

## Legislative Notes

Governor's Labor Reform Bill. SB 209 last Thursday was given a "do pass" recommendation by the Assembly Committee on Industrial Relations after insertion of amendments which would repeal outright the State's anti-labor jurisdictional strike act and also the unconstitutional hot cargo act which is still in the state Labor Code. The measure is waiting hearing in Assembly Ways and Means Committee.

Governor Brown has announced his opposition to the amendments, and that he will seek their elimination in pressing for passage of the so-called "labor reform" measure. In view of the defeat of the Governor's labor representation and jurisdictional strike bill contained in AB 419, organized labor has taken a strong position that the Assembly committee amendments to SB 209 must stay in the bill.

AB 419, which was dumped by Senate Labor Committee a couple of weeks ago, is considered by labor as an integral part of Governor Brown's labor proposals. The defeated measure would have established procedures for determination of union representation and the settlement of jurisdictional strikes in intrastate commerce, while repealing the state's anti-labor jurisdictional strike act, which in the Governor's own words, has been misused to thwart the legitimate activities of bona fide labor organizations.

Employer groups, who killed AB 419 and who are also desirous of defeating SB 209 because of regulatory features affecting management, and are also working to remove the amendments inserted by the Assembly Industrial Relations Committee which would repeal the state's jurisdictional strike and unconstitutional hot cargo acts.

**Social Insurance Bills.** In the face of developments affecting unemployment insurance which threaten defeat of labor's liberalization program (see lead story), other basic social insurance measures this week were moved into position for final passage.

\*AB 494 (Unruh), providing for an increase in the maximum weekly unemployment disability insurance benefit from \$50 to \$65, was approved by the Senate Committee on Insurance and Financial Institutions this Wednesday and sent to "Consent File" on the Senate floor for final passage. (Consent file includes bills which are without opposition to be taken up and acted upon without debate.)

Also sent to the Senate floor is SB 945, which contains part of the unemployment insurance package proposal  
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# Weekly News Letter

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## Assembly Unit "Liberalizes" U. I. Bill; Cuts Benefit Increase By 7.1 Million Dollars

In the name of "liberalization" this Monday, the Assembly Committee on Finance and Insurance revised the so-called unemployment insurance "package" bill, AB 590 (Munnell), and in the process cut back the overall benefit increase embodied in the bill from \$50.5 million to \$43.4 million—a drop of some 7.1 million dollars.

AB 590, which contained proposals for improvement of California's unemployment insurance program negotiated with employer representatives by the California Labor Federation, was sent back to Finance and Insurance Committee last week by the lower house Ways and Means Committee, following some objections raised against the distribution of the negotiated benefit improvements.

With less than three weeks to go in the 1959 general session in the face of a mounting log jam of bills, the Finance and Insurance Committee undertook revision of the bill as follows:

(1) It removed the coverage provision in the originally negotiated bill which would have extended unemployment insurance protection to some 600,-

000 employees of state, county and municipal government, and another 60,000 employees of non-profit organizations. The removal of these coverage provisions had the effect of lopping off an estimated 11.9 million dollars in benefits a year.

(2) Of the 11.9 million dollars slashed from the negotiated bill, the lower house unit recovered \$4.8 million of the amount cut by liberalizing somewhat the benefit schedule in the negotiated bill.

### Negotiated Increases

Apart from the extension of coverage to 660,000 employees, AB 590, as originally negotiated provided for an increase in the maximum benefit amount from \$40 to \$55 a week, by the addition of fifteen steps to the top of the

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## ASSEMBLY CLEARS BEER & BANK AND CORPORATION TAX HIKES

The lower house of the Legislature early this week sent two more of Governor Brown's proposed tax bills to the upper house, where already two of his tax measures are being held up pending clearance of the state budget for the fiscal year ahead.

On Monday, the lower house gave clearance to AB 1175, which would increase bank and corporation franchise taxes by about \$33.6 million for the coming fiscal year, and approximately \$58.6 million in subsequent years. Under the Constitution, this tax hike requires a two-thirds majority which it received in the Assembly with only one vote to spare. The vote was 55 to 22 for passage, 54 being the necessary two-thirds.

