

APPENDIX

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OF THE

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OF THE

LEGISLATURE OF THE STATE OF NEVADA

1925

VOLUME I



CARSON CITY, NEVADA

STATE PRINTING OFFICE

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JOE FARNSWORTH, SUPERINTENDENT

1925

STATE OF NEVADA

MESSAGE

OF

Gov. James G. Scrugham

TO THE LEGISLATURE OF 1925

(Thirty-Second Session)



CARSON CITY, NEVADA

STATE PRINTING OFFICE : : JOE FARNSWORTH, SUPERINTENDENT

1925

GOVERNOR'S MESSAGE

STATE OF NEVADA,
EXECUTIVE CHAMBER,
CARSON CITY, January 20, 1925.

To the Honorable, The Senate and the Assembly:

In accordance with the mandate of the Constitution I hereby submit to you a report on the condition of the State, together with recommendations for the enactment of certain legislation which seems desirable for the promotion of the public welfare.

STATE FINANCIAL CONDITIONS

Although business conditions have generally been unsatisfactory during the past two years, the financial condition of the State is fundamentally sound. Due to the excellent and conservative management of our banks and the confidence reposed therein by our people, the total deposits are now at the highest peak in our history. The average cash reserves are nearly twice the legal requirements and the percentage of rediscounts of total loans is almost negligible. No depositor has lost a single cent through bank failures in this State during the past ten years, which record has been accomplished in the face of unprecedented forced liquidations in one of our basic industries.

At the close of business on December 31, 1924, there was a balance in the General Fund of the State Treasury amounting to \$257,550.90.

The outstanding bonded indebtedness of the State on December 31, 1924, was \$1,660,000, while the State owns bonds of a value of \$3,055,357.07, and has cash on hand or drawing interest in banks of the State amounting to \$1,224,832.37. The outstanding warrants were \$185,074.98.

Nevada owns bonds and securities amounting to about twice her outstanding obligations, a record equaled by but few States in the Union. This substantial condition is reflected in the current quotations for Nevada state bonds in the financial markets of the country where they command a high premium.

Attention is drawn to the fact that the executive branch

of the government has, at no small effort, discharged its functions within the financial limitations set by the Legislature. There are no deficits in any department of state government for which specific appropriations were made.

Attention is further drawn to the fact that actual state administrative costs are very slightly in excess of the pre-war period, although the purchasing power of a dollar has declined more than 40 per cent during the past ten years.

A heavy and unexpected draft on the funds of the State came through the necessity for establishing a thorough and vigorous quarantine against the spread of foot-and-mouth disease from the State of California. After using the available funds of the State Stock and Sheep Commissions, the cost of this quarantine has been carried as an overdraft on the Stock Commission funds and now amounts to \$21,833.25. I recommend that the Stock Commission funds be partly reimbursed by a special tax levy of \$.005 on the state rate for the next two years.

The Executive Budget, which will be submitted to you at an early date, contains a further comprehensive statement of the financial affairs of the state government together with my recommendations relating thereto.

STATE SURVEY COMMISSION REPORT

I transmit herewith the report of the State Survey Commission under the provisions of chapter 208, Statutes of 1923.

While the Act referred to makes the Governor only a transmitting agency, I desire to say that the report appears to be the result of an earnest and painstaking effort to find a way of reducing the cost of government in this State.

The report is commended to you for close reading, analysis and action, with particular emphasis on the following points:

1. What real and substantial economies may be obtained without undue sacrifices of governmental service on the plan of government as now prescribed by legislative statutes and the Constitution?

2. If no economies are suggested under the administration of existing laws, what new laws should be adopted in the way of administrative reorganization?

3. What methods for making the new laws should be followed, whether by statutory changes, constitu-

tional amendments or a general revision of the Constitution through a Constitutional Convention?

If it shall appear that wasteful or inefficient methods have been found under the administration of the existing laws, I suggest that suitable statutes be framed to remedy the condition at once.

There is and has been an essential difference in the general organization of private and public business. Private business is customarily organized on a plan which fixes responsibility on an individual who has the appointment and control of his coworkers. Without doubt such an organization produces the maximum of business efficiency. State business on the other hand is usually conducted by departments independent of one another and cooperating as a matter of comity rather than as an operating unit. The state system came as a result of the desire of the founders of our Commonwealth to provide requisite checks and balances and to avoid even the semblance of autocracy.

Under the circumstances the full efficiency of private business can hardly be reached in public affairs. While students of governmental business reform are prone to recommend a public organization patterned after that of private enterprises, it is not certain that a complete change to private corporation practice would successfully operate in public affairs.

As a concluding comment I call your attention to the fact that during the past ten years repeated recommendations looking to concentration of authority and consequent reduction of administrative expenses have been made in Executive Messages to the Legislature.

THE LIVESTOCK AND RANCHING INDUSTRY

The stockraising and ranching industry has had a severe struggle against adverse economic conditions over which the operators had no control. The difficulties of meeting increased production costs have been greatly aggravated by the prevailing low prices for the products. The sheep-raisers alone have been generally fortunate in having a relatively good market for their lambs and wool, the income from which has been a large factor in contributing to the material prosperity of the State while other lines of business have been depressed.

The cattle business is unfortunately still in the throes of

adversity and is facing a difficult situation. Through the forced liquidation of many large outfits, the breeding stock of the State has been materially depleted, with corresponding losses in anticipated revenues. Another factor tending to retard the early recovery of the industry is the lack of a stabilized public-range policy, which in turn affects credit facilities and increases the cost of necessary loans. This matter of federal range policy is of such outstanding importance to the State that it deserves your special attention.

