

THE SECOND DAY

CARSON CITY (Tuesday), January 18, 1949.

Assembly called to order at 10:30 a. m.

Mr. Speaker in the Chair.

Roll called.

All present except Mr. Bisoni, who was excused.

Prayer by the Chaplain, Reverend John L. Harvey.

Mr. Ryan moved that further reading of the Journal be dispensed with, and the Speaker and Chief Clerk be authorized to make the necessary corrections and additions.

Motion carried.

Mr. Speaker appointed Mr. Wadsworth and Mr. Terrell to invite the Senate to meet in Joint Session with the Assembly to hear the Governor's message.

Mr. Speaker appointed Mr. Harmon and Mr. Fuetsch to escort the President of the Senate, Lieutenant Governor Cliff Jones, to the rostrum.

Mr. Speaker appointed Mr. Folsom and Mr. Johnson to escort the President pro tem of the Senate, Senator Kenneth Johnson, to the rostrum.

The Sergeant-at-Arms announced that the President of the Senate and members of the Senate were at the bar of the Assembly.

Mr. Harmon and Mr. Fuetsch escorted the President of the Senate to the Speaker's rostrum.

Mr. Folsom and Mr. Johnson escorted the President pro tem of the Senate to the rostrum.

IN JOINT SESSION

At 10:50 a. m.

President of the Senate in the Chair.

The Secretary of the Senate called the Senate roll.

All present.

The Chief Clerk of the Assembly called the Assembly roll.

All present.

The President of the Senate appointed Senator Tallman and Assemblyman McCuiston to wait upon the Governor.

The President of the Senate appointed Senator Baker and Assemblyman Claiborne to invite and escort the Justices of the Supreme Court to their chairs.

The Sergeant-at-Arms informed the President of the Senate that the Attorney General and Secretary of State were at the Assembly bar.

Senator Lattin and Assemblyman Swackhamer escorted the Attorney General and Secretary of State to the rostrum.

The Sergeant-at-Arms informed the President of the Senate that his Excellency, Governor Vail Pittman, was at the Assembly bar.

The appointed committee escorted the Governor to the rostrum.

The Sergeant-at-Arms informed the President of the Senate that the Justices of the Supreme Court were at the bar.

The appointed committee escorted the Justices of the Supreme Court to their chairs.

The President of the Senate welcomed the Governor, and asked him to read his message.

The Governor delivered his message as follows:

**MESSAGE OF THE GOVERNOR TO THE FORTY-FOURTH
LEGISLATURE OF NEVADA**

THE STATE OF NEVADA

EXECUTIVE CHAMBER

CARSON CITY, January 18, 1949

To the Honorable, the Senate and Assembly:

It is a real pleasure to appear before you, in conformity with my constitutional duties, to deliver my message to the Forty-fourth Session of the Nevada State Legislature.

To each and all of you I extend my hearty congratulations. You have been signally honored by your constituency and their confidence in you occasions your presence here.

As members of the Legislature of our State you represent all of our people, those of the majority party and those of the minority party alike, in this, one of the important three branches of our Government. Each of you is empowered to act for the citizens of your section of the State in enacting laws for the benefit and future advancement of Nevada citizens generally.

You are all aware of the serious responsibilities that now face our State in meeting the increasing demands of the times. Nevada has never been static, nor will it ever be.

As public officials we are charged with more than just maintaining a status quo: we are obligated to insist upon continual progress which will assure our people of a State Government that is constantly attuned to the needs of the day.

Two years ago, when I appeared before the Forty-third Session, I stressed many of the problems which confronted the legislators and promised my full cooperation, as Governor, in your endeavor to solve them.

I told many of you and some of your predecessors that I believed most of these economic and social problems were the direct result of the most terrible war in the history of the world; that maladjustments were the controlling cause of such conditions.

Now I find that after two intervening years most of these problems still remain, notwithstanding the fact that you acted with intelligence, foresight, and courage in meeting the situation that then existed. The efforts of the last Legislature were commendable, but these problems still exist. The reason for this is plain. Inflationary conditions which were responsible for most of the economic ills, have steadily increased, until today the dollar is worth a great deal less than it was even two years ago.

But there is a bright side to this picture because this inflationary condition of which we speak has carried with it increased revenues, which will ease the situation. Two years ago the Legislature was faced with the possibility of a deficit of approximately a million dollars while today, because of added revenues, no such deficit is in sight.

Even though the situation is somewhat improved by obtaining new revenues, the need for economy in government is as great as at any time in the history of our State, and every consideration should be given to effecting savings that do not impair governmental efficiency.

FINANCES

With reference to State finance, it will not be possible at this writing to make any detailed statement until such time as the budgets of the various State agencies are submitted and approved. My budget message will be presented to you within twenty days, and at that time it should be possible to get a fairly clear picture of the State's present financial status, and also determine what additional revenue must be raised to meet the just and necessary obligations of State Government.

I wish to point out that the same economic forces that operated two years ago, and which necessitated new sources of revenue, not only continue to manifest themselves, but have become more active because of highly inflationary conditions that have prevailed and still prevail. It appears that more revenue will be required for this biennium than for the last biennium, but this is not a problem that cannot be solved.

So that you may have a better understanding of the sources of the State's revenues and of its expenditures, I have had prepared a condensed statement of income and disbursements for the fiscal year ending June 30, 1948. This statement, which is in the back of the printed message (Appendix I, p. 33), is illustrative and shows the percentage that each source of revenue and expenditure bears to the whole. As far as I know, this is the first time in the history of the State that a statement of this type has been prepared, and it should provide a clearer and more comprehensive picture of where the money comes from and where it goes than has ever been presented.

