

APPENDIX

TO

Journals of Senate and Assembly

OF THE

THIRTY-SIXTH SESSION

OF THE

LEGISLATURE OF THE STATE OF NEVADA

1933

VOLUME I



CARSON CITY, NEVADA

STATE PRINTING OFFICE - - JOE FARNSWORTH, SUPERINTENDENT

1933

STATE OF NEVADA

MESSAGE

OF

Gov. F. B. BALZAR

TO THE LEGISLATURE OF 1933
(Thirty-sixth Session)



CARSON CITY, NEVADA
STATE PRINTING OFFICE - - JOE FARNSWORTH, SUPERINTENDENT
1933

MESSAGE OF THE GOVERNOR
TO THE
THIRTY-SIXTH LEGISLATURE OF NEVADA

STATE OF NEVADA,
EXECUTIVE CHAMBER,
CARSON CITY, January 17, 1933.

To the Honorable, The Senate and the Assembly:

Complying with the provisions of section 10 of article V of our Constitution, it is my duty and pleasure to communicate to you, at the beginning of your regular thirty - sixth biennial session, the conditions obtaining within our State, and to make certain recommendations for your consideration.

In my message to the Legislature of 1927, and again in 1929, stress was placed upon the following statement: "The people of Nevada do not want an increase, but on the contrary, expect a reduction in their tax burden," and conditions existing at that time justified my comment.

During the past three years, economic conditions throughout the Nation have grown steadily worse, until we have reached the point, in spite of all efforts for an economical administration of the several departments of State, where it is now apparent that drastic reductions in expenditures must be had if we are to continue the State on a cash basis.

Owing to causes with which you are all familiar, the State, our several counties, and many of our cities have been confronted with a serious decline in tax and other revenues, which in some instances almost approach the vanishing point, and this diminution of receipts makes necessary the careful and serious scrutiny of all appropriations proposed to be made for State purposes during the next two fiscal years.

At the very outset of your session it may be well to consider a material reduction in the number of attachés of your respective houses below that obtaining in the

last Legislature, and also whether it will not be possible to complete the work of the session in not to exceed forty days, thus setting the example for all other departments of an enforced and drastic reduction in the public expenses.

In the budget to be submitted to your honorable bodies in the near future, marked downward revisions of appropriations asked will be recommended, and wherever possible all standing appropriations should be either wholly eliminated or greatly reduced.

BONDED INDEBTEDNESS

Reports from the Controller's office show that the State's bonded indebtedness on January 1, 1933, was \$1,090,000, which amount included \$550,000 in highway bonds. The book value of State owned bonds and securities was \$3,234,680.41. Funds available for the purchase of bonds on that date amounted to \$147,369.06, and of this sum \$100,000 has since been invested, and the remainder will be when suitable bonds can be purchased. The income to the State during the past two years from interest on bonds was \$285,679.34.

For the purpose of redemption and payment of interest on State bonds, there is now on hand in the Consolidated Bond, Interest and Redemption Fund the sum of \$35,819.90, which sum, with estimated receipts of \$51,000 to accrue during the ensuing six months, will care for all statutory requirements.

There will also be redeemed, from fees obtained from the sale of automobile licenses for the year 1933, \$150,000 of highway bonds and the payment of interest charges on all such outstanding bonds. It is interesting to note that of State and highway bonds unredeemed, all but \$1,500 are controlled and owned by our school funds and other State departments.

The amount necessary for bond redemption and interest payments for the year 1934 is \$81,900, and for the year 1935 it is anticipated that \$78,900 will be required for cancellation of bonds and interest obligations.

The disbursements from the General and dependent funds for the calendar year 1930 was \$812,197, while

for the calendar year 1932 the disbursements were \$733,857.

Cash and coin vouchers in the State Treasury on January 1, 1933, was \$808,941.76, but of the foregoing amount \$269,838.20 was on deposit in the closed banks.

I am making no effort to show amounts of revenues received or moneys expended, as a detailed account of our financial set-up can be found in the Controller's report for the year ending June 30, 1932.

BANKING STATUS

Undoubtedly every member of the Legislature is familiar with the existing status of banking conditions within our State, caused by the temporary closing of some thirteen of the leading banks.

Late in October my attention was called to heavy withdrawals being made by depositors from such institutions, and I deemed it necessary to make a trip to Washington, by airplane, in an effort to secure additional financial assistance for these banks, whose combined deposits aggregated millions of dollars.

While unsuccessful in this matter, agents of the Reconstruction Finance Corporation, which had been created by Act of Congress for the express purpose, among others, of assisting banks and credit institutions during the existing economic crisis, were sent to Reno, and ever since have been engaged in the formulation of plans for a complete reorganization of such banks, and looking to their early reopening.

Previous to this time the corporation, upon approved securities, had loaned to these banks about four million dollars, all of which had been advanced to citizens of our State to enable them to carry on during the existing depression.

Inasmuch as immediate aid for these banks could not be obtained, the Lieutenant and Acting Governor, with my approval, during my absence from the State issued a proclamation on November 1, 1932, declaring a banking holiday for two weeks, to permit the banks to formulate plans that would allow them to continue in business and safeguard the assets of depositors, and by

further proclamations such moratorium was continued to December 18, 1932.

Just prior to the expiration of the holiday limit the State Bank Examiner took official possession of all closed State banks, to further protect their assets from litigation and prevent litigants from obtaining any preferential rights, as a preliminary to the appointment of receivers and an orderly liquidation as provided by statutes.

At the same time National Bank Examiners, acting under orders from the Comptroller of the Currency, took possession of the two closed National banks.

Considerable criticism has been made by those uninformed over the declaration of the banking holiday and the delay of the State Bank Examiner in taking possession of the closed banks, but a fair and impartial analysis of the situation discloses that the action taken was the only thing possible to prevent further heavy withdrawals of deposits, leading to insolvency, financial chaos and panic within our State.

In the interim I had appointed committees of three from each closed bank, representing the depositors, who were neither borrowers nor stockholders, and whose appointments were subsequently confirmed at meetings of the depositors.

Following the appointment of these committees I invited representatives of all public utilities, including railroads and power companies, oil companies and other large corporations, whose deposits were tied up in the closed banks, to a conference to discuss ways and means of aiding in the early reopening thereof, and as a result of their deliberations material assistance has been rendered in formulating proposals for such purpose.

If plans being worked out by these committees in conjunction with the agents of the Reconstruction Finance Corporation are successful, then the early reopening of the closed banks may be anticipated; otherwise, it would seem necessary to place them in the hands of receivers, although depositors of certain closed banks in Reno are working on other plans which it is hoped will permit their early resumption of business.

The State Bank Examiner is at this time engaged in making an independent audit of the assets of the eleven State banks under his jurisdiction for the information of the depositors and as a preliminary step to the appointment of receivers for such banks, and the liquidation thereof, in the event no satisfactory plan is presented for their reorganization.

Under the authority granted by the Special Legislative Session of 1928 to discontinue the former practice of keeping large sums of money in the State Treasury, and to make same available for commercial use throughout the State, the State Treasurer, with the consent and approval of the State Board of Examiners, had on deposit with the closed banks approximately two hundred sixty-nine thousand dollars (\$269,000) and, in addition, there was one hundred nineteen thousand, seven hundred seventy-seven dollars and fifty-four cents (\$119,777.54) on open account, and seventy-five thousand dollars (\$75,000) on time deposits of the funds of the State Industrial Commission, and one hundred eight thousand, one hundred fifty-four dollars and ninety-two cents (\$108,154.92) belonging to the State University, making a total of five hundred seventy-one thousand, nine hundred thirty-two dollars and forty-six cents (\$571,932.46) of State funds now tied up indefinitely.