The prosperity and preservation of the livestock industry in Nevada is primarily based on the free use of the public domain as a spring, summer and fall grazing ground, using the limited supply of hay and grain produced on the ranches as winter feed. Owing to our geographical and transportation handicaps, this use of public lands is essential to permit our stockmen to compete with the more fortunately situated stock-raisers in the Middle West and the South. The best of the summer ranges all lie within the National Forests in the jurisdiction of the United States Forest Service.

The announced policy of the United States Forest Service is to increase the grazing fees upon the National Forests to their so-called "commercial" value. This policy means a definite taking back by the Federal Government from the State of Nevada of a resource which long ago was exploited in the building of the economic structure of our State. The summer ranges in the National Forests are not complete as resources by themselves, but must be used in conjunction with other feeding grounds needed for year-round operation.

In our study of the development of the Nevada livestock industry, we find that it was not only the water for irrigation which gave existing values to the farm lands, but also the use and availability of the public ranges which furnished a substantial part of the year's feeding grounds. Being part and parcel of our existing land values, the public range values have been utilized in full and are reflected on our tax rolls and in our bankers' securities. In "commercializing" this range resource, the policy of the Federal Government can not mean other than to leave the economic and business structure of the ranching industry without these values.

It is bad for the business to have a situation of uncertainty where the operator is forced to own certain dependent parts

of his operating units, meaning the ranch for hay production for winter feed, and then have no definite rights in the other dependent parts, meaning the feeding grounds for the summer, spring and fall. This uncertainty is shared not only by the operator but by all lines of endeavor related to the operation.

It is useless to attempt to immediately formulate recommendations for a solution of the problem unless we are assured that the Federal Government will accept as a basis the well-defined principles of beneficial use as embodied in our water laws. All we can reasonably expect at this time is the creation of an impartial board named by the President or the Secretary of the Interior, to study the subject and report their recommendations to Congress.

I suggest that this Legislature might properly forward the interests of the State through a memorial to Congress asking for the appointment of such a Federal Board of Inquiry, with due representation thereon from the public-land States like Nevada.

The ranching industry in certain parts of the State has recently suffered hardship and financial loss from the rapid spread of the alfalfa weevil. At one time hay from the entire State was under quarantine from agencies like the State of California. However, through negotiations with outside quarantine officers and effective enforcement of quarantines in the local infected areas, many of these restrictions have been removed. Several counties which were proven free from the pest now have the privilege of unrestricted hay movements.

Substantial relief has been obtained for the ranchers in the infested areas through a plan to convert their hay into alfalfa meal. The milling process effectually destroys the weevil and this fact was demonstrated to the satisfaction of the California authorities through tests inaugurated at my request. I have been enabled thereby to modify the existing quarantine so as to relieve the ranchers in Churchill and other counties from the handicap imposed by a restricted market.

The excellent constructive efforts of the State and County Farm Bureaus and the Nevada Land and Livestock Association are worthy of special note and commendation. Through the work of their officials and committees much has been done to stabilize and improve agricultural conditions and to

overcome our various economic handicaps. The State is further indebted to these organizations for their effective assistance in enforcing the alfalfa-weevil and foot-and-mouth disease quarantines.

The Livestock and Sheep Commissions have also done excellent work. I recommend that they be given your full support in their task of protecting the livestock industry of Nevada from the ravages of animal diseases.

Through the efforts of the Rabies Commission working in conjunction with Mr. E. R. Sans, representative of the Federal Government, there has been a noticeable abatement of the rabies menace. During the past biennium this organization turned into the State Treasury the sum of \$23,017.38 derived from the sale of furs of predatory animals which had been trapped or shot.

THE MINING INDUSTRY

Mineral production in this State can best be discussed under the classifications of metals and nonmetals.

While metal production in Nevada substantially increased in 1923 and 1924 over the two preceding years, it is still only about half that of the normal output for each of several years prior to 1919. In 1917 total gross metal production was something more than \$54,000,000. In 1919 a sudden decline of more than 50 per cent occurred, and in 1921 a further decline of 50 per cent from the 1919 totals took place. The gross value of gold, silver, copper, lead and zinc mined in that year amounted to \$12,137,536. In the following year there was an increase in production of approximately \$3,000,000. In 1923 gross production rose to about \$25,000,000. For 1924 the total value of the State's metal production is officially given as \$23,800,000. The Bureau of the Mint estimates our silver production to have been 9,523,846 ounces in 1924 as compared with 10,614,564 ounces in 1923.

Nevada continues to retain its place among the States as the third largest producer of silver, and first in the direct mining of that metal. This is indeed remarkable when it is taken into consideration that the guaranteed governmental price of \$1 per ounce ceased in June, 1923, with the expiration of the Pittman Silver Purchase Act. Silver in that month declined from \$1 to 63 cents and has sold for not more than a few points above that price since. Silver producers

throughout the United States have endeavored to stabilize the market to the end that the value of their product might be increased, but without great success. The present price of the metal, which apparently will endure for some time to come, precludes the production of silver except from mines having large deposits of silver-bearing ore of profitable grade, and with modern and efficient reduction facilities.

The condition of gold mining in Nevada and elsewhere is much the same as previously reported. Operating costs have not materially declined in recent years. Inasmuch as the price of gold remains fixed, the mining of that metal is attractive only under extremely favorable conditions. Nevada now produces less than half the amount of gold brought forth in pre-war years. This is about the same ratio that exists throughout the world.

In the base metals a substantial increase in production over 1921 and 1922 has occurred in the past two years. Nevada produced 67,000,000 pounds of copper in 1923 as against 23,000,000 pounds in 1922. Our lead production was 19,400,000 pounds in 1924 and 18,000,000 pounds in 1923. The zinc output for the year 1924 was 11,500,000 pounds which shows a decrease from the production of 14,000,000 pounds in 1923. The present selling price of lead and zinc is much higher than in 1921 and 1922, and even the price of copper has risen although not in the same proportion.