I think it is opportune to call to your attention the fact that the State is not the only governmental taxing agency that is confronted with financial difficulties. In like manner, the counties, municipalities, and school districts, which are interlocked in our revenue system, are having their troubles. Each is finding it most difficult to fix a rate that will produce the required revenue and still keep within the constitutional \$5 per hundred limitation. In view of this interlocking situation, I sincerely urge that in establishing your revenue requirements you consider this condition.

There is now being prepared for your information a financial statement, which will be presented at a later date, including revenues received by the counties, municipalities, and school districts.

NEVADA TAX COMMISSION

VALUATION DIVISION

Very satisfactory progress has been made in the Nevada State Tax Commission's program for equalizing property values within and between counties. The Valuation Division, headed by a Chief Valuation Consultant, has been set up and has conducted studies in six counties with varying degrees of success. While there appear to be no insurmountable obstacles, it is well to recognize the fact that if this program is to be successful it must have the complete cooperation of the Assessors of the various counties throughout the State.

Progress has been slowed down in some counties because Assessor's staffs were inadequate to provide the requested personnel to work with the State's Valuation Division. To overcome this obstacle, I, together with members of the Tax Commission and the Tax Consultant, appeared before the Nevada Association of County Commissioners on December 17, 1948, and acquainted

them with conditions stated herein. Following a full discussion of the problem, the County Commissioners adopted a resolution which, in effect, pledged the County Commissioners to provide the Assessors with the additional needed personnel to assist in carrying out the State's valuation program. This, in my opinion, will be very helpful in bringing the program to a successful conclusion.

Through resolution, the County Assessors offered their cooperation and made further suggestions, looking to a better working program between the counties and the Tax Valuation Division. I further suggest that the Legislature make an exhaustive study of existing laws and their operation to strengthen the laws, if it is deemed necessary.

GAMBLING

While the Tax Commission has, with the advice of the Attorney General, formulated its rules and regulations for operation of gambling establishments in accordance with its interpretation of the law, it is, in my opinion, highly desirable that the powers of the Commission be definitely defined and means of enforcement set forth in new laws.

SALARY ADJUSTMENTS

I believe it is my duty to call to the attention of your Honorable Bodies that the salaries paid State officials and State employees as a whole are incomprehensibly and unjustly low, as compared with the salaries paid by other States and by private industries.

The inequities are so glaring and numerous I will not attempt to analyze them here, but I sincerely urge that this situation be given very earnest study by this Legislature.

PUBLIC SCHOOLS

Notwithstanding the Nation-wide shortage of trained teachers, Nevada has been fortunate in filling practically every teaching position in the State during the past two years. Improvement has been achieved by the establishment at the last session of the Nevada Legislature of a State minimum salary law for teachers and by the services of the State Department of Education in voluntarily conducting a teacher's free placement agency. Some neighboring States have raised their minimum teacher's salary above the \$2,400 fixed in Nevada. Under present economic conditions it is deemed likely that teachers will remain in and be attracted to Nevada educational positions, and that the teaching profession may be adopted as a career by more graduates of our high schools.

An upswing of professional spirit among educators in Nevada is reported to have resulted from formation of the Nevada State Classroom Teachers Association and reorganization of the Nevada State Educational Association. Teachers and administrators are evidencing a more active interest in educational problems and the State and district teacher's institutes have been designed to improve teaching techniques and present proven educational practices and modern trends.

A marked increase in pupil attendance in Nevada elementary schools during the 1946-1947 and 1947-1948 school years has materially added to the cost of operating our schools and has become a drain upon the Distributive School Fund. It is anticipated that this increased enrollment will continue and obviously it will be necessary for the situation to be considered in making appropriations for future support of the schools.

It is worthy of note that our schools have profited during the past biennium by the receipt of \$58,735.80 of donable surplus property from the Federal Government. The benefits have been substantial and this privilege and opportunity should be preserved and maintained.

The school lunch program in Nevada is steadily growing. Its value is recognized and should be encouraged. This program definitely promotes improved health for the participating children, encourages better school attendance, results in improved capacity to learn, and provides employment for numerous people throughout the State. School boards, parent-teacher organiza-

tions, and service clubs which help support the local programs deserve public credit for their interest and assistance.

Your serious consideration is invited to recommendations of the State School Finance Survey Group which has been studying organization and administration of Nevada schools for the past eighteen months and which has prepared and submitted a printed report for your information.

The most critical need confronting Nevada schools at the present time is that of adequate school building facilities, and it is forecast that this problem will become more acute. I am in accord with the recommendation of the State Department of Education that a State Commission be created by the Legislature to survey school building needs and study the solution of this urgent problem during the next two years and report to the next Legislature.

Amendments to the 1947 State Employees Retirement law will be required to enable the Public School Teachers Retirement system to integrate with the new plan. The school teachers of Nevada are entitled to the same financial protection and security afforded other public employees under the Nevada Employees Retirement System. It is recommended that this be accomplished either by amendment of the 1937 Public School Teachers Retirement Salary Act or by amendment of the Nevada Retirement Act of 1947.

UNIVERSITY OF NEVADA

Considering the fact that any message I deliver to the Legislature today on the affairs of the University would merely supplement my previous message, I deem it advisable to restate my message of two years ago, which follows:

Sympathetic consideration to the needs of our University should be given. The enrollment of the largest number of students in the history of the institution has presented problems that have taxed the ingenuity of the Regents of the University and has posed a problem for the State to solve in providing financial assistance. While I realize that great sums could be spent profitably at the University to meet its many needs, there are similar needs in other educational fields. All must be given attention. At the University, our notable Mackay School of Mines must not be permitted to lose its standing among the great mining schools of the country; our engineering colleges must be built up and a decision must be reached on the future of the College of Agriculture. These are matters that affect the young men and women of our State.

