APPENDIX

to

Journals of Senate and Assembly

of the

THIRTY-FOURTH SESSION

of the

LEGISLATURE OF THE STATE OF NEVADA

1929

VOLUME I

CARSON CITY, NEVADA


1929
STATE OF NEVADA

MESSAGE

OF

Gov. F. B. BALZAR

TO THE LEGISLATURE OF 1929
(Thirty-fourth Session)

CARSON CITY, NEVADA
STATE PRINTING OFFICE—JOE FARNSWORTH, SUPERINTENDENT
1929
GOVERNOR'S MESSAGE

STATE OF NEVADA,
EXECUTIVE CHAMBER,
CARSON CITY, January 21, 1929.

To the Honorable, The Senate and the Assembly:

In compliance with the provision of our Constitution requiring the Governor to communicate by message to the Legislature the condition of our State, and to recommend such measures as may be deemed necessary, I have the honor to address you and to make certain suggestions for appropriate legislation.

The statement made in the Governor's Message of 1927 that our general economic situation calls for a reduction of public expenditures is fairly applicable to present conditions within our State, and I reiterate, in part, what was therein stated, viz:

"That the people of Nevada do not want an increase, but on the contrary expect a reduction in their tax burden," and as the best efforts of your Executive were pledged to the utmost economy in the conduct of the public business consistent with efficiency, it is apparent that under existing conditions we have reached the maximum of appropriations that can be made under the existing tax rate within the present limit of valuations; for the total of appropriations cannot be increased without increasing our tax rate.

Every effort has been made to limit the expenditures in our several State Departments, and a large degree of success attained, although it has been necessary for the Board of Examiners during the past year to authorize certain deficiency claims, made imperative by reason of unforeseen contingencies and emergencies.

The defalcations of former State officials, which came to light in May of 1927, entailed a loss to our State of more than half a million dollars, while the obsolete practices prevailing in the office of State Treasurer subsequently forced the calling of the Legislature into special session in January, 1928, to consider amendments thereto.
As a result of legislation then enacted the State Treasury was partly reimbursed for such loss through the payment, under a compromise, of the sum of $154,896.65, but it was found necessary to increase the State tax rate by five cents to raise, in part, the remainder of the amount lost, and it is expected that with the retention of this increased tax the State will be fully reimbursed within the next four years.

However, the expense of holding such special session amounted to approximately twenty thousand dollars, to which was added twenty thousand dollars more paid to special attorneys to assist in the trial of criminal cases; nine thousand dollars paid for two audits of the several departments of the State Government, as well as three thousand dollars paid to insure moneys in the State Treasury against burglary and robbery, none of which expenses could be foreseen at the outset of 1927.

In addition, deficiency claims have been allowed by the State Board of Examiners in favor of the State Board of Orphans' Home Directors, the Public Service Commission and the State Bank Examiner.

Notwithstanding these heavy and entirely unexpected expenses, a very material saving in the general cost of conducting the State Government has been effected, as will be noted by a reference to the reports of the State Controller and State Treasurer.

**FINANCES**

The keystone of all State activities is, and must always be, sufficient revenues.

To prevent taxes from becoming an undue burden should be the uppermost thought in our minds, and that portion of our revenues coming from other sources than taxes should be increased if possible.

There will be presented to you for consideration in the near future the Executive Budget for the ensuing biennium, which, it is believed, makes ample provision for all funds necessarily required to efficiently and economically conduct the State's business.

The bonded indebtedness of the State on January 1, 1929, was $1,735,000, which includes $500,000 in State Highway Bonds and the Irredeemable Territorial Debt Bond of $380,000.
The par value of State owned bonds and securities January 1, 1929, was $3,205,569.02.

Funds available for investment on that date amounted to $54,060, of which approximately $50,000 has been pledged. The income to the State from bond interest during the past biennium was $292,667.60.

There was available in the Consolidated Bond Interest and Redemption Fund on January 1, 1929, the sum of $108,509.66 to be applied to the redemption and interest thereon of State bonds. Estimated receipts to July 1, 1929, will amount to $60,000, a grand total of $168,509.66.

Deducting interest requirements of $33,000 will leave for actual redemption of bonds $135,509.66 on that date.

The foregoing does not include interest or redemption of State Highway Bonds.

STATE'S BONDED INDEBTEDNESS

It is apparent that during the past several years but little attention has been given to the redemption of the bonded indebtedness of the State which, with the amounts authorized but unissued, now approaches approximately to within $400,000 of the constitutional limit.

The Consolidated Bond Interest and Redemption Fund Act is not functioning as was anticipated, and cannot do so under the tax rate of 6½ cents which is now levied.

Section 3 of article 9 of our Constitution provides that debts (bond issues) may be authorized by the Legislature for specific purposes; provides for levying an annual tax sufficient to pay the interest semiannually and the principal within twenty years from the passage of such Act; appropriates the proceeds of such taxes to the payment of principal and interest; and that such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of such debt shall have been wholly repaid.

Apparently but little or no attention was paid to such constitutional limitations when such Act was passed or to the requirements of preceding Acts authorizing bond issuances wherein rates of taxation had been fixed by law.

If this constitutional provision had been observed when the Act was passed providing for the Consolidated Bond
Interest and Redemption Fund a tax rate of 11\(\frac{1}{4}\) cents should have been levied instead of 6\(\frac{3}{4}\) cents to take care of necessary statutory requirements as to redemption of bonds and payment of interest.

This rate of 11\(\frac{1}{4}\) cents was absolutely necessary if the legal requirements of the preceding several bond Acts were to be met. This total of 11\(\frac{1}{4}\) cents includes only one cent to cover interest on the Irredeemable Territorial Debt Bond, as such levy is sufficient for that purpose, and for the further reason that the constitutional provision regarding the reduction of a tax levy set by law for bond interest and redemption purposes does not, in my opinion, apply to this particular issue.

However, at the present time a rate of eight cents would be sufficient to meet such legal requirements and, if a refunding Act be passed, then a rate of five cents levied annually for the next twenty years will raise sufficient funds to meet all statutory requirements as to redemption of the several issues proposed to be redeemed, and pay all interest charges.

I recommend the passage of an Act authorizing the issuance of State bonds in the sum of $800,000 to provide for the refunding of all outstanding bonds of the State, excluding the Irredeemable Territorial Debt Bonds and Highway Bonds.

Such issue to run for twenty years (the constitutional limit), bearing interest at 5% and providing for an annual redemption of not less than $40,000.

The suggestion of an interest rate of 5% at a time when bonds could be floated bearing 4\(\frac{1}{2}\)% or less is made because practically all of these bonds will be purchased by the State and a large proportion will be placed in the State Permanent School Fund. The income from this source forms a considerable part of the funds available for educational purposes, and if the rate of interest on school fund investments were reduced from that now being received it would be necessary to make up the resultant loss in some other manner.

