annual earnings above the amount necessary to qualify for the $25.00 weekly benefit amount. This schedule remained uniform to the benefit amount of $40.00 per week when the earnings step was increased from $100.00 to $125.00 up to the maximum benefit amount of $65.00 per week.

AB 2396 as amended on June 23 also provided that the total award to claimants with base period earnings qualifying for less than $40.00 per week, would be cut to 40 percent of total earnings, while all claimants with annual earnings of $2,501 or more would be awarded a potential duration of 26 weeks.

Under this provision, about 34 percent of the claimants would be awarded a potential duration of less than 26 weeks, compared with about 26 percent under the current formula.

It is estimated by the Department of Employment that the schedule as amended would decrease benefits by $12 million. All the arguments applicable to the benefit schedule of AB 1702 are equally applicable to AB 2396.

The Department estimated that while 31 percent would draw a larger benefit, 37 percent would draw a smaller benefit.

The bill was supported in committee as amended by Willard Carr, representing a number of employers in the State. It was opposed by the California Labor Federation.

The bill was again amended when the benefit formula, as proposed, was discarded for the present session.

The new amendments:

(1) Provided that to receive a reduction in the maximum balancing tax rate which is now at one percent, the employer must have a positive reserve balance;

(2) Limited the disqualification for a voluntary quit or discharge for misconduct to five times the weekly benefit amount by preventing the penalty from exceeding that limit;

(3) Provided that an individual is not held unavailable for work where for no more than two days of a week he

has been lawfully arrested or detained but the charges against such individual are subsequently dismissed; and

(4) Prevented the collection of full unemployment insurance benefits and full temporary partial or temporary total disability benefits under workmen's compensation at the same time.

With the striking of a benefit formula based on average earnings in the wage base, the Federation withdrew its opposition to the bill. AB 2396, as amended, was passed and sent to enrollment.

Unemployment is again, at the time of writing, on the increase. Many constructive, substantive amendments are needed to strengthen the program. In fact, it is difficult to say that anything of a positive substantial good occurred during the 1967 General Session.

ANTI-UNION LEGISLATION

The month of April brought more than showers. It brought a rash of anti-union legislation.

The Governor, himself, set the stage. On April 6, 1967, he sent the following message to the Senate of the Legislature of California:

"I am today asking for introduction of legislation that will grant to union members the right of a secret ballot when voting on questions of internal union policy.

"This is the first time any state has attempted to secure for union members the right to vote their consciences in those matters which affect the daily operations of the union and, therefore, have a vital effect on their personal lives.

"For purposes of the legislation, these matters would be considered internal policy.

"Seniority rules; rules of internal union discipline; the creation, administration or dissolution of union pension or welfare programs; whether expenditures not in the ordinary course of union business are proper; whether the union should engage in certain political activity; whether the union should strike or engage in picketing; whether to initiate collective bargaining negotiations; the terms desired to be included in a collective bargaining agreement; generally, any matter affecting the inner workings of a labor union and the welfare of its members and not subject to the exclusive regulatory jurisdiction of federal labor laws and federal agencies.

"This legislation is designed to give union members greater control over the affairs of their unions and to end minority control of some unions.

"In addition, I am asking for further legislation aimed at eliminating financial conflicts of interest of officers and agents of labor organizations.

"Under this legislation, union officers and agents would be prohibited from acquiring financial interests which interfere with the performance of their duties. The legislation also provides that unions account fully to their members for all assets and financial transactions.

"Under the proposed legislation, both unions and employer organizations will file annual reports with the Director of Industrial Relations, showing financial transactions and the financial condition of the organization.

"I am proposing that an advisory council of three members be appointed by the Governor to inform the Governor and the Legislature concerning the operation, administration and enforcement of the provisions of the act. The board also will make recommendations for the improvement or revision of the act."

Two bills were drafted to carry out the Governor's recommendations:

AB 1709

On April 10, 1967, Assemblyman Charles J. Conrad (R) of Sherman Oaks, Los Angeles County, introduced AB 1709 embodying the Governor's first recommendation.

AB 1709 provided that when any labor union is required by the federal law or the law of the State or in fact its own constitution to submit a question of internal union policy, it shall submit the issue to a vote of the entire union membership, with each member guaranteed the right to a secret ballot. The California requirements for a secret ballot would, irrespective of any union constitution, bylaws or rule, be the following:

(a) seniority rules;

(b) rules of internal union discipline;

(c) the creation, administration, or dissolution of union pension or welfare programs;

(d) whether expenditures not in the ordinary course of union business are proper;

(e) whether the union should engage in certain political activity;

(f) whether the union should strike or engage in picketing;

(g) whether to initiate collective bargaining negotiations; and

(h) the terms desired to be included in a collective bargaining agreement.

On June 5, AB 1709 was amended as follows:

1. All of the original bill was stricken.

2. The new language did the following things:

(a) The State should encourage and promote democratic procedures in the internal affairs of labor organizations which should include, whenever practicable, utilization of written secret ballot voting by the members of labor organizations in matters of vital internal policy of the labor organizations and particularly with respect to strike authorizations and approvals of collective bargaining agreements.

(b) No labor organization shall engage in a strike, or in connection therewith engage in, promote or induce picketing, boycotting or any other overt concomitant of a strike, unless the members of the labor organization who are employed in the unit of employees engaging in collective bargaining with the employer against whom such acts are primarily directed have voted to call a strike by a written secret ballot vote.

(c) No collective bargaining agreement shall be effective in this state until the employees whose terms and conditions of employment are covered by the agreement and who are members of the labor organizations who are parties to the agreement have approved the agreement by a written secret ballot vote.

AB 1709 had two further provisions:

1. Any person injured or threatened with injury by the violation of (b) or (c) above shall be entitled to injunctive relief and to recover any damages resulting therefrom in court.

2. "Written secret ballot" means the expression by ballot, voting machine, or otherwise, but in no event by proxy, of a choice in writing with respect to any vote taken upon any matter, which is cast in such a manner that the person expressing such choice cannot be identified with the choice expressed.

On June 17, the Assembly Standing Committee on Industrial Relations heard AB 1709, as amended. All members of the Committee were in attendance. The bill was presented by Assemblyman Conrad. The bill was opposed by the California Labor Federation. With bipartisan support, the bill was held in Committee.

SB 947

The second recommendation of Governor Reagan "aimed," he said, "at eliminating financial conflicts of interest of officers and agents of labor organizations."

SB 947 was introduced on April 7, 1967, by Senators Marler, Richardson, McCarthy, Cusanovich, Lagomarsino, Burgener, Coombs, Schmitz, Burns, Cologne, Schrade, Harmer, Duekmejian, Way and Stevens. It was referred to the Senate Committee on Labor.

At the hearing, May 24, 1967, Senator Marler (R) of Redding, recommended that his bill be referred to an interim study.

The Senate Committee on Labor recommended that the bill be referred to the Senate Committee on Rules, and further, that it be assigned to an appropriate interim committee.

The California Labor Federation opposed outright SB 947 and its referral to interim study.

Although these bills were the only two introduced at the specific request of the Governor, other bills, inimical to labor unions as organizations of free trade unionists, were introduced:

AB 1513

On April 4, 1967, Assemblyman E. Richard Barnes (R), San Diego, sponsored legislation which provided that:

(1) "All pension plans established pursuant to a collective bargaining contract or agreement must provide that the employee may withdraw his contributions and those made on his behalf under the terms of the contract, less a proportionate share of reasonable administrative costs, upon termination of the employment which qualifies him to participate in the pension plan."

(2) "No pension plan established pursuant to a collective bargaining contract or agreement may deprive the employee of his right to the contributions made by him or in his behalf under the terms of the contract or agreement to the pension fund because of broken periods of service which are a normal incident to his type of employment or are otherwise reasonably beyond the employee's ability to control."