This amount does not include approximately one million dollars of funds belonging to cities, counties, county officers, school districts and other municipal corporations.

The State funds held in the closed banks, as set forth above, are covered by surety bonds as provided by statute, issued by the Nevada Surety and Bonding Company, a Nevada corporation.

Their annual statements filed with the State Controller, listing their assets, disclose such company to be in excellent financial condition.

A formal demand has been made upon the president of the several closed State banks, upon the banks themselves, and also upon the State Bank Examiner for the payment of the State funds on deposit therein, and in due time, in accordance with the statutes, an action will

be commenced to collect the full amount due from the surety company.

Because of the existing uncertainty in so far as the banking situation is concerned, I suggest that a legislative investigation be had so that the subject may be thoroughly gone into.

BANKS AND BANKING

Perhaps the most important suggested legislation which may be anticipated is an Act having for its principal purpose the removal of the present prohibition of branch banking. Many of our citizens are opposed to this idea, being, I think mistakenly, of the opinion that the present legal bar to branch banking constitutes an effective check to certain dangerous developments in banking practice.

It is difficult to conceive of any evil which might result from the operation of branch banks which could not thrive with equal facility under a banking system dominated by groups or chains of separately incorporated banks. Therefore, as there seems to have been found no adequate measure for the prevention of group or chain banking, no injury could be done by permitting branch banking.

On the other hand, there are certain definite advantages to branch banks, some of which are peculiar to Nevada. In this State there are many small communities, situated at great distances from the cities and larger towns, which would be greatly benefited by banking facilities, none of which can support an adequately capitalized independent bank. If branch banking should be permitted, such benefits would doubtless be extended to a number of such communities.

One of the advantages of a branch bank over a chain is that the former, being a single organization, must be wholly under the supervision of either the State or the National examiners, whereas groups or chains may, and usually do, consist of both State banks and National banks, so that neither supervisory force is presented with the complete picture.

Finally, and most important of all, the question will

resolve itself into one of expediency. If, in our present unfortunate situation, in which so large a part of the State's financial machinery has ceased to function, the best plan presented for bringing about a resumption shall include branch banking as an indispensable feature, then any other course than legalizing branch banks would be unthinkable.

There is being prepared for introduction in the present Legislature an Act completely revising our existing statutes on the subjects of banks and banking, and copies of this proposed measure will be available for all interested in the subject.

It should be understood that such draft is purely tentative, and will merely serve as a basis for suggested amendments, or a revision of the present law.

After each section of the proposed redraft, where a material departure from the present Act is recommended, will be found a brief explanation and argument.

The most important changes advocated are:

1. The departmental plan, which is quite fully commented upon.
2. Authorization of subscription to stock in Federal Loan banks.
3. Reduction in the maximum legal rate of interest to be paid on time deposits.
4. Increase in the license fees to be charged to banks.
5. Provision for obtaining appointment of receivers for closed banks.
6. Elasticity, under proper supervision, of the limitation placed upon the borrowing power of banks and inclusion of a penalty for violation.
7. Safeguarding the funds of closed banks when deposited in other banks.

It must not be overlooked that, when the present law was passed, no one could possibly foresee the condition which has arisen, where a large group or chain of banks, centrally controlled, would all close their doors simultaneously, and so completely handicap financial conditions in our State.

The present situation relative to our banks, and in particular to public funds deposited in these banks, has

resulted in a persistent demand from some quarters that such deposits should in future be secured by depositing with the respective treasurers high-class bonds to the extent of one hundred per cent of the maximum of any such public deposit, or even a higher per cent of such bonds.

In view of the fact that such public moneys are subject to very violent fluctuation, and in view of the further fact that the depositaries of these funds are required to pay interest thereon, such a provision for securing them would, in my opinion, be prohibitive.

The State and the counties and other subdivisions need banking facilities, and they should expect to obtain them under conditions that would be fair to the banks. If such public funds are to be placed in a position of preference over the ordinary depositor, it should not be done in such a way as to expose such ordinary depositor to unnecessary risk, and it should be borne in mind that an unprofitable bank is always, in the long run, an unsafe one.

In order to reasonably protect these public deposits, and at the same time be fair to the other depositors, I suggest that the depositary law be so changed as to provide that the acceptance of such public moneys, when legally deposited, shall constitute acknowledgment on the part of the depositary that such funds are deposited in trust, and are to be preferred in case of the liquidation of the depositary bank.

To provide against a contingency where banks accept such deposits and later become insolvent to such an extent as not to be able to meet all preferred claims in full, the depositary banks should deposit with the respective treasurers good securities to the value of one-third of the maximum amount of such deposits.

In order to guarantee to the banks a reasonable profit on these transactions, the banks should not, in my opinion, be required to pay interest on such deposits. Bank interest is not an important factor in the State's revenue, and acceptance of interest constitutes one of the strongest legal defences to a State's claim to preference.

Surety bonds should not be accepted as protection for

public deposits. They are not only unsatisfactory as such, but they subject the banks to heavy expense, whereas a requirement that bonds be pledged encourages the establishment of good secondary reserves by the banks.

However, in considering the entire subject, attention is drawn to the fact that I have elsewhere recommended, in the event that provision be made allowing the payment of all taxes quarterly, that existing statutes authorizing public funds to be deposited in banks be repealed, effective January 1, 1934.

There was introduced at the 1931 session of the Legislature a resolution having for its object amendment of the State Constitution so as to give the Legislature power to fix the liability of stockholders of State banks. This resolution was adopted, but before it can become effective it must be acted upon by the 1933 Legislature and must be approved by the voters at a general election.

Failure on the part of this session to act favorably upon this measure would postpone any possibility of obtaining the intended protection for depositors until at least six years from the present.

TAXES AND DELINQUENT TAXES

Our State tax valuations have decreased in excess of twenty million dollars during the past year, and the end has not been reached.

It is but stating a truism to repeat that decreased and falling valuations inevitably mean lower and lessening revenues, and this in turn implies either drastic reductions in authorized expenditures or new sources of revenue.

Bullion tax collections, once a substantial source of revenue, are now practically nil.

I do not favor the imposition of a general sales tax, but feel that certain special sales taxes may well be imposed upon what may be termed nonnecessaries, such as cigarettes, cigars, tobaccos, soft drinks, mineral waters and like articles, and the enumeration of these items should not be deemed to exclude others

which may provide additional revenues to meet extraordinary expenditures.

It may also be well to consider the enactment of legislation providing for the payment by insurance companies of a percentage to the State on all insurance premiums.

Payment of such percentage is required by practically every State in the Union, and if such law be enacted here, I am credibly advised it will produce a substantial revenue.

It is also apparent in these days of economic stress that the ordinary standard governing supposedly essential requirements of modern civil government must be set aside, and every expenditure not absolutely required or which cannot be conclusively shown to be of financial or other benefit to the State must be eliminated. No consideration should be given to personalities or parties, and the final and only question should be: Is the position imperatively necessary, or does the service rendered by any board or commission justify its retention?