There are six bond issues requiring a minimum annual redemption of $4,000, one of $5,000, two of $2,000, one of $1,000, one of $15,000, and the Nevada Building Bonds of $25,000, making a grand total of $74,000.
Among the reasons for recommending such an issue of refunding bonds are:

(a) We now have, among other authorized bond issues, the Act of 1913 providing for the issuance of $300,000 worth of Nevada State Loan and Redemption Bonds. None of these bonds were redeemed between December 15, 1921, and July 1, 1928, and there are at the present time outstanding $105,000 and we have but five years left in which to redeem them, which must be done at the rate of $21,000 annually.

(b) In 1919 the Legislature authorized the issuance of $100,000 of New Nevada State Prison Bonds, which were issued during the years 1921, 1923 and 1924. None of these bonds were redeemed between January 1, 1922, and July 30, 1927, and there now remains $59,000 to be redeemed in ten years, or at the rate of $5,900 annually.

(c) In 1923 the Legislature authorized an additional issuance of $100,000 of New Prison Completion Bonds, and of this amount $87,000 remains to be redeemed within fifteen years, or at the rate of $5,800 annually.

(d) Under the authority of the Legislative Act of 1919 there was issued $190,000 of bonds to provide funds for the erection of new buildings at the Nevada State Hospital for Mental Diseases, and of this amount there still remains $143,000 to be redeemed within the ensuing eleven years, or $13,000 annually.

(e) There has also been issued, under the legislative Act of 1925, Nevada Building Bonds for the erection of the State Exhibit Building at Reno in the amount of $250,000, of which $220,000 must be redeemed by November 19, 1936, to fulfill the requirements of such Act, or $27,500 annually.

The foregoing figures for necessary annual redemptions are based upon the balances of the respective issues now outstanding and the final dates set for extinguishment. In view of the fact that in some instances bonds have not been redeemed at the rate provided for by the statutes, it is doubtful if even this rate of redemption would be legal. This condition further emphasizes the desirability of a refunding issue.

From this it is apparent that the present tax levy was made without regard to constitutional and statutory requirements, and one of two things should be done—either increase
the tax rate for interest and redemption purposes, or authorize the issuance of refunding bonds. As hereinbefore stated, all requirements of a twenty-year refunding issue aggregating $800,000, fixing the annual redemption at $40,000 per year with interest at five per cent, could be met with a four-cent tax levy. Approximately an additional cent would be needed for interest for the Irredeemable Bond, making a total levy of five cents, or 1½ cents less than the rate now levied, to carry out the provisions of the Consolidated Bond Interest and Redemption Fund Act.

If such an Act be passed it will permit the immediate redemption and retirement of all outstanding State bonds except the Irredeemable Territorial Debt and State Highway Bonds, which last are to be redeemed from receipts from motor vehicle licenses; will place the State's finances on a substantial basis, and permit a reduction of 1½ cents in the State tax levy, and I earnestly urge that this entire subject have your most careful consideration and attention.

The following statements give a brief résumé of the State's bonded indebtedness as well as the bonds owned by it as of January 1, 1929:

State obligations in bonds January 1, 1929, $1,735,000, including the Irredeemable School Bond of $380,000, and $500,000 in Highway Bonds.

<table>
<thead>
<tr>
<th>Bonds owned by State</th>
<th>$3,205,569.02</th>
</tr>
</thead>
<tbody>
<tr>
<td>State bonds outstanding</td>
<td>1,735,000.00</td>
</tr>
<tr>
<td>Income from bond interest, 1927</td>
<td>151,819.29</td>
</tr>
<tr>
<td>Income from bond interest, 1928</td>
<td>140,848.37</td>
</tr>
</tbody>
</table>

Summary of bonds owned by the various State funds:

<table>
<thead>
<tr>
<th>General Fund</th>
<th>$5,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Permanent School Fund</td>
<td>2,953,757.07</td>
</tr>
<tr>
<td>University 90,000-Acre Grant</td>
<td>121,500.00</td>
</tr>
<tr>
<td>Irredeemible University Fund</td>
<td>56,811.95</td>
</tr>
<tr>
<td>School Teachers' Permanent Fund</td>
<td>68,500.00</td>
</tr>
</tbody>
</table>

| Total | $3,205,569.02 |

Balance in General Fund, January 1, 1929, $298,900.39, or $36,168.90 more than on the same date last year, and $45,568.03 more than was reported to be on hand January 1, 1927.
CONDITION OF STATE BUILDINGS

Capitol

Attention is drawn to the necessity of making needed repairs to the State Capitol Building, as well as painting the exterior and roof, and a suitable appropriation should be made for this purpose. The building generally, considering its age and continual use, is in very fair shape, but funds must be provided to maintain it in a condition that will be a credit to the State.

Orphans' Home

During the biennium the condition of the buildings has grown steadily worse, due to lack of attention in preceding years, although every effort has been made to keep same in repair. Equipment has become obsolete, and has deteriorated to such an extent as to be wholly worthless. Nearly the whole main building must be replastered; the electric wiring should be replaced and modernized; a new sewer system must be installed; new and additional bathing and toilet facilities added; heavy linoleum should be placed in certain rooms, and the whole interior painted and kalsomined, as well as painting the exterior and roof.

Memorial Building

This building has been kept in excellent repair by the Board of Capitol Commissioners.

Certain interior changes have been made to facilitate the work of the State Highway Engineer and State Engineer, whose departments are housed therein.

State Prison

The buildings have generally been repaired, some entirely new walls constructed, and the plant kept in most excellent condition under Warden Penrose, whose report discloses many facts of interest. The physical condition of our prison, although housing a greater number of prisoners than ever before, is at the highest standard of efficiency.

Nevada Exhibit Building

Under the guidance of the State Building Board, the State Exhibit Building at Reno has been kept in excellent condition; trees and lawns have been planted, and curbing installed.
During and since the close of Nevada’s Transcontinental Highways Exposition many thousands of visitors from nearly every State in the Union have visited this building and viewed the exhibits of the several counties installed therein.

State Printing Office

Although the statutes creating the Board of Capitol Commissioners provide that they shall have the care and custody of all State buildings, it has been the custom for a number of years to have the cost of any necessary repairs to the Printing Office Building paid by the Superintendent of State Printing from the appropriation for the support of the State Printing Office, although the Nevada Public Service Commission is also housed in such building.

The building needs to be painted both inside and out, as well as the roof. The foundation of the small storehouse in the rear should have immediate repairs.

Hospital for Mental Diseases

Under legislative authorization in 1925 erection was commenced of a new ward building, which has been completed and occupied within the past year. This building is of brick and fireproof, something imperatively necessary when the mental condition of the inmates is taken into consideration, and was completed at an approximate cost of $113,260.71.