The proposed legislation generated much heat, not only from our unions, but also from employers. At the hearing before the Assembly Standing Committee on Industrial Relations, on May 19, 1967, the Committee announced that Assemblyman Barnes had requested that his bill be kept with the Committee.

AB 1651

On April 6, 1967, Assemblyman Charles J. Conrad (R), Sherman Oaks, Los Angeles County, introduced a bill to establish a State Board of Mediation. This legislation had been recommended by the Governor in his message to the Joint Convention of the Legislature on January 5.

The proposed legislation, while purporting to promote "permanent industrial peace" provided that, "The board and each member thereof and each person designated thereby shall have power to hold public or private hearings at any place within the state, subpoena witnesses and compel their attendance, administer oaths, take testimony and receive evidence."

The bill further provided that at the direction of the Governor in an existing, imminent or even threatened labor dispute, the board should take such steps to effect a voluntary settlement.

The California Labor Federation opposed the bill because it believed that the subpoenaing of witnesses and compelling their attendance was the most unlikely method to obtain a voluntary settlement of a labor dispute.

At the hearing before the Assembly Committee on Industrial Relations, on June 16, 1967, Assemblyman Conrad supported his proposals. They were opposed by the California Labor Federation. With all members of the Committee present, the vote was 5-2 to hold the bill in Committee.

SB 1114

On April 11, 1967, Senator William E. Coombs (R) of San Bernardino County, introduced legislation, interestingly entitled as relating to economic productivity.

The bill made it a misdemeanor for any person by strike, boycott, picket, through any collective bargaining agreement or other means to discourage or prevent the use of any tool, material, device, machinery, or equipment which does not violate any safety law of a governmental agency having jurisdiction over the subject matter.

The bill further made it a misdemeanor for any person by strike, boycott, picket, or through any collective bargaining agreement or other means to cause an employer to pay or deliver any money or other thing of value for services which are not needed by such employer or not necessary in the production of the product or operation of the employer's business.

SB 1114 was first heard on May 31, 1967, before the Senate Committee on Labor. It was supported by the Construction Industry Legislative Council, the Building Contractors Association and the California Newspaper Publishers Association.

The bill at the hearing was opposed by the California Labor Federation.

At the end of the hearing, it was decided to hold the bill over for two weeks for further amendments.

As amended, SB 1114 made it "unlawful" rather than a "misdeameanor" to engage in the activties listed above. The amendments further rendered any contract contrary to the provisions of the bill unenforceable as against public policy. The amended bill excepted from the provisions of the bill payment of fringe benefit and payments to a contract administration fund by an employer under a collective bargaining agreement.

On June 13, 1967, the Senate read the bill a second time, amended it and re-referred it to the Committee.

On June 21, 1967, the bill again was heard by the Senate Committee on Labor and this time supported by the sponsoring Senator and the California Newspaper Publishers Association, and again opposed by the California Labor Federation.

On June 26, the bill was referred from the Committee with the following recommendation: SB 1114 be referred to the Committee on Rules and be assigned to an appropriate interim committee.

WAGE AND HOUR LEGISLATION

"Heaven will protect the working girl" is the caption on a poster in the orfice of Assemblyman Moretti (D), Los Angeles. The Assemblyman could justifiably change the caption to "Heaven protect the working girl."

No session of the Legislature has attacked with such vigor and unfortunately with such success California's law to protect women from working over eight hours in any one 24-hour period of 48 hours in any one week.

AB 1030 was introduced by Assemblymen Moretti, Vasconcellos, Badham, Campbell, Duffy, Fong, and Russell.

AB 1030 removed thousands of California women in industry from the protection of an 8-hour day and a 48-hour week.

Basically, the Labor Code, with limited exceptions today prohibits employment of any female in any "manufacturing, mechanical or mercantile establishment or industry, laundry, cleaning, dyeing, or cleaning and dyeing establishment, hotel, public lodging house, apartment house, hospital, beauty shop, barber shop, place of amusement, restaurant, cafeteria, telegraph or telephone establishment or office, in the operation of elevators in office buildings, or by any express or transportation company in this state" for more than 8 hours during any one day of 24 hours, or more than 48 hours in one week.

Basically, what AB 1030 does is to provide so many exceptions to the quoted section of the Labor Code that it threatens to nullify its value to the social life of California. This it does by excepting from the prohibition quoted above employers of employees covered by the Federal Fair Labor Standards Act, for up to 10 hours per day, or 58 hours per week, if the females are paid one and a half times their regular rate for hours over 8 per day and 40 per week.

Specifically, it excludes employers whose employees are engaged in laundering, cleaning, or repairing of clothing, or in the clothing manufacturing industries from working in excess of 8 hours per day and 48 hours per week.

The Legislative Counsel points out that the proposed law is not entirely clear and in fact certain results would appear to be inconsistent. Nonetheless, the Legislature has sent AB 1030 to the Governor.

At the hearing before the Assembly Standing Committee on Industrial Relations of June 2, 1967, AB 1030 was supported by representatives of the Council of California Employers' Associations, the sponsors of AB 1030, and representatives of the Teamsters, the United Auto Workers and the International Association of Machinists. The legislation was opposed by the California Labor Federation.

The Committee gave the bill a "do pass" by a voice vote. AB 1030 passed the Assembly 47 to 14.

AB 1030 was heard in the Senate by the Senate Committee on Governmental Efficiency. Senator Dolwig moved a "do pass" which was adopted by a voice vote. In the Senate, the bill was handled on the floor by Senator Anthony Beilenson (D), Los Angeles. The bill passed the Senate on August 3, by a vote of 21 to 8.

One of the unfortunate results of such legislation is the entrapment of members of unions and occupations who do not wish the Act repealed as to their employment. Every effort of the AFL-CIO at the national level to expand coverage under the Fair Labor Standards Act, hereafter, could well exclude additional women workers who are protected under Section 1350 of the Labor Code.

Payment of Wages: Three bills were introduced into the Legislature relating to the payment of wages:

AB 496 was introduced by Assemblyman Carl A. Britschgi (R), San Mateo. As introduced, it deleted the provisions requiring that a discharged employee shall be paid immediately, and it provided in its place that if the discharge occurs during the normal working hours of the employees who compute and prepare wages for payment, then such wages are payable immediately, but otherwise wages are payable within a reasonable time, not to exceed four hours, after beginning of working hours of employees who compute and prepare wages.

On April 3, the bill was amended on the floor of the Assembly to provide that if a person is discharged other than during normal working hours of employees who compute and prepare wages for payment, then such wages are payable within 72 hours after discharge.

On April 6, while the bill was on Third Reading, it was re-referred to the Committee on Industrial Relations.

On April 11, AB 496 was gain amended, saying that if the employee was discharged at a time when the employees who compute and prepare wages for payment are not normally working, the wages will be payable within a reasonable time, not to exceed 8 hours, after the beginning of working hours of employees who compute and pay wages.

On May 5, the Industrial Relations Committee again heard AB 496. The California Labor Federation opposed the bil, and AB 496 failed to obtain enough votes for a "do pass"; however, on June 2, the bill was again heard by the Assembly Committee on Industrial Relations where it was given a "do pass" by a voice vote. It was again opposed by the Federation.

The bill passed the Assembly. At the time the bill passed the Assembly, however, payment had to be made within 8 hours after the employees who compute and prepare wages had returned to work.

When the bill was heard in the Senate Committee on Labor, it was supported by Assemblyman Britschgi, and the Council of California Employers' Associations.