In follow-up action on Tuesday the Assembly passed by roll call vote of 43 to 34 Governor Brown's second consumer tax bill, AB 1171, which would increase the excise tax on beer from

2c to 7c a gallon. The consumer measure is designed to yield \$9.2 million toward balancing the 1959-60 state budget, and some 10 million dollars in subsequent fiscal years. Passage was secured in the lower house after defeat of an amendment offered by Assemblyman Busterud (R-San Francisco) to cut the beer tax increase back to 5c per gallon. The Busterud amendment was refused adoption by vote of 42 to 20.

Assemblyman Augustus F. Hawkins (D-Los Angeles Co.) led the democrats  
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## HEARINGS ASSEMBLY

### June 9th

#### Governmental Organization, 1.30 pm

**AB 2193 Coolidge.** Relating to State contracts. **Watch**

**AB 2848 Petris.** Creates division of California Youth Corps. **Bad**

**SB 1093 McAtee.** Pertains to sale of alcoholic beverages within certain distances of Universities and other institutions. **Watch**

**SB 813 Gibson.** Horse racing regulations. **Watch**

#### Governmental Efficiency and Economy, 3.45 pm

**AB 2510 Burton.** Relating to fair employment practices. **Good**

**AB 2323 O'Connell.** Relating to public accountancy. **Watch**

**SB 609 Gibson.** Relating to practice of barbering. **Watch**

**SB 610 Gibson.** Relating to contractors. **Watch**

**SB 1100 Richards.** Subliminal radio and television messages. **Good**

**SB 1239 Gibson.** Relating to physical therapy examining committee. **Watch**

**SB 421 Thompson.** Relating to practice of barbering. **Watch**

**SB 511 Christensen.** Relating to State Contract Act. **Bad**

#### Water, 1.30 pm

**SB 1106 Burns.** Governor's Water bill. **Bad**

### June 10th

#### Public Utilities and Corporations, 3.45 pm

**SB 904 Short.** Relating to railroad equipment. **Good**

### June 11th

#### Municipal & County Government, 1.30 pm

**SB 985 Beard.** Relating to county medical facilities. **Watch**

## HEARINGS SENATE

### June 9th

#### Business and Professions, 1.15 pm

**AB 2360 Hanna.** Relating to contractors. **Good**

**AB 158 Chas. Wilson.** Relating to contractors' licenses. **Good**

**AB 1135 S. R. Geddes.** Relating to contractors. **Watch**

#### Elections, 10 am

**AB 2241 Bruce F. Allen.** Circulation of election petitions. **Good**

#### Judiciary, 8 pm

**AB 1426 O'Connell.** Warehousemen's liens. **Watch**

**AB 1617 Burton.** Relating to exemptions from attachment and execution. **Good**

**AB 2409 G. E. Brown.** Relating to leaves of absence. **Good**

#### Local Government Sub. Com. No. 3 10 am

**AB 1279 Bee.** Relating to contracts for improvements. **Watch**

**AB 2429 Donahoe.** Relating to classified employees. **Watch**

**AB 2225 Munnell.** Relating to leaves of absence for school district employees. **Good**

#### Transportation, 9 am

**AB 2424 Levering.** Relating to vehicles owned by dealers. **Bad**

### June 10th

#### Government Efficiency, 9.30 am

**AB 1382 Z'berg.** Relating to fees for placing persons in public work. **Watch**

**AB 2487 Donahoe.** Relating to public school employees. **Watch**

**AB 594 Unruh.** Civil rights. **Good**

**AB 1810 Petris.** Relating to community re-development and urban renewal plans and bonds. **Good**

**AB 1439 Busterud.** Relating to alcoholic beverages. **Watch**

#### Insurance & Financial Institutions, 1.30 pm

**AB 831 Unruh.** Relating to referees of appeals board. **Watch**

### June 11th

#### Finance, 9 am

**\*AB 476 Elliott.** Relating to publication of information. **Good**

**\*AB 471 S. R. Geddes.** Relating to contractors. **Good**

**AB 1787 Chapel.** Relating to warehouse sanitation. **Good**

### Federation Scholarship Program Draws Record Number Of Students

Some 357 high school students in California and Hawaii recently competed for three college scholarship awards of \$500 each offered annually by the California Labor Federation, AFL-CIO, it was announced this week.

The Federation sponsored scholarship program is in its ninth year. The number of students who took the competitive examination this year is the largest in the history of the program.

The examination, a written test lasting two hours, was held on Friday, May 15, 1959, in each high school where applications were filed. Following the examination, the test papers were immediately returned to the Federation's office for grading and screening by competent personnel selected by the scholarship committee of three judges.