Remodeling of the old ward building is under way at this time, which will house a modern kitchen, dining rooms, commissary, refrigerating plant, attendants’ quarters, and provide for inmates. The remodeling of the entire building will cost less than the building of a new kitchen alone.

All other buildings have been kept in repair, and the entire plant is in excellent condition.

A new water plant connected with the Reno city mains has been installed, and relieves a condition which was highly unsatisfactory for many years and permitted new fire hydrants to be placed, insuring better protection against fire.

Plans and specifications for a new sewer system and sewage disposal plant to cost $9,000 have been held up because the appropriation for such purpose was but $6,000.

This matter should have careful consideration, and the necessary appropriation made that the health of inmates, attendants and officials may be protected.
School of Industry

This institution, located at Elko, is in good condition, all buildings and the grounds being kept in a good state of repair by the inmates.

State Armory

This building, situated east of the State Printing Office, at Carson City, is sadly in need of paint and general repairs, none having been made thereto for many years, and I concur in the recommendations made in the report of the Adjutant-General regarding the same.

Governor's Mansion

Erected in 1907, at a cost of more than $40,000, the Governor's Mansion is the official home of the Chief Executive, and should be maintained in such condition as to reflect credit upon the people of our State. It is not meant by this that it should be maintained or equipped on a lavish scale, as might be done by wealthier States, but that prudence and good judgment dictate that it be kept well repaired and modestly furnished.

I am advised that the roof has leaked continuously in wet weather for more than eight years last past, although repairs have frequently been made.

The sewer system, owing to tree growth, is in bad shape, and should be replaced.

The exterior of the building should be painted and generally overhauled.

I recommend that appropriate committees from both houses make careful investigation as to the condition of all State buildings, and that appropriations be made to permit same to be placed in first-class condition.

No argument is necessary to point out that public buildings deteriorate even faster than those privately owned, owing to the number of people using same, and it should be our aim to keep such buildings in good condition at all times.

LABOR

The condition obtaining throughout our State among those who labor is, in general, very good. We have but few unemployed, and have had no strikes during the past two years.

The passage by Congress of Acts providing for the location of a Naval Munitions Arsenal at Hawthorne and for
the Boulder Canyon project, authorizing the construction of a dam on the Colorado River, means much to our State, with the expenditure of many millions of dollars, and presages a long period of prosperity for all classes of our people, but especially for those who are engaged in industry.

A well-contented and prosperous working class is the surest guaranty of peace and happiness in our State and the Nation, and we can deem ourselves doubly fortunate that such conditions do and will continue to prevail in Nevada.

I recommend legislation looking to the better protection of labor and business men at the hands of so-called mining leasing companies, by an amendment to the present law governing the employment of individuals.

Too many of our wage earners have been defrauded of just wages by “fly-by-night” employers and leasing companies who had everything to gain and nothing to lose by failing to pay their employees their wages, and who possessed no property that could be attached as security for the payment of such wages.

Measures proposed by organized labor should be carefully considered, and if amendments or additions to our present laws are necessary they should be enacted.

**PAROLE SYSTEM**

I renew my previous recommendation for a change in the laws governing the granting of paroles to persons convicted of crime.

The present law authorizes the Board of Parole Commissioners to parole from the State Prison prisoners who have served not less than one calendar year of their term, and who have not previously been convicted of a felony.

This law should be amended to authorize the Board to grant paroles to those convicted of misdemeanors and confined in county jails where the facts demand such release, and also to authorize paroles to issue even though the prisoner has a record of not more than two prior convictions, or where the interests of justice or the dictates of humanity will be served by granting a parole, retaining the provision that at least one calendar year of the term must be served.

The indeterminate sentence law should be amended to omit the minimum sentence, leaving in the hands of the Board of Parole Commissioners the power to parole after at least one calendar year has been served.
We now have a law providing that where one has been three times convicted of a felony he shall be deemed an habitual criminal, and provision is made for his sterilization to prevent the procreation of others of his kind. This law is wholly ineffective, for not until after the prisoner has been sentenced and brought to the State Prison, where his Bertillon record is taken, can the Warden ascertain whether such prisoner has any prior record of convictions.

An amendment to the present law providing that when convicted persons are arraigned for sentence in the District Court they shall merely be sentenced to the State Prison, and providing that the maximum term to be served shall be fixed by the Court, in the absence of the prisoner, after receiving a report from the Warden as to prior convictions, would make such statute effective.

Having before him the prisoner's prior record of felony convictions, either within or without the State, and having heard the evidence, the Court should be empowered to impose a life sentence, without the right of parole, if the prisoner was found to be an habitual criminal.

It is my belief that if some such provisions were made a part of our criminal laws, habitual criminals would give our State a wide berth and that we would materially lessen crimes against persons and property within the State.

THE NATIONAL GUARD

With my approval and consent steps have been taken to organize certain units of the National Guard of Nevada.

Our State has had no militia companies since May 20, 1906, when by order of Governor John Sparks, as Commander-in-Chief, the Guard was disbanded and mustered out of service.

The lessons taught our people by and as a result of the World War have resulted in action by Congress to provide for certain military training; the Officers' Reserve Camps, Citizens' Military Training Camps, and also the Act known as the National Defense Act of 1920, providing for a Federal National Guard in the several States.

No appropriation for the support of the Guard was asked of the Legislature, either at the regular session of 1927 or the special session of 1928, as it was not then definitely known whether such organization could be effected.

The War Department has been urging officials of our
State for a number of years to start the organization of the National Guard, and early in 1927 Major-General David P. Barrows, commanding the 40th National Guard Division with headquarters at Berkeley, urged that Nevada organize certain special troops assigned to it by the War Department.

Acting under the authority conferred by Congress in the National Defense Act, I reappointed J. H. White as Adjutant-General, with the rank of Lieutenant-Colonel; Daniel B. Renear, of Reno, as United States Property and Disbursing Officer, with the rank of Major in the Quartermaster Corps, and Dr. Horace J. Brown as State Surgeon in the Medical Corps, these officers constituting the State Staff and Departments.

Through the cooperation of the State Building Board, armory quarters were authorized in the State Exhibit Building at Reno, which had previously been inspected by Regular Army officers from the Presidio and pronounced suitable for drill purposes and for the storage and safe-keeping of Government military property.

Major Renear was specially assigned to recruiting duty, and recruits enlisted for three-year terms of service in the 40th Military Police Company of the Nevada National Guard.

As shown by the report of the Adjutant-General, this company was mustered in on June 21, 1928, with an enrolled membership of 55 men.

Under the provisions of the National Defense Act, officers and enlisted men of the Guard are paid by the United States, and there has been allotted to Nevada, on account of the 40th Military Police Company, approximately $7,000 for the fiscal year ending June 30, 1929, and each additional unit organized will require a like amount to finance it.