During the hearing, Senator Cusanovich asked Assemblyman Britschgi if it could be again amended to 72 hours, excluding Saturdays, Sundays, and holidays. Mr. Britschgi said he had no objections and also testified that the Teamsters had no opposition to the bill.

The bill was put over then at the request of Senator Cusanovich and Assemblyman Britschgi for amendments.

On July 21, the bill was amended again to delete the provisons which require that if a discharge occurred during normal working hours of employees who compute and prepare wages for payment then such wages were payable immediately, otherwise wages were payable within a reasonable time, not to exceed 48 hours, excluding Saturdays, Sundays, and holidays, after the beginning of working hours of employees who compute and pay wages.

It also provided that if an employee who does not have a written contract for a definite period quits his employment, his wages shall be paid not later than the pay day of the current pay period, instead of not later than 72 hours thereafter, and requires such employee to give previous notice equivalent in duration to the normal pay period, instead of 72 hours previous notice, of his intention to quit, in order to be entitled to his wages at the time of quitting.

As last amended, the bill was not heard by any committee. On July 13, it was placed on the Third Reading File of the Senate.

On July 28 at 7:12 p.m., by motion of Senator Dolwig, AB 496, under call, was brought up for passage. The Senate denied passage by a vote of 19 yeas and 17 noes,—21 votes being needed to pass the bill.

Normally, the bill should have been considered dead. However, on July 31, it again appeared on the Assembly File seeking concurrence in Senate amendments.

On August 3, on motion of Mr. Britschgi, it was moved to the Inactive File.

Later, upon receipt of a Senate message saying the bill had been refused passage in the Senate, it was removed from the File.

SB 1534 introduced by Senator Clark L. Bradley (R), San Jose, provided that employers should be allowed up to 72 hours to pay off discharged workers excluding Saturdays, Sundays, and holidays instead of paying them off immediately, which is the law today.

The bill was heard in the Senate Committee on Labor on June 21, and was supported by the Council of California Employers' Associations. It was opposed by the California Labor Federation.

Senator Deukmejian moved that the bill be given a "do pass" which carried by a voice vote.

On June 23, SB 1534 was reported correctly engrossed and placed on Third Reading. Intensive Federation efforts kept the bill from coming up for passage.

On July 10, it was ordered to the Inactive File.

On July 12, Senator Bradley removed the bill from the Inactive File and put it on the Third Reading File.

On July 19, the bill was read a third time; passage was refused. However, a motion did carry to reconsider on the next legislative day.

On July 20, reconsideration was granted; however, the bill was not brought up for a vote until midnight of Sunday, August 6.

In the waning hours of a session it is customary on noncontroversial bills to substitute a previous roll call vote.

Senator Bradley in a last ditch attempt moved to substitute a previous roll call on the measure, but was tripped up by Senator Ralph C. Dills (D), Los Angeles, who alerted by the Federation's Secretary, questioned whether the bill was properly before the Senate. In a decision contrary to the Rules, Lieutenant Governor Finch held that it was. But the motion to substitute the previous roll call was rejected. The bill subsequently failed to muster a majority and died.

SB 1312 was introduced by Senator Clark L. Bradley (R), San Jose.

SB 1312 repealed Section 29 of the Labor Code which permits the Labor Commisioner to collect unpaid wages claimed by an individual without regard to the existence of any private agreement to arbitrate. Section 229 excluded claims involving a dispute concerning the interpretation of a collective bargaining agreement which contains such an arbitration clause.

The proposed legislation provided that where a wage claim arising under a contract or collective bargaining agreement contained any grievance or arbitration procedures applicable thereto, or any issue involved therein, the Labor Commissioner shall not initiate a wage claim unless either the employer or union refused to participate in the grievance or arbitration procedures.

The California Labor Federation opposed the bill because arbitration procedures are necessarily long and costly, and it seemed ridiculous to put a small wage claim through the whole procedure of arbitration with such a substantial cost to the union.

The Federation felt the proposed legislation would only result in irritating union-management relations.

The bill was heard by the Senate Committee on Labor on June 21, 1967. Like SB 1534, it was supported by the Council of California Employers' Associations, and opposed by the California Labor Federation. By a voice vote, it was given a "do pass."

On July 19, it was read a third time; passage was refused and a motion to reconsider was continued to the next legislative day.

On July 20, reconsideration was granted, and it remained on the File until just before adjournment when, after Senator Bradley's ill-fated effort to substitute the previous roll call on SB 1534, he moved to strike SB 1312 from the File.

H.R. 515 was introduced by Assemblyman Peter F. Schabarum (R), Los Angeles.

H.R. 515 provides that the Committee on Rules shall assign to the appropriate committee the task of investigating the following three questions: (1) whether women and minors require any greater protection than men in industrial relations; (2) whether the Legislature has delegated too broad an authority to the Industrial Welfare Commission to establish minimum wages, maximum hours, and minimum conditions of labor for women and minors; and (3) whether the Industrial Welfare Commission has exercised its broad authority responsibly and prudently.

As of the date of writing, no action has yet been taken by the Assembly Committee on Rules. However, the Assembly Committee on Industrial Relations does intend to review the authority and procedures of the Industrial Welfare Commission during the interim between sessions.

ELECTIONS

One of the foremost protections of a free society is the securing of the greatest possible participation in the selection of the people's representatives in government.

SB 187, introduced by Senator George R. Moscone (D), San Francisco, requires all polls shall be opened at 7:00 a.m. of the day of any election, including any primary election, and shall be kept open until 8:00 p.m. of the same day when the polls shall be closed. The legislation, as passed, thereby establishes a uniform closing of the polls in California.

SB 187 squeeked through the Senate 21 to 12.

In the Assembly, Assemblyman Conrad moved to strike the 8:00 p.m. closing, and insert 7:30 p.m. The amendment was defeated 40 to 34, and on passage, the bill passed 48 to 28.

SB 1051, introduced by Senator Alfred H. Song (D), Los Angeles, required county clerks in all counties having a population of 50,000 or more to provide copies of a sample ballot in the Spanish language at every polling place.

As introduced, the section was to apply to all elections except separate city elections. The bill in this manner passed the Senate.

In the Assembly Committee on Elections and Reapportionment, SB 1051 was amended to apply to all counties regardless of size. When amended, the bill was given a "do pass."

On July 26, on Third Reading, SB 1051 was radically changed. As amended, it required county clerks to have available at least ten days prior to elections, and at all polling places, copies of state and countywide measures as well as the instructions to voters appearing on the ballot in Spanish.

As amended, the bill passed the Assembly on August 2.

On August 4, the Senate concurred in the Assembly amendments and sent the bill to enrollment.

AB 893, introduced by Assemblymen Burke, Briggs, Cory, and Badham, went through several stages of amendments, but was finally amended in the Senate on July 31 to provide that notwithstanding anything contained in the article, in any county in which tabulating equipment is used to produce the indexes of registration, the indexes shall be furnished to persons, committees, and agencies as provided in the article by street addresses in numerical order, but that such indexes may be maintained in alphabetical order.

The bill further provided that before opening the polls the precinct board shall post in separate, convenient places at or near the polling place and of easy access to the voters not less than two of the copies of the index to the book of affidavits of registration furnished for that precinct.

It further provided that in any county in which tabulating equipment is used to produce the index of registration, the copies of the index posted pursuant to the section shall be by street addresses in numerical order.

The Assembly concurred in the Senate amendments and on August 3 sent the bill to enrollment.

TAXES

To meet a deficit and to finance the State's largest and first $5 billion plus budget, the Legislature approved and the Governor signed the largest tax boost in the State's history.

SB 556, the Governor's tax bill, was introduced by Senator George Deukmejian (R), Long Beach. The new revenue measure will increase taxes $855 million in 1967-1968, and $1,013 million in 1968-1969. The increase is larger than the total tax program in 45 states of our nation.