As regards the several mining districts of the State, but two have upheld former records of production and continue to give promise of increased output in the near future.

Tonopah is a notable example of intensive development based on many years' study of geological conditions. While several mines in that district have greatly curtailed production, others have either increased their output or brought development to a point where interest in the district has been greatly stimulated. At the present time a number of important operations are under way and it seems likely that Tonopah will maintain a substantial record of silver and gold production for many years to come. The Ely district remains a large producer of copper, though production at this time is approximately half that of 1917. Operations on the Comstock have not proved as satisfactory as

was anticipated. Candelaria closed its mill and entirely suspended in 1923, though recently the mine has been reorganized and operations resumed. Suspension or curtailment of mining activities in other parts of the State was general.

While, as has been stated, a healthy revival of interest in mining is apparent, still there can be no great improvement in production until new and substantial ore bodies are found, or until operating costs are sufficiently reduced to warrant exploitation of known low-grade deposits. Development of new ore bodies is almost entirely dependent on outside capital, and attraction of such capital is largely dependent on reduction of federal taxes. It does not seem likely that costs will be reduced nor is it at all probable that prices of metals will go much beyond their present figures. Gold, of course, will remain at its present value and, unless new mines of sufficiently high-grade ore are found, production will in all likelihood decrease from year to year.

The tungsten deposits of Nevada are of great value and extent but have been comparatively little worked during the past two years on account of foreign competition. There are indications of a rapidly increasing demand which should markedly stimulate tungsten production in the State during the next two years.

The production of nonmetals such as gypsum, borax, lime, filter clay, etc., has shown a substantial increase during the past two years. Notable plant facilities for plaster production have been installed by the Pacific Portland Cement Company near Gerlach, the Standard Gypsum Company near Ludwig, and by the Blue Diamond and United States Gypsum Companies near Arden, Nevada. The Union Pacific Railroad is building an 8½-mile branch line in Clark County to open large additional deposits of high-grade gypsum found in the district. The West End Chemical Company is making a steady production of borax from their deposits near the Colorado River. In southern Nye County considerable quantities of clay are being mined for use in filtering oils. Another promising development is that of the Catlin Shale Oil plant near Elko which is producing high-grade paraffine, lubricating and fuel oils, and also gasoline.

Large quantities of pure rock salt, sulphate of soda, magnesite, sillimanite, fuller's earth and similar materials are known to exist in this State, for which no satisfactory

market has yet been found. I recommend that a moderate appropriation be made for a thorough investigation and report on those resources by the State Bureau of Mines. It is worthy of passing note that, according to trade journals, the largest flawless opal in the world was recently mined in Nevada. It weighed 2,566 carats and is valued at \$250,000. Opals and turquoise are found in many parts of the State, and such deposits frequently have considerable production for brief periods of time.

IRRIGATION AND POWER DEVELOPMENT

Irrigation and power development in Nevada has not progressed as rapidly as hoped for during the past two years.

Due to a series of unforeseen difficulties, commencing with opposition of powerful members of Congress, the Spanish Springs project has met with a series of reverses which only time and faithful efforts of our representatives in Congress can overcome. The need for the installation of this reservoir is most urgent, not only to bring new and fertile lands under cultivation, but to insure an adequate water supply for the old project lands in the Fernley and Swingle Bench districts.

During the past year this State faced a water shortage of almost unparalleled severity, and most of the ranches in northern and central Nevada were threatened with heavy crop losses.

In cooperation with the United States Reclamation Service and other agencies I was able to arrange for the right to pump large quantities of water from Lake Tahoe to locally meet the emergency, and the ranches deriving their water from the Truckee River irrigation system were protected from serious losses. This right to pump water from Lake Tahoe was negotiated only after considerable effort, requiring a number of conferences with California state officials and riparian owners to prevent the filing of injunction suits. In this connection I desire to acknowledge our indebtedness to Mr. E. G. Schmiedell and associates among the California riparian owners, and to the Governor, Attorney-General and State Engineer of California for their fair-minded cooperation in the matter.

On the other stream-systems of the State, the Engineer's office was able to control the distribution of water in a

manner acceptable to most of the users, although crop losses could not be prevented in many cases.

The water shortage of last season emphasizes the fact that both the Spanish Springs and a smaller up-stream storage are desirable for stabilizing the flow of the Truckee River, and that the reservoir plans as submitted for the Humboldt, Carson, and Walker Rivers should be given every possible assistance and encouragement by the State and Federal Governments. In particular it should be borne in mind that the amicable spirit of cooperation which was demonstrated during the past season cannot be expected to last indefinitely, and future years of water shortage may cause very severe losses.

Due to the marked progress on the adjudications of water rights on these systems during the past four years, it now appears safe and practicable to immediately proceed with storage projects on nearly all of the streams of Nevada, except on the Colorado River for the reasons hereafter noted. The complex Humboldt River adjudication is now in the final phases of settlement before the courts, after one of the most bitterly fought and long protracted contests in the history of the State. The determinations made by the State Engineer's Office have generally been accepted as fair and correct by the parties of interest, except in comparatively few instances.

The plans for construction of the proposed great impounding works on the Colorado River near Las Vegas, Nevada, received a severe setback through the failure of the State of Arizona to ratify the pact entered into by representatives of the seven interested States and the Federal Government. The difficulties have been further augmented by violent controversies engendered among various factions in southern California, some of whom labor under the delusion that the water and power potentialities of this great river-system are special perquisites of certain California districts and municipalities, regardless of the rights of other States through which the stream flows.