School records and examination papers of the 50 highest students will be examined personally by the committee of judges, who will make the final selection of the three winners.

The announcement of this year's scholarship program was sent out early in January. The deadline for the return of application blanks was April 13, 1959. Winners will be free to choose any four year college or junior college, and will be announced sometime in July.

Besides the scholarship award, each winner will receive an expense-free trip to attend the convention of the California Labor Federation scheduled for August 10 to 14, in San Diego. The scholarships will be awarded at that time.

Scholarship judges are Fred Breier, Ph. D., Assistant Professor of Economics, University of San Francisco; Leon F. Lee, Ph. D., Director, Institute of Industrial Relations, San Jose State College; and Arthur M. Ross, Ph. D., Director, Institute of Industrial Relations, University of California, Berkeley.

## TAX MEASURES

(Continued from Page 1)

who opposed the beer tax bill. The liberal-minded Assemblyman assailed the measure as "a bad bill, conceived in false propaganda."

On the republican side, minority floor leader Joseph C. Shell, of Los Angeles County, pulled together the opposition against the measure and came within three votes of blocking it.

The beer tax embodied in AB 1171 and the bank and corporation tax increase contained in AB 1175 now join the waiting list on the Senate side where the Governor's horseracing and state inheritance tax bills are resting in committee.

Both the horseracing and inheritance tax bills, Assembly Bills 1173 and 1176, respectively, have cleared the Senate tax policy committee and are scheduled for hearing in Senate Finance as we go to press. The two measures together are designed to pick up some 18.5 million dollars in additional revenues as part of the Governor's \$200 million-plus tax program to balance the budget.

### CIGARETTE TAX HITS CONFERENCE SNAG

In other phases of the tax battle, an unexpected development this week was the refusal of the lower house to agree to Senate amendments to Governor Brown's 61 million dollar a year cigarette tax bill, AB 1172.

The cigarette consumer tax measure, together with the Governor's modest bill to increase state income taxes contained in AB 1177, was passed by the Senate last week. This Monday, however, the Assembly voted 71-7 to reject Senate amendments to the cigarette measure which threw the bill into free conference between the Senate and the Assembly as the income tax increase was sent on to the Governor.

At issue before the conference committee of three Senators and three Assemblymen is the upper house elimination of about 8 million dollars in revenue by exempting from the bill cigars and all other tobacco products except cigarettes and cigarillos.

Also at issue in conference is an upper house amendment which provides for administration of the cigarette tax by a stamp tax rather than a levy on cigarette inventories. Opponents of the stamp tax method of collection claim that wholesalers would realize a substantial profit from the operation.

A third point at issue in the cigarette measure is language eliminated from the bill which would designate the new cigarette levy as a "consumer tax," and thus permit Californians to use it as a deduction in filing their federal income tax returns.

It is not anticipated that the differ-  
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## U.I. BILL REVISION

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present unemployment insurance schedule. This weekly benefit increase was combined with a boost in the casual earning allowance for those who draw benefits from \$3 to \$12 a week.

Under the present U. I. schedule, the weekly benefit amount ranges from \$10 to \$40, depending upon wages earned by the qualifying individual during the high quarter of his base period. Starting with the \$10 benefit amount for high quarter earnings of \$150, the present schedule increases \$1 in benefits for each additional \$30 in high quarter earnings until the \$32 benefit amount is reached. Thereafter the existing schedule increases \$1 for each additional \$40 in high quarter earnings until the present maximum of \$40 is reached for an individual who has high quarter earnings of \$1,120 or more.

The benefit schedule negotiated by the California Labor Federation in AB 590 continued the so-called \$40 steps to the benefit-amount of \$50, and then, in addition, added five more \$45 steps to provide a maximum benefit of \$55.

This negotiated increase in the benefit schedule, together with the increase in casual earnings allowance from \$3 to \$12, was estimated by the Department of Employment to provide an additional 38.6 million dollars in benefits a year. The \$11.9 million slashed by the Committee this week, added to the \$38.6 million provided in the benefit structure revision, totalled the \$50.5 million increase in the negotiated bill.

### Committee Amendment

The amendment to the schedule adopted this Monday by the Committee retains the \$55 maximum negotiated by the California Labor Federation, but within a uniform \$30-step schedule. The revised schedule goes back to the \$32 benefit amount, and continues the increase of \$1 in benefits for each \$30 in high quarter earnings to the proposed \$55 benefit amount for an individual who has high quarter earnings of \$1500 or more.

