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1/23/70

Following is the text of a filmed Report to the People by Governor Reagan which has been distributed to California television stations for use this evening.

An audiotape of the statement is available to radio stations by calling 916-445-0101.

"Today, I asked the legislature to pass the most comprehensive and far-reaching Omnibus Clean Air Law to battle smog ever proposed by any state or nation.

"This progressive plan of action will further strengthen the state's already tough controls on smog and provide the teeth needed to enforce them.

"Our new program will crack down even harder on smog from cars and trucks---and on stationary polluters like agricultural and industrial burning.

"It will give our Air Resources Board the authority to regulate the chemical make-up of gasoline so that smog-causing gas evaporation and exhaust fumes from auto and truck engines can be cut significantly.

"It will require that smog controls on every new vehicle sold in California are properly adjusted before that vehicle can be registered. False certification will subject dealers to criminal prosecution.

"We are asking our Air Resources Board to come up with an assembly-line method of testing every 1972 model vehicle sold in California, and to find a workable device for roadside testing by the Highway Patrol.

"This program also will enable California to significantly reduce the heavy volumes of smoke and fumes which pour into our atmosphere daily---by restricting smokestack emission and open burning.

"In addition, the Clean Air Law will give us the necessary tools to prevent future air pollution---caused by the over-concentration of fuel-burning power generating plants along the coast---by providing a 20-year master plan for the location of such facilities.

"As I have said before, we are committed to an all-out war on smog. This legislative package will give us more of the ammunition we need to gain final victory."

#####

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-20-70

RELEASE: 5 P.M. JANUARY 22

MEMO TO TELEVISION NEWS EDITORS

The accompanying color videotape contains a Report to the People by Governor Ronald Reagan for use AFTER 5 P.M. JANUARY 22, 1970.

It runs approximately one and one half minutes.

PLEASE GUARD AGAINST PREMATURE RELEASE.

Following is the text of the report:

"Today, I asked the legislature to pass the most comprehensive and far-reaching Omnibus Clean Air Law to battle smog ever proposed by any state or nation.

"This progressive plan of action will further strengthen the state's already tough controls on smog and provide the teeth needed to enforce them.

"Our new program will crack down even harder on smog from cars and trucks---and on stationary polluters like agricultural and industrial burning.

"It will give our Air Resources Board the authority to regulate the chemical make-up of gasoline so that smog-causing gas evaporation and exhaust fumes from auto and truck engines can be cut significantly.

"It will require that smog controls on every new vehicle sold in California are properly adjusted before that vehicle can be registered. False certification will subject dealers to criminal prosecution.

"We are asking our Air Resources Board to come up with an assembly-line method of testing every 1972 model vehicle sold in California, and to find a workable device for roadside testing by the Highway Patrol.

"This program also will enable California to significantly reduce the heavy volumes of smoke and fumes which pour into our atmosphere daily---by restricting smokestack emission and open burning.

"In addition, the Clean Air Law will give us the necessary tools to prevent future air pollution---caused by the over-concentration of fuel-burning power generating plants along the coast---by providing a 20-year master plan for the location of such facilities.

"As I have said before, we are committed to an all-out war on smog. This legislative package will give us more of the ammunition we need to gain final victory."

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1/28/70

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-26-70

MEMO TO TELEVISION NEWS EDITORS

Will you please be kind enough to return the enclosed videotape,
following its use, to:

Mr. Paul Beck
Office of the Governor
State Capitol
Sacramento, California 95814

Thank you very much.

#####

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 1-28-70

MEMO TO THE PRESS

Following is the text of a filmed Report to the People by Governor Reagan which has been distributed to California television stations for use this evening.

An audiotape of the statement---embargoed for use after 5 p.m. today---is now available to radio stations by calling 916-445-0101.

"Today I have submitted to the legislature the most comprehensive battle plan for an all-out war against narcotics and drug abuse that has ever been drawn in the nation's history.

"By executive order, I have created the State Office of Narcotics and Drug Abuse Coordination. This new office will spearhead our campaign by marshalling all public and private forces to concentrate on drug abuse prevention, treatment and educational programs.

"We are increasing the number of State narcotics agents. And I am offering specific suggestions to give law enforcement agencies the weapons to crack down on dope pushers.

"This fight must begin in the first grade classroom by making our children completely aware of the dangers they face through experimentation with drugs. And it must be carried all the way to university research centers where the scientific facts about drug usage can be assembled.

"I am proposing legislation that will enable us to account for every shipment of dangerous drugs from the time it leaves the manufacturer until it reaches the physician, pharmacy or hospital where it is used.

"I am also suggesting that all government and private agencies join forces to find the cures that will help us get the victims of drug abuse back on the road to useful, productive lives.

"Our children are the prime target of the dope pusher and I am proposing laws that will increase the penalties against those who prey upon them.