In brief, the tax program increases the following taxes:

TAX PROGRAM
(Accrual Basis)

Tax	(In Millions) 1967-68	1968-69
State Revenue		
Bank and Corporation		
1½% rate increase	**$130.5**	**$ 105.0**
Cigarettes—4c per pack increase	**89.0**	**89.0**
Distilled Spirits—50c per gallon increase	**23.0**	**22.7**
Inheritance and Gift—Increase certain rates and conform to $3,000		
Federal gift tax exemption	**7.8**	**17.7**
Personal Income—Rate increase and credits in lieu of exemptions	**350.0**	**385.0**
Sales and Use:		
Raise rate 1%	**333.0***	**397.0***
Total, State Revenue	**$933.3**	**$1,016.4**
Cash	**854.9**	**1,011.4**
Local Revenue:		
Cigarette#	**55.0**	**71.0**

***Adjusted for the estimated effect of Chapter 964: Statutes of 1967, exempting existing construction contracts from the one percent increase in the State sales tax.**

 # Three-cent per pack increase effective October 1, 1967.

A number of items should be noted:

(1) No funds are provided in this legislation for property tax relief **this year.**

(2) While bank and corporation taxes will gross an additional $130.5 million this fiscal year and $105 million in the next fiscal year, personal income taxes will gross an additional $350 million this fiscal year and $385 million in the next fiscal year.

(3) The increase of one percent in the sales and use tax will gross an additional $330 million in 1967-68 and $385 million in 1968-69.

(4) The remaining "big take" is the additional $89 million in the cigarette tax.

One important feature should be noted:

The State sales tax rate of 4c to the State is contingent upon approval of at least $145 million additional State support for schools.

If this condition is not met before December 1, 1967, the State sales tax rate will fall to 3.5 percent on that date.

If the additional appropriation for school support falls below $145 million in 1968-69, the State sales tax reverts to 3 percent.

The Democratic party leadership in the Assembly extended its support to the Governor's tax program on condition that $145 million of the increased revenue would be earmarked for additional school support.

The income tax in comparison with present law narrowed the tax brackets with a maximum rate of 10 percent on taxable income over $14,000 in place of 7 percent maximum rate on taxable income in excess of $15,000.

The new income tax is more progressive than most other seriously considered proposals which were before the Legislature. It is more progressive than the present tax law.

Objections of many legislators stemmed from two considerations:

1. The combination of:

   (a) A one percent increase in the sales tax;

   (b) The increased personal income tax;

   (c) The increase of 4c per package on cigarettes and the 50c per gallon increase in distilled spirits, raise $795 million from persons while at the same time SB 556 is increasing the taxes on banks and corporations only $130.5 million.

2. The lion's share of the money allowed schools was to schools eligible only for equalization aid (money to

areas where the local property values are insufficient to provide an improved school system), while the mouse's share went to schools which receive basic aid only of $125.00 per child in average daily attendance. Assemblymen representing school districts receiving the "mouse's share" opposed the tax bill because they felt a disproportionate share of the additional revenue was going to their districts.

The facts clearly show that too little of the new revenue comes from the corporate and business community in comparison with the proportion coming from persons through the personal income and consumer taxes.

During the course of the passage of SB 556, two events merit reporting.

In the Senate Committee on Governmental Efficiency, an amendment was added to the bill to place non-profit health service programs, which of course included members of union health service programs, on the same tax program as insurance companies for profit in California, namely—a tax on premiums.

The Federation's opposition stemmed not only from the increase in health costs to our members, but in addition, because experiments in headth care which are programmed to achieve the best in quality care at the most reasonable cost can be accomplished best by service programs which are not in the health business for a profit.

The amendment remained in the bill as it was re-referred to the Committee on Finance. The Committee struck the section before giving the bill a "do pass" to the Senate floor.

In the Assembly, a group of Democratic assemblymen supported amendments initiated by Assemblymen Dunlap and Sieroty.

These proposals called for:

(1) Hiking the sales tax by only one-half of one percent instead of the one percent sought by Governor Reagan.

(2) Excluding repair services from the sales tax instead of including them as is called for in the Reagan bill. (This provision was later stricken from SB 556.)

(3) Hiking income tax rates above the $29,500 level, with a 12 percent maximum instead of a 10 percent maximum.

(4) Boosting bank and corporation taxes 2.5 percent instead of only 1.5 percent.

(5) Increasing taxes on hard liquor 75c a gallon instead of 50c.

(6) Imposing a two percent oil severance tax.

(7) Requiring property to be held for two years before it is eligible for the lower capital gains tax treatment.

(8) Reforming the business inventory tax by requiring inventories to be assessed on the basis of the average of four quarterly inventories.

(9) Repaying the state general fund's $194 million cash deficit in three annual installments instead of paying off the entire sum in one year as Governor Reagan was insisting must be done.

In the Assembly Revenue and Taxation Committee, the Federation called for support of the Dunlap-Sieroty amendments because they were more in line with the Federation's tax policy approved by the Sixth Convention of the California Labor Federation, AFL-CIO, 1966.

On February 9, 1967, one month to the day before the introduction of the Governor's tax measure by Senator Deukmejian and others, the Federation wrote to Governor Ronald Reagan a four-page letter setting forth the position of the Federation on taxes, as follows:

February 9, 1967

The Honorable Ronald Reagan
Governor of the State of California
State Capitol
Sacramento, California
Dear Governor Reagan:

In view of your strong concern with our state's financial needs, I want to present to you the position of the California Labor Federation, AFL-CIO on the need for additional taxes.

Stated quite simply, we believe that a steady expansion of the state budget is necessary to meet the ever-increasing needs of a rapidly growing population in such important fields as public education, recreation, welfare, highway safety, public health, and numerous other services which, combined, make community living in California attractive. The best way to insure that California's revenue system is strengthened and that financial crises are averted is to adopt programs that gear tax revenues to personal income growth.

It has long been recognized by most authorities in the field of public finance that our overall state tax structure is regressive—that is, it takes proportionately more in taxes from those of low and modest incomes than from the more well-to-do. One of the major tax studies by the Assembly Interim Committee on Revenue and Taxation, for example, noted that about 10 percent of the income of families earning below $4,000 annually go to taxes compared to only 5.7 percent for families with annual incomes between $10,000 and $15,000. The same study pointed out that sales, cigarette, and property taxes take proportionately more from low income wage earners than from upper income groups. Conversely, the study made clear that the state personal income tax, because of its graduated rates, does the opposite. It is a progressive tax—taking more, proportionately, from those who can afford to pay more.

As I am sure you are aware, the California labor movement has traditionally supported taxes based on the "ability-to-pay" principle, particularly the graduated personal income tax. For this reason the California Labor Federation is deeply concerned about your recommendation to increase cigarette taxes five cents a pack, to increase the tax on distilled spirits, and to hike the sales tax 25 percent, from four to five cents on the dollar. These recommendations, if enacted, would make the state more dependent than ever on consumption taxes (already California raises about 60 percent of its revenue from consumption taxes compared to less than 30 percent in New York) and thus would make the state tax structure even more regressive than at present. In short, such a program could be characterized as "soak-the-poor," since this would be the result.

Taxes on consumption, besides being regressive, have a serious economic weakness. They are inelastic—growing at a slower rate than personal income. This produces continual tax crises in California. The crying need now is to enact tax programs that have a built-in growth factor which will ensure that the state's total tax revenues expand at a rate at least equal to annual growth in personal income.

While there is little doubt that local property taxes are regressive, this Federation is gravely concerned about many of the proposals advanced in the name of property tax relief. To cut property taxes but then offset the cuts with

increases in consumption taxes only replaces one regressive tax with another. The net result is to perpetuate an inequitable and unfair tax system.