Nearly nine tons of equipment and supplies have been received by the United States Property and Disbursing Officer to outfit the one company so far organized at Reno, and is now stored in the State Building.

Authority will be granted to organize a Battalion of Engineers during the next two years, consisting of four companies, which will mean the receipt from the Federal Government of more than $25,000 additional, but suitable appropriations for the support of the National Guard must be made on the part of the State.

I do not deem it necessary at this time to advance any
reasons for authorizing the organization of the National Guard, inasmuch as our own and the Federal Constitution provide for arming and maintaining a militia to prevent invasion and suppress insurrections.

Provision has been made in the budget for the support of the Guard, and passage of the necessary appropriation Act will constitute your approval of my action in authorizing its organization.

At the time recruiting was commenced, announcement was made that the Guard would not be called for service in the event that labor troubles developed in our State, and that peace and order would be maintained by the Nevada State Police.

I desire to reiterate that statement at this time, and suggest that it be enacted into law if a revised military code is passed, as recommended by the Adjutant-General.

**BOARD OF HEALTH**

Attention is called to the report of the State Board of Health and the work accomplished during the past year in the investigation of the cause, prevention and cure of tularemia, which is now endemic and epidemic throughout our State, as well as surveying the source of and analyzing all the public drinking waters of our State.

The Board of Health has earnestly urged the enactment of a vital statistics law covering the registration of births and deaths, in accord with Acts now in force in 46 States of the Union, and such a measure will be presented for introduction.

I concur in the recommendation of the Board that such an Act be passed, the effect of which will be to have more accurately recorded by the State and County Health Registrars the vital statistics of our State, and gain us admission into the registration area which is recognized by the United States Bureau of the Census.

I also recommend that the activities of the State Hygienic Laboratory and the Bureau of Pure Foods and Drugs and Weights and Measures be brought under the control of the Board of Health as a Department of Public Health; that provision be made for a full-time clerk in such department, and that quarters be provided for such laboratories in the State Building at Reno, and save to the State the sums now being paid as rentals to house them elsewhere.
FISH AND GAME

The Nevada Sportsmen League have a number of measures which will be presented for your consideration looking to the conservation and preservation of the fish and game of our State.

It is my understanding that these measures meet with the approval of sportsmen generally throughout our State, and I ask your careful consideration thereof.

PUBLIC EDUCATION

It is a fundamental axiom of our national existence that every citizen shall have equal opportunity to receive an education at public expense.

No explanation is necessary of my deep, sincere and abiding belief in our system of universal free public education, and I believe that our State should continue, as it has in the past, to provide ample appropriations for the support of our State University and public schools.

Careful consideration should be given the reports, and recommendations therein contained, of the Board of Regents of the State University and the Superintendent of Public Instruction regarding our system of education and its needs, although at the same time suggested appropriations should be as carefully scrutinized as are requests for funds from the Treasury for the support of other departments.

COMPENSATION OF EMPLOYEES

Our statutes provide that eight hours shall constitute a day’s work, but the average State employee in the several departments does not work to exceed six hours.

Work in the State Printing Office is eight hours, and in the State Highway and Engineer’s offices seven hours.

A custom has obtained for a number of years to increase salaries and wages paid to certain employees, and fixed by statute, by the allowance of extra amounts for supposed extra services.

This results in a few employees receiving more compensation than is allowed by law, and results in criticism and dissatisfaction upon the part of others not so favored.

In view of the fact that the statute fixing the compensation of clerks, stenographers, typists and janitors was passed many years ago, and no raise has ever been authorized to
cover the increased cost of living, I recommend that the pay of janitors be raised to $140; that all stenographers, typists and clerks be paid $1,800 per annum, and that such amounts shall be in full compensation for all services and ex officio services.

I also recommend that the salaries of the deputies in the offices of the Secretary of State, State Controller and State Treasurer be increased from $2,400 to $2,880 per annum.

**STATE EMPLOYEES—VACATIONS AND HOURS OF WORK**

Your attention is called to the statute providing for 15 days leave of absence annually to all State employees who shall have been employed six months or more in each calendar year, and providing for full payment of salaries during the period of such absence (Revised Laws, 1912, section 4109).

The Attorney-General has ruled that the 15 days leave granted by this statute must be construed to mean “fifteen working days,” with the result that in computing such vacation period Sundays and holidays are excluded, thus giving such employee at least 17 to 21 days vacation.

No provision is made by law for the payment of substitutes who may be employed, and who must be compensated for the full time served and not merely the 15 days specified by law.

Where several holidays intervene in such period, such as Primary Election Day and Labor Day, the vacation period is lengthened, as well as by computing two Saturday half-holidays to give an additional day.

I recommend that this Act be amended to provide an appropriation to pay all employees of the State, regardless of the department served, for 15 days annually and not for 15 working days.

Further, that the Act provide for hours of employment from 9 a. m. to 12 m., and from 1 p. m. to 4:30 p. m., with Saturday afternoons off, or equivalent hours in the discretion of the head of the department.

**BOULDER CANYON PROJECT ACT**

The Congress has finally passed an Act for the construction of a dam on the Colorado River, at or near Boulder Canyon, which has been approved by the President.

This Act provides, among many other matters, for an
Advisory Board, to be composed of one representative from each of the States in the Colorado River Basin, to advise with the Secretary of the Interior in matters pertaining to the sale price of the power generated at Boulder Dam and the charge for storing water for portable purposes.

Nevada's Colorado River Commission proposed nine amendments to the Swing-Johnson Bill, as originally introduced, eight of which were finally adopted. Among these amendments, two deserve special mention, viz: First, providing for the payment to the States of Arizona and Nevada of 37 1/2 per cent of the net returns from the Boulder Canyon Dam project after payments have been made to the Government each year; second, providing for the purchase by the States of power, at cost, for use in the State.

The legislation, as passed, also provides that the Secretary of the Interior shall make contracts providing for the sale of power, water, etc., that will reimburse the Government within a period of 50 years, the sale price being fixed by him. The Advisory Board is for the purpose of advising with the Secretary of the Interior in the matter of these sales, and making clear the position of the States in the matter as to what the sale price should be for the power and water.

Since the amount of any revenue to be derived by Arizona and Nevada depends entirely on the amount realized from this sale price, in excess of the payments to the Government, it follows that it is a very important matter to our State that the sale price be fixed so that a fair rate may be had. It is to be anticipated an effort will be made by the purchasers of the power to get it as cheap as possible. The duty of the Advisory Board then is to see that the provisions of the Bill are complied with, since the Bill provides that the power shall be sold at a price that seems justified by the cost of producing it at the market.