"Make no mistake about it. This is a war. It requires not only the cooperation of every local, state and federal agency concerned with drug abuse, but also the cooperation of every citizen as well. If we don't work together, we run the risk of losing a generation."

#####

WAS

MEMO TO TELEVISION NEWS EDITORS

The accompanying color videotape contains a Report to the People by Governor Ronald Reagan for use AFTER 5 P.M. JANUARY 28, 1970. It runs approximately one and one half minutes.

PLEASE GUARD AGAINST PREMATURE RELEASE.

Following is the text of the report:

"Today I have submitted to the legislature the most comprehensive battle plan for an all-out war against narcotics and drug abuse that has ever been drawn in the nation's history.

"By executive order, I have created the State Office of Narcotics and Drug Abuse Coordination. This new office will spearhead our campaign by marshalling all public and private forces to concentrate on drug abuse prevention, treatment and educational programs.

"We are increasing the number of State narcotics agents. And I am offering specific suggestions to give law enforcement agencies the weapons to crack down on dope pushers.

"This fight must begin in the first grade classroom by making our children completely aware of the dangers they face through experimentation with drugs. And it must be carried all the way to university research centers where the scientific facts about drug usage can be assembled.

"I am proposing legislation that will enable us to account for every shipment of dangerous drugs from the time it leaves the manufacturer until it reaches the physician, pharmacy or hospital where it is used.

"I am also suggesting that all government and private agencies join forces to find the cures that will help us get the victims of drug abuse back on the road to useful, productive lives.

"Our children are the prime target of the dope pusher and I am proposing laws that will increase the penalties against those who prey upon them.

"Make no mistake about it. This is a war. It requires not only the cooperation of every local, state and federal agency concerned with drug abuse, but also the cooperation of every citizen as well. If we don't work together, we run the risk of losing a generation."

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EJG

2/5/72

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 2-15-72

RELEASE: EMBARGOED FOR RELEASE
5 P.M., TUESDAY,
FEBRUARY 15.

(Dr. Earl Brian, Director of the Department of Health Care Services, will be available to newsmen for a background briefing for the plan proposed by Governor Reagan in the following text. The briefing will be held in the governor's / Council Room at 2:30 p.m. today. Like our budget briefing, no tape recordings for broadcast use or sound-on-film recording will be permitted. Also, please note the fact sheet and Q and A in the back section of the attached folder).

Governor Ronald Reagan today proposed a bold and far-reaching plan to protect California's working men and women and their families from the financial ruin they would suffer if a terrible crippling accident or devastating extended illness were to befall them.

In a Report to the People which Governor Reagan directed "to the 17 million Californians who would suffer the tremendous financial hardship such an illness could cause," he said, "California's middle income families need and deserve the kind of protection our program can and will provide."

The governor noted that "those who are the least affluent among us already enjoy this kind of protection in the form of virtually unlimited health care benefits under Medi-Cal"---all paid in full out of the hard-earned tax dollars of California's working men and women who, themselves, can neither afford, nor do they today have access to, such catastrophic illness protection.

"You, the people who work day after day to support your family and provide average health care, could be wiped out should such an illness strike," the governor said in his Report to the People.

"The program we are proposing would assure protection from such financial ruin at a cost to the average family of about three dollars per month. In order to make such protection possible," he explained, "and to hold down the cost for everyone, each working member of a family would be required to join the system by means of payroll deductions, or direct payments."

The governor said the program---known as the California Health Security Plan---"would set no limits on those services which are most often used and are the most expensive, such as hospital and doctor bills."

Each family would have "the freedom of choice as to how they obtain normal, everyday medical care for illnesses of less than a catastrophic nature," he said.

"Unfortunately, if an extended illness or a terrible crippling accident were to hit someone in your family," the governor said, "the health insurance you hold would not cover the expense, and it would be exhausted very quickly if you were to suffer what is termed a catastrophic illness over a long period of time."

Governor Reagan said the plan he is proposing "would not spawn a huge new bureaucracy....nor would it inflat prices for health care as so many existing government programs have done.

"Instead," he said, "it represents a reasonable and necessary alternative to the schemes being proposed by some at the federal level who fervently desire the adoption of socialized medicine but hide their intentions under the cloak of what they describe as 'national health insurance'."

(Audiotapes of the governor's Report to the People are now available to radio newsmen members of the Capitol Press Corps in the governor's office---for use on radio stations after 5 p.m. today).

Here is the full text of Governor Reagan's televised Report to the People which has been distributed to California television stations for use after 5 p.m. today:

"Last month, in my State of the State Message, I told you I believed a system of health insurance could be developed which would protect every Californian against the economic catastrophe which so often accompanies extended illness, regardless of how much medical insurance a person may have.

"As you know, those who are the least affluent among us already enjoy this kind of protection in the form of virtually unlimited health care benefits under Medi-Cal. Obviously, the most affluent in our society are able to take care of themselves.