This amended schedule is identical to the one proposed originally by the California Labor Federation in AB 590, except that the Federation proposed a \$65 maximum instead of the \$55 in the bill at the present time.

### Cost Estimates

According to Department of Employment estimates, the amendment adopted in the schedule this Monday by the Committee will provide additional benefits in the amount of 43.4 million dollars a year instead of the

38.6 million negotiated by the Federation—a boost of 4.8 million dollars. Coupled with the removal of the coverage provision amounting to 11.9 million dollars, however, the Committee liberalization still amounts to an overall slash in benefits by 7.1 million dollars.

### C. J. Haggerty Statement

In appearing before the Assembly Committee, C. J. Haggerty, Secretary-Treasurer of the California Labor Federation, placed responsibility for revision of the unemployment insurance package bill at this late stage of the session squarely at the door of the Committee.

The Executive Officer of the State AFL-CIO pointed out that the Federation initially introduced thirty-three measures as labor's program for the liberalization of unemployment insurance. "We urged the Committee," he said "to take these bills up in Committee on their merits. The Committee instead insisted that they be referred to a special subcommittee along with all our disability insurance and workmen's compensation bills which were also sent to special subcommittees."

Referring to the log jam that inevitably develops in a legislative session—the same log jam which the Legislature presently faces—Haggerty said that the Federation waited two and a half months for the subcommittees to take up the Bills. "But when no action was forthcoming," he said, "we were forced by the committee to enter negotiations with the employer. This is the record."

Under the circumstances of subcommittee inaction, Haggerty said, "we negotiated the best agreement obtainable." The benefit increases negotiated were combined with the extension of coverage to 660,000 employees in order to provide broader protection of the program in the state.

Haggerty left a clear inference that the Committee had only itself to blame if it was dissatisfied with the package it forced labor and management to negotiate.

Although the revised benefit schedule itself, as amended, is now more in line with the original proposal of the Federation, the fact remains that the overall bill as amended provides some 7.1 million dollars less a year in benefits than negotiated by the Federation, and distributes the benefits to a smaller number of employees with the coverage provisions removed from AB 590.

Following Monday night's session, Haggerty made these observations:

**"The Democrats who control the Assembly Committee on Finance and Insurance now have the responsibility**

## SAN DIEGO SITE OF 1959 FEDERATION CONVENTION

C. J. Haggerty, Secretary-Treasurer of the California Labor Federation, AFL-CIO, announced this week that San Diego has been selected as the 1959 Federation convention city.

Because of problems which developed in the selection of a suitable city for the 1959 convention, it was necessary for the Executive Council of the Federation to change the date from the third Monday in August to the second Monday in August for convening of the convention.

The convention call, containing all details of the convention will be mailed out to all affiliates next week. All sessions of the convention will be held in Conference Hall, Balboa Park. The El Cortez in San Diego will be the headquarters hotel for the week long session.

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to see their amended bill through the Democratic controlled Assembly and Senate.

"At this late stage of the session, if the Democrats do not make good on their responsibility, they may well lose all benefit increases for the workers of this state, let alone the 7.1 million dollars which they have already taken out of AB 590 by removing coverage for 660,000 public and non-profit employees.

"If the action this Monday is supposed to be interpreted as a demonstration of party responsibility that has been lacking thus far in the session, then I would suggest a rereading of the platform, because implementation would require enactment of a \$65 benefit bill as originally proposed by the Federation, and also extension of unemployment insurance coverage to public and non-profit employees who were deleted from the bill by the Democrats on Monday.

"The bill, however, is now out of Committee, and time is of the essence if any needed liberalization bill is to get through the legislature before time runs out.

"I sincerely hope that the legislators who undertook revision of AB 590 at this late stage have taken into account the time factor."

AB 590, as amended, and given a "do-pass" recommendation by the Assembly Committee on Finance and Insurance will probably be a week going through the Assembly before being sent to the upper house for consideration.

With only two weeks left on the Senate side, in face of announced employer opposition to the amendments, AB 590 is in serious trouble.

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**FORM 3547 REQUESTED**

**LEGISLATIVE NOTES**

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providing for the extension of unemployment insurance benefits for up to 13 weeks whenever unemployment reaches the 6% level. This extension bill, however, still has the lower house to clear after winning approval in the State Senate.