Consideration must also be given to the physical needs of our University. If we cannot finance the ambitious building program outlined by the University at present, we can give consideration to the essentials, including, first of all, the construction of a heating plant at a cost of more than \$300,000. With the limited financial resources now in sight, the question of the priority of a life science building and an addition to the engineering building must be determined. Then, too, there is the question of repairs and improvements to existing structures, some of which come under the head of immediate necessities.

Adjustments in the salaries paid members of the faculty are necessary in keeping with present high living costs.

This was my message of two years ago.

Conditions at the University of Nevada are fundamentally the same today as they were when I delivered my message to the Forty-third Legislature. There is an increase in enrollment, which to some degree has accentuated the problems that previously existed.

Salaries of the faculty and staff have become even more inadequate, measured by the purchasing power of the dollar. There is no question in my mind that the lack of funds to pay salaries comparable to those of other high ranking universities has militated greatly against progress of the University. The same is true with reference to purchasing needed equipment and providing

other necessary facilities. Under such circumstances, it is not to be expected that the institution can reach its highest possible attainments.

I regret to report that practically no headway has been made in the building program. The heating plant for which money was appropriated by the last Legislature, and which was given first priority, has not been constructed: in fact, only the architectural plans have been prepared. The reason assigned by the Planning Board and University officials for the delay is this: The money made available by the 1947 Legislature is insufficient because of the very marked rise in building costs since two years ago. To complete this vital project, this Legislature will be asked to appropriate \$187,000 additional in order to meet increased costs.

NATIONAL SECURITY

NEVADA NATIONAL GUARD

In the fall of 1947, because of chaotic world conditions and at the urgent request of the War Department, I strongly urged that the Nevada National Guard be reorganized immediately. Today there is still less feeling of national security.

With the assistance of many public spirited citizens and various organizations of our State, we were able to raise the minimum funds necessary to launch this reorganization program.

In November of 1947 the first units of the Nevada National Guard were Federally recognized, and today 100 percent of the units allotted to the State of Nevada have been organized. Units are located at Elko, Ely, Winnemucca, Las Vegas, Carson City, and Reno—the latter three having two units each. At the present time the membership of the National Guard is approximately five hundred and is growing daily.

Through the National Guard, large sums of Federal funds are expended within our State. There have been erected buildings to the value of \$90,000, and at the present time negotiations are being conducted for further construction in the amount of \$92,000. In addition, the Federal Government has committed itself to expend approximately \$150,000 for repairs and alterations to the Reno Army Air Base, which is being used by the Air National Guard.

Although fully financed by Federal funds, these buildings become the property of the State upon completion. Approximately \$11,000,000 of Federal property, real and personal, has been turned over to the Nevada National Guard for its use, all of this property being available to the State of Nevada for use in the event of any emergency.

The National Guard now has one of the large pay rolls in the State with more than one hundred persons—all citizens of our State—employed on a full-time basis, with salaries paid entirely from Federal funds.

During the past year, the Federal Government has expended approximately \$442,000, and it is estimated that, if State support for administration is forthcoming, the Federal Government will, during the coming biennium, expend approximately \$1,000,000 in support of the Nevada National Guard.

If the State of Nevada is to retain this tremendous source of income and, in the interest of National Defense, take its place with the other forty-seven States, and the territorial possessions, you, as members of this session of the State Legislature, should see that adequate funds are appropriated for the support of the National Guard. I feel constrained to reiterate that the National Guard is contributing not only to national security but is also contributing generously to the economic welfare of the State of Nevada.

I respectfully request and urge that you give this matter your most earnest consideration.

VETERANS PROGRAM

Nevada's population and taxable property are small, and because of this veteran groups have refrained from making extreme demands on the State such as have been made upon other States and which, in many instances, have been granted.

I ask your consideration of the following legislation in the interest of the veterans:

1. Amendment of the tax law to give \$1,000 exemption to veterans, irrespective of the \$4,000 limitation, and regardless of financial or marital status of such veteran.
2. Enactment of a Home Purchase Act patterned after the one in effect in California, and one which is feasible from a financial and legal standpoint.
3. Enactment of legislation enabling the larger high schools, which have facilities, to extend their curriculum to include 13th and 14th grades to accommodate students who are not financially able to leave their locality to go to the University, and providing an appropriation therefor.
4. An adequate appropriation for maintenance of a Nevada National Guard.

NEVADA STATE HOSPITAL FOR MENTAL DISEASES

This is a report on some of the progress achieved for the care of the mentally ill at the Nevada State Hospital:

1. There has been effective segregation of patients according to type of behavior, and the admission of new patients has been largely restricted to two wards until after examination and diagnosis have been made and treatment has been considered. This partly serves the purpose of admission wards.

2. Various types of mechanical restraints and seclusion practices, previously used, have been largely eliminated. We believe such practices at this hospital are at an absolute minimum compared with both State and private institutions elsewhere.

3. The general appearance and sanitation of the wards in which patients are housed have been considerably improved. Employment of sufficient night attendants permits free access to lavatories for most of the patients.

4. The statutory authorization for voluntary patients makes possible admission of the mentally ill without any intervention of the courts and the stigma usually attached to commitments. The avoidance of court intervention is gratefully appreciated by the relatives involved.

5. The Occupational Therapy Department has expanded within the limited space available, and has attracted the interest of organized womens' groups, several of which are now participating in this service. There is need for considerable expansion in this department, and also for extended recreational activities. For the past two years, movies have been provided twice a week; parties, including dancing, have been held semimonthly. Church services from two denominations are available every Sunday.