"But you--the people who work day after day to support your family and provide average health care--could be wiped out should a devastating illness strike.

"My message is to the 17 million Californians who would suffer the tremendous financial hardship such an illness could cause. I'd like to tell you about a program I intend to propose to the legislature in the days ahead which we are calling the California Health Security Plan.

"Most of you now have some type of health insurance plan which you or your employer help pay for to meet a portion of your family's immediate health needs. For most of us, that is enough.

"Unfortunately, if an extended illness or a terrible crippling accident were to hit someone in your family, the health insurance you hold would not cover the expense, and it would be exhausted very quickly if you were to suffer what is termed a catastrophic illness over a long period of time.

"We are talking about the kind of cases that average as much as \$25,000 a year in medical expenses and bring financial ruin to the family.

"The program we are proposing would assure protection from such financial ruin at a cost to the average family of about three dollars per month. In order to make such protection possible and to hold down the cost for everyone, each working member of a family would be required to join the system by means of payroll deductions, or direct payments. Of course, those already covered under Medi-Cal or in military programs would not be eligible since they already enjoy such protection.

"Our program would set no limits on those services which are most often used and are the most expensive---such as hospital and doctor bills. It would not spawn a huge new bureaucracy because the risk would be underwritten by existing insurance companies and, by and large, it would be administered by them. Nor would it inflate prices for health care as so many existing government programs have done.

"The plan avoids the trap of nationalized, socialized medicine. Instead, it represents a reasonable and necessary alternative to the schemes being proposed by some at the federal level who fervently desire the adoption of socialized medicine but hide their intentions under the cloak of what THEY describe as 'national health insurance.'

"On the other hand, it would insure the working man and his family against the ruinous loss they would face from a catastrophic illness... at a very nominal cost, thus leaving to each family the freedom of choice as to how they obtain normal, everyday medical care for illnesses of less than a catastrophic nature.

"Lengthy illness plays no favorites. It can destroy all that most of us strive for.

"California's middle income families need and deserve the kind of protection our program can and will provide. Your support in the legislature will make it a reality. But you should know that we are offering a service not now available. The cost will be 36 dollars a year from each working person. But, everyone will have to participate to make such low-cost insurance possible. The choice is up to you."

3/5/70

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 3-4-70

MEMO TO TELEVISION NEWS EDITORS

Will you please be kind enough to return the enclosed videotape,
following its use, to:

Mr. Paul Beck
Office of the Governor
State Capitol
Sacramento, California 95814

Thank you very much.

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EJG

MEMO TO TELEVISION NEWS EDITORS

The accompanying color videotape contains a Report to the People by Governor Ronald Reagan for use AFTER 5 P.M. MARCH 5, 1970.

It runs approximately one minute, 50 seconds.

PLEASE GUARD AGAINST PREMATURE RELEASE.

Following is the text of the report:

"Today, I asked the legislature to approve a far-reaching series of laws proposed by our administration to further strengthen and accelerate the state's overall program to protect consumers and legitimate businessmen from the unscrupulous entrepreneur.

"Government has a vital role to play in looking out for the consumer interests of private citizens, so long as this does not unduly interfere with the legitimate, balanced workings of our competitive free enterprise system.

"To better coordinate the state's many and varied consumer protection activities, I am proposing the creation of the first Department of Consumer Affairs of any state in the nation. The new department will, for the first time, provide citizens with a central contact point for processing consumer complaints.

"In addition, I am asking that County Boards of Supervisors be given authority to establish local consumer affairs offices run by their own Sealers of Weights and Measures.

"Time prohibits me from going into all the details, but these five principles outline areas in which government must move to protect the consumer and the legitimate businessman.

"1st---Consumer protection against fraud. Too often individuals have little opportunity to investigate the integrity of a business before making a purchase.

"2nd---The consumer has a right to know the goods he buys are safe for himself and his family.

"3rd---The consumer must also know he has the best selection and free choice in the marketplace---the result of true competition without conspiracy or artificial restraints.

"4th---The consumer must have adequate and responsive channels through which he can present grievances.

"and 5th---The consumer is at a disadvantage when he doesn't know the workings of the market place---so one of our basic goals is education to help buyers become more competent in exercising free choice among the goods and services available.

"I am confident that through the creative teamwork of responsible government and the free enterprise-private sector, we can continue to help all California consumers."

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4/27/72

(The following is the text of a Report to the People by Governor Reagan. It is embargoed for use after 4:30 p.m. today. A background briefing on the program outlined in the text will be held in the Governor's Office (Council Room) today at 1:30 p.m. Further details will be announced at that time. Like our budget briefing, no tape recordings for broadcast use or sound on film recording will be permitted at the background briefing. However, Lt. Gov. Ed Reinecke will be available for interviews with newsmen, including radio and TV, immediately after the briefing is concluded. It should run from 45 minutes to an hour.)

