

THE SECOND DAY

CARSON CITY (Tuesday), January 16, 1951.

Assembly called to order at 11 a. m.

Mr. Speaker in the Chair.

Roll called.

All present.

Prayer by the Chaplain, Reverend John L. Harvey.

Mr. Speaker announced that if there were no objections, the Assembly would recess until 11:15 a. m.

Assembly in recess at 11:05 a. m.

ASSEMBLY IN SESSION

At 11:15 a. m.

Mr. Speaker in the Chair.

Quorum present.

SPECIAL ORDERS OF THE DAY

VETO MESSAGES OF THE GOVERNOR

Vetoed Assembly Bill No. 170 of the Forty-fourth Session.

Bill read.

Governor's message stating his objections read.

THE STATE OF NEVADA

EXECUTIVE CHAMBER

CARSON CITY, March 29, 1949.

HONORABLE JOHN KOONTZ, *