In an effort to work out some practical plan of procedure in the matter, Governor Hunt of Arizona and myself have recently held a conference and certain fundamental principles were agreed upon as representing the views of the chief Nevada and Arizona interests.

These views may be summarized in the statement that

both States desire earliest possible development of the Colorado River. Their mutual interest is based on their ownership of not only the stream bed below high-water mark, but also their jurisdiction over the waters flowing within their respective boundaries, subject, however, to the navigation rights of the Federal Government. These interests have definite values which should ultimately accrue to the financial benefit of the respective States, after amortization costs are repaid to the Federal Government.

The executives of both Nevada and Arizona recognize their duty to fully protect the equities of their States in the Colorado River as against future appropriations in other parts of the stream-system. They, therefore, recommend that the lower basin States of Nevada, Arizona and California should at an early date negotiate a further pact for allocations of water and power from the Colorado River.

They further recommend that a corporation, based upon the plan of organization of the "Port of New York Authority," should be authorized to act for the States of Arizona, California and Nevada, and the Federal Government, in initiating the development of flood-control and storage works on the lower Colorado River and to supervise the sale of energy derived from the water power made available.

It is generally agreed and understood that any development to be undertaken in the Colorado River, if wholly within the State of Arizona, will require a permit from both the Federal Government and the State of Arizona, and if undertaken as between the States of Arizona and Nevada will require a permit from the Federal Government and also from the two States in question.

The Nevada River Commission all believe that the most feasible site for construction of a storage dam is at the Black Canyon, which is the lower end of Boulder Canyon, where the depth to bedrock is only about fifty feet. They believe this site to be the most practical place to begin development in the interests of Arizona as well as of Nevada. The normal water supply of the river is now fully consumed on lands irrigated below the Black Canyon dam site. In period of low water the normal flow of the river can be maintained by the water released for the development of hydro-electric power, and if Arizona later desires to divert water for purposes of irrigation it can be taken from the stream at any convenient point above the dam,

while the lands lower down could be accommodated from the Black Canyon storage.

The Nevada River Commission believe that the dam proposed to be constructed should not exceed 450 feet in height as an initial measure, but that it should be constructed in such a manner that its height can later be increased if found advantageous.

In accordance with this general understanding between representatives of the States of Nevada and Arizona, and other interested communities, I will later submit for your consideration certain measures designed to facilitate the participation of the State of Nevada in the development of the Colorado River and for the further protection of her equities therein.

It should be borne in mind, however, that under present conditions very heavy expenditures of capital will be required for development, with no adequate financial returns at any early date. Therefore, in my opinion, the initial investment must be made by the Federal Government as a measure of flood control.

THE STATE HIGHWAY DEPARTMENT

Very substantial progress has been made by the State Highway Department, during the biennium just past, in the improvement of the federal-aid seven per cent and the state highway systems.

Space in this message will not permit me to fully outline the important work of state development which has been carried on by the Department since its organization in 1917, and for the details you are referred to the various biennial reports.

Briefly summarizing, however, I may advise you of the following accomplishments:

To November 30, 1924, approximately 769 miles of improved state highway had been completed and opened to traffic. This mileage is classified as follows: Gravel surface highway, 510 $\frac{1}{4}$ miles; cement concrete surface highway, 45 miles; asphalt macadam surface highway, 24 miles; asphaltic concrete highway 1 $\frac{3}{4}$ miles; graded highway, not now requiring further surfacing, 178 miles; oil sand surface highway, 10 miles. In addition many large concrete, steel, and timber bridges have been completed, as well as six concrete over and underpass structures and one timber overpass

on railroads, thus eliminating a number of dangerous grade crossings. Uncompleted contracts under way aggregate 109 miles of gravel surface highway; 36 miles of graded highway, and one-third mile of asphaltic concrete pavement.

The mileage of constructed highways as above set forth represents the partial construction of practically all of the various state highway routes to the following extent:

On Route No. 1, which is the northern highway across the State and generally referred to as the Victory Highway, 190 miles have been completed and 50 miles are under construction, leaving a remainder yet to be constructed of approximately 192 miles.

On Route 2, which is through the central portion of the State and generally known as the Lincoln Highway, the Department has completed 202 miles, and now has under construction, and largely nearing a state of completion, 37 miles of this important route. This leaves a balance yet to be completed of approximately 156 miles.

On the routes linking the northern, central, and southern portions of the State together, the following work has been done: One hundred and nine miles have been completed on Route 3 extending from Reno to Goldfield, with an additional 10 miles under contract. Fifty miles have been completed on Route 5 from Goldfield to Las Vegas, with 14 miles under construction. Route 6, the Arrowhead Trail, has 37 miles completed and 34 miles under construction, this route being now almost entirely completed from Las Vegas to the Arizona line on the east. Route 7, from Ely to Las Vegas, via Pioche and Caliente, has 48 miles completed. Route 8 has 24 miles complete from Winnemucca to Paradise Hill. Nine miles have been finished on Route 8-A from Battle Mountain to Jenkins Ranch. Route 9 from Reno to the California line has been completed to a length of 16 miles. About three miles have been finished as a county-state cooperative project on Route 10 from Mina through Montgomery Pass. Approximately 81 miles of Route 4, Tonopah to Ely, have been completed as a first-class gravel highway.

The mileage of the state highway system as now designated totals approximately 2,704 miles. Later in this message recommendations are made for the inclusion of additional routes which would increase this total mileage by approximately 190 miles. The maximum total mileage

allowable on the federal-aid seven per cent system is 1,540 miles, nearly all of which has been used in the designations so far made on the state system. Full details of this phase of the matter are available to you in the Department's report for 1923-1924.