Here is the text:

"The use of drugs--especially among the young--continues to be a scourge of our society. No venom could be more deadly than drug addiction. It claims its victims in countless personal tragedies, destroys individuals, tears families asunder and weakens the moral fiber of a people whose greatest resource and hope for the future is its youth.

"Fortunately, through the coordinated efforts of law enforcement agencies at every level, we are making significant headway in cutting the flow of narcotics and dangerous drugs into the country.

"Because we believe that drug abuse can be prevented through education, and drug addiction alleviated by medical science, I am today proposing a massive legislative program aimed at stepping up the battle on these two fronts---in our neighborhoods and our schools.

"Our program will bolster drug abuse education through better preparation of teachers in our schools as well as other educational programs for parents by volunteer organizations at the community level.

"To treat those persons already victimized by drugs, I am proposing the immediate development of additional community-based treatment programs. The state will pick up the lion's share of the cost in this effort.

"Our program also will divert the first time user or possessor of drugs away from our jails and prisons. He will be given the opportunity to participate in treatment programs designed to keep him from becoming addicted to drugs.

"This does not mean we are becoming soft on drug offenders. We will continue to exert every effort to punish the pusher and to take the profit out of drugs. But we must prevent addiction whenever possible, and this can't be done by simply sending the first offender to jail---or putting him on probation and allowing him to go back on the streets again with no community help.

"A major emphasis of our program is on local treatment programs.

"This is a massive undertaking and will cost an estimated \$14 million a year. But, with the safeguards we have built into the program, I believe our citizens will get their money's worth.

"And, we will have turned the corner on drug abuse in California."

11/10/72

PLEASE GUARD AGAINST PREMATURE
RELEASE

#561

(MEMO TO NEWSMEN: The following is embargoed for use after 4 p.m. today,
October 10, 1972. Please guard against premature release.)

Governor Ronald Reagan today proposed a 10 percent across-the-board slash in the state income tax, plus a major reduction in the local property tax burden, and said he will call a special statewide election early next year to make sure the people themselves are able to secure the tax relief they need---at the ballot box.

In taking the 6-point plan directly to the public in a televised "Report-to-the-People," Governor Reagan became the first governor of a major state in recent history to propose a broad tax reduction, including a permanent, ongoing income tax cut.

Noting that "for the third straight year a small band of legislators were able to frustrate our efforts to give you a tax reduction which is long overdue," the governor said he will ask the legislature, when it reconvenes November 8, to approve the ballot measure and he set a deadline of January 30 for the legislature to act.

He said the measure "will provide much needed help for low-wealth school districts and reduce the property tax, plus an across-the-board cut in the California income tax.

"If the legislature agrees to put this on the ballot (by January 30), fine. If not," he said, "we'll put it on the ballot anyway." Governor Reagan said he would do this by "personally leading an initiative drive" to put such a measure to a vote of the people.

"I then will call a special election---which I am authorized to do by law---just as soon as you have signed the petitions," he said in the brief televised message.

The governor's six-point proposal, if passed by the voters, would:

- 1) Slash state income taxes by at least 10 percent on a permanent, ongoing basis.
- 2) Reduce property taxes by at least doubling the present homeowner exemption.
- 3) Provide tax relief for renters.

4) Increase state aid to schools by \$200 million in new money, and provide nearly \$½ billion for school property tax rollbacks.

5) Freeze property taxes at the reduced level. The local electorate would determine the property tax rate in the future.

6) Require a two-thirds vote of the legislature to increase any state tax.

"To accomplish the proposed school tax rollbacks and property tax reductions," he said, "there will be a shift adding one cent to the sales tax. One percent added to the Bank and Corporation tax will make possible a cut in the business inventory tax.

"Federal revenue sharing will support the increased school funding. And, the ongoing surplus---which has resulted from our welfare and Medi-Cal reforms---will be committed to income tax reduction," the governor said.

Governor Reagan pointed out that "our proposed income tax cut would not have been possible if we had not achieved substantial savings in welfare and Medi-Cal. The reforms not only have enabled us to keep the costs of these programs well below projected expenditures but also have helped cut the state's welfare caseload by some 220,000 persons during the past 17 months, while increasing grants to needy families by almost 30 percent," he said.

The governor said that although members of his administration will be working out all the details of his tax relief plan in the weeks ahead---so that the program will be ready to present to the legislature November 8---"we now know that the tax reductions we are proposing are feasible, realistic and fiscally responsible."

Here is the text of Governor Reagan's taped Report-to-the-People which was distributed to television and radio station news directors around the state for use on newscasts after 4 p.m. today:

"Last Spring, for the third straight year, we proposed a plan for reducing property taxes. And, for the third straight year a small band of legislators were able to frustrate our efforts to give you the tax reduction which is long overdue.