Moreover, to extend property tax relief to all property owners would amount to giving windfall profits to large landholders, corporations, and others who own office buildings, apartment houses, and the like. The family who rents would not benefit under the current property tax relief proposals. In fact, the renter—over 40 percent of the households in California and, in particular, low income and minority group households—would pay much higher consumption taxes without even a small indirect reduction in property taxes.

If meaningful property tax relief is to be achieved it must include relief to the renter who now pays, in his monthly rent, a proportion of the apartment owner's property tax. The only beneficiaries of property tax reform should be the resident of an owner-occupied single home and the renter.

In light of these facts, I urge that you recommend to the legislature that taxes based on the "ability-to-pay" principle be used to raise additional state revenue and in granting property tax relief. To accomplish this, the California Labor Federation urges that the personal income tax be substantially increased.

The simple fact is that despite widespread recognition that the graduated personal income tax is the fairest, most equitable way to increase state revenue, California makes relatively light use of this tax. The Senate Fact Finding Committee on Revenue and Taxation pointed out, for example, that in 1963 some 35 states used the income tax and that California's per capita personal income tax collection of $18.30 was well below the $25.38 average for all 35 states. Some states, such as Delaware, New York, Oregon, and Wisconsin, had per capita personal income taxes three to four times higher than California's. Even more revealing was the fact that on the basis of personal income taxes per $1,000 of personal income, California at $6.55 (compared to an average of $10.98 for all the states), ranked 22nd among the 35 income tax-using states.

Greater reliance upon the personal income tax would also make "tax crises" less recurrent because revenue from personal income taxes increases at a faster rate than personal income. In fact, it has recently been estimated that under California's current income tax, for every 10 percent increase in personal income, revenue grows 14 percent.

Thus, it is clear that if California were to markedly increase the role of the personal income tax there would be two major benefits: first, the state's tax structure would become less regressive, and, secondly, "tax crises" would be less likely to occur because increases in state general fund tax revenues would more nearly approximate increases in personal income.

Specifically, the California Labor Federation urges you to:

(1) Support an upward revision in the California personal income tax rate structure. At present the brackets go from one to seven percent. They should be modified so that the maximum bracket would be at least 15 percent. Incidentally, up to the early 1940's the top bracket was 15 percent.

(2) A pay-as-you-go withholding system should be adopted in order to capture the many millions of dollars presently escaping collection. Such a system would increase state revenue by at least $60 million annually. Of the states using the personal income tax, only California and two others do not use a withholding system.

(3) Any property tax relief should be restricted solely to the resident of an owner-occupied home and to renters.

(4) Increase the bank and corporation tax considerably above the present 5½ percent level. Each one-half percent increase in this tax would raise state revenue by about $35 million.

In this connection, the claim has been made that any increase in this tax would injure California's "business climate." Numerous economic studies have pointed out that the rate of taxation on profits is not particularly important to business firms if there is a resulting high quality of public services. In fact a study by the University of California's Bureau of Business and Economic Research concluded a few years ago that:

> "Higher than average taxes, if coupled with better than average governmental services, beneficial to industry, may well encourage rather than discourage entry of firms."

Also, California corporations have had, in effect, a tax rate reduction from the statutory 5½ percent to 5 percent in recent years due to adoption of more liberal depreciation guidelines and allowance of more liberal bad debt reserves.

(5) Inheritance and gift taxes should be raised significantly above their present relatively low levels.

(6) Finally, the California Labor Federation urges you to withdraw your request that the taxes on cigarettes and distilled spirits be increased and that the sales tax be raised from 4 to 5 percent. Unjust and discriminatory consumer levies, such as cigarettes and sales taxes, should be cut back, not raised. To increase consumption taxes would only increase the already inequitable tax burden now placed on low and moderate income groups.

To conclude, it is clear that our state will need greater tax revenues in the coming fiscal year. For reasons of fairness and equity, however, this state's low and moderate income groups should not bear the brunt of these increases. Yet your proposals would have them do so. The California Labor Federation respectfully urges you to recommend to the legislature a tax program that is equitable and fair.

Such a program must have as its cornerstone a major increase in the state personal income tax, as noted above, a withholding system, and increases in bank and corporation and inheritance and gift taxes.

(signed) Thos. L. Pitts
Secretary-Treasurer

Prior to any action by the three Senate committees to which SB 556 was assigned, the Federation wrote to each member of the Senate and Assembly. In that letter the Federation stated:

> "The recurrent question of how best to meet California's ever-growing revenue needs is of crucial concern to this state's AFL-CIO membership.
>
> "We in the labor movement believe it can be resolved equitably if the legislature greatly increases the role of the progressive personal income tax, including adoption of a pay-as-you-go withholding system; raises bank and corporation taxes, and inheritance and gift taxes; and restricts any property tax relief to the owner-occupied single dwelling and to renters. We firmly believe that our state already places too heavy a reliance on regressive consumer taxes and feel there is neither merit, nor need,

in raising such taxes. Similarly, we are opposed to repeal of the business inventory tax, believing rather that inventories should be assessed in proportion to their average annual value.

"As the fiscal year draws to a close, hard decisions must be made. They should be made on the basis of what is best for California, not in terms of what best suits the desire of special-interest groups.

"Enclosed for your information is a letter which I wrote to Governor Reagan in February, 1967, outlining the California Labor Federation's position on raising additional state revenue and on making the tax structure of our state more equitable for all concerned. Also enclosed for your use is a copy of our 1967 Legislative Issues Guide, titled, 'Fair Taxes in a Growing Economy.'"

SB 556 was sent to the Governor at 11:45 a.m., July 29, and was promptly signed into law.

CIVIL RIGHTS

August 4, 1967, was a long day in the Capitol at Sacramento.

It began in the Legislature at 9:00 a.m., Friday, August 4, and extended through midnight, Sunday, August 6. The closing hours of that long hot day saw the defeat in the Senate of the bill aimed at modifying the Rumford Fair Housing Act.

The history of SB 9, more clearly than any other single piece of legislation, tells the story of the political, cultural and economic implications of the Negro minority in our State and nation.

SB 9 was introduced by Senator John G. Schmitz (R), Tustin, Orange County.

As introduced on the second day of the legislative session, this bill repealed the Rumford Fair Housing Act and decreased the membership of the State Fair Employment Practices Commission from 7 to 5 members.

On March 6, the bill was amended to add additional authors as introducers of SB 9. They included Senators Bradley, Burgener, Coombs, Dolwig, Harmer, McCarthy, Richardson, Schrade, Stevens, Walsh, and Whetmore. No amendments at this time were made to the body of the bill.

On April 6, SB 9 was again amended, having been heard by the Senate Committee on Governmental Efficiency. The amendments were significant in that they placed first on the list of introducers, Senator Hugh Burns (D) of Fresno, President pro tempore of the California State Senate.

The bill was further amended that day in only one respect, namely, to keep the State Fair Employment Practices Commission at 7 members.

On April 7, the bill was reported correctly engrossed and placed on Third Reading in the State Senate.

During its consideration in the Senate on April 13, Senator Song moved that SB 9 be re-referred to the Committee on Governmental Efficiency. Senator McCarthy moved that the motion to re-refer by Senator Song be tabled. This motion carried.

Senator Song then sought to strike the repeal section of SB 9 and to substitute amendments to the Rumford Fair Housing Act.

One of the amendments would have exempted the owner of any dwelling containing four or less units who personally sells, rents or leases such units from the provisions which spell out the unlawful practices of the Act.