The establishment of a state highway system and the organization required to carry out its construction was a direct result of the encouragement offered in the form of federal-aid funds under the first Post Road Act, and these federal funds have since constituted the main source of income for carrying on construction work. Under the Federal Highway Act enacted by Congress late in 1921, it may safely be said that the policy of federal aid in road construction is well established and defined, and will be continued on a similar basis for many years to come. Under these conditions we may face the future with the confident belief that the completion of the state's road system is assured, and we need only give our attention to providing the requisite funds for meeting the administration and preliminary costs, the costs of maintenance, and the relatively small percentage required to meet federal aid in actual construction. To give you some idea of the importance to Nevada of the various provisions of federal law which have given an increased ratio of federal aid for this work in the public-land States, I call your attention to the fact that in 1919 federal aid represented only 27 per cent of the Department's income, whereas in 1924 federal aid represented approximately 69 per cent of the total. Since the inception of the Department in 1917, 52 per cent of the total income has been in the form of these federal-aid funds. This means that the pro rata of cost borne by the Federal Government for constructing the state highway system is gradually increasing, and rightfully so, inasmuch as almost 90 per cent of the State's areas is still held in the name of the people.

Allotments of federal aid to Nevada highway construction to date have totaled in excess of seven million dollars, with a bill now pending before Congress which will give the State an additional two million for carrying on the program during 1925 and 1926. Actual payments to the State to November 30, 1924, have totaled \$5,266,534.14.

The question of the cost of maintenance of our state highways after construction is one of paramount importance to

our citizens, involving as it does the proposition that these maintenance costs must be wholly borne by the State and that the standard of maintenance must meet the requirements of the federal authorities. The Highway Department has found its maintenance costs during 1923 and 1924 to average approximately two hundred and fifty dollars per mile, and its budget estimate for 1925-1926 is on this basis.

No reason can be foreseen at this time for increasing these costs in the future, in fact it is the belief that the actual costs will tend toward a reduction in cost per mile when greater mileages of highway are completed and more efficient patrol maintenance can be carried out. Under the Department's patrol system two men with one truck and the necessary drags, graders, etc., can efficiently maintain in excellent condition not less than thirty miles of modern gravel surface highway.

On account of certain restrictions imposed by the Federal Government, a few specific projects of great importance to certain localities have not been undertaken. Many of these limiting restrictions have recently been removed and the Department can proceed with construction at an early date. Under this class falls such sections as the highway eastward from Reno through the Truckee Canyon, and near the California line west of Verdi, where right-of-way encroachments on railroad property have also materially retarded progress.

The work of the State Highway Department is of such importance to the welfare of the commonwealth that I herewith submit to you certain definite recommendations for legislative action, which I commend to your most earnest consideration. These recommendations are:

First—The addition to the state highway system of the road leading northward from Currie, in Elko County, through Wells, and along the new railroad line through Contact to the Idaho line south of Rogerson. This is a part of a route yearly becoming of increasing importance to tourist travel between southern California and the Yellowstone Park region and the Pacific Northwest. Definite assurance of a proper connection with the State of Idaho has already been received.

Second—The addition as a part of the state highway system of the road from Connor's Pass, east of Ely, through Baker to the Utah line. This would assist in opening up the important Lehman Caves district and is also a part of the

proposed plan for solution of the question of an interstate connection between Nevada and Utah to take care of the tourist travel through Ely and points on the Lincoln Highway to the west.

Third—The addition as a part of the state highway system of the road from Glendale, on the Arrowhead Trail in Clark County, to a point on the Nevada-Arizona state line via St. Thomas, Nevada, to connect with a road through Arizona to a point on the north rim of the Grand Canyon.

Fourth—Provision for an amendment to the State Constitution permitting the elimination of the personal property tax on automobiles which I believe to be just and equitable in view of the various other automobile licenses and taxes required under state and federal laws. At the present time a considerable number of machines operating in the State are escaping personal property tax. The gasoline tax and the license fee are the fairest and most simple forms of automobile taxation. I am of the opinion that the gasoline tax can properly be increased to three cents per gallon, two cents thereof being allocated to the State Highway Department and one cent to the various counties, pro rated according to the number of licenses issued to each county.

Fifth—Provision for the transfer to the State Highway Fund of the remainder of the automobile license fees over and above the annual requirements for meeting the state highway bond interest and redemption schedule. This will require that the existing provision of section 7 of the present motor-vehicle law be amended to make this transfer feature a permanent part of the Act.

Sixth—Proper legislative action which will permit the State Treasurer and Controller to extend to the State Highway Department at any and all times a credit equivalent to 50 per cent of the federal-aid vouchers submitted to the District Engineer and in process of payment. This is recommended for the reason that the State Highway Department must carry the government's portion of the cost for periods of time ranging from thirty days to six months or more. With limited capital available to the Department this seriously handicaps its operation, and the use of the credit of the State represented by other funds lying idle would entirely eliminate the trouble.

Seventh—Commercial vehicles from other States are now permitted to come into this State and operate for ninety

days before they are subject to our license laws. This should be corrected, as highway contractors can secure trucks from the outside, then act in competition with local truckmen and use our roads for their commercial gain without any compensation to us for up-keep of highways other than the tax on gas which they consume.

As a final word with reference to the State Highway Department, let me call your attention to the fact that this Department is a large business concern with ramified activities reaching into every portion of the State, and with an annual expenditure of approximately three million dollars. Nearly 75 per cent of this expenditure is outside money brought into and almost entirely disbursed within Nevada for the purchase of labor and materials entering into highway construction. The benefit thereby accruing to the merchants, bankers, and business men of the State as a result of this activity is very great, and during the past several years has done much to stabilize employment and trade conditions throughout the State.