"At that time, I told you I intended to propose an alternative method for returning to you, the taxpayers, the ongoing surplus that has resulted from our Medi-Cal and welfare reforms.

"The legislature will reconvene November 8, and on that day I will ask them to approve a ballot measure for submission to you which, if you approve, will provide much needed help for low-wealth school districts and reduce the property tax, plus an across-the-board cut in the California state income tax.

"If the present legislature or their successors have not acted by January 30, I will personally lead an initiative drive to put such a measure on the ballot by petition.

"I then will call a special election---which I am authorized to do by law---just as soon as you have signed the petitions.

"The plan we are proposing, the one on which you will be voting:

--"Will reduce school property taxes, by at least doubling the present homeowner exemption.

--"Everyone will get at least a 10 percent cut in their state income tax.

--"And, school aid will be increased by \$200 million in new money, and nearly \$¼ billion will be provided for school property tax rollbacks.

--"The plan also will provide relief for renters.

"To accomplish the proposed reduction, there will be a shift adding one cent to the sales tax. One percent added to the Bank and Corporation tax will make possible a cut in the business inventory tax.

"Federal revenue sharing will support the school funding and the ongoing surplus will be committed to income tax reduction.

"You will further be voting to freeze your property tax at the reduced level, and your votes will control it in the future.

"A two-thirds majority vote of the legislature will be required in the future to increase any state tax.

"And, remember, this time you will have the opportunity to decide.

"If the legislature agrees to put this on the ballot, fine.

"If not, we'll put it on the ballot anyway."

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2/8/73

See Page 2 for actual text
OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 2-8-73

RELEASE: Immediate

#64

MEMO TO NEWSMEN: Full details of the following revenue control and tax reduction program being proposed by Governor Reagan will be presented at a background press briefing in the governor's office today, Thursday, February 8, at 2 p.m. In line with the background briefing policy which has been long established by this office in connection with the budget and other Reports to the People, we are asking that no film cameras or broadcast tape recorders be used during the briefing itself. However, following the briefing, radio and television newsmen who wish to film and record interviews with members of the briefing team are invited to do so.

Governor Ronald Reagan today proposed a long-term and far-reaching program to reduce state taxes by imposing a constitutional control on the total amount of state revenues which California state government can take from the people in taxes in the years ahead.

The governor outlined his plan---which also includes a permanent, ongoing 10 percent slash in state income taxes beginning in calendar 1974---in a radio and television "Report to the People" scheduled for broadcast this evening.

He said he will ask the legislature to place major elements of the proposal on the ballot to be voted on by the people at a statewide election later this year. If the legislature does not agree to the constitutional amendment, the governor will head a petition drive to place the plan on the ballot by initiative.

The overall program, first of its type to be proposed by any governor, proposes a return of the great bulk of the state's \$850 million surplus to the people by means of a tax credit on this year's income and a delay in the one cent sales tax increase which is slated to go into effect June 1. A lesser portion of the surplus would be set aside for one-time construction projects such as making the State Capitol Building earthquake safe. Returning the surplus to the people can be accomplished by the legislature during the current session.

The governor said that stringent economies in the management in state government, more economical operation of the state's welfare and Medi-Cal programs, and an upturn in the California economy, have made possible the permanent 10 percent across-the-board reduction in the state income tax he is proposing. It would be included in the constitutional amendment to be voted on by the people.

Report to the People

The most striking and far-reaching element of the overall program would be the imposition of a constitutional limit on the percentage of total personal income which state government can take from the people in the years ahead. This also would be accomplished by constitutional amendment or initiative.

State revenues are projected to go up from the current \$9.8 billion to \$47 billion 15 years from now, five times the current level. The "revenue control" function which the program would achieve would gradually reduce the 8.75 percent of total state revenues which the state presently takes down to 7.15 percent in 1989---a reduction of almost 20 percent in the state tax burden.

Thus, after 15 years, state government would be taking in little more than half (\$27 billion) of the revenues it would be consuming without the constitutional limitation on revenues.

The almost 20 percent reduction in state taxes which would occur during the 15-year period is nearly equivalent to the entire income tax now received by the state.

But, over the same period, the state will continue to experience generous revenue growth to meet essential needs. In fact, the total revenues of the state will have climbed nearly three times above the present level (\$9.8 billion) in 1989, if present economic growth trends continue.

To meet any possible severe economic downturns or natural disasters in the years ahead, the governor's plan provides a continuing emergency fund amounting to up to 4 percent of the budget of any given year.

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Here is the text of Governor Reagan's televised Report to the People

"I'm quite sure you already know the state will have a one-time surplus of \$850 million at the end of the fiscal year. This has been made possible by stringent economies in the management of state government, by savings realized from the welfare and Medi-Cal reforms, the upturn in business and federal revenue sharing. But whatever the reasons, it is taxpayers' money and it should be returned to you the taxpayer.