6. The current administration of the hospital has rendered a special service to the taxpayers of the State. Each succeeding year since 1945 there has been a sharp growth in reimbursement to the State Treasury for subsistence and care of patients from their estates, guardianships, and relatives whenever funds were available. From an earlier average of between \$4,000 and \$5,000 biennially, the State recovered approximately \$50,000 during the last biennium. Such reimbursement for service rendered at the hospital is just and proper. This added income, which has not yet reached the full potential, should reflect higher standards of service to all patients without adding to the burden of the taxpayers.

7. A new ward building with a capacity of 165 male patients has been completed, which will enable the transfer of the female patients, now housed in obsolete quarters, to wards 5, 6, 7, and 8, as soon as remodeling is completed on the latter.

A new modern heating plant has been put into operation on a 24-hour-per-day basis. New water, power, and steam lines have been laid to all permanent buildings. Telephones have been installed in all permanent buildings, with direct connections to a central switchboard.

A modern dairy barn has replaced the one destroyed by fire. Expenditures

for this building were obtained from the State's Emergency Fund and insurance from the destroyed structure. Refrigeration equipment has been modernized throughout the institution, and a walk-in type deep-freeze unit has been added. A new three-bedroom home for the Resident Physician has been constructed. Modern kitchen and bakery equipment obtained from War Assets Administration has been installed.

Three quonset huts have been installed, two of which are being used for personnel quarters, and the third for a children's recreational building.

The increase in prices of all commodities since the appropriations were made two years ago has created a serious problem. It is recommended that the actual amount to be expended per meal per person be allocated separately from the general appropriation, and be used only for raw-food purchases.

Members of the board and I are pleased with the steady progress that has been made at the Hospital, which is evidenced in many ways. The board welcomes constructive criticism upon the operation of the Hospital, and we are all concerned primarily in seeing that our mentally afflicted receive the best possible care. It must be realized, however, that degree of improvement is governed to a great extent by the amount of money appropriated by the Legislature. I am satisfied that an inspection by members of the Legislature will convince you that the money appropriated has been well spent and has accrued to the personal benefit of the inmates and to the State institution.

NEVADA STATE PRISON

New construction at the State Prison is practically completed. A new cell block was built and additions and alterations were made to the old structure. The new cell block, with modern equipment, will house, when completely filled, two hundred and sixteen inmates. This will alleviate the crowded conditions which have prevailed at the prison during the past years.

It will be necessary to construct a new gas execution chamber and condemned cells, and sufficient funds should be appropriated for this work.

The Prison management is experiencing difficulty in stabilizing its staff, because the salaries paid are far below those of similar institutions in other States and of private industry.

While a number of improvements have been made at the Prison Farm, the shortage of water has necessitated more purchase of produce than would ordinarily have been necessary.

At the last session of the Legislature a bill was introduced calling for an appropriation to be used cooperatively with the Indian Service in the construction of a dam on Clear Creek. This bill failed to receive favorable consideration, primarily, I believe, because sufficient data on water flow and other relevant matters were not available. However, during the period intervening between the last session and the present one, a comprehensive study has been made and the compiled information will be made available to the Legislature.

I recommend that you give earnest consideration to the feasibility and desirability of appropriating money for the dam. The State of Nevada is fortunate in having a set-up whereby the Indian Service will pay a large proportion of the costs. If the dam is built, sufficient water would be made available to the Prison Farm to place under cultivation approximately 250 acres. If this is done, the Prison would produce all of its meat, hay, and much other produce. It is estimated that savings to the institution would average about \$10,000 a biennium. It appears, therefore, that the building of the dam would be a splendid investment for the State.

NEVADA SCHOOL OF INDUSTRY

Within the past year I visited the Nevada School of Industry near Elko, inspecting the facilities and discussing the operation of the school with the Superintendent.

It has been the policy of our State to maintain the school not as an institution of punishment, but rather as an agency devoting its efforts toward rehabilitation of those young people who find themselves temporarily out of step with the requirements of society.

A study of the School of Industry's report will show the necessity for many structural improvements and other facilities that will enlarge the field of activity in achieving a self-sustaining basis for the institution.

PUBLIC HEALTH

No aspect of government is closer to the hearts of the people and their officials in government than is the protection of public health. A healthy population is the cornerstone on which all progress must rest. The interest of Nevada citizens in this extremely important endeavor has been shown by the great improvement in our public health programs during the past ten years. The support given to this movement by the Legislature has been most gratifying. I recommend that you give thoughtful consideration to strengthening this program in the following manner:

The present dispersion of State Health Department offices in Reno and Carson City is expensive and not the most efficient arrangement. I hope provision can be made for all the professional personnel, at least, to be housed in one building.

I recommend that enabling legislation be enacted in order that Nevada may take advantage of the opportunity to obtain Federal funds for the construction of hospitals.

An excellent start in the control of tuberculosis has been effected with funds made available by the Forty-third Session of the Legislature. Some forty-three persons were hospitalized and these patients were given every opportunity to recover, and were also removed from contact with the public. Unfortunately, the funds provided were inadequate and some patients now will have to be returned to their home counties, thereby inevitably spreading the infection. I hope the tuberculosis program can be strengthened.

Records of marriage and divorce now filed only in county offices should also be recorded in the Division of Vital Statistics of the Health Department. I believe that the filing of these records on a Statewide basis in one central office will be of benefit to our people and of value to the Health Department programs.

Consideration should be given to the desirability and feasibility of extending services in connection with control of sanitation, public health nursing, public health dentistry, venereal diseases, and the hygienic laboratory.

EMPLOYMENT SECURITY DEPARTMENT

Nevada employers paying contributions under the unemployment compensation law have earned substantial savings during the past biennium. Reports of the department indicate this saving will approximate \$1,500,000.

Department officials have been studying the possibility of making further savings to employers by amending the present Act. This is made possible because the department's trust fund or reserve has continued to increase during the past biennium.