The regular monthly count of cash, currency and other securities held by the State Treasurer disclosed that on January 1, 1933, there was on hand, as shown by the books, the sum of \$808,941.76, but of this total \$269,738.20 was in the thirteen closed banks, and while this amount may eventually be recovered, either in whole or in part, yet cognizance must be taken of the fact that this large sum is not immediately available to meet cash payments, and many State funds are either "in the red" or seriously depleted.

Authority is requested to be granted to the State Board of Examiners to either borrow such sums as may be necessary from time to time from the State Permanent School Fund, through short-term interest-bearing notes, or to issue bonds of the State, as and when needed to meet this deficiency.

The State, through the Executive Department, is of the opinion, concurred in by the Attorney-General, that the deposits of State, county, school and other funds in the closed banks are preferred deposits, and that in due time all funds will be recovered, but as other

interests contend against this construction of the law, litigation is apparently inevitable.

In this connection it is to be noted that for thirty-three years, the statutes of Nevada provided for the collection of taxes *annually*, and it was hailed as a great measure of relief when, in 1897, the Legislature provided that taxes might be paid in two equal semi-annual installments.

As a still further aid to our citizens, I take pleasure in recommending that additional relief be accorded through the enactment of laws providing that combined real and personal property taxes may be paid in quarterly installments, the same as has been done for many years in the collection of taxes upon the proceeds of mines.

Any such measure should provide that at least one-fourth of the entire tax levied must be paid each quarter-year.

Further incentive to prompt payment may well be added by authorizing a limited discount upon taxes paid when due.

Such legislation will afford relief to the taxpayer, keep more money in circulation in our communities, and relieve the State and County Treasurers of the responsibility of keeping large sums of money in their custody for many months at a time.

The present system of semiannual payments means the hoarding of funds in our treasuries for months before they are really needed, and inevitably means added expense for surety and burglary bonds, which can largely be eliminated by reducing the risk when lesser sums are received, which will only be kept for not to exceed three months at any one time.

Should your honorable bodies concur in the recommendations made heretofore in this message for the enactment of laws permitting payment of taxes quarterly instead of semiannually, then I believe the existing law authorizing public funds to be deposited in banks should be repealed to become effective January 1, 1934, and I so recommend.

Following the closing, on November 1, 1932, of thirteen of the leading banks in the western and northern parts of the State, and the impounding of funds on deposit, it became clear that large numbers of our citizens would be unable to make tax payments due not later than the first Monday in December, and with a view of rendering all possible assistance, I took the liberty, with the approval of the Attorney-General, of writing all County Treasurers and suggesting that no delinquent penalties be noted for at least 90 days on unpaid taxes, so as to afford an opportunity for legislative relief.

Nearly all the Treasurers addressed replied and agreed to defer the entry of penalties for nonpayment until March 1 next.

While there was and is no legal authority for my action or that of the Treasurers, I trust that the steps taken in the premises to aid many worthy taxpayers will be approved by the passage of legislation to defer the entry or collection of delinquent tax penalties until after the first Monday in June next, when the second semiannual installment of the 1932 taxes becomes due and payable.

Measures looking to the postponing of delinquent penalties and providing for quarterly payment of taxes will receive my careful attention.

During the fall of 1931, actions were commenced in the Federal District Court by a number of large taxpayers throughout the State to obtain a reduction in taxes paid, and injunctions were served tying up the claimed excess of overpaid taxes.

This has resulted in a number of our counties being seriously handicapped as to use of anticipated funds, and a considerable share is likewise due the State, but no information is available as to when such suits will be heard or a decision rendered therein.

Attention is called to serious and continued evasions of provisions of existing laws requiring payment of gasoline taxes, and the State is suffering a serious loss in revenues by reason of such nonpayment.

Throughout the Nation the evasion of these taxes has grown into what may fairly be called "The Gasoline

Tax Racket," and the methods by which the schemes are carried out almost invariably involve acts beyond the law, including theft, fraud, intimidation, violence, kidnapping, bombing, blackmail, bribery, corruption, conspiracy and even murder, and there are no lengths to which the racketeer will not go to gain the illegal profits which he seeks.

The entire matter should have careful attention, and necessary changes in existing laws, or added penalties for such evasion, should be made.

I recommend that our laws authorizing refund of paid gasoline taxes be amended so as to prohibit such repayments, except to bona fide ranchers or farmers, as I am convinced that many claims for refund are unjustly made, and the State likewise loses a very large revenue annually through this source.

STATE INSTITUTIONS

Once again it is a pleasure to direct attention to our several State institutions, all of which are in excellent condition and efficiently operated.

STATE HOSPITAL FOR MENTAL DISEASES

During the past two years the second floor of the main building was completely altered and repaired, and is now comfortably housing forty additional men patients, thus relieving crowded conditions in other buildings which have been renovated. The population of the institution has now reached two hundred and ninety-six, and at no time in its history has it been conducted at a higher degree of efficiency.

The entire plant is in good condition, and the appropriations for support have proven sufficient, under the management of Dr. G. R. Smith, Superintendent, who is doing excellent work in the restoration of the inmates to normal mentality.

Your attention is directed to the printed report of the Hospital, which is available upon request.

NEVADA STATE ORPHANS' HOME

The biennial report of the Board of Directors of the State Orphans' Home shows that institution to be in excellent shape. There are about one hundred children,

almost equally divided as to sex, all of whom are well cared for, clothed and housed. Under the management of Superintendent L. G. Clark and his wife, who is the matron, the Home is economically managed, and there is a total absence of any friction.

During the year 1925, Henry Wood, for many years a resident of Nevada, and former County Clerk of Lyon County, passed away in the State of California, leaving his estate of about twenty-nine thousand dollars (\$29,000) to our State Orphans' Home, and specifically providing that the income therefrom should be used at Christmas time to purchase useful and pleasing gifts for the children in the Home.

After prolonged litigation in California courts, the estate finally reached the Nevada State Treasury where it is held in trust for the Orphans' Home, and the income of approximately nine hundred dollars (\$900) in 1931 was used as directed by the donor, thus materially adding to the comfort and happiness of the State's minor wards.

Owing to the general industrial decline, some of the securities left by Mr. Wood have proved to be of little or no value, but the bulk of the funds are well invested, and his memory will ever be held in grateful remembrance by our citizens.

These unfortunate wards of the State require and demand our sincere sympathy and best efforts, and I urge every member of your honorable bodies to make a personal inspection of the Home and the conditions obtaining therein, with a view of acquiring first-hand information as to its needs, and what can be done in the way of betterments.

STATE INDUSTRIAL SCHOOL

Nevada's Industrial School for boys, located at Elko, while efficiently managed at present, can hardly be said to be an unqualified success. Figures taken from the annual reports of the State Controller from the commencement of the institution in 1913 down to date show that the initial investment plus the cost of annual maintenance and other sums appropriated for repairs and

additions amount to more than four hundred eighteen thousand dollars (\$418,000), while the average school population has been less than thirty inmates per month since the institution commenced operations.

I am convinced that if this school be abolished a material saving can be made in costs for the care of delinquent and incorrigible boys, who would become wards of the State under the jurisdiction of the juvenile department of our District Courts, and recommend that necessary legislation be enacted placing elder incorrigible boys in the custody of the Warden of the Nevada State Prison, who should be required to keep them in wards segregated from prisoners; that minor boys and mental defectives be placed in Industrial Schools in adjacent States; that the school property be disposed of by the Board of Governors, and that no appropriations be made for the further continuance of the school after July 1, 1933.