The amendment providing for the purchase of power, at cost, for use in the State could very well result in the establishing of some large industries in the southern end of our State, and if any of our citizens desire to take advantage of that clause it will be necessary to make provision by law, through administrative machinery set up for that purpose, for the purchase of the power.
Of necessity, work must be continued by the State Commission, or under its direction, in the investigation of the cost of producing power by steam, using coal and oil as fuel, along the lines reported in the pamphlet prepared by State Engineer Malone, entitled “Power and Water Set-up,” which was presented to the Senate Committee on Reclamation and Irrigation in January, 1928, the data contained therein forming the basis of the revenue amendments to the Boulder Canyon Project Act.

The Advisory Board will, no doubt, call conferences on this matter from time to time and employ such power experts and other advice that they may need, and it is difficult at this time to determine what appropriation may be needed. The Legislature should provide for a member of the Advisory Board from this State, to be appointed by the Governor, and his term of office might be three or five years, preferably the longer term, since it is a matter that involves considerable study to become entirely familiar with the various legal and engineering features, and it might also provide, in addition to the payment of actual expenses incurred, for a nominal salary of a thousand dollars per year to such adviser.

I suggest the plan of the payment of the actual expenses of the Advisory Board member and a nominal amount per year salary, because I believe the business of the Board fully justifies the expenditure. I have found from experience that a representative of the State in this work is subject to rather heavy expense and, as noted before, the importance to the State of the sale price of the power fixed by the Secretary of the Interior demands close attention to that particular item.

The legislation as passed provides that seven States must ratify the compact if the Bill is to become operative within six months. After that period six States will suffice, but it means that in any case either Arizona or Utah must ratify such compact.

It will be necessary for the Colorado River Commission to meet in connection with any proposed three-State agreements, but I do not anticipate that the expense of the Commission in addition to the Advisory Board appropriation would be heavy.
Five thousand dollars per year for the Colorado River Commission is not excessive in view of the fact that the anticipated benefits from this construction is several hundred thousand dollars per year, if our interests are properly safeguarded, and could very well become a negligible amount if the sale price of the power was allowed to be fixed at any amount that would just cover the Government expenditure, and it is to be expected that the purchasers of the power will endeavor to fix the price at approximately this figure.

The total appropriation for the biennium, including the salary of the advisory member should, in my opinion, be fixed at ten thousand dollars.

It is therefore necessary that legislation be enacted authorizing your Executive, or Nevada’s Colorado River Commission, promptly to enter into, upon behalf of the State of Nevada, an agreement with representatives of the States of Arizona and California, to put into effect the provisions of section 4 of the Boulder Canyon Project Act, in the exact language therein authorized by Congress; as otherwise any agreement negotiated must be confirmed by Congress, which would mean additional delay in the commencement of actual construction work on such project.

HIGHWAY

The development of highways in our State has progressed rapidly, and at the present time Nevada has under construction or completed 1,308.73 miles of the Seven Per Cent Federal Aid System and 252.97 miles of State Highway System, making a total improved mileage of 1,561.70. There is unimproved on the Seven Per Cent System 255.42 miles and on the State Highway System 1,991.79 miles, or a total mileage for the entire State Highway System of 3,553.49.

During the past biennium 492.19 miles of highways have been completed. This mileage includes new construction, grading, reconstruction, and bituminous treated surfaces. (Detail, Table 3, page 16, Department of Highways Report.)

The program for the coming year includes the reconstruction and oiling of 180.98 miles of gravel surfaced roads and constructing 54 miles on the Elko-White Pine County line to Wendover.

For the fiscal year 1927, $343,399.28 was spent for maintaining 1,455.08 miles of road.
During the fiscal year 1928 maintenance costs for 1,680.73
miles of road was $359,262.08. This mileage included the
improved, semi-improved, and unimproved types of road.

As a larger percentage of our highways are of the gravel
type surface, I call your attention to the maintenance costs
of this particular type of road; 1,025.72 miles of gravel
roads were maintained during the fiscal year 1928 at a cost
of $288,605.28, an average per mile of $281.49.

Maintenance is a relative term and offers little comparison
as such between various States, but it does offer a good
comparison of cost on different types of roadway within
the same State. This is due to the fact that no two States
have the same standards, the same designations, or the same
system of cost-keeping, but it is interesting to study the
maintenance reports of some of our western States.

Following is a table showing the cost of maintenance of
gravel highways in ten western States.

<table>
<thead>
<tr>
<th>Name</th>
<th>Cost per mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>$485.00</td>
</tr>
<tr>
<td>Montana</td>
<td>197.00</td>
</tr>
<tr>
<td>Utah</td>
<td>336.00</td>
</tr>
<tr>
<td>New Mexico</td>
<td>250.00</td>
</tr>
<tr>
<td>Wyoming</td>
<td>230.00</td>
</tr>
<tr>
<td>California</td>
<td>540.00</td>
</tr>
<tr>
<td>Oregon</td>
<td>239.00</td>
</tr>
<tr>
<td>Washington</td>
<td>600.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>225.00</td>
</tr>
<tr>
<td>Nevada</td>
<td>281.49</td>
</tr>
</tbody>
</table>

Within the past year the traffic rate on the highway system
of the State has increased from 7% on some roads to 65% on
others. The rapid increase in traffic has so far exceeded
the expectations of the Highway Department that some
roads which were considered efficient three or four years
ago are now inadequate, and the surfacing of these roads
must be increased to a higher type without delay or else our
maintenance costs will consume our entire revenue. The
maintenance of roads on the Federal Aid Highway System
is a State obligation which was assumed when the State
accepted the provisions and benefits of the Federal Aid Road
Act, and maintenance as defined in the Federal Highway
Acts means "the constant making of needed repairs to pre-
serve a smooth surface highway."
With an increased mileage of newly constructed roads each year and the annual loss of surfacing material which amounts in some cases to $160 a mile, it can readily be seen that our future financial needs presents a complex problem, and I believe that good business management dictates the arranging of our future construction and maintenance programs in such a manner as to offset these losses now occurring on our highly traveled roads; and the only answer to the problem is a bituminous treated surface.

While our program for 1929 is scheduled and contemplates a large financial outlay for reconstruction and oiling, I realize that there are many sections within the State demanding the construction of new highways, and some of the proposed roadways are of vital importance, such as the Caliente-Las Vegas and the Winnemucca-McDermitt roads.

I feel constrained to say at this time that I do not favor an extensive building program during the coming two years, and would suggest that during the year 1930 our efforts be confined to a reconstruction and oiling program, as practically our entire system of gravel constructed roads must be reconstructed in accordance with the Government’s demand that this be done within a reasonable length of time, and that we build only such roads as comply with the requirements of the Bureau of Federal Roads, and defer projects not immediately pressing.

Our finances for highway construction are derived from Federal aid, county aid and State bond issues.

The State has an authorized bond issue for this work in the amount of $1,300,000, of which $1,100,000 in bonds have been issued, $600,000 redeemed, and $200,000 to be issued. The $200,000 bond issue has been pledged, one-half to the road work on the North and South highway between Beatty and Goldfield, the remainder to apply on construction work on the Elko-White Pine County to Wendover highway. This will then leave for redemption $700,000 highway bonds.