THE PUBLIC SERVICE COMMISSION

The Public Service Commission has during the past bien-nium continued to render excellent service for the people of the State, especially in its efforts before the Interstate Commerce Commission for more reasonable rates for Nevada producers and the traveling public.

In addition thereto, through cooperative work with the carriers serving the State, the Commission has been enabled to secure many rate adjustments which were of material assistance to our industries.

A decisive victory was won in the decision handed down by the Interstate Commerce Commission February 14, 1924, under which, effective April 1, 1924, passenger fares ranging from 4.8 cents to 6 cents per mile were reduced to a uniform basis of 3.6 cents per mile between points on the main lines of the Southern Pacific Company, the Western Pacific Railroad, and the Los Angeles and Salt Lake Railroad. This adjustment will result in the saving of approximately \$250,000 per year to the people traveling to, from and within Nevada.

An important victory was also secured before the Interstate Commerce Commission during the past year in favor of the Nevada wool growers.

Final decision was rendered in favor of the Nevada interests by the Federal Commission on July 8, 1924, and pursuant thereto the reduced rates were published by the carriers and became effective December 27, 1924.

Considering the wool shipped out of the State during 1923 and applying the reduced rates secured in this case, it appears that Nevada wool growers will be saved at least \$28,000 annually in freight charges covering future shipments.

An important feature in connection with the decision is the fact that the long-and-short-haul discrimination in rates heretofore imposed on our wool growers has been removed.

An important cooperative adjustment with the carriers during the current year relates to a reduction from 57½ cents to 40 cents per hundredweight to cover the movement of cantaloupes from the Fallon-Hazen-Fernley district to Bay Points, and also a reduction in icing charges amounting to \$10 per car on shipments moving to eastern destinations.

EDUCATION

The State has every reason to be proud of the marked improvement in its educational facilities during the past ten years, both in the common-school system and the State University. In spite of the lack of increase in population, school attendance in Nevada has shown a heavy increase. From earliest days this State has suffered from the continued exodus of persons who have acquired more or less of a competence but seek more favorable surroundings elsewhere in which to rear their families. To retain such citizens in the future requires that we neglect no reasonable facility which will tend to keep them in the State. For this reason I recommend that the educational system of Nevada, including the State University, be given your most favorable consideration and support.

FISH AND GAME PROTECTION AND STATE RECREATION GROUNDS

Among the greatest undeveloped assets of the State of Nevada are our recreational resources. By proper stocking of our streams and forests, adequate protection and control thereof, and the advertisement of our scenic and historical attractions, we should each year draw tens of thousands of additional visitors to the State. More than one hundred

thousand tourists annually visit the Yosemite, the south rim of the Grand Canyon, and similar resorts of national reputation. A number of the States of the Union, with fewer geographical advantages than Nevada, derive large revenues from their hunting and fishing licenses.

This State now lacks the legislative authority to form an organization which can properly capitalize our natural recreational attractions. Although much has already been accomplished under the terms of the Fish and Game Refuge and Recreation Grounds Act of the 1923 Session, yet some form of centralized regulation and police authority appears necessary for further successful development.

I am certain that a cooperative enterprise between state and county governments can be formulated which will preserve the advantages of local autonomy and at the same time permit the State to exercise that measure of supervision which is desirable for obtaining the best results.

Under authority granted me by the legislative session of 1923, and with the sanction of interested agencies of the United States Government, I have set aside several areas in the State as Game Refuges and State Recreation Grounds. These selections were made only after careful personal examinations and conferences with interested residents of the counties in which they were situated. The immediate popularity of some of the selected areas has convinced me that the people of Nevada will patronize their own attractions in large numbers if adequate highways thereto and facilities for personal comfort on the grounds are provided.

Among the more successful developments of this character which I have initiated or opened on behalf of the State during the past biennium are the prehistoric cities in Clark and southern Nye counties, the Lehman Caves and certain lakes, glaciers and ancient cave dwellings in White Pine County, the Chloride Cliffs near Beatty, and the road to the north rim of the Grand Canyon through the Valley of Fire in southern Nevada. Pyramid, Walker, and Carson Lakes and the Ruby Mountains should later receive special attention. In addition we have arranged for the more intensive stocking of certain areas in northern and central Nevada with fish and game.

In this work of popularizing our own State, I desire to acknowledge the cordial assistance of most of the newspaper editors of Nevada, the advertising and traffic managers of

the Union Pacific, Southern Pacific, and Tonopah and Tidewater Railroads, the Boards of County Commissioners of the interested counties and numerous private citizens, and also the officials of the State Highway Department.

The State Fish and Game Commission and employees deserve special commendation for the faithful performance of their duties in the face of many handicaps, including scanty financial support.

At some later date I will ask for conferences with appropriate committees of the Legislature in order that we may devise further plans for developing and controlling our recreational facilities and of protecting and increasing our fish and game life.

PENAL AND CHARITABLE INSTITUTIONS

The penal and charitable institutions require support and maintenance in keeping with modern public opinion and to the extent of their needs as they arise from time to time. There generally has been marked increase in recent years in the number of cases to be served and there is no practical way to limit the numbers or to predict them with certainty.

The State Orphans' Home presents the usual excellent record of efficient and sympathetic care for those children who must rely on an entire Commonwealth to take the place of parents. It gives me pleasure to announce that through the generosity of a public-spirited Nevada citizen an 80-acre tract will be donated as a summer-camp site for the Orphans' Home at Lake Tahoe near Glenbrook, provided the Legislature will cooperate in the plan by the erection of necessary buildings. I strongly recommend that a special appropriation of \$5,000 for this purpose be made by the Legislature.