Report to the People

"We therefore are proposing a comprehensive program of revenue control and tax reduction. First, with regard to the one-time surplus, we think it should be used in part to delay the increase in the sales tax now slated for June 1. The bulk of the remainder should be given to you as a rebate on the income tax you owe in 1974. You will simply deduct a percentage of your tax and put it back in your pocket. A lesser portion of the surplus will be set aside for one-time construction projects such as making the Capitol Building earthquake safe.

"That takes care of the one-time surplus. But, in addition, our economies have made possible a permanent ongoing tax cut. We propose a 10 percent across-the-board reduction in the state income tax.

"And finally, we are proposing a long-term reduction of the state tax burden and a constitutional limit on the percentage of the people's income that can be ever taken by government. This, of course, means that you will vote on this proposal since it involves a constitutional amendment.

"State revenues are projected to go up from a current \$9.8 billion to \$47 billion in 1989. If nothing is done to curb this, the state budget in 15 years will be five times its present size.

"Before 1930, federal, state and local governments were taking 15 cents out of every dollar you earned. By 1950 it was 30 cents.

"Today government's share of every dollar you earn is more than 43 cents. Obviously freedom itself is in danger if we continue this rate of increase. The state is presently taking more than 8½ cents from each dollar you earn. In addition to the return of the surplus, and the 10 percent income tax cut, we are asking you to vote an annual reduction of that 8½ percent until at the end of 15 years it has been reduced to approximately 7 cents, thus limiting the total amount state government can ever take in taxes. This amounts to a reduction in your total state taxes of almost 20 percent over a 15-year period. That is almost the equivalent of wiping out the entire present state income tax and yet the state will still have nearly three times as much revenue as it has now to meet the problems of growth.

"In the next few weeks, as soon as the constitutional language can be written, this proposal will be submitted to the legislature with a request that they approve putting it on the ballot at which time I will call a special election. In the meantime, you will be given full information on all the details of this entire plan."

Report to the People

Here are some prepared comments of noted tax experts and economists on the governor's program:

--CRAIG STUBBLEBINE, Ph.D., PROFESSOR OF ECONOMICS, CLAREMONT MEN'S COLLEGE, CLAREMONT GRADUATE SCHOOL CALIFORNIA:

"A constitutional initiative imposing strict limits on the taxation of personal income and wealth is a direct and effective avenue by which Californians may register their preferences with respect to state spending. Should this initiative pass, Californians may look forward to a progressive reduction in the burden of state taxation."

--WILLIAM A. NISKANEN, Ph.D., PROFESSOR, GRADUATE SCHOOL OF PUBLIC POLICY, UNIVERSITY OF CALIFORNIA, BERKELEY:

"The proposed tax limit amendment represents a fundamental change in the way we conduct our public business in the State of California. Our present governmental processes do not serve us very well, primarily because our elected representatives and public officials have an incentive to spend more for government activities than is valued by the population. The proposed tax limit amendment is based on an assumption that the voters in California have the intelligence, information and the right to determine the total state tax revenues."

--C. LOWELL HARRISS, Ph.D., PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY, NEW YORK:

"One of the greatest needs in American government today is control of the growth of spending. The tax limitation plan that Governor Reagan has proposed for California seems to me to offer a unique and valuable opportunity for citizen participation in the spending/taxation process."

--MILTON FRIEDMAN, Ph.D., PROFESSOR OF ECONOMICS, UNIVERSITY OF CHICAGO:

"All attempts to keep down government spending and taxes by controlling individual programs have failed--defeated by a coalition of special interests attached to specific programs. The only hope of meeting the public's demands for an effective lid on spending is by tackling the budget as a whole, rather than piecemeal. The governor's proposed tax and spending ceiling to be included in the Constitution is an imaginative venture in this direction. It provides for expenditure control responsibly, allowing for growth in the state's economy, for emergencies, and for a gradual transition to a lower relative level."

"The governor's proposal has an importance that extends far beyond California. It will offer a beacon to every other state and to the federal government. Citizens throughout the land are coming to recognize that they are not getting their money's worth for the 40 percent of their income that is being spent for them by governmental units, federal state and local. They are demanding that they be permitted to keep more of their own income to spend in accordance with their own values. California may show them how to achieve this objective."

--ROGER FREEMAN, Ph.D., SENIOR FELLOW, THE HOOVER INSTITUTION:

"Governor Reagan's plan to reverse the trend of ever-increasing tax burden and of a continuous and limitless expansion of governmental spending and to reduce the tax load gradually over the next few years is excellent. I expect it to be received with enthusiasm by the citizens and taxpayers of California. In fact, I feel that California may in this be setting a precedent and example for the entire nation. Residents of other states may soon be clamoring for comparable relief from exorbitant tax bills."