I have heretofore called attention to the fact that we are approaching the constitutional limit beyond which bonds cannot be issued.

The following table graphically shows the status of bonds issued by the several counties of the State, from which it appears that there are outstanding county highway bonds aggregating $868,000.
COUNTY-STATE HIGHWAY BONDS AS OF JANUARY 1, 1929

<table>
<thead>
<tr>
<th>County</th>
<th>Total Bond Issue</th>
<th>Bonds Sold</th>
<th>Bonds Redeemed</th>
<th>Bonds Outstanding</th>
<th>Bonds Unsold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churchill</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$24,000</td>
<td>$76,000</td>
<td></td>
</tr>
<tr>
<td>Clark</td>
<td>175,000</td>
<td>175,000</td>
<td>40,000</td>
<td>135,000</td>
<td></td>
</tr>
<tr>
<td>Douglas</td>
<td>135,000</td>
<td>135,000</td>
<td>00,500</td>
<td>74,500</td>
<td></td>
</tr>
<tr>
<td>Eureka</td>
<td>38,000</td>
<td>38,000</td>
<td>10,000</td>
<td>28,000</td>
<td></td>
</tr>
<tr>
<td>Humboldt</td>
<td>100,000</td>
<td>50,000</td>
<td>37,500</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Lander</td>
<td>40,000</td>
<td>30,000</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Lincoln</td>
<td>85,000</td>
<td>85,000</td>
<td>9,000</td>
<td>76,000</td>
<td></td>
</tr>
<tr>
<td>Lyon</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Mineral</td>
<td>60,000</td>
<td>36,000</td>
<td>30,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Washoe</td>
<td>500,000</td>
<td>500,000</td>
<td>165,000</td>
<td>335,000</td>
<td></td>
</tr>
<tr>
<td>White Pine</td>
<td>150,000</td>
<td>140,000</td>
<td>30,000</td>
<td>110,000</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$1,403,000</td>
<td>$1,289,000</td>
<td>$421,000</td>
<td>$868,000</td>
<td></td>
</tr>
</tbody>
</table>

If to this sum there be added the State highway bonds issued and authorized of $700,000, it will appear that the people of our State will have over $1,500,000 of highway bonds to be redeemed within the next few years.

The foregoing totals take no account of the sums that will be required for highway maintenance. In view of the ever-increasing highway mileage which must be maintained, and the high standards set by the United States Bureau of Public Roads for such maintenance, it is apparent that we should carefully consider two things, viz:

1. How can funds for maintenance be procured?
2. How can the cost thereof be kept within a reasonable limit? It has been proposed that a reduction be made in auto license fees, but if this be done the resulting deficit must be made up in some other manner, either an increase in the gasoline tax or by direct taxation.

A comparison of the auto license fees required of Nevada with all other States in the Union discloses that we are approximately $1 below the general average on a Model "A" Ford 5 passenger automobile, and other cars in proportion. I therefore recommend that no change in the license fees now required by law be made, and the special tax of 5 cents for highway maintenance be retained.

TRAFFIC OFFICERS

Since the inception and organization of our Highway Department to supervise the construction and maintenance of highways in the State, changes in conditions have added various duties to be performed by them, and it now appears
that due to the apparent growth in the use of the motor vehicle and the multiplicity of the laws governing their operation, the added duty of policing the highways and regulating the traffic should become one of their allied functions.

In order to enforce the laws properly to handle traffic efficiently and to make a conscientious effort to eliminate accidents, our experience has taught us that these accomplishments can only be attained by the establishment of regular and frequent patrols, which will eventually demonstrate to the careless and indifferent law violator that there is in existence a law enforcement agency, not only operating within the limits of municipalities but also on the open highways.

I would recommend that provisions be made to authorize the appointment of traffic officers to each of the five highway divisions.

I further suggest that, in view of the ever-increasing motor traffic, laws be enacted requiring all drivers of motor cars to be licensed and a nominal fee be charged therefore, and the revenues derived therefrom be applied to the cost of maintaining highway patrol officers.

STATE ENGINEER

The work accomplished by the Department of the State Engineer during the biennium of 1927-1928 can be grouped under four different heads: Applications, Adjudications, Distribution, and General Miscellaneous. During the years 1927-1928, 841 applications to appropriate public water were filed with the office. Out of this number 249 applications have been acted upon and, in addition, action was taken on 208 applications filed prior to the biennium, making a total of 457 applications acted upon during the period. Of the above, 570 represented applications filed for stock-watering purposes on which positive action of some kind was taken on 170 applications.

Active work has been in progress in connection with the Determination of the Relative Rights of Claimants to the Use of Water from the Carson River, Little Humboldt River, Thousand Springs Creek, Crum and Wilson Creeks, Carrico Creek, Tony Creek, Baker and Lehman Creek, Silver Creek, and K-C Creek.
Of the above the State Engineer's Final Order of Determination has been prepared and filed with the Court in connection with the Carson River, Crum and Wilson Creeks, and Tony Creek. The adjudication of the other streams has been carried to a point near completion, and it is expected that the Final Orders of Determination will be completed and filed early in the ensuing biennium.

In accordance with the water code, which charges the State Engineer with the administration of water on adjudicated streams, the Department of the State Engineer exercised detailed supervision over the distribution of water on the Humboldt River, Carson River, Muddy River, Pahranagat Lake, Currant and Duckwater Creeks, Six Mile Creek, and some distribution of the water on White River.

Due to the extreme shortage of water supply during the irrigation seasons of 1927 and 1928, distribution on the above streams has been difficult in the extreme and the office of the State Engineer has been taxed to its utmost in coping with the resulting complex and intricate problems. Thus expense of distribution in both field and office has been abnormally high as compared with years of normal water supply.

Much work has been accomplished by the office in connection with the preparation of numerous maps and tracings, compilation of water right pamphlets and instructions, preparation of a comprehensive State range map, preparation and assembling abstracts and Orders of Determination in adjudication proceedings, and the solution of many technical water problems for the benefit of water users throughout the State.

In addition to the administration of water and water rights as outlined in the foregoing, the State Engineer is an ex officio member of the Public Service Commission, the State Irrigation District Bond Commission, the Bureau of Industry, Agriculture and Irrigation, and a member of the Nevada Colorado River Commission. These related activities require the expenditure of much time and considerable trouble in connection with investigations, hearings, reports and decisions.

In serving as a member of the Colorado River Commission alone, the State Engineer has been required to attend various Lower Basin and Seven-State Conferences, the Conferences

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of Governors in Denver, and to appear before the Senate Committee on Reclamation and Irrigation at Washington, D. C. The work outlining Nevada's position is embraced in a report which was presented to the Senate Committee on Reclamation and Irrigation. He also visited the upper basin States in order to collect data for a report on the physical conditions relative to the proposed development of the Colorado River.