STATE PRISON

Under the continued efficient and economical management of Warden M. R. Penrose, the State Prison continues to merit the highest praise from all visitors.

Never in the history of the State has our penal institution operated with less friction, though a high standard of discipline is maintained.

Every inmate is at liberty to speak with the Warden at any time, and minor infractions of the rules, by hardened offenders, are kindly but firmly punished. Reports from paroled prisoners repeatedly speak in the most glowing terms of their treatment by Prison officials while they were enforced guests of the State.

The appropriation of \$136,000 for the two current fiscal years has proven insufficient by \$25,000 to carry on the institution to July 1, 1933, owing to an unexpected reduction in the number of Federal prisoners from an average of 71 during 1929 and 1930, down to 44 in 1932, and to 32 on January 1, 1933, with very materially lessened income from that source, and a great increase in the number of State prisoners as shown by there being 228 in May, 1932, the largest number in its history.

This diminution of receipts must be made up by a

supplementary appropriation for the current fiscal year ending June 30, 1933, and, at the same time, it will be necessary to make additional appropriation of approximately \$7,500 to reimburse the Prison General Fund for advances made therefrom in connection with the erection of the new building to house the auto license plate factory.

For the ensuing two years it will be necessary to discount any receipts from Federal sources, and an appropriation of \$182,000 will be necessary for all purposes.

During December 1932 a representative of the Department of Commerce of the United States spent several days at the Nevada State Prison gathering information for that department. Included in his report was the value placed on the license plate factory building. Measurements being taken, and all materials put in the building figured out, it was estimated that its value was \$40,000 had it been built by an outside contractor. Of the total amount of \$24,429.39 expended on the building, machinery and equipment, only \$8,758.71 was for the building itself.

The expense of maintaining the Prison farm since 1929 is approximately \$5,500 annually, after deducting farm products. This is due to the dry years and an inadequate supply of water, causing a loss in the production of feed and garden truck for Prison use. Large quantities of hay and grain had to be purchased for stock, while in previous years the Prison farm produced ample feed by having water.

AGRICULTURE AND LIVE STOCK

In my message to the 1931 Legislature, attention was called to the effects of the world-wide business depression as it affected our farming and livestock industries. Our gross income from crops and live stock declined from \$19,296,000 in 1929 to \$13,135,000 in 1930. During the past two years the decline in prices has continued, and the reduction in our agricultural income has been even more severe than during the preceding bienium. Our crops and live stock brought but \$9,931,000

in 1931, and according to the best estimates now available did not sell for over \$7,500,000 in 1932. These figures correspond closely to the general downward trend in national agricultural income, which dropped from twelve billion dollars in 1929 to nine billions in 1930, to seven billions in 1931, and to approximately five billions in 1932.

In addition to the burden of low prices, our ranchers, in common with those of other intermountain States, were faced with two other major handicaps to their operations during the past two years, namely, the great drought of 1931 and severe winter of 1931-1932.

A loss of nearly \$12,000,000 in gross annual income by our livestock producers and farmers in the short space of three years may well be viewed with alarm by every citizen of this State. Translated into concrete terms, the prevailing price level means not only ultimate bankruptcy for individual farmers and stockmen, but also a staggering blow to the entire economic life of the State, of which we are already having indications in our recent banking difficulties, tax delinquencies, and general business stagnation.

It appears evident that if we are to avoid wholesale bankruptcy and a general scaling down of existing indebtedness, the agricultural and livestock price levels must be raised. Most certainly these prices must start their upward trend before we can expect a resumption of normal business conditions in either this State or the Nation. To this end we should give our sympathetic support to such organized agricultural groups within our State as are included in the Farm Bureau and livestock associations in their efforts through their State and National organizations to secure the enactment of such sound Federal legislation as will increase the value of crop and livestock products, afford improved agricultural credit facilities at lower interest rates, and improve our National monetary system.

Pending an up-turning in prices, our efforts to assist the range cattle and sheep industries within the State must of necessity be limited to county and State tax reductions, favorable range legislation, and such research and

educational aid as our State Agricultural Experiment Station and Extension Service are able to render in improving marketing methods and lowering production costs.

Next to range live stock, the dairy and poultry industries are of first importance as producers of agricultural wealth. Our dairy industry has made a substantial growth during the past ten years and, even at the present low price levels, affords our farmers the surest cash market for their labor and hay crops. Western Nevada dairy-men have a never failing market for their butter-fat in the California cities, while the great increase in southern Nevada's industrial population, brought about by the building of the Hoover Dam, has created a splendid home market for all of the milk and butter that can be produced in Clark and Lincoln Counties. University Extension Economists estimate that the production of dairy products in our State can be trebled without bringing any new lands under cultivation or impairing the normal winter feed supply of range live stock.

The poultry industry is one agricultural enterprise which has proven profitable in Nevada, even during the prevailing depression. Due to the excellent home and nearby California markets for poultry products, and efficient cooperative marketing organizations developed to handle these products, prices have been maintained at levels which have uniformly yielded a net profit to producers. Based on past experience, any reasonable expansion which our farmers may make in either the chicken or turkey industry should prove profitable, since greater marketing volume will place the cooperative marketing associations in a more favorable trading position, thereby insuring better prices for both eggs and turkeys.

Other minor agricultural products produced for export, which in the aggregate bring considerable wealth into the State, are potatoes, honey, asparagus, and other miscellaneous early vegetables raised in southern Nevada. All of these products are now marketed through cooperative associations, thereby insuring a high quality of product, recognition of Nevada brands, and consequent larger cash returns to the producer.

MINES AND MINING

Like other basic industries mining has experienced a decline unprecedented and undreamed of prior to the recent biennium. The situation in which the industry now finds itself is, undoubtedly, the most serious since it became one of the leading factors in the industrial structure of the State. Metal prices in every instance, save gold, have receded to a point far below cost of production. As a result, every important mine in the State has either drastically curtailed its operations or has suspended entirely.

The condition of the industry is best illustrated through Department of Commerce statistics recently communicated to me. Estimated output of gold, silver, copper, lead and zinc for the year 1932 is \$5,146,390, almost exactly one-fourth that of 1930. Gold production for 1932 valued at about \$2,728,000 is the lowest since 1896. Silver decreased from 4,220,000 ounces in 1930 to about 1,550,000 ounces in 1932, and in value from about \$1,625,000 to less than \$440,000. Copper to the extent of 109,000,000 pounds was produced in 1930, whereas but 31,300,000 pounds are reported for 1932. Lead production in the same period declined from 23,000,000 pounds to about 1,260,000 pounds, with a corresponding decrease in value of more than ninety per cent. Zinc production in 1932 was approximately 1,000,000 pounds, as against almost 30,000,000 pounds produced in 1930.

Excepting gold, it is impossible to produce metals in Nevada at this time at a profit. Such few mines as are operating are doing so in the hope of better future conditions and because of the necessity of affording needed employment in the communities in which the mines are operated.

Because of price conditions affecting other metals, considerable impetus has been given to prospecting for and the exploitations of gold bearing ores. This offers the one hopeful outlook for an early revival of mining in this State. Until metal prices advance our once great productive silver, copper, lead and zinc mines cannot be expected to resume operations on the former normal basis. It seems impossible that such low metal prices

can continue indefinitely, so that I am hopeful that time will bring about an adjustment sufficient to restore the mining industry to its former prominent position in our State.