Federation-sponsored \*AB 1015 (Crown) is still on Senate third reading file for passage. It has been temporarily held up while the Senate has been working on upper house bills which still have to be cleared to the Assembly side. \*AB 1015 contains far-reaching improvements in California's workmen's compensation program, including an increase in the maximum temporary weekly indemnity amount for injured workers from \$50 to \$65, and a boost in the top weekly benefit for permanent disability from \$40 to \$52.50, plus increases in the minimum benefit, death benefit, life payments in the case of severe permanent disability, and many other improvements.

**Water.** The Governor's 1.75 billion dollar proposed bond issue to put California in the water and power business cleared the Senate last Friday after lengthy debate, which saw the defeat of a long series of amendments offered by northern Senators to firm up their water rights. On the Assembly side, the measure is now also being attacked by southerners, including the Metropolitan Water District of Los Angeles and the County's Board of Supervisors, who claim that the Brown compromise proposal gives too much to the north without securing the southern rights.

As the controversy rages, increasing attention on the part of legislators is being drawn to the issue of "unjust enrichment" which would result from any California water development program, so long as the state has no basic policy determinations concerning the distribution of the benefits to be derived by individuals from state projects.

Momentary Senate attention was drawn to the enrichment issue last Friday when Senator Virgil O'Sullivan (D-Williams) pointed out that large land holders in the west and south side of the San Joaquin Valley in the vicin-

ity of the San Joaquin Valley-Southern California Aqueduct who own 63% in the potential service area of the Feather River project stand to be enriched by millions and millions of dollars at the expense of the tax payers. Senator O'Sullivan warned that no bond issue will get past the voters unless the legislature acts to prevent this enrichment. Although proposals to insert the anti-monopoly, anti-speculation provisions of national reclamation law into Governor Brown's water compromise program were defeated by the Senate, the raising of the issue clearly left its mark.

On the Assembly side, this Tuesday Assemblyman John O'Connell (D-San Francisco) picked up the issue in two separate bills before the Assembly Committee on Water. With the support of organized labor, Assemblyman O'Connell pressed for passage of a 160 acre limitation provision patterned after federal reclamation law. Similar action was urged in the adoption of policy provisions for preference distribution of public power developed by the State. Both measures were sent to Interim Committee for study, with the proviso that the committee report be submitted to the Legislature by February 1960 for possible action at that time.

It is anticipated that the enrichment issue will again be raised when the Governor's bond program is heard Tuesday, June 9th in the lower house Water Committee and later on the floor of the Assembly.

**Federation Bills.** With two weeks to go in the 1959 legislative session, a number of Federation bills are on the floor of the upper house waiting final approval before going to the Governor. These bills include: \*AB 1543 (Nisbet) which would permit the simultaneous payment of negotiated SUB payments with unemployment insurance benefits; AB 302 (Gaffney) providing protections against employer requirement of releases for payment of wages unless payment is actually made; \*AB 306 (Geo. Brown) regulating advertising by barber colleges; and \*AB 469 (Samuel R. Geddes) strengthening the owner-builder provisions of the contractors licensing law.

**TAX MEASURES**

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ences between the Assembly and Senate will block eventual passage of the measure.

**Severance Tax Move**

Meanwhile, in the lower house, the Brown administration forces have launched a move to revive the Governor's 2% severance levy on oil and natural gas contained in AB 1174, which was dumped by the Assembly committee on Revenue and Taxation last week. Following defeat of the oil measure at that time, Governor Brown issued a blast at the oil companies and warned that their victory was only temporary.

This Wednesday the Governor's forces took action to revive the measure by an amendment which would commit its proposed revenues to old age pensions and State College faculty salary increases. An estimated 22.9 million dollars in new revenues is involved in the severance tax bill for fiscal year 1959-60, and 28.5 million dollars in subsequent years.

The amendments were offered by Assemblyman Jesse Unruh, chairman of the Assembly Ways and Means Committee, which has before it a series of bills to increase social welfare payments in the categorical aid programs.

In an obvious move to revive the severance tax bill, Chairman Unruh said that the fate of some of the social welfare measures pending in the Legislature definitely rests on the fate of the severance tax.

The Unruh amendments to the severance tax measure would place severance tax proceeds in a special fund with 4 million dollars annually available for state college faculty members salaries. The balance of the new oil and gas tax money would be devoted to social welfare purposes for old age pension benefits.

Even with these amendments, it still remains questionable whether the Governor will be able to move his severance tax bill.