The amendments would have also weakened the Commission by repealing the following authority:

At present the Commission may bring an action in the Superior Court to enjoin an owner of property from taking further action with respect to the rental, lease or sale of the property until the Commission has completed its investigation and made its determination. Today, this action may be brought at any time after a complaint is filed with the Commission and it has determined that probable cause exists for believing that the allegations of the complaint are true and constitute a violation.

Senator McCarthy moved that the proposed amendments of Senator Song be tabled. This motion carried.

Senator Dymally moved that all practices of discrimination in housing accommodations be against public policy. This amendment, too, was tabled on motion of Senator McCarthy.

The vote on passage was 23 to 15.

In the Assembly, SB 9, now a bill limited to the repeal of the Rumford Fair Housing Act, was referred on April 17 to the Committee on Governmental Efficiency and Economy. Here it was held for more than three months.

On July 28, Assemblyman William T. Bagley (R), San Rafael, Marin County, sponsored very substantial amendments to SB 9, including himself as a co-author.

In summary, the amendments struck the repealer and:

(1) Modified the Unruh Civil Rights Act so that it was applicable only to acts defined as unlawful in the Rumford Fair Housing Act; hereafter to be known as the Bagley-Burns Act;

(2) Excepted any structure containing fewer than five housing accommodations when one was occupied by a person as his permanent dwelling;

(3) Made it unlawful for any real estate broker or salesman to discriminate even on instructions of the owner;

(4) Made it unlawful for any person, bank, mortgage company, or other financial institution to discriminate;

(5) Made it unlawful for any person to aid, abet, incite, compel, or coerce the doing of any of the acts declared unlawful;

(6) Extended to the party charged with an unlawful practice the right to be heard in court rather than before a hearing officer of the Commission;

(7) Provided that if the complaint was based on an expressed or implied allegation that the complainant was aggrieved while seeking a housing accommodation, it shall constitute a **complete defense** to a proceeding that the complainant was not prospectively a bona fidie purchaser and the complaint shall be dismissed.

The bill then received a "do pass" from the Committee on Governmental Efficiency and Economy.

On July 31, on advice of the Legislative Counsel, the bill was re-referred to the Committee on Ways and Means where on August 1, the Committee heard the bill, amended it and sent it to print and Third Reading.

As amended on August 1, the names of Senators Schmitz, Bradley, Harmer and Richardson were stricken from the co-introducers of the bill.

The bill was made a consideration of special order in

the Assembly for 11:00 a.m., August 2, 1967. Assemblyman Gonsalves moved to amend the bill by restoring the bill to its original purpose, namely, a repealer of the Rumford Fair Housing Act.

The Assembly defeated this motion by a vote of 28 to 42.

Assemblyman Schabarum then moved further amendments to SB 9, striking that part which states that the practice of discrimination in housing accommodations is declared against public policy and shall be deemed an exercise of the police power of the State for the protection of the welfare, health, and peace of the people of the State.

His amendments further struck the language which states that "publicly assisted housing accommodation includes any housing accommodation within the state."

Further amendments struck out the basic objectives of the Rumford Act and created in the State government the California Housing Conciliation Commission which had the power only to encourage the elimination of discrimination.

These amendments, stated Mr. Schabarum in respnse to questions by Assemblyman Dunlap, were the California Real Estate Association's amendments. They were defeated 21 to 52.

On final passage, the bill was adopted 46 to 32.

When the bill was returned to the Senate on August 3, it was placed on the Senate File under "Unfinished Business." The president pro tempore of the Senate then invoked a seldom used rule, namely, that when a bill has been substantially amended in the other house, it should be rereferred to the Committee on Rules. After much debate on Senator Song's motion to suspend the rules, the bill was referred to the Committee on Rules, which later that legislative day, August 4, referred it from the Committee with the following recommendation — namely, that the Senate refuse to concur in the Assembly amendments.

The Senate refused to concur in the Assembly amendments and the bill was sent to conference.

When only a few hours of the session remained, Speaker Unruh announced in the Assembly that no conference report would be forthcoming. The bill was allowed to die in conference.

AB 1452, was introduced by Assemblymen William T. Bagley (R), San Rafael, and Bill Greene (D), Los Angeles.

This bill required the Division of Labor Statistics and Research of the Department of Industrial Relations to conduct an annual survey of the ethnic derivation of the individuals who are parties to apprenticeship agreements.

The legislation further required that the Division of Labor Statistics and Research in conducting the survey use data obtained by the federal government to avoid duplication of effort.

The bill required the Division of Apprenticeship Standards to cooperate in the accomplishment of such survey, but added that the data gathered pursuant to the survey shall not be evidence per se of an unlawful employment practice.

AB 1452 further provided that the act shall not be construed as authorizing any state agency to require an employer to employ a specified percentage of individuals of any ethnic derivation irrespective of the individual's qualifications.

The bill was sent to enrollment on August 4.

AB 1453, was introduced by Assemblymen William T. Bagley (R), San Rafael, and Bill Greene (D), Los Angeles.

The bill was an effort to overcome in the Labor Code what was believed to be an omission.

AB 1453, as last amended, specifically made it unlawful employment practice to discriminate in the selection or training of any person in an apprenticeship training program.

The bill provided that all such complaints which allege such an unlawful employment practice shall be filed with the Division of Apprenticeship Standards which shall attempt to dispose of the complaint pursuant to regulations adopted by the apprenticeship council.

The proposed legislation further provided for an appeal to the State Fair Employment Practices Commission.

The bill, as amended, passed the Senate August 4, and the Assembly concurred in the Senate amendments.

AB 1454, was introduced by Assemblymen William T. Bagley (R), San Rafael, and Bill Greene (D), Los Angeles.

The bill, as last amended, required the Apprenticeship Council to enact regulations governing equal opportunities in apprenticeship and other on-the-job training programs.

AB 1454 further required the Council to gather and broadly disseminate through the apprenticeship and training information centers, high schools, California State Employment Service offices, information about apprenticeship and other on-the-job training, including, but not limited to, a description of the trade and minimum qualifications for entry, the time and place where applications are received.

The Assembly concurred in Senate amendments on August 3, and the bill was sent to enrollment.

AB 544, introduced by Assemblyman Bill Greene (D), Angeles, authorized, as last amended, the Division of Fair Employment Practices to engage in educational activity for the purpose of securing employment offers on a voluntary basis for members of racial, religious, or nationality minority groups.

The bill clearly provided that the act shall not be construed to promote employment on a preferential or quota basis.

On August 4, the bill was referred from the Senate Committee on Governmental Efficiency, read a third time and passed.

Later in the day, the Assembly concurred in the Senate amendments and AB 544 was sent to enrollment.

PUBLIC EMPLOYEES

The right of public employees to engage in concerted labor-management relations through selection by election of a bargaining unit, recognition, and good faith bargaining with their employers, continues unchanged for another year.

Legislation proposed by the Federation to clarify and bring order out of chaos in bargaining in the public employee field died in the committees to which it was assigned.

Suffering a similar fate, however, was legislation introduced which would have resulted in a deterioration of present labor-management relations in the public employee field.

AB 1751, introduced by Assemblyman James A. Hayes (R), Long Beach, provided that "public employees shall not have the right to strike, or to recognize a picket line of a

labor organization while in the course of performance of their official duties."

Few people have ever asked that public employees should risk the hazard of scabbing — and the Legislature did not.

The bill, as introduced, was referred to the Committee on Industrial Relations.

On May 8, it was re-referred to the Committee on State Personnel and Veterans Affairs. No further action was taken on the bill.

AB 2381, introduced by Assemblyman George W. Milias (R), Gilroy, provided public agencies may adopt reasonable rules and regulations for the administration of employer-employee relations and that such rules and regulations may include provisions in addition to those already provided:

(1) Formal recognition of employee organizations.