"I believe that the approach used by Governor Reagan--to reduce the tax burden in small annual steps and to relate the tax limit to the personal income of our citizens--is the only practicable approach to implement it."

Report to the People

--MARTIN ANDERSON, Ph.D., SENIOR FELLOW, THE HOOVER INSTITUTION:

"The governor's plan offers the people of California a clear opportunity to not only stop the increasing tax burden, but also to reverse it. It is a truly innovative, eminently sensible tax reform plan. If the people of California accept it--and I think they will--it will mean more money in the pockets of Californians to be spent for things they personally value and less money for government bureaucrats to dissipate.

"We are now at the point where government spending has become so wild and exuberant that it will only be controlled by restricting the flow of tax money into the government coffers. The governor's plan is a rational way to restrict this flow gradually and may be the only viable alternative to keep us from a future fiscal crisis that could severely damage each and every one of us."

--JAMES BUCHANAN, Ph.D., DIRECTOR OF THE CENTER FOR PUBLIC CHOICE, VIRGINIA POLYTECHNIC INSTITUTE:

"Unfortunately, evidence accumulates that legislatures respond largely to the pressures of the entrenched government bureaucracy, rather than to the public at large. Until the legislature is forced by constitutional restriction to face up to the conflicts between the interest of the citizens and that of the bureaucracy, they will continue to take the route of least resistance. This has been, until now, that of allowing government budgets and taxes to continue to grow. I applaud the initiative taken by Governor Reagan of California in attempting to resolve this major problem."

--PETER DRUCKER, Ph.D., MANAGEMENT CONSULTANT, MEMBER OF THE FACULTY OF CLAREMONT MEN'S COLLEGE GRADUATE SCHOOL, CLAREMONT:

"A legislature needs an absolute ceiling on the tax dollars which it receives, so that it can get about the business of setting priorities. Otherwise, legislators can't and won't say 'no' to spending proposals. This is the objective reality of our time."

--DAN THROOP SMITH, SENIOR RESEARCH FELLOW AT THE HOOVER INSTITUTION, AND LECTURER AT GRADUATE SCHOOL OF BUSINESS, STANFORD UNIVERSITY:

"Governor Reagan's proposal will provide a basis for more rational use of state funds and should assure the development of better programs. It should set a precedent for other states. Its adoption in California should help to assure the success of the efforts now being made in Washington to limit federal expenditures."

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MAJOR FEATURES OF THE GOVERNOR'S REVENUE CONTROL AND TAX REDUCTION PROGRAM.

1. REVENUE LIMITATION

State tax revenues, except federal intergovernmental transfers, employment insurance trusts, and excluded user fees, shall be limited to that percentage of state personal income derived from dividing the 1973-74 tax revenues by the 1973 state personal income.

2. TAX REDUCTION

The maximum allowable percentage of state personal income which the state may take as tax revenues in 1974-75 and succeeding years shall be reduced by 0.1 percent per year, except that if the allowable percentage would produce less in revenues in a given year than 360 constant (1967) dollars times that year's Consumer Price Index deflator times the state population, the constant dollar limit amount may be used. Upon determination of the tax limit for the prospective year, the legislature shall adjust the tax rates so as to produce a level of revenues no greater than the limit, except as provided in the Emergency Fund section below.

3. EMERGENCY PROVISIONS

(a) Emergency Fund

The state shall create and maintain an Emergency Fund in an amount not to exceed 0.2 percent of state personal income. The fund may be appropriated by the legislature to meet emergency needs due to economic, natural or other disaster outside the control of the legislature and which result in costs exceeding the tax limitation. After exhausting permissible internal borrowing and federal emergency funds which may be available, the Emergency Fund may be utilized upon declaration by the governor of the existence within the state of California of a fiscal emergency, such declaration being concurred in by a 2/3 vote of both houses of the legislature. The Emergency Fund shall be created initially out of tax revenues received by the state which are in excess of the tax limit and shall be re-created each year either through carry-over of the preceding year's Emergency Fund or by tax revenues in excess of the limit for that year. Before the legislature adjusts the tax rates, the Emergency Fund shall be created, or re-created in the event that all or part of its funds have been consumed.

(b) "Safety Valve" - Vote of the People.

Upon exhaustion of the resources available in the Emergency Fund, and if the fiscal emergency continues, the legislature may, by a 2/3 vote, with the concurrence of the governor, impose a specific tax increase for a specific state purpose, required to meet the existing fiscal emergency. Such tax increase shall remain in effect no longer than the date of the next regular statewide election, unless an extension beyond that date is adopted through a vote of the people at such regular Statewide election.