The Executive Director of the Employment Security Department believes that further savings to employers' rates might be made without jeopardizing the trust fund, and suggests that liberalization of benefit payments should be made possible in view of the economic trend of the Nation and the continuing spiral of living costs.

The Employment and Unemployment Compensation Services were, by Congressional action, combined within the Bureau of Employment Security in Washington, D. C., on July 1, 1948. It has long been my opinion that these

two functions of government should be united at the Federal level, just as they are an integral part of our own State Employment Security Department organization. It is most gratifying to me that this result was brought about. I gave the best efforts of my office to this end and worked in cooperation with the Governors of other States, through the Governors' Conference. I consider that the individual and unified efforts of the Governors of the United States were a major factor in bringing about this development.

NEVADA INDUSTRIAL COMMISSION

It is important that the Nevada Industrial Commission maintain its present strong position in the work of insuring employees and employers alike against injuries in industries of the State. It is believed that this can be done and that benefits can now be safely increased and contributions safely lowered for those employers having few or no accidents in their business. This is the goal of the Commission, and it will pursue a policy aimed at achieving that goal.

At the present time the Nevada Industrial Commission is engaged in revising its entire accounting system and it is believed that by July 1, 1949, the Commission will be able to break down the accident experience of each industry classification over designated periods of time.

When the figures are assembled in the various accounts and the percentage of accident costs to revenues received is definitely determined, the Commission will be in position to effect contribution rate reductions in many instances. The scope of this employer experience rating program, of course, will depend largely on what action is taken by the Legislature in regard to compensation rates to workers.

Pensions under the Industrial Insurance Act should be equalized at the rates established in the 1947 law, and it is to be hoped that legislation will be enacted at this session to place all widows and children, other survivors, and permanent, totally disabled workers on the same payment footing.

During the past two years, many letters from pensioners and interested citizens have been received relative to the wide discrepancy in awards made under the law. Survivors and totally disabled persons receive payments according to the rate schedule that was in effect at the time the accident occurred. Although the schedules have been consistently liberalized, the higher payments are made only to those whose misfortune fell after passage of the subsequent Act.

Thus, of a total of 429 widows and children, other survivors, and totally disabled persons on the Commission's rolls, 391 are being paid under rate schedules lower than that adopted in 1947. I would like to point out that some of these individuals, under pensions awarded in early years, receive as little as \$24 per month. Some receive a maximum of \$36 monthly, while others cannot exceed \$40 each month. Widows whose husbands were killed after the 1947 law became effective—and they are comparatively few—are paid not to exceed \$60 per month, a much more favorable figure.

It is estimated that, over the years, pension equalization will cost the Commission approximately \$900,000. I might add that the payments would not be made retroactively. The Commission is not now permitted by law to effect the equalization. It has sufficient funds, however, to absorb the cost, and I commend this humanitarian legislation to you.

LABOR

The past biennium has continued to be one of readjustment for all classes of labor and employers. The uncertainties of the national price structure have called for increases in wages which have, in many instances, proved a difficult problem to employers who were under contracts which called for the delivery of goods or services at specific scales for both material and labor. On the whole, Nevada has held an enviable position in its labor relations between employees and employers, with few work stoppages and a general

disposition on the part of both labor and employers to seek settlements through conferences and negotiations. The State has exercised its "Adjustment of Industrial Disputes Act" and has been represented in every major dispute with an offer of conciliation or mediation. The technical and legal questions posed by some of our old statutes, which some claim make the closed or union shop illegal, have been referred to the courts. Employment has been high in all lines of industry, and this includes the building trades, even though the building of private homes for low rent or sale has not met with the optimistic expectations held at the close of the last biennium.

It would be well for the Legislature to consider a State conciliation and mediation law which would set up a board composed of employers and employees to which labor controversies could be referred.

As you will note, under the Industrial Commission section of my message, I have stressed the importance of equalizing pensions received in order that all recipients are recompensed under the terms of the 1947 Act.

WELFARE MATTERS

In 1937 the State Legislature recognized the need for a State Welfare Department, and legislation was enacted creating such a board—the State Board of Relief, Work Planning, and Pension Control. This board generally called the Welfare Board, is responsible for administration and supervision of the programs for Old-Age Assistance and Child Welfare Services. In 1943 the State Orphans' Home was brought under its jurisdiction.

With a view to strengthening the organization of the State Welfare Department, I recommend that a director be named and that his qualifications include experience and training in public and business administration.

Old-Age Assistance is the only State administered public assistance program in Nevada at the present time for which State funds are appropriated. The Old-Age Assistance law provides uniformity of a monthly money payment and equity of treatment. The Old-Age Assistance grant has increased from a maximum of \$30 to \$55, as of October 1948. If the present high cost of living continues, it would seem only fair to recommend to the Legislature that in your revenue program you provide for a reasonable increase over the present amount allowed for Old-Age Assistance.

As you know, the Child Welfare Service provides services for children but does not provide financial assistance for them. It is administered by the State, and administration is financed by the Federal and State Governments. The State of Nevada is the only State in the Union that does not have provisions for aid to Dependent Children. It would appear that we are not sufficiently aware of the importance of this program. But it must be recognized that Nevada is the smallest populated State in the Union, and approximately 90 percent of its lands are Federally owned, on which no taxes are paid. It should be further recognized that at the present time almost all of the counties are near the \$5 tax limit and the State tax rate has been held to a minimum during the past several years in order that county budgets would not exceed the constitutional limit. These factors must be weighed carefully to achieve an equitable balance within our limitations.

For some time I have been considering whether or not it is advisable in the interest of the welfare of the Orphans' Home to divorce the management and control from the State Welfare Board. However, this may not be necessary provided certain changes are instituted such as having a director for the Welfare Department and a social worker in the Orphans' Home. In my opinion, this arrangement would create an excellent spirit of cooperation between the Welfare Department and the Home.