(2) Determination of appropriate unions for the purpose of establishing recognition rights;

(3) Procedures for the resolution of disputes; and

(4) Exclusion of supervisory personnel from employee organization membership or participation.

As introduced, the bill was referred to the Committee on Industrial Relations, but on May 8, without hearing, the bill was re-referred to the Committee on State Personnel and Veterans Affairs.

On May 31, the bill was amended in committee and given a "do pass" as amended.

As amended, the bill did the following things:

(1) Allowed the public agency to adopt reasonable rules for employer-employee relations after consulting with employee organizations.

(2) Allowed representatives of a governing body of a public agency, or a board, commission, or administrative officer or other representative designated as a governing body authorized to meet and confer with representatives of employees' organizations to meet with the governing body in executive session prior to meeting with employee representatives.

The amendments modified the phrase "formal recognition of employee organizations" to include **"multiple degrees of recognition,"** and **"limited"** rather than "excluded" supervisory personnel from employee organization membership or participation.

In this form AB 2381 passed the Assembly and was referred to the Senate Committee on Governmental Efficiency.

The Senate Committee on Governmental Efficiency modified the Assembly version to provide that the exchange of views between the governing body and employee organization should relate to matters only within the scope of representation.

On July 6, the Senate Governmental Efficiency Committee gave the bill a "do pass".

AB 2381 wes held on the Third Reading File from July 7 to July 27 when it was moved to the Inactive File on motion of Senator Dolwig.

AB 2381 died on the Inactive File on August 4.

AB 1804, introduced by Assemblyman John Francis Foran (D), San Francisco, provided for the repeal of the Winton Act.

The repeal was supported by the California Labor Federation before the Committee on Education.

Although AB 1804 was taken under submission, it was recommended that an interim study should be made of employer-employee relations between certificated personnel and local boards of education.

To authorize such a study, Assemblyman Foran introduced H.R. 607.

However, not all public employee legislation was negative.

AB 938, introduced by Assemblyman Joe A. Gonsalves (D), Los Angeles, permits safety members of the County Employees Retirement System such as firefighters and policemen to retire at the age 50 instead of 55.

This measure applies at present to the firefighters in Alameda, Contra Costa, Imperial, Los Angeles, Marin, San Bernardino, San Diego, San Joaquin, San Mateo and Santa Barbara Counties.

State Personnel — Pay Raises

Although not sought by Governor Reagan, the 4.9 percent increase in salaries for state personnel granted by the Legislature was approved by the Governor.

However, personnel at the institutions of higher education did not fare so well.

The Legislature granted an increase in salaries of 6.5 percent to the personnel of the University of California. By use of the line item veto, Governor Reagan reduced the increase to 5 percent.

The Legislature a year ago had assured the personnel of the California State Colleges a 5 percent increase in salaries for the coming year. The Legislature this year increased that amount to 8.5 percent. The Governor reduced the increase by 3.5 percent.

The Legislature this year assured both the University of California and the California State Colleges an increase of 5 percent for salaries next year. The Governor vetoed this item.

The Governor's action weakens the hands of our University and College administrators in recruiting qualfied teaching and research personnel.

CONSUMERS

It was not a good year for consumers. They got it — directly and indirectly. Directly, they got it in consumer taxes; indirectly, they got it in hidden costs.

Some scraps were thrown to them in strengthened meat inspection laws.

An insurance bill undoubted heads the parade in fleecing the consumer:

SB 1489, introduced by Senator Richard J. Dolwig (R), San Mateo, dealt with the regulation of credit life and disability insurance policies.

Today, the rates of credit life insurance companies are fixed like all other insurance rates.

SB 1489 in simple terms provided that hereafter the Commissioner of Insurance may regulate the credit life and disability insurance rates only when the amounts paid for losses are less than 50 percent of premium.

Or, in other words, the Insurance Commissioner may regulate the rates only when the credit life insurance companies pay for losses less than 50c on each dollar of premium paid by the debtor.

Opposing the bill were Attorney General Thomas C. Lynch and Insurance Commissioner Richard S. L. Roddis.

Commissioner Roddis stated before the Assembly Finance and Insurance Committee:

"The debtor imposes little effective price competition due to his generally inferior bargaining position, lack of sophistication as to rates and coverages and because purchase of the insurance is an ancillary aspect to his primary interest. The debtor's attention is focused on the main transaction with the creditor, that is the borrowing of money or the purchase of goods on an installment payment basis.

"This has led to the payment of large sums to creditors bearing no reasonable relationship to their costs of offering the insurance. One leading authority has estimated that nationally excessive profits to creditors have been $175 million per year. In my opinion the reduction of credit life insurance rates to reasonable levels will save California borrowers over $15 million per year."

Commissioner Roddis in his supplementary testimony sets forth the folowing illustration:

CREDIT LIFE INSURANCE SOLD BY AUTOMOBILE DEALERS

Auto dealers of Ford or General Motors can furnish credit life insurance through a plan arranged by GMAC or Ford Motor Credit Corporation for a premium of approximately 38c per $100. However, nearly all auto dealers chose to provide credit insurance through contracts they negotiate themselves at a rate of 75c per $100. The difference on a $3,000 auto, financed over 36 months, assuming typical finance charges, would be

GMAC	Dealer
Rate 38c per $100.00	75c per $100.00
Ins. Prem. 42.54	$83.96
Difference $41.42	

When one multiplies the difference of $41.42 per car by the number of cars sold and financed, the sum of money held for profit runs into millions of dollars annually.

Because of a lack of understanding of the implications, SB 1489 sailed through the Senate without major opposition, but by the time the bill reached the Assembly floor the objections of the Attorney General and the Insurance Commissioner were understood by consumer-oriented assemblymen and by private groups.

Assemblyman Knox carried SB 1489 on the floor of the Assembly, and Assemblyman Vasconcellos led the opposition tion.

Two calls of the House were requested by Mr. Knox, and one by Mr. Vasconcellos.

Senate Bill 1489 then won passage by a vote of 42 to 28.

SB 529, introduced by Senator Hugh M. Burns (D), Fresno, increased the amount of finance charges, a premium financing agency may set in a premium finance agreement from 1¼ percent to 1¾ percent per month on that part of the unpaid principal balance of any loan up to, including, but not in excess of $700.00.

This constitutes an annual increase of the rate from 15 percent to 21 percent.

SB 529 passed both houses and was approved by the Governor on June 13.

Many bills to protect consumers from undue severity in garnishment; to establish a consumer advocate; to provide truth in interest rates; to fix reasonable late installment chrarges; to better regulate insurance cancellation of all types, along with many other worthy bills, died in the long process of enacting legislation.

Two bills—good for consumers—made the grade.

AB 533, introduced by Assemblyman Victor V. Veysey (R), Imperial County, requires all slaughterhouses or meat food product manufacturers to operate pursuant to federal, state or approved municipal inspection in all counties of the state rather than under existing law to just those counties with a population of 28,000 or more; and requires that the use of a meat inspection stamp shall be applicable to all counties rather than to just those counties with more than 28,000 population.

AB 533 passed the Senate on August 4 and the Assembly agreed to an appropriation of $30,000 and sent the bill to enrollment and the Governor.

AB 618, introduced by Assemblyman Eugene A. Chappie (R) of the 4th Assembly District of Northeast California, requires that any person who sells meat directly to the consumer on the basis of primal cuts or carcass weight shall supply the buyer with an accurate statement of weight at time of sale of the carcass or primal cut purchased and shall supply a complete and accurate statement which shall contain the weight of the meat delivered to the buyer and the number and type of cuts.

AB 618 further provides that when any fruits, vegetables, or other food products are sold as part of a combination sale with meat sold directly to the consumer on the basis of primal cuts or carcass weight, the seller shall supply an itemized statement showing the net quantity of any fruits, vegetables, and other food products delivered to the buyer.