HIGHWAYS

Due to the increased Federal aid allotted to Nevada, highway construction has developed to the point where roads of a higher type than previously possible are now being constructed at a minimum cost to the State. It has also become possible to build more mileage and connect various previously isolated sections with good gravel or oiled highways.

During the past two years the Department of Highways has placed under contract 226.55 miles of new construction and 489.89 miles of reconstruction, the latter consisting principally of realigning sections built several years ago, widening, improving the grade and placing a crush gravel surface; 480.59 miles of gravel surfaced roads were given an oil-mixed treatment. In addition to the work of the Department of Highways the Bureau of Public Roads oiled 18.34 miles and awarded contracts for new construction amounting to 26.53 miles. This total of 44.87 miles built by the Bureau of Public Roads was within National Forests of Nevada and financed with Federal Forest appropriations.

At the beginning of the calendar year 1933 there had been completed the following mileages of various types of roads: Graded only, 57.38; graveled, 887.52; asphaltic macadam, 20.93; asphaltic concrete, 29.24; Portland cement concrete, 14.38; oil mixed, 910.37, making a total of 1,919.82 miles complete on that date, with 202.17 miles additional still under construction. Your special attention is called to the fact that there are now almost one thousand miles of dustless highways, of which by far the greater portion is oil mixed gravel, comparatively low in cost and maintenance, but extremely satisfactory for the amount of travel encountered on most of our through highways.

For the two-year period, 1931 and 1932, more Federal funds have been appropriated for highway construction in Nevada than for any previous similar period of time. Regular Federal aid allotments for

the fiscal years 1932 and 1933 amounted to \$1,598,987 and \$1,421,688, respectively, while Public Lands funds, under what is generally known as the Oddie - Colton Bill, were \$588,914 and \$440,683 for the same two years.

An emergency advance appropriation was made early in 1931 to care for the unemployed as far as practicable. This appropriation amounted to \$1,049,000 for Nevada, but could be expended only on work actually performed by August 31 of that year. The appropriation was made at such a late date and the time limit was so short that the State was able to absorb only \$904,961. By the Emergency Highway Construction Act of July 26, 1932, the Nevada Highway Department was allotted \$1,575,756 as an advance loan on future Federal aid appropriations. This money is allowable only on work actually performed by June 30, 1933.

Under the regular Federal aid appropriations this State has been allowed on highway construction in varying amounts from 50% up to 88.85% of the actual construction costs. Federal aid is allowable in the above percentage, however, only on construction costing up to \$30,000 per mile. This Federal aid is not a loan, but it does obligate this State to properly maintain those highways constructed with Federal funds. The present Federal aid is participated in on an 86.75% basis.

The advance funds which were allowed in 1931 were merely a loan on future Federal aid, 20% of which is deductible from Federal aid allotments for each of the five years, 1933 to 1937. This deduction of 20% was made for the fiscal year 1933. The advance funds allowed in 1932 are deductible in the same manner as described above, except that deductions will commence in 1938 immediately following the last deduction for the previous loan.

The States are not charged interest on these loans, and they differ from regular Federal aid in that there is no set limit of cost per mile.

Oddie-Colton or Public Lands funds are allowed for construction, reconstruction or maintenance of highways through public or unappropriated lands. This

Act allows 100% participation through open lands, but the State, or the State with Federal aid, must finance the construction of those sections through appropriated areas.

The ever-increasing mileage of completed highways has become a stimulus for increased traffic, but it has, on the other hand, reached a point where maintenance is a problem, the magnitude of which is shown by the following table. This table gives, by years, the mileage of roads maintained, the total expenditures for maintenance, and the cost per mile for keeping the roads in good condition and preventing deterioration:

MAINTENANCE EXPENDITURES			
Year	Miles Maintained	Expenditures	Cost per Mile
1918.....	\$16,596.51	
1919.....	29,330.21	
1920.....	44,121.16	
1921.....	150.00	33,601.26	\$224.00
1922.....	300.00	61,997.55	206.66
1923.....	442.98	110,724.87	249.95
1924.....	765.23	122,788.60	160.46
1925.....	903.90	215,168.70	238.04
1926.....	1,213.43	306,899.52	252.92
1927.....	1,445.08	343,399.28	237.63
1928.....	1,680.73	359,262.08	213.78
1929.....	1,875.16	418,065.08	222.95
1930.....	1,905.43	500,752.46	262.80
1931.....	2,061.34	*301,166.64	250.46
1932.....	2,113.02	618,377.41	†292.65

*This amount is for only seven months, December 1, 1930, to June 30, 1931, due to the constitutional change regarding the fiscal year. The Department of Highways had until that time used November 30 as the end of the fiscal year in order to allow sufficient time for the preparation of reports prior to the convening of the State Legislature in January. Subsequent to 1930 the designated year indicates the fiscal year ending June 30.

†The excessive amount shown for 1932 is due to the fact that \$83,632.96 was expended in snow removal during the winter 1931-1932. This amount is greatly in excess of any previous snow removal cost, the greatest preceding cost for any one year having been \$19,466.28 for the winter 1929-1930. The snow removal costs alone for the year 1932 amounted to approximately \$40 for each mile of road being maintained.

The above - listed maintenance expenditures include every cost that can be charged either directly or indirectly into maintenance, such as reconditioning and betterment work as well as snow removal.

With the obligations the State now has relative to maintain constructed highways, and the necessity of matching Federal aid and Federal Lands funds with State money for construction through other than unappropriated lands, the need is apparent for an income of sufficient proportions to meet those needs. The receipts from the gasoline tax and motor vehicle license fees are dependent upon the condition of the highways, and, as they provide means for meeting the greater portion of the above-mentioned needs, I recommend that they continue to be used for the construction and maintenance on our State Highway System.

I am advised by the Department of Highways that it will be necessary to secure an additional narrow strip of land from the frontage of the University Farm on the Carson - Reno Highway, and recommend that the Board of Regents of the University be granted authority to deed such strip, which is needed for widening the present right of way.

THE COLORADO RIVER DEVELOPMENT COMMISSION

The 1931 Legislature appropriated for the support of the Colorado River Development Commission, for the period January 1, 1931, to June 30, 1931, \$1,000, and for the present biennium, \$5,000.

Of the \$1,000 appropriated for the first six months of 1931, \$549.33 was used and \$450.87 reverted to the State Treasury on June 30, 1931.

Of the sum appropriated for the current two fiscal years, \$3,000 will not be used and will revert to the State Treasury on June 30, 1933.

During the period January 1, 1931, to the present time, covered by the two appropriations, the activities of the commission have been directed toward investigations to determine what electrochemical and other products can be produced by the aid of the cheap Boulder Dam power,

as well as what metallic and nonmetallic deposits are to be found in southern Nevada.

A report on southern Nevada minerals has been secured by the aid of the State Mining Bureau and the State University, and a preliminary report has been secured from Colin G. Fink, who is Secretary of the Electrochemical Engineers of America, and connected with Columbia University, New York City.

Our commission is now engaged in writing a report coordinating the information contained in Mr. Fink's report, the report of the State Mining Bureau, and the cost and availability of the Hoover (Boulder) Dam power. This report is to be printed and made available in the work of securing electrochemical and other industries to make use of the power when it is ready for delivery.