It is apparent that the State's aid to the needy blind is inadequate and merits your attention.

HIGHWAYS

During the past two years our highway construction and maintenance program has been effectively carried on in face of increasingly heavy obstacles. Construction costs are almost double the prewar figure and the Highway

Department has been hampered through a shortage of technical men, occasioned by inability of the State to compete with pay scales of private employers and those of sister States. Everyone knows our roads suffered materially through the necessary curtailment of maintenance and improvements during the war. To add to the problem of restoring them, traffic is now almost 50 percent greater than during the highest prewar peak. Despite the high costs involved, and under these adverse circumstances, I have consistently advocated that we advance our highway construction program to the utmost of our ability. To do less would risk depreciation in our system, deprive our citizens of many advantages, and contribute to an increase in the death toll of motorists.

We have made substantial progress during the past two years. Our main highways compare favorably with any in the Nation, and I have received many letters of appreciation from visitors to our State stressing this. Through continuation of our secondary road construction program, we have been able to provide many miles of hard-surface roads tapping our principle mining, agricultural, and ranching areas.

Congress failed to appropriate Federal Aid funds for the fiscal year 1949, but did provide additional funds for the two-year period beginning July 1, 1949, in an amount approximately 10 percent less than for each of the three years just past. As a result, our future construction program will be curtailed somewhat. Increases in the number of vehicles registered and generally increased travel have provided some additional revenues for highway purposes, although not in an amount sufficient to overcome the decrease in Federal Aid and the increased costs of construction and maintenance. We shall be able to match our Federal funds and continue adequate maintenance for the next two years without seriously reducing our program. Following the coming biennium, it will be necessary to review the financing of our highway program carefully to obtain a clearer picture of future revenue requirements.

Revenues received by the Drivers License Division for license examinations do not cover the actual cost of performance of this phase of its operations. It appears that this condition should be corrected by the establishment of a fee sufficient to meet the cost of examinations.

Speeds at which motor vehicles now operate on our highways are largely left to the discretion of the vehicle operator. Many drivers travel at high speeds and it is not always possible or economical to construct highways safe for such speeds. My work with the President's Safety Committee has proved the need for warnings and reasonable restrictions, and also the great need for uniformity in all features affecting the flow of traffic. These are essential to protect the motorist and the public. It is, therefore, desirable that authority be granted to one body to establish speed zones on our State Highways at such points as may be determined to be necessary, after due study, to provide such protection.

STATE PLANNING BOARD

The Nevada State Legislature in 1947 amended the original Act creating the State Planning Board to place the responsibility for all State building construction under its direct supervision. In compliance with the amended Act the board has initiated fourteen construction projects, thirteen of which have been completed. The total expenditure for these projects amounts to \$1,253,959.97. It includes extensive construction at the Nevada State Hospital, the Nevada State Prison, installation of the elevator in the Capitol, construction of Genoa Fort and Stockade, building of a dairy barn at the Orphans' Home, improvements at the Nevada School of Industry, and outlay for plans and specifications for the heating plant at the University of Nevada. The work under supervision of the Planning Board consisted of preliminary planning, estimating, preparation and acceptance of bids, negotiating contracts with architects and contractors, initiating actual construction, providing supervision and inspection, checking and approving claims, keeping cost account records, advertising calls for bids and notices of completion, and all incidental work pertinent thereto.

The problem was not a simple one as the cost of labor and materials was at an all-time high. The urgent need for additional space in our various State institutions was apparent and, regardless of price, members of the board felt it their duty to get the maximum of improvements with the moneys made available by preceding Legislatures for each project. In several instances units of construction were of necessity eliminated without materially affecting the final overall design. Through these reductions, the State institutions received needed facilities at a price estimated to be a 30 percent to 40 percent saving to the State over current construction prices.

In addition to the afore-mentioned, the board was assigned the task of preparing and operating an exhibit at the Utah Centennial Exposition held in Salt Lake City during the summer of 1947, and the Century of Progress in Railroad Transportation Exposition held in Chicago during the summer of 1948.

Following public hearings the board prepared resolutions and petitions to the Secretary of Agriculture requesting an extension of boundary of Toiyabe National Forest. The petition, which was forwarded to the Secretary of Agriculture, consisted of some ten pages of supporting documents and maps. The same information was sent to our Congressional delegation and various Federal agencies concerned in the project. After exchange of letters between the various interested agencies and the Planning Board, I can report that a Presidential Proclamation authorizing this extension is anticipated in the near future.

In addition to the numerous other duties that are assigned to the Planning Board, it is the function of the board to prepare and keep active a six-year plan for construction and future development of the State. This report is now available for your use and again I ask that you peruse it, giving careful consideration to needed construction.

While planning is usually considered a long-range process from which benefits accumulate over a period of years, it is also of immediate help in the solution of current problems. It should be thought of not as the promotion of extensive public improvements, but the guidance of such improvements when the need for them normally occurs.

AGRICULTURE AND LIVESTOCK

Agriculture in Nevada is on a sound footing and farmers generally are more prosperous than in previous years, especially years prior to the war. All-out production has been the policy throughout the Nation, which was essential if the people of the United States and other parts of the world were to be fed.

Economic reports indicate that farm prices will decline slightly from those that prevailed in 1948; but with Government support on a parity basis, the farmer's position is very satisfactory.

Farmers, in my opinion, are not interested so much in incentive payments as they are in improvement payments—such as improved irrigation methods, upstream storage, research, experimentation, better practices, fertilization of the soil, building up and expanding dairy herds, etc. Also, further experimentation in seed crops seems advisable with a view to more diversified farming.