It will be seen from the foregoing résumé of the work of the Department that they have been materially handicapped during the past two years by the hundreds of water applications which remained unacted upon when the present administration took hold, and while a large number have been finally adjudicated, together with a portion of those received during the biennium, yet there still remains scores of applications to be passed upon.

The work of the Department, which is continually increasing, vitally affects the farming and livestock industries of our State, and I concur in the recommendations of the State Engineer contained in his report, the printing of which has been slightly delayed, that ample appropriations be made for its support.

NEVADA'S CIVIL WAR DEBT CLAIM

There is now pending in Congress a resolution offered by Nevada's representatives directing the Comptroller-General of the United States to restate Nevada's Civil War Debt Claim, which amounted to $611,457.67, of which sum $119,800.12 is the principal sum, and the balance interest paid from 1865 to December 31, 1928, on the Territorial debt.

I am advised that the prospects for securing the passage of an Act making an appropriation to pay a large part, if not all, of the amount claimed are very good.

This claim of the State of Nevada against the United States is an inheritance from Territorial days; the debt was assumed when Nevada became a State and has been pressed by our Senators and Representatives in Congress for more than 50 years.

Should Nevada be successful in pressing such claim and payment be finally authorized, provision should be made for the disposition of such receipts.
AMENDMENT TO BUDGET LAW

My attention has been drawn to a condition which seriously affects a large number of State employees.

I refer to that provision of the State budget law which prohibits the passage of any appropriation Act (except to pay the expenses of the Legislature) until ten days after the delivery of such budget to the presiding officers of each house, within 20 days after the Legislature has assembled.

Inasmuch as the General Appropriation Act carries with it the sums for the support of the several departments of the State, and from which wages and salaries of all employees are paid, except those officers whose salaries are fixed by special statutes, it follows that no funds are available for salaries and wages until the Legislature has passed such Act.

This, then, means that every such employee is compelled to await such legislative action and in the interim, in the large majority of cases, assign such claim to a bank or other person, at a discount, to secure funds for living expenses.

If not in conflict with our Constitution, I recommend an amendment of section 5 of the State budget law (Statutes 1921, p. 99) so as to authorize the Controller and Treasurer to issue and pay warrants for salaries and wages prior to the passage of the General Appropriation Act, charging such warrants against the sums to be appropriated for the support of the department whose employee’s salaries are thus paid.

VETO MESSAGE, 1928

There will be laid before you by the Secretary of State for your consideration the Executive’s veto of Acts passed by the Legislature of 1927, and among these measures is Senate Bill No. 96, being an Act entitled “An Act pertaining to nonresident joint stock companies, associations and corporations doing a building and loan business or other similar business within the State of Nevada.”

At the time this veto was interposed my information was that the provisions of section 6, if strictly enforced, would result in the immediate withdrawal from our State of all foreign building and loan companies, with the consequent loss of thousands of dollars to investors in the securities of such associations or corporations.

However, scores of complaints to the State Bank Examiner
and your Executive during the past two years have been made regarding the failure of such foreign building and loan associations to repay to Nevada investors in their securities the principal amounts paid to them except under heavy fines and penalties, and the result has been to cause large losses to our citizens who have absolutely no redress.

Upon mature consideration I do not now believe that such associations will withdraw from our State, and if such should occur it is doubtful if greater loss would entail than is now being borne by Nevada investors whose moneys are withheld when they withdraw from such associations by the arbitrary infictions of fines, penalties and forfeitures sanctioned by the rules, regulations and by-laws enacted by such associations and of which the investor has little or no knowledge.

Under the circumstances, while I cannot withdraw such veto, I suggest that the same be overruled, and in addition that Senate Bill No. 96 be amended to carry into effect the recommendations made by the State Bank Examiner in his report regarding such associations.

MINES AND MINING

In pleasing contrast with other recent years the mining industry seems now to have entered upon a new era of activity and production. The output of gold, silver, copper, lead, and zinc for the year 1928 was nearly $8,000,000 in excess of the previous year, and greater than for any year since 1918. In 1919 production dropped to approximately $23,400,000, less than half of the $48,500,000 produced in 1918. In 1921 a further drop to $12,100,000 occurred. Thereafter, metal output gradually increased in value to $23,322,000 in 1927. The Department of Commerce estimates production in 1928 to have been about $31,180,000. While this was almost entirely due to greater copper production and the rise in the market price of that metal, the output of gold and silver also was substantially larger in 1928 than in 1927.

Copper to the amount of 120,259,000 pounds was produced in Nevada in 1927, while the 1928 output expanded to about 158,577,000 pounds valued at about $23,152,000, an increase of over $7,000,000. The gold output of $3,570,000 in 1928 represents an increase of about $460,000 over the previous year. Silver production increased moderately from 5,397,000
ounces in 1927 to about 5,401,000 ounces in 1928. While
the output of lead and zinc decreased slightly, a substantially
larger production of quicksilver and tungsten is reported.
In addition, clay, gypsum and other nonmetallic products
were mined extensively throughout the State.

The prosperity of the industry is directly reflected in the
net proceeds tax collected by the State and counties. The
assessed valuation of net proceeds of mines thus far reported
for 1928 is more than double that of 1927, or any previous
recent year. The operation of the net proceeds tax law
enacted by the 1927 Legislature has proved satisfactory and,
in addition to clarifying the law, has resulted in greatly
increased revenue. The law has met with general satisfac-
tion and has greatly simplified the rendering of returns and
collection of taxes.

A feeling of optimism prevails throughout the industry.
Many new operations are under way and continued favorable
conditions with increased productions may be anticipated
from older mines.

Capital is needed for the further development of our
mineral resources, and this capital, which must be sought
from without, should be encouraged in every way to enter
the State.

Cheap and adequate power such as will eventually be
available from the construction of the dam authorized by
the terms of the Boulder Dam Project Act will be an impor-
tant factor in the further wide development in the mining
industry.

Greater prosperity, not alone to the community concerned
but to the State as a whole, should finally result.

CONSTITUTIONAL AMENDMENT

There will be submitted to you for consideration Assembly
Joint Resolution No. 6 of the Thirty-third Session of the
Legislature, approved February 24, 1927, proposing to
amend section 1 of article IX of our Constitution to provide
that the fiscal year shall commence on the first day of July.

I respectfully urge that this important amendment receive
your approval that it may be submitted to the voters at the
general election in 1930. If this amendment were in force
today it would obviate the difficulties hereinbefore adverted
to regarding the payment of salaries and wages of State
employees during the first quarter of the year.
INVENTORY OF STATE PROPERTY

For very many years the State Government and its various departments and commissions have purchased property, both real and personal, as has been authorized by the Legislature or found to be necessary, but I am unable to ascertain wherein any list or inventory of such property has ever been had or taken.