It is estimated that some power will be available in 1936, and that the project will be completed early in 1937.

A continuation of this work may be required during the biennium of July 1, 1933, to June 30, 1935, which would cover:

1. A complete investigation and report on products that can be manufactured at the dam and would include:
 - (a) A more complete investigation of the mineral deposits in the State. (b) A more complete analysis coordinating the cost of such minerals delivered to the plants with the cost of the power in production. (c) A complete survey of the western markets, including the Orient, to determine the amount of each of the products that will be consumed in that area, and shipping rates to consumers.
2. The revenue, which is estimated at from \$440,000 to \$720,000 annually to Nevada, is dependent entirely upon keeping the price fixed for the power to California consumers. If they ask for a readjustment of the sale price, it may require considerable technical investigation to maintain the price where our income will be preserved.

The necessary investigation will cover a detailed study of the industry, raw materials, markets and transportation costs. Such an investigation is necessarily a highly specialized work, and the cost has been estimated at approximately \$10,000. However, if the commission actually participated in the work it may be accomplished for less.

In addition to the direct revenue accruing to the State from the project after it is in operation, it is estimated by men familiar with the electrochemical industries proposed to be established at the dam, that the taxable values of the State may be increased several million dollars.

It is recommended, in view of the importance of the matter to the State, that sufficient funds again be appropriated for the biennium July 1, 1933, to June 30, 1935, to be used by the commission if necessary.

It is also recommended that the Legislature send a committee, made up from its membership, to Hoover Dam to investigate and report on actual conditions relative to the progress of the work, working conditions, the necessity for continuing the investigations in relation to the use of the power from the dam in Nevada, and other pertinent features.

I am advised by officials of the United States Bureau of Reclamation that the 80-acre tract of land, owned by the State, and situated in Twn. 16 South, Range 68 East, M. D. B. & M., will be required by the United States as part of the site for the reservoir which will be created by the construction of Hoover Dam.

It is recommended that the Board of Capitol Commissioners be authorized to deed such tract to the United States for the same consideration as that fixed for the sale of other privately owned lands in that vicinity also required by the Federal Government.

EDUCATION

The educational records of the State show that in spite of the increasing problems of the school administrators and teachers, it has been possible thus far for them to meet the higher standards set by the State

Department of Education during the past two years. Therefore, since these standards in general, and in scholarship particularly, are well up to the National median and favorably comparable with those of other States, further comment upon scholarship attainments is not necessary.

Turning to other phases of the State school administration, we find that the State Board of Education of seven members, organized in accordance with the Act of the Legislature of 1931, has cleared up, among other problems, those connected with the expense and inadequacy of teachers' examinations and certain fallacies in certification requirements and standard attainments for rural schools. This board, confronted with the actual and psychological effects of the depression, has studied and is struggling with the difficult problems of school finance, consolidation of school districts, and the creation of larger school district units of administration.

Through an oversight, no provision was made in the law creating such State Board for the payment of the traveling expenses of its members, and this should not only be remedied by appropriate amendment, but relief bills should be passed to reimburse them for expenses incurred during the past two years.

The biennial report of the State Superintendent of Public Instruction invites attention to both National and Nevada educational statistics and, emphasizing the importance of understanding the cost and value of schools in relation to other expenditures and values, urges a comparative study of these items with reference to those of pleasure activities involving costs for automobiles and other luxuries such as chewing gum, cosmetics, shows and tobacco.

There is no doubt that the schools have come to furnish help, not only to the pupils enrolled but to all the people of the communities, in a wide variety of problems, and that administrators and teachers have taken on additional responsibilities in this larger field of school activities. Such reductions as can be made in school costs without irretrievably impairing school efficiency should certainly be made. Therefore, great care must be taken to understand the necessities of the

schools, and clear-thinking must be exercised in dealing with school legislation at this session if complications and losses are not to accrue to the State later because of its failure now to meet its present educational needs.

I am sure that legislation increasing the number of resident school children for which a school may be established and maintained, and legislation permitting larger units of school administration and providing for certain types of consolidation would effect reduction of school expenditures without impairing efficiency.

For the provision of larger units of school administration and the consequent equalization of educational opportunities in rural school districts where but one or two teachers are regularly employed, I suggest five boards of education, one in each supervision district. Whether or not this suggestion seems feasible, under the advisement of educational authorities, some plan for larger units of school administration should be carefully thought out and appropriate legislation should be enacted.

I also approve the recommendation of the State Superintendent of Public Instruction concerning the elimination of obsolete and ambiguous sections in the school law, and suggest that the School Code be revised and reenacted at this session of the Legislature.

LABOR

It is a pleasure to report that, upon the whole, taking into consideration the existing industrial crisis, conditions in regard to union labor have been very favorable during the past two years.

There has been but one local strike at Reno during this period, which was finally settled amicably.

The commencement of work at Hoover Dam on the Colorado River has afforded employment to thousands of workers from all over the Union, but owing to a Federal injunction served upon State officers, it has been impossible to enforce our labor and safety laws, and no decision has been rendered in the matter.

The modern trend of progressive thought throughout the Nation regarding the issuance of ex parte injunctions in labor disputes, is that legislation should be

enacted curtailing the power of courts in such matters, so as to require that no restraining orders or injunction be issued except after a hearing of both sides in open court.

Unquestionably, all over the Nation the power to issue such orders in labor disputes has been grievously abused by both Federal and State courts, and that this status may be corrected in so far as our own State is concerned, I recommend an amendment to our code of civil procedure, specifically restraining the courts from making or issuing restraining orders and injunctions prior to an open hearing of both, or all, parties to the controversy.

The issuance of an order of notice would, I believe, operate in most cases to prevent violence pending the hearing in the matter, and my recommendations will certainly prevent the taking, by employers, of any unfair advantage in labor troubles.

I favor legislation providing for the employment of bona fide Nevada citizens only on State Highway construction work and on all State contracts, and giving injured workmen the right to appeal to the courts from decisions rendered by the State Industrial Commission, and believe that the provisions of the Industrial Insurance Act should be made compulsory, instead of optional, as time has demonstrated that the set-up of the Act is very fair to both employers and employees.

Appropriate legislation proposed by Union Labor for direct and work relief of unemployment should be promptly enacted.

Legislation will be proposed looking to the reenactment of an Old Age Pension Act, with a view of relieving our counties from the direct appropriation of funds for those aged citizens in destitute and necessitous circumstances.

Existing laws providing for the granting of such a pension to qualified applicants by the Boards of County Commissioners have proven to be so complex and unworkable that they are entirely disregarded, and the passage of a new Act, placing the administration under a State Welfare Board, will have my careful and kindly attention.

STATE AGRICULTURAL RELIEF COMMITTEE

To assist our farmers and stockmen in meeting problems arising from the severe drought of 1931, and to coordinate the efforts of our tax supported State and county agricultural agencies to the same end, in August 1931 I appointed a State Agricultural Relief Committee consisting of George Wingfield, J. F. Shaughnessy, Cecil W. Creel, E. R. Marvel and J. C. Robinson.