Generally, Nevada's cattle ranching and sheep raising industries have been and are enjoying good prices for their products. However, sharply rising costs of operation and rather severe droughts in some Nevada regions appear to have narrowed profit margins in many cases during the past year.

A great part of our stockraising necessarily is conducted on a basis of collectively operating units of privately owned ranches and publicly owned range lands. A maximum sustained annual yield of such important livestock products as meat, hides, and wool from the feed and water resources of both our privately and publicly owned ranch and grazing lands, with a maximum of incidental support to our business and tax structures, would seem to be clearly in the best interests of both our local and national economies. In this connection there seems to be considerable complaint on the part of our

stockraisers. This is indicated by resolutions adopted at recently held State-wide meetings both of the Nevada State Cattlemen's Association and of the Nevada State Farm Bureau. They contend there is a lack of reasonable stability in tenure and charge that policies as applied by some of the Federal Government agencies in charge of our publicly owned range lands are operating to make it impracticable for the grazing users to care for and improve the productive possibilities of both ranches and ranges. They could and should do this for the best results on a sustained yield basis. It might be well for the proper committees of this legislative session to examine this matter and to consider practicable action on the part of our State to aid in correcting the situation.

Difficulties with theft losses, particularly of cattle, seem to be increasing. Some complaints are made by cattle ranchers that present State laws are not adequate to protect the industry properly from such loss. This matter warrants review by appropriate legislative committees.

There has been a sharp decline during recent years in Nevada's sheep-raising industry, which always has been an important segment of Nevada's agriculture. Any aid that reasonably can be given our sheep industry should receive the careful consideration of the Legislature.

MINING

Mining, one of the two principal basic industries of the State and long regarded as of paramount importance, is slowly recovering its prewar status. Despite greatly increased prices for copper, lead, and zinc, present production does not equal that of 1941 or the several years immediately preceding that year. However, I am glad to say that Nevada's total metal production of \$31,162,642 in 1947 was an increase of more than \$4,000,000 over 1946. I am reliably informed that 1948 production will exceed that of 1947.

Increased base metal prices have greatly stimulated mining of copper, lead, and zinc ores, and mines producing those metals are working to capacity. I cannot say that this is true of other metals. Quicksilver mining, in which Nevada once led, has now practically ceased, due to great decline in price and heavy advance in production costs. Tungsten mining is rapidly reaching that stage. Gold and silver production has never recovered its prewar status. Gold production is now less than one-third of that of 1941. Silver shows an even greater decline. I am glad to say, however, that great interest is now manifested in future precious metal mining operations, and several important development projects are now under way.

Known productive ore deposits are mainly under operation at this time. Future discovery and exploitation of new ore bodies, with consequent increased production and resulting employment, depend materially on attracting outside investment. Nevada has always been attractive to venture capital, and I hope that this gratifying condition will endure. To that end, I suggest that successful prosecution of mining in Nevada continue to be encouraged through proper and necessary constructive legislation.

I suggest that the appropriation made by the 1947 Legislature for the purpose of matching Federal funds for aerial mapping be continued.

COLORADO RIVER COMMISSION

BASIC MAGNESIUM PROJECT

I am greatly pleased with the splendid progress that has been made at the Basic Magnesium Project. At the present time there are eight nationally known companies operating there, as well as some smaller ones. This has been made possible by an agreement with Southern Edison Company and the City of Los Angeles to supply interim power, pending the time when Nevada will have its own generating facilities. It took considerable time and effort on the part of the members of the Colorado River Commission to effect this agreement, work on which was commenced soon after I took office as Governor.

The Basic Magnesium Project was taken over from the War Assets Admin-

istration on April 1, 1948, for a purchase price of \$24,000,000, under the following terms and conditions:

1. The State will pay for the project out of profits earned, and can take twenty years to complete payments.

2. The Colorado River Commission may turn the project back to the War Assets Administration upon three-months' notice if it finds that profits are insufficient to meet required payments.

3. An arbitration committee shall be appointed for the purpose of settling any controversial questions of fact that may arise in carrying out the provisions of the agreement. Any time within three years from the date of execution of the agreement, the arbitration committee may meet at the discretion of the War Assets Administration and determine on an equitable basis the total minimum payment to be made by the purchaser under the terms of this agreement, which shall in no event exceed \$24,000,000. I interpret this to mean that the committee could reduce the price to any sum that it so desires.

4. In the event the revenue produced from the property, as fixed by the Arbitration Committee, is not adequate to provide sufficient funds for payment to WAA for a period of three years, the War Assets Administration shall have the right to take the plant back upon three-months' written notice to the Colorado River Commission.

5. Six months after the execution of the firm contracts, which should be June 1951, under which an adequate supply of power will be assured for the operation of the Basic Magnesium Project, the Colorado River Commission shall advertise the project for sale to private industry that will agree to continue to operate the plant as an industry.

The entire electric and transmission system, the water supply system, and the sewage disposal system, worth many millions of dollars, are under lease to Nevada for an indefinite period at \$1 per year and are not subject to being taken back by the War Assets Administration.

In order that you may know how Southern Nevada is directly benefited by this industrial activity, I wish to give you a brief report on the present status of the Basic Magnesium Project.

Following are the names of the major lessees at the project:

Stauffer Chemical Company.

Western Electrical Chemical Co.

Hardesty Chemical Co.

U. S. Vanadium Corporation.

O. J. Scherer Co.

Basic Reduction Co.

United States Lime Products.

Gelatines Inc.

(There are various smaller companies operating, but I shall not enumerate them at this time.)

There are approximately 750 employees at the project, which includes 140 working directly for the State.