This section shall also apply to any person who custom cuts any meat animal carcass or part of such carcass for the owner, except the carcass of any game mammal taken as authorized by the Fish and Game Code.

From June 9 to July 28, AB 618 was on the Senate File. It did not pass the Senate until August 4. On the same legislative day the Assembly concurred in the amended bill and sent the bill to enrollment.

MISCELLANEOUS

AB 466, introduced by Assemblyman Robert F. Badham (R), Newport, Orange County, transferred the licensing and enforcement activities of employment agencies from the Division of Labor Law Enforcement of the Department of Industrial Relations to a newly created Bureau of Employment Agencies in the Department of Professional and Vocational Standards.

According to data compiled by the Department of Industrial Relations for 1964, "general" fee charging agencies made 544,321 placements.

21.2%, or 115,573, were in commercial occupations

57.5%, or 312,939, were babysitters

6.9%, or 37,585, were in domestic service.

2.9%, or 15,656, were in the hotel or restaurant trade

1.8%, or 9,942, were in nursing or medical

1.00%, or 5,228, were in technical and teaching

8.7%, or 47,398, were in miscellaneous occupations

Women placed: 461,060, or 84.7%

Men placed: 83,261, or 15.3%

They charged $19,863,200 for placing the applicants in jobs.

As introduced, AB 466—the bill was amended eight times—created an Employment Agency Board of 7 members appointed by the Governor, only one of whom would be a public member not licensed as an employment agency.

Since the bill vested in the Board the power to license, regulate, discipline and fix fees, it simply meant that the protection of the persons seeking employment from employment agency abuse would make their appeal to other agency members. The old adage of placing the fox in the chicken coop to protect the chickens was never more demonstrably illustrated.

AB 466 was referred to the Assembly Committee on Governmental Efficiency and Economy.

At the hearings, it was opposed by Executive Secretary Arywitz of the Los Angeles County Federation of Labor, AFL-CIO, at the request of the Secretary of the California Labor Federation. It was supported by the California State Association of Employment Agencies and Mr. Badham who announced at the conclusion of his testimony that Tom Harris of the Teamsters had wanted to be recorded in support of the bill.

By a margin of one vote, the bill was given a "do pass" to Ways and Means.

Between the first hearing and second hearing in the Assembly Ways and Means Committee, the bill was substantially amended as to procedures, in that the Employment Agency Board was replaced by a **Bureau under the direction of a chief appointed by the Governor and serving at his pleasure. Moreover the amendments vested in the chief the power to license, regulate and discipline employment agencies. In addition the chief was made responsible to the Director of Professional and Vocational Standards.**

Although these amendments took much of the sting from the bill, the Federation continued its opposition because it was felt that job-seekers would receive better protection and greater justice if the law was enforced by the Division of Law Enforcement.

The Teamsters testified before Ways and Means that the days of hijacking personnel for the seas had long passed; and that they felt the legislation would upgrade the quality of the agencies where now many of their Teamster members sought jobs.

Since 88.5% of all placements are engaged in babysitting, domestic, hotel and resturant, and commercial service, the Teamsters argument seems, even to the naive, a little far out.

At the second hearing before Ways and Means on July 24, proponents succeeded in obtaining the minimum votes necessary (10 votes) for a "do pass".

The bill passed the Assembly 43 to 27, 41 votes being necessary for passage.

In the Senate, the bill was first referred to the Committee on Labor, then, without hearing, re-referred to the Senate Committee on Business and Professions. This committee is composed of 6 Republicans and 3 Democrats. Senator Short is chairman and was handling the bill in the Senate.

Needless to say, it got a "do pass."

On August 3, AB 466 passed the Senate, was sent to the Assembly and to enrollment.

AB 769, introduced by Assemblyman John Burton (D) San Francisco, did two things:

(1) Eliminated the present exclusion of maintenance work from the requirement that the prevailing rates of pay be paid on public works; and

(2) Limited the application of this section to maintenance work which shall apply only to services furnished under contract, and not to maintenance work performed by public employees.

The bill carried an appropriation for $50,206 to augment item 138 of the Budget.

On August 4, the Senate passed AB 769 and sent the bill to the Assembly where the amendments were concurred in and the bill sent to enrollment.

SB 626 was introduced by Senator Alfred E. Alquist (D), Santa Clara County.

The bill required a proprietary specification used in the purchase of classroom cabinets, laboratory cabinets, cabinet tops, or other cabinet work fixtures to include the catalogue or list of a California manufacturer of those products.

The bill had two purposes:

(a) To assure quality standards fro purchasers; and

(b) To protect the California industry from competition from sub-standard built products.

The bill passed the Senate on May 22, and on June 21, was read a second time in the Assembly and to third reading.

However, because of the unusual flow of business in the Assembly, it was not taken up until July 28, when it was passed.

On August 4, SB 626 was reported correctly enrolled and sent to the Governor at 10:00 a.m.

AB 548, introduced by Assemblyman Robert E. Badham (R), Orange County, eliminated the State requirement, namely, "That the minimum painting standards for home construction loans adopted by the Federal Housing Administration and the Department of Veterans Affairs," shall apply to home construction financed through private sources in California. The California Labor Federation vigorously opposed the bill at every step.

The bill was referred to the Assembly Committee on Public Health where on April 26 it was given a "do pass".

On May 1, when the bill was first called up for passage, Mr. Badham was unable to get 41 votes. He requested unanimous consent to expunge the record and to rescind the action on AB 548.

On May 10, Mr. Badham moved to have AB 548 placed on the Inactive File.

It was not until a month later that Mr. Badham moved to have AB 548 removed from the Inactive File to Third Reading.

When on June 14, he failed on his first try to obtain the 41 votes, he asked for a call of the Assembly. When the

names of the absentees were called, the bill was passed by the smallest possible margin, 41-31.

In the Senate, AB 548 was referred to the Committee on Insurance and Financial Institutions. It was first scheduled for hearing July 11, but due to a "short" committee, it was held over until July 18.

At the hearing on July 18, before the Senate Insurance and Financial Institutions Committee, AB 548 failed to get 5 votes on a "do pass" motion. The bill died in the committee.

Health Costs

ACR 64, introduced by Assemblyman Bill Greene (D), Los Angeles, provided for the Rules Committee of each house to appoint a committee to study rising medical costs and to suggest remedial legislation.

The Concurrent Resolution was referred to the Assembly Committee on Public Health.

At the hearing, the Chairman, Assemblyman Gordon W. Duffy (R), representing Kings and Tulare Counties, assured the Federation that it was his intention as costs are studied under present state programs to study costs in the private sector of the economy since they are so closely interwoven with health costs generally that it would be impossible to separate the issues.

ACR 64 was then taken under submission.

CONCLUSION

Effective Date of Legislation

When on Sunday, August 6, the Assembly and Senate adjourned until 2:00 p.m. Monday, September 4, 1967, they adjourned in pursuance with Article IV., Section 3(a) of the constitution of California. The pertinent part reads:

> "At the end of each regular session the Legislature shall recess for 30 days. It shall reconvene on the Monday after the 30-day recess, for a period not to exceed 5 days, to reconsider vetoed measures."

Article IV, Section 8(c) provides:

> "No statute may go into effect until the 61st day after adjournment of the regular session at which the bill was passed, or until the 91st day after adjournment of the special session at which the bill was passed, except statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State,a nd urgency statutes."

Therefore, all bills signed by the Governor or vetoed and overridden by the Legislature, except those exempted in Article IV, Section 8 (c) cannot go into effect before Sunday, November 4, nor later than Wednesday, November 8, depending on which day the Legislature adjourns sine die.