The Nevada Hospital for Mental Diseases continues to be conducted with efficiency. In view of the outgrown accommodations, I recommend a bond issue of \$125,000 for this department, of which \$105,000 should be spent for new buildings and \$20,000 for added farm lands. The proceeds from the bond sales would be in lieu of a one-cent tax levy which is now given to the institution for building purposes.

During the past four years the average number of persons confined in the State Prison has increased nearly 50 per cent.

The new and modern Prison for which funds were provided by previous legislative appropriation is about 80 per cent completed. During the past year only three prisoners escaped, all of whom were promptly recaptured. The insti-

tution is being conducted with economy and efficiency. The present Prison should have added to it an industrial training quarters and a chapel or assembly room which is provided for in the Executive Budget. Such adjuncts to a penal institution serve more than a mere sentimental purpose. They should be included within the broad meaning of "correction" in every modern plant.

The Nevada School of Industry is serving the original purpose of the Act relating to delinquent and dependent children. In spite of the high per capita cost, I see no reason why we should not continue the work of this institution in the light of a duty that may not honestly be evaded. Its record during the past biennium has been most commendable.

SOCIAL WELFARE

Under this heading are grouped those activities by which society recognizes its obligation to those under an economic or other social handicap.

The proposal of the Congress of an amendment to the Federal Constitution known as the Child Labor Amendment, will be transmitted to you through the Secretary of State. The ratification of this proposal lies peculiarly within your own powers but I feel that you agree with me in favoring the step. I urge early ratification of the amendment.

The subject of Old-Age Pensions received the attention of the preceding Legislature but there is undoubtedly more to be done along this line in the light of legislative and practical experience. I commend to your favorable consideration the proposals for the amendment of this law to be presented by the Fraternal Order of Eagles. The biennial report of Hon. M. J. Sullivan, Superintendent of Old-Age Pensions, will prove valuable as an exhibit of the essential outlines of the problem in Nevada.

I suggest that such subsidy as you may extend to the Crittenton Home, in keeping with a worthy custom, should be made on the presentation of properly audited claims from time to time in accordance with our statutory requirements. The board in charge of this institution has handled its affairs in an excellent and economical manner and many worthy cases have received care and relief.

STATE BOARD OF HEALTH

While the Child Welfare Division has been placed nominally under the State Board of Health, I invite your atten-

tion to the need of bringing about a closer and more real relationship. The appropriations you will be expected to make in cooperation with the Federal Government under the Sheppard-Towner Act in the domain of Maternity and Infant Hygiene, are administered almost exclusively according to the plans of the Childrens' Bureau of the United States Department of Labor. This cannot be avoided. A small additional sum, free from the cooperative bargain would, however, give the State a greater freedom of action and control if this relationship is to be continued.

The State Health Board touches the public chiefly through the State Health Officer, whose detailed services are amply reflected in his report.

The recommendations of the State Survey Commission relating to this organization are particularly called to your attention.

The added members of both the State Board of Health and its Child Welfare Division are to be commended for the faithful performance of their duties.

THE 1926 HIGHWAYS EXPOSITION

Preparations are being made to hold a State Highways Exposition in Reno during the summer and fall of 1926 for the purpose of commemorating the completion of the main transcontinental highways through Nevada. I regard this enterprise as being very worthy of your support. In my opinion a substantial appropriation should be made by the State for the purpose of housing and collecting a permanent State Exhibit to illustrate the resources, industries, and history of Nevada.

BUDGET AND TAXATION

Detailed treatment of budgetary and taxation matters is omitted from this message for the reason that these subjects are presented in the Executive Budget provided for in chapter 60, Statutes of 1921.

Inasmuch as you will be unable to consider appropriation bills, other than for the Legislative Fund, until 10 days after the presentation of the Budget and the accompanying proposed General Appropriation Act, I may say that expenditures contemplated involve a tax levy for each of the years 1925 and 1926 of 59½ cents as compared with 67 cents per \$100 of assessed value on all taxable property levied for the past biennium. The expenditures upon which the 59½-cent

rate is based are clearly shown in the general appropriation bill and budget. The main item involved is the tax levy required for the General Fund. The remainder consists mostly of fixed charges already required by law, bond interest and redemption, education and highway costs, and like items.

While no law of the Legislature can bind its successors, I trust that the present session will regard the limitations of the Budget as equally binding on themselves as well as the Executive. I will welcome the opportunity to discuss budget and tax matters with appropriate committees of your respective houses and will at all times be willing to supplement the budget and proposed appropriation bill with such recommendations as may appear advisable in the light of our common counsel.

FEDERAL AID APPROPRIATIONS

Nearly every legislative session in recent times has seen the introduction of Acts designed to place the State in a financial and administrative partnership with the Federal Government along lines concerned with the public health and the public welfare. Through congressional appropriations lump sums are generally given to the States, and in addition further sums which are required to be matched by state appropriations.

Cooperative agricultural extension work, vocational education, industrial rehabilitation, maternity and infant hygiene and highway construction have been the subjects of such enterprises in which Nevada has joined in the past. In comparison to the federal taxation paid in Nevada and in consideration of the initial outright gifts made, Nevada has profited financially by most of these movements, but the State's share of taxation for its own appropriations often bears heavily upon our small population. The advancement of the public welfare differs in much extent with the differing enterprises and the entire subject is one worthy of careful consideration by this legislative session.

I believe the practice spoken of has resulted in a disproportionate control by the Federal Government of matters that should be of purely domestic concern.