County committees consisting of representative stockmen, Farm Bureau officials, Red Cross representatives, and Extension Agents were likewise appointed to cooperate with the State committee. The State and county committees made a careful survey of the livestock population and forage resources of our State, thereby determining the extent to which range cattle and sheep would have to be sent to feed in other States, and concentrated feeds imported to take care of the breeding herds remaining on our ranches and ranges.

Following the completion of this survey, negotiations were entered into with the transcontinental and short-line railroads looking toward a fifty per cent reduction in freight rates on the movement of live stock and livestock feeds. The committee was successful in securing the reduction requested from the Eureka Nevada Railroad, and a thirty-three and one-third per cent reduction from the other carriers. This reduction applied to livestock feeds shipped into the State as well as to round-trip rates on live stock sent out of the State and to other points in the State for feed.

The cash saving to our stockmen through the securing of these emergency rates from the Southern Pacific Company and the Western Pacific Railroad Company amounted to forty-two thousand dollars (\$42,000). No figures are available from the other carriers, but it appears evident that the total savings to the stockmen from the efforts of the State Agricultural Relief Committee on this one project were in excess of fifty thousand dollars (\$50,000).

The State committee continued to function through the severe winter of 1931-1932, furnishing such assistance as was possible to both farmers and stockmen. In

March 1932, recognizing the fact that local feed supplies were nearing exhaustion and that neither stockmen nor farmers were financially able to purchase feeds, the committee entered into negotiations with the Secretary of Agriculture and the American Red Cross for the purpose of securing a sufficient supply of Federal Farm Board wheat to carry stock cattle, sheep, farm flocks, and herds until such time as range feed and pastures would become available.

Following a designation of the 1931 drought affected counties by the Secretary of Agriculture, and certification by the local Red Cross representatives and County Farm Bureaus as to needs, together with a satisfactory showing that an efficient distribution would be made through the Extension Service and Farm Bureau personnel, shipments of crushed wheat to Nevada were authorized.

Between March 15 and May 31, 1932, a total of 12,488,172 pounds, of an estimated cash value of \$200,000, was shipped to fifteen counties as a gift to our stockmen and farmers. In addition to its intrinsic value, this crushed wheat proved the means of saving many thousand head of cattle and sheep from starvation, thus conserving valuable breeding herds which had been built up in our State through generations of effort.

RELIEF OF DESTITUTION

Unemployment increased rapidly in our State during the early months of 1932, and by July it became apparent that the resources of certain counties would shortly become inadequate to meet local relief needs. Having in mind that the Congress had recently made available three hundred million dollars through the Reconstruction Finance Corporation for the relief of destitution in such States as were in urgent need of outside assistance, steps were taken to ascertain the procedure necessary to secure this Federal aid.

I was advised that in the absence of a State Welfare Commission authorized by statute, it would be necessary for me to appoint a State Committee whose duty it would

be to investigate relief needs in the several counties, assist in the preparation of applications for Federal funds, and supervise the administration of such sums as might subsequently be granted.

Accordingly, on August 11, 1932, I appointed a "State Emergency Relief and Construction Committee" with the same members as the State Agricultural Relief Committee, and added S. C. Durkee, representing the State Highway Department, and a lady member, Mrs. T. W. Martinez, representative of State Women's Clubs. This committee immediately communicated with the Boards of County Commissioners of the several counties and, after careful investigation, recommended to me that requests for funds be filed for Clark, Mineral, Nye, Washoe and White Pine Counties.

After considerable correspondence, a visit to Nevada, and report by their Field Representative, Dr. A. W. McMillen, the Directors of the Reconstruction Finance Corporation granted funds to the above-mentioned counties for the months of October, November, and December in the following amounts:

Clark County.....	\$14,000
Mineral County.....	3,600
Nye County.....	4,167
Washoe County.....	14,000
White Pine County.....	18,500

Inasmuch as no State funds were available to supervise and administer these county grants in accordance with Federal regulations, the Reconstruction Finance Corporation made an additional seven hundred dollars available for State administration. Subsequently, following the proclamation of the bank holiday and consequent increase in the relief load at Reno and Sparks, an additional grant of \$16,000 was made to Washoe County for use during the months of November and December.

The total grant to our State of \$70,967 was all used except in the case of Mineral and White Pine Counties. Mineral County was able to carry over \$1,668 for use during January and February, 1933, while White Pine

County, through the early payment of its first installment of 1933 taxes upon the part of mining corporations and public utilities, found it possible to finance all of 1932 relief work from the county indigent fund, thereby carrying over its entire Federal allotment for use during 1933.

After careful investigation and upon the recommendation of the State Committee, application was made for and the following funds have been granted to be used during the months of January and February, 1933:

Churchill County.....	\$3,000
Clark County.....	13,000
Esmeralda County.....	2,600
Nye County.....	5,300
Washoe County.....	29,500
State Administration.....	500
Total.....	<hr/> \$53,900

The money thus far made available by the Reconstruction Finance Corporation bears three per cent interest, and is to be repaid by the counties in five annual installments, commencing in 1935, unless other and earlier arrangements are made to pay the same.

Inasmuch as none of the counties securing funds were in a position to deposit bonds covering the amounts advanced, satisfactory to the Reconstruction Finance Corporation, in view of the gravity of the situation and urgent need, and in common with the action taken in other States, our future Federal aid highway appropriations were pledged as security for these loans.

An examination of the statutes of the various States of the Union reveals that in all but three, the Legislatures have set up some type of State organization for supervising necessary public welfare and humanitarian activities. Nevada is one of the three States in which no such action has been taken. Our statutes do provide for certain essential welfare services, but the administration of these services is left entirely in the hands of the counties, and there is no provision for a State organization to which the county groups could turn for advice.

I refer to the relief of destitution and to the Mothers' Pension Act which, under existing laws, are handled by the Boards of County Commissioners. In view of the fact that the State of Nevada may be required to secure funds from the Federal Government for relief, for an indefinite period, and it is the wish of the Reconstruction Finance Corporation to have its investigational and supervisory work placed in the hands of a State committee or board authorized by law, it is recommended that laws be enacted which will give the State Emergency Relief and Construction Committee or similar body a statutory basis of operation.

Such a statute should empower the Governor to appoint a State committee or board of seven members, with overlapping terms, whose duty it would be to supervise the granting of relief and child welfare in all counties of the State, and to coordinate Federal, State and county governmental functions in these fields with local private effort. The members of the State board would receive no compensation, but would be selected on the basis of their humanitarian interests and willingness to render this service to the people of Nevada.

The creation of such a board would involve no expense to our State, and would set up in our statutes a humanitarian organization similar to that found in other States of the Union. Moreover, it would give to the present committee, now performing this useful function, or its successor, a statutory right to advise with local authorities, which they now possess only by virtue of their appointment by me to membership on a committee which has no legislative sanction. It is further recommended that such legislation be enacted as will authorize and empower the above-mentioned board to enter into contracts with Boards of County Commissioners of the several counties as will secure the repayment of advances already made, or may be subsequently made, by the Reconstruction Finance Corporation for the relief of destitution in the several counties.

I am advised by the Reconstruction Finance Corporation that future grants to the State of Nevada will

only be made on a proper showing that the Legislature of this State has taken cognizance of the situation as it affects the several counties, and has enacted suitable legislation which will permit the making of additional county or State funds available.

In view of the seriousness of the situation and the imperative need for securing additional Federal funds after March 1, 1933, you are requested to earnestly consider and enact such legislation as will provide funds for direct and work relief and the purchase of materials for public work.