In taking over the BMP the Henderson townsite was included. In the Henderson area there is a population of 5,100; there are 993 dwellings; a post-office building; various store buildings, including a department, drug, and jewelry store; gasoline stations and Western Union office. The townsite is 100 percent occupied and about 50 percent of the houses are leased to employees of the project.

The plant has operated at a substantial profit each month. It has provided its own operating fund, reserves for special purposes, repaid all amounts due to the State of Nevada, and is operating independently of other State agencies as a self-sustaining project. Payments on the purchase price from operating profits have been made to the Federal Government. Negotiations are under way with a number of large corporations that contemplate locating at Henderson. It is anticipated that agreements will be reached whereby all of the facilities of BMP will be utilized.

The Legislature might deem it expedient to have a study made of the

operations at BMP; certainly the management and the members of the Colorado River Commission would give their fullest cooperation.

In order to facilitate the operation of BMP, I recommend that the law be amended so that the Colorado River Commission will have authority to sell real estate belonging to the BMP. Under the present statutes, it would be necessary to call a special legislative session to obtain permission to sell real property. I also recommend that the law be amended so that a revolving fund can be set up in an amount sufficient for payment of electrical energy and to take care of the pay rolls. This would prove very helpful to the plant's operation. The need for this revolving fund will become apparent to the Legislature upon consideration of the factors involved.

ELECTRIC POWER

The amount of power available from Boulder Dam for BMP is 386,000,000 kwh and from Davis Dam 236,000,000 kwh. In order to be certain that continued operation of the plant may be maintained and that the present contractors, Southern Nevada Power Company, Lincoln County Power District, and Overton Power District, may be served it will be necessary to be in a position to provide generators A-9 and N-8. This is made particularly true because generator N-7 may be taken back by the Metropolitan Water District of Los Angeles on a four-years' notice. The Colorado River Commission confidently believes this precaution can be taken without expense to the State of Nevada.

The power study for the entire State, which is being conducted by the Colorado River Commission through the State Engineer, in cooperation with the Federal Power Authority, should be completed some time within this month. This should be a very valuable guide in determining what plan of action should be taken, looking to the obtaining of cheap electrical power for the State of Nevada.

STATE ENGINEER

The work of the State Engineer has greatly increased during the past biennium. This expansion can be aptly illustrated by the increase in water appropriation applications. There was an increase of 84 percent over the 1944-1946 period and of 205 percent over the 1942-1944 biennium.

This substantial enlargement has been prompted in part by the underground water survey undertaken by the department in cooperation with the U. S. Geologic Survey. The results of this work will be extremely important as the survey will determine the safe yield of underground water in the eighty-odd basins throughout the State. The work has already proved its value in reports on the water supply in a number of major areas.

It is not feasible at this time to call your attention to the many and diverse activities of the State Engineer. A complete survey of the work of the office may be attained by reference to the department's Biennial Report. I do think it should be noted, however, that the work of the Engineer, as Secretary of the Colorado River Commission, has been of great importance and value to the State.

The results of an investigation of the proposed Clear Creek Reservoir and the Quinn River are also available. I believe a study of these reports will be of great service in your deliberations.

I propose that encouragement be given by this 44th Legislature to the sound and constructive programs now being developed by the Engineer's Office.

NEVADA-CALIFORNIA COOPERATION—

LAKE TAHOE AREA

I recommend enactment of legislation providing for appointment of a committee from the Legislature to meet with a similar committee from the Legislature of the State of California, if one be appointed. This committee would consider and report back on the possibility of entering into some cooperative plan by the States of Nevada and California which would provide effective sanitary regulations and adequate fire and police protection at Lake Tahoe and the immediate adjacent territory.

ADMINISTRATIVE REORGANIZATION

In my opinion, the Gorvine report presents some practical suggestions, and some that adhere closely to ideas that I have long entertained, aimed at more efficient and economical operation of State government. Therefore, I recommend that this overall plan be studied during the coming two years by the Legislature, with a view to having the best features considered by the 1951 session. I refer to those features that can be obtained by statutory enactment and NOT to those that require constitutional amendment. I believe that there is one phase of the Gorvine Report that is generally acceptable and that might well be put into operation by this Legislature. I refer to the creation of a position which would combine the duties of Budget Director and State Purchasing Agent.

It is gratifying to me to know the excellent work that has been done by the Legislative Counsel and I wholeheartedly recommend that the office be continued and expanded as conditions require.

It may appear to your Honorable Bodies that the creation of additional offices will entail more expense. This is very true, but when you consider the saving that will be effected in future years through greater efficiency, I believe you will agree that the proposals are economically and governmentally sound.

CONCLUSION

I have briefly as possible pointed out a few of the State's most outstanding accomplishments, the most significant requirements, and the most pressing problems for your consideration. I am sure you will appreciate the spirit in which I have referred to these matters. It is not for the purpose of telling you what I think you should do, but only with the idea of extending to you such assistance as comes within the scope of my office. In doing that I shall respect the prerogatives of the Legislature, which is to determine legislative matters. I know you will do this work well.

Respectively submitted,

VAIL PITTMAN,

Governor.

Senator Tallman moved that the Senate and the Assembly in Joint Session extend a vote of thanks to Governor Pittman for his timely and constructive message.

Seconded by Assemblyman Ryan.

Motion carried

Senator Loomis moved that the Joint Session be dissolved.

Seconded by Senator Nores.

Motion carried

Joint Session dissolved at 12:20 p. m.

HOUSE IN SESSION

At 12:22 p. m.

Mr. Speaker in the Chair.

Quorum present.

MOTIONS, RESOLUTIONS, AND NOTICES

Mr. Ryan moved that the action of the Assembly on Assembly Resolution No. 2 be rescinded, and that the resolution be referred back to the Committee on Mileage.

Motion carried.