It seems to me highly desirable that laws should be enacted authorizing and directing your Executive and all the various State departments and commissions to cause to be taken, at least biennially, an accurate inventory of all property of every kind and description which may be owned by the State.

Such inventory, when once taken, could be thereafter maintained by addition of property acquired during the biennium, and deducting that found to be lost, stolen or obsolete.

At the present time there is no means of ascertaining what parcels of realty are owned by the State nor ascertain where it is situated and the value thereof.

State owned property may be in the hands of private individuals, and it would seem as though good business judgment would indicate that an effort be made to list all such property.

It would not be necessary to have the State’s inventories printed, but they should remain on file in the office of the Governor for public inspection.

NEVADA STATE BUILDING

The Act authorizing the erection of the Nevada State Building at Reno also provided that the Governor, Secretary of State and State Mine Inspector should act as a State Building Board, and the control of the building has been under their jurisdiction since its completion.

Prior to and since the holding of the Nevada Transcontinental Highways Exposition all but one of the counties of our State have installed in the building mineral and agricultural exhibits, fairly representative of their counties, and a large part of the first and second floors are taken up with these exhibits.

By Act of the Legislature of 1927 the Building Board was directed to cause to be removed to the Exhibit Building the exhibits and archives of the Nevada Historical Society,
and this was finally accomplished in June of 1927, several large rooms being set aside for this purpose alone. Quarters have also been provided for National Guard use.

The Building Board has been confronted with the problem of sanctioning the use of the State Auditorium for public dances, and in order to avoid competition with privately owned halls it was finally deemed necessary to fix a flat rental of one hundred dollars per night when such auditorium was used for dancing.

On all occasions where the use of the hall could be deemed to be of State-wide importance, no rental charge has been made.

It is recommended that appropriate committees carefully investigate this building and make such recommendations as to further care and uses as may be deemed necessary.

It is suggested that you consider the possibility of establishing in such building a State Publicity and Mining Bureau, such act being warranted in view of the numerous inquiries continually received by various departments of our State Government as to mineral, agricultural and other resources of Nevada.

THE STOCKRAISING INDUSTRY

Our stockraising industry, and particularly the cattle business, is still suffering from the after effects of the abnormal conditions resultant from the World War. While the prices of cattle products have finally made a material recovery, the period of depression aided by a succession of years of subnormal precipitation, cut into our cattle population so seriously that we probably have less than one-half the cattle we had as recently as 1919.

Our sheep population has recovered almost to war-time figures, but not nearly sufficient to offset the big loss in cattle. As a result, with high cattle prices, our volume of turn-off has been so decreased as to mean a material loss of revenue from this one of our major lines of business, and as cattle largely contribute to the support of our high range values in Nevada the income to support these lands has also been curtailed. We have purposely exercised a liberal policy in the valuation of cattle for State and county taxes. This industry appears to need help to support the rebuilding which under the most favorable circumstances will take time.
Among its handicaps are great loss from thievery and lack of sound policy as to the use of public owned ranges, upon the values of which our entire stockraising industry is built. This lack of sound range policies seems to be contributing to our difficulties regarding tax revenue from stockranging lands, as well as limiting opportunities to secure credit from Federal Government agencies for our landowners.

In my opinion the Legislature might, with profit to the entire State, give these and such other handicaps as our stockraising and ranching industries may be suffering from their earnest attention.

GENERAL CONDITIONS THROUGHOUT THE STATE

I am pleased to report that a general spirit of optimism prevails throughout our State as to its economic future. The passage by Congress of the Acts providing for the erection of a Naval Munitions Storage Depot in the vicinity of Hawthorne, with its appropriation of three and one-half millions of dollars, and that for the erection of a dam on the Colorado River at or near the lower end of Boulder Canyon, at an estimated cost of one hundred and twenty-five millions of dollars, are events of the highest importance to our State.

The expenditure of these large sums in the completion of these projects cannot fail to be of the utmost benefit to our State and insure an era of prosperity for a number of years, as well as affording employment to a very large number of people.

Acts are being pressed in Congress by our Representatives looking to a comprehensive scheme of upstream storage of the waters of the Truckee and Carson Rivers, which if enacted into law will bring additional benefits to our State.

There is also under way a project to store the water of the Humboldt River for use on the lands within the Lovelock Valley, and this will also be of great benefit.

The prevailing high prices for beef and stock cattle and for sheep and wool products have contributed in no small degree to the prosperity of those controlling our livestock industry, and if continued bids fair to wipe out the losses sustained in preceding years.

Approximately 2,000 additional acres of land were brought under cultivation during the past year, and the agricultural crops of our State for the year 1928 were valued
in excess of $9,000,000, an increase of more than $1,000,000 within the past two years, and still further increases can be looked for as additional lands are brought into cultivation throughout our State.

Other like increases are noted in the turkey, chicken and bee industry.

**INVESTIGATION OF STATE ORPHANS' HOME**

During the past year, in response to considerable criticism in the public press and from individuals regarding conditions alleged to obtain in the State Orphans' Home, I deemed it well to appoint a committee of citizens to investigate the management, conduct and general conditions of such Home.

The committee consisted of Mrs. F. E. Humphrey, Mrs. D. E. Ericson, Mrs. H. R. Cooke, Mrs. William McKnight and Mr. W. R. Shipaugh, and public hearings were held during September, 1928, both at the Orphans' Home and the office of the State Treasurer, who is Chairman of the Board of Directors of such Home, and an earnest effort was made to ascertain the true conditions at the institution.

The care of the orphan wards of the State is a subject which commands our instantaneous sympathy and enlists our warmest support. It is therefore important that the Orphans' Home be maintained at a high standard of efficiency, and if undesirable conditions obtain therein that prompt steps be taken to eliminate same.

The report of the committee containing the recommendations made, and a transcript of the evidence taken at the hearing, is on file in this office and will be available for printing should you so desire.

Many of the recommendations of such investigating committee have heretofore been adopted and put into effect and others are concurred in by the Board of Directors of the Home, in whose report will be requested ample appropriations to modernize that institution.

**CODIFICATION OF LAWS**

For a number of years it has been apparent that the statutes of our State should be recodified, and that obsolete laws should be repealed. This work was last done in 1912, and a partial revision made in 1919, but we have now reached the point where relief to the bench and bar is almost an absolute necessity.
CONCLUSION

Many matters of interest have no doubt been omitted in the preceding review of conditions in the State, but I have aimed to call your attention to those deemed of most importance.

I again renew my former request for your cordial cooperation that we may give to the people of Nevada efficient and economical government.

At all times I shall be glad to consult with committees, and the services of all State officials will be at your command.

I trust that your sessions will be both harmonious and beneficial, and that much good will be accomplished as the result of your deliberations.

\[Signature\]

Governor.