THE PUBLIC HEALTH SERVICE

The State Board of Health for the past two years has kept in touch with all things pertaining to the health of the people of our State. It has been successful in obtaining some funds from the United States Public Health Service to help support a State Nurse to inspect all school children in this State. In the examination of children during the past two years, over 8,000 defects were found, and of this number over 3,000 have been placed under medical care, thus demonstrating that the service is worthwhile—for the health care of our oncoming generation is one of our most important duties.

Inspections of all water supplies are made twice a year, and in places where infected water is found they are made monthly. Sanitary conditions all over the State have been surveyed through the State Health Office and corrected where it was possible to do so.

For the past six years the Clerk for the Board of Health has been on half-time pay from the State. The Board of Health has been receiving the other half of such clerk's salary from the Rockefeller Foundation. There is, however, nothing which assures us that this support will be continued beyond June 30 of this year, so it is recommended that a sufficient amount be appropriated to cover the salary of a full-time clerk, which can be used in case outside funds are not available. While the office of the Health Officer is considered a half-time office, it requires full-time service to perform the work.

For the past three years the State Board of Health, through the financial cooperation of the United States Public Health Service and the Nevada Public Health Association, has employed a Public Health Nurse for child welfare work, as hereinabove noted. Each of these organizations has contributed \$1,500 annually, and it is highly desirable that this work be continued, as the Health Nurse is really the eye of the State Board of Health.

I recommend most earnestly that the sum of \$1,500 for the biennium be appropriated to match a similar sum from the Nevada Public Health Association for continued employment of the Child Welfare Nurse.

If Federal funds are available, this amount will remain untouched and revert, but otherwise this most desirable and necessary work can be continued by means of the State appropriation.

Although under the jurisdiction of the Regents of the University of Nevada, the State Hygienic Laboratory and the Department of Pure Food and Drugs are not institutions of teaching, but exist as health measures, and to promote and expand their activities, I recommend, with the concurrence of the President of the University, that such amendments to existing statutes as are necessary be passed so as to place these two laboratories under the jurisdiction and control of the State Board of Health, as it is believed that additional funds for these departments can be obtained from outside sources if they are placed under said board.

MOTOR VEHICLE ACT

The experience of the past two years has demonstrated the necessity of a number of amendments to existing statutes covering motor vehicles, particularly with a view to making more stringent the rules governing the use of automobiles and trucks upon highways.

Nevada leads every State in the Union with a percentage of 51.6 fatalities for 100,000 of population, while our neighboring State of Idaho has but 6.0 per cent for the same number.

The ever-growing sizes of freight trucks and trailers make necessary immediate restriction on sizes of trucks and permissible loads, for they are fast supplanting railroads in carrying capacities on highways never designed for such purposes.

The section of existing laws authorizing the granting of visitors' permits good for a year is greatly abused, and should be amended to read thirty days.

The provisions permitting auto dealers to delay the securing of licenses has also been abused, and should be amended or repealed.

FISH AND GAME

Great dissatisfaction has been expressed in all parts of our State with existing statutes covering fish and game.

A possible solution of the matter, as well as a saving of expense, may be to place control of fish and game in the hands of the Boards of County Commissioners, and make no appropriation for the State Board for the next two years.

BOND ISSUES FOR COUNTIES AND TOWNS

The credit of many of our cities, towns and counties is being impaired by the overissuance of bonds. A number of towns and counties have borrowed to such an extent that it is distressing to meet their interest obligations. There should be some restraint of law prohibiting excessive bond issues for our municipalities and counties, and I therefore suggest that legislation be enacted which would prohibit municipalities or counties creating a bonded indebtedness except by vote of two-thirds of the taxpayers listed upon the assessment rolls of such municipalities or counties.

SURETY BONDS OF STATE OFFICERS

Your attention is invited to those provisions of our statutes requiring public officials to give surety bonds for the satisfactory performance of their duties and the safeguarding of public funds.

Under present laws practically all public officers are bonded with the Nevada Surety and Bonding Company, and while existing conditions seem to make it desirable to secure bonds in other companies, the provisions of our statutes are stated to be so drastic that applications for surety bonds are, in most instances, refused.

It is perhaps needless to say this is not due to any personal objections to the applicants, but because of statutory requirements.

That the State may not be placed at the mercy of surety companies in dictating the terms under which official bonds will be written, I earnestly urge legislation looking to the insuring of all public officials by the State, and the impounding of all premiums in a trust fund to be built up over a term of years until such sum is accumulated as will safeguard the payment of any losses that may occur.

Consideration should also be given to the possible reduction in the amounts of official surety bonds which, in many instances, are undoubtedly excessive, with a view of reducing the sums required to be paid annually to insuring companies for premiums.

CONCLUSION

It will be noted that no specific recommendations have been made herein for the reduction of expenditures or elimination of officials, boards or commissions, and this omission is intentional.

In the very near future work will commence on the preparation of the biennial budget, and at that time, so there may be full cooperation between the Executive and Legislative Department on this important matter, I purpose to call in to assist me the Chairman and members of Ways and Means Committees of the two Houses, also the floor leaders, and the heads of each department, board or commission, who will be asked to explain their requests for funds and demonstrate the imperative necessity therefor.

I have not attempted to cover every matter of interest concerning the State and our citizens, as time and space

do not permit, but I will be glad to lend willing and sympathetic ears to all proposals tending to better our general welfare.

At the present time our State, and the Nation at large, is passing through a great crisis, which, in many respects, is not comparable to any situation ever before existing in the United States.

Our history discloses that Nevadans have always been endowed with the pioneer spirit of accomplishment, and there is no shadow of doubt in my own mind that we will surmount existing obstacles by putting aside partisanship and working for the common good. Existing conditions demand a continuation of that spirit, that we may pass on our heritage untarnished to our sons and daughters.

At the present time we have a Republican Governor and Senate with a Democratic Assembly, and two courses confront us:

First—Partisanship may ride in the saddle and every effort may be made to find fault with existing conditions and to pave the way for future party records.

Second—Supposed political advantage may be discarded and all energies developed in a spirit of common good and for the best interests of our beloved State.

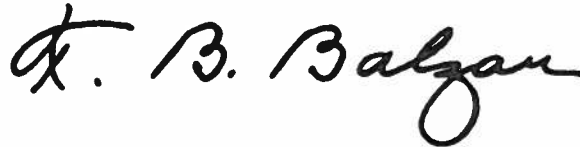
That no lasting good is ever obtained by following the first course I am thoroughly convinced, and as our electorate is highly intelligent, it is apparent that destructive criticism and tactics will be openly and promptly resented by our citizenry.

Nevadans have a right to, and do, expect that your best and sincere efforts be bent to solving the many perplexing problems with which our State is at present confronted, and to this end I pledge you the cordial and sincere cooperation of the Executive Department.

In conclusion, I quote from the message of His Excellency, John G. Richards, to the 1931 Legislature of South Carolina: "If the State's best interests are to be subserved, there must be cooperative effort between the

various departments of Government, and especially between the Legislative and Executive Departments. I am sure, Gentlemen, that you realize your responsibilities, and appreciate your splendid opportunity for real service to the State."

Respectfully submitted,

A handwritten signature in cursive script, reading "F. B. Balzan". The signature is written in dark ink and is positioned above the printed name "Governor.".

Governor.