ELECTION LAWS

Our laws relating to nominations and elections are unsatisfactory in many respects, chiefly because they have been

drawn without any opportunity of harmonizing the different provisions. As a consequence, they are often contradictory and sometimes obscure. They are likewise costly in operation. I believe that a complete recasting of the laws pertaining to registrations, nominations and elections is desirable. I do not believe any radical departure should be made in the general plan of elections. Particularly, I favor the retention of the direct primary system of nominations.

LAW ENFORCEMENT

Although the phrase "law enforcement" formerly outlined a picture of the triumph of orderly government over a very small group of malefactors, such as petty thieves, burglars and murderers, times have so changed in the United States that it also includes the efforts of peace officers to combat practices recently made illegal, such as public gambling and the liquor traffic. Since the legality or illegality of any practice affecting the common good is a matter of public policy upon which there can hardly be unanimity of sentiment, the interdiction of certain practices at one time legal and now made illegal involves not only this State but the entire country in an exceedingly difficult phase of law enforcement. The people cannot expect to be of two minds concerning a law and yet find their officials of only one mind on the same subject. Public sentiment is the greatest law in existence and the responsibility of the public is as great as the responsibility of its servants and agents.

We rely now on the federal and local governments for the enforcement of the law. With the help of an enlightened public sentiment this may prove sufficient. If these agencies fail I am confident that the State will undertake its duty to supplement their efforts.

PUBLIC LANDS

Of the vast stretch of public domain situated in Nevada the Federal Government has provided, by Acts of Congress, for the transfer to this State of some 2,743,000 acres of land.

The records at Washington represent that practically all of these grants have been duly executed to this State. The records of the State Surveyor-General's Office, however, show that we have not received this much land by some 20,000 acres.

Furthermore, of that land actually transferred to our

control, repeated abandonment of contracts by purchasers has demonstrated that approximately 30,000 acres are practically worthless and will remain a "white elephant" on the hands of the State.

Another pertinent fact is that the land represented by the aggregate acreage of every 16th and 36th section in Nevada, from the time of the territorial days, was relinquished by this State, and a grant of 2,000,000 acres was accepted in lieu therefor. This was intended to compensate for the 16th and 36th sections, subject to parts thereof sold by the State prior to the exchange.

In actual fact the 2,000,000-acre trade was a bad bargain, as Nevada was the loser to the extent of nearly a million acres of land.

In connection with this statement of facts I desire to present a proposal for what I deem to be a desirable settlement of these land grants.

Recent explorations and the activities pursued under the State Game Refuge and Recreation Grounds Act have brought to light various sites in the public domain which ought to be placed within the complete control of the State. It will be difficult to obtain these lands as an outright gift from the National Government, but I suggest that an exchange might be effected through certain relinquishments by the State.

Through such an exchange the State would waive all claim for the loss sustained in the 16th and 36th section exchange; for the 20,000-acre variance between the State and Federal Government accounts, and for the 30,000 acres of lands now forfeited under state contracts. In return we should receive a number of unbroken tracts in desirable locations to be dedicated to public use in perpetuity.

I would suggest a memorial to Congress requesting, and an Act of the Legislature ratifying, such an exchange.

I feel that we have here an opportunity to acquire and control sites of great potential advantage to the State, and I hope you may see fit to look closely into this entire matter.

ADVANCE SHEETS OF STATUTES

Under existing laws it is the duty of the State Printer to send out, immediately after the close of the session, the Advance Sheets comprising the Acts passed by the Legislature. This involves a waste of paper stock, postage, express-

age, and labor in the pressroom and bindery of the Printing Office at a time when more important matters require attention.

Measures enacted by the Legislature become effective when passed and adopted unless otherwise provided therein. I would suggest that for all statutes except emergency measures, the effective date be made July 1, 1925. In this way, with a slight change in Revised Laws, section 4337, the regular bound and indexed volume of the Statutes will be sufficient and a considerable amount of money will be saved the State. If necessary, a small pamphlet of emergency measures may be mailed out.

LABOR AND INDUSTRY

I request your fair and unprejudiced consideration of such legislation as may be presented by labor. It is the duty of the State, and it will be the pleasure of this Administration, to promote the health, safety, and general welfare of that large majority of our citizens who perform the manual work of society. It is seldom labor complains without some cause, and its grievances deserve careful study. Humanitarian legislation is not mere sentimentalism. It is particularly desirable to those of us who are subject to the vicissitudes of changing fortune. We work tomorrow under the conditions we impose on others today.

I also urge you to consider, and, so far as possible, to encourage the investment of capital in industries within the State. Justice is due to invested money as well as to men, and there is no reason why it should not serve both clients. Our two largest industries, agriculture and mining, have had a hard road during the past two years. The outlook is brighter, however, and both are already showing advances. Improvement must come largely from natural causes and we should not restrain its progress by burdensome legislation, excessive taxation or unnecessary interferences.

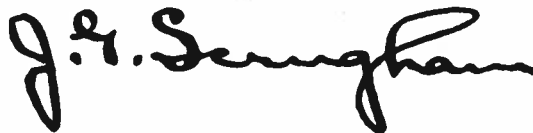
CONCLUSION

In conclusion, let me remind you that the foregoing does not comprise all the facts which might profitably be presented concerning the State and its activities. For detailed information your attention is drawn to the department reports which will be found on your desks early in the session.

I will be glad to supply further information to you or your committees on request.

You, as legislators, come from the people with their desires fresh in your minds. By tradition the legislative branch enjoys more public confidence than either of the other branches of government. You are the direct representatives of the population itself and I am glad to submit all possible information which may assist you in the performance of your duties.

I wish you a pleasant and beneficial session.

A handwritten signature in cursive script, reading "J. R. Sengham". The signature is written in dark ink and is positioned above the printed name "Governor.".

Governor.