4. SPECIAL TAX LIMITATION INCREASE

The legislature may, by a 2/3 vote, place on the ballot for the vote of the people a referendum proposal to defer the annual decrease in the tax limit or to increase the tax limit, which shall be for a specific purpose and shall involve the increase of a specific tax. If the referendum is approved by the voters, the tax limit level then in effect shall be increased only by the amount specified in such proposal.

5. LIMIT COMPUTATION.

Estimates of State personal income and revenue limitation shall be made by an Economic Estimate Commission, consisting of the State Controller (Chairman), the Legislative Analyst and the Director of Finance. They shall consult with recognized professional economists. Estimates shall be produced and published by the Commission on October 1 and April 1 of each year for that fiscal year and the succeeding fiscal year. Any surplus for a given fiscal year shall be determined and published by the Commission, based upon actual revenue and total personal income data, on August 1 following the close of that fiscal year.

6. LOCAL GOVERNMENT TAX LIMITS

The provisions of Chapter 1.5, Part 4, Division 1, of the Revenue and Taxation Code, with the exception of Section 2164.3, shall be incorporated in the initiative.

7. INTERGOVERNMENTAL COORDINATION OF THE LIMIT

The tax limit may be raised by action of the legislature if the State increases expenditures as required by Federal law or court action to take over a local function, in which event local taxes shall be reduced dollar-for-dollar. The revenue limitation shall be lowered if the state reduces expenditures when required by federal law or court action to transfer a function to the Federal Government.

8. TAX INCREASES

No State tax may be increased if such increase will produce revenues in excess of the revenue limitation. The increase of any State tax within the limitation shall require a 2/3 vote of the Legislature and approval of the Governor. A 2/3 vote of the Legislature shall be required to override a Governor's veto of a tax increase.

9. TAX SURPLUS FUND

The State shall create a Tax Surplus Fund for any surplus of revenue over expenditures and/or any surplus of revenues over the revenue limitation within a given year. The Tax Surplus Fund shall be used first to replenish the Emergency Fund, if necessary, and then only to refund the remaining surplus to the people or decrease tax rates, as determined by the Legislature with the concurrence of the Governor.

DEFINITIONS

1. STATE PERSONAL INCOME

The total personal income of California as defined by the U.S. Department of Commerce and including:

- income received by individuals from their labor and personal investment;
- Social Security payments, minus personal contributions;
- welfare and other transfer payments;
- the imputed rental value of owner-occupied dwellings;
- income of non-profit institutions;
- government interest.

State personal income excludes income to profit-making corporations and other business establishments.

2. FEDERAL INTERGOVERNMENTAL TRANSFER PAYMENTS

Amounts received by California from the Federal Government as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government functions and specific services for the Federal Government, or in lieu of taxes; includes the large sums of money received from the Federal Government for welfare, education, health care and highways.

3. EMPLOYMENT INSURANCE TRUSTS

Revenue from contributions required of employers and employees for financing social insurance programs operated by the State and earnings on assets held for such systems. The major trust funds in California are Unemployment Insurance, Disability Insurance, Public Employees Retirement System and Workmen's Compensation.

4. CONSTANT (1967) DOLLARS

Dollars with 1967 purchasing power as established in the national Consumer Price Index. A revenue limit expressed in constant dollars allows for the expansion of revenues to meet both inflation and population growth.

5. INTERNAL BORROWING

Procedures by which State funds may legally borrow from other State funds on a temporary basis to meet a cash flow deficiency.

6. FEDERAL EMERGENCY FUNDS

Funds available under Public Law 91-606, the National Disaster Assistance Act, et al., to meet a national disaster declared by the President.

7. STATE TAX REVENUES

All receipts to the State Government of California. The major components of State tax revenues are:

- the State sales tax;
- State personal income tax;
- State corporate income tax;
- State inheritance and gift tax;
- motor vehicle taxes;
- cigarette taxes;
- alcoholic beverage taxes;
- horse racing taxes;
- insurance taxes;
- miscellaneous taxes, licenses and fees.

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2/15/74

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Clyde Walthall, Press Secretary
916-445-4571 2-15-74

RELEASE: 12 NOON FRIDAY
FEBRUARY 15, 1974

PLEASE GUARD AGAINST PREMATURE
RELEASE

#102

Governor Ronald Reagan today issued the following statement:

"I know I won't be telling you something new or unusual when I say we haven't as much gasoline as we've been used to having in the past.

"But our situation here in California through the next few months is not an emergency. With a little care and consideration, we'll have enough for all our necessary driving.

"Everyone can have about 80 percent of the gasoline we had before the energy shortage. This means we each only have to hold down our driving by 20 percent.

"Eliminating some unnecessary errands, doubling up now and then, holding down speed should do it.

"There is no need for panic or panic buying with the long lines we've seen on television. May I suggest not buying until you have less than half a tank.

"We have a contingency plan but we'd rather not have to use it, and we won't, if we all just eliminate one mile out of five. There will be an adequate supply for everyone."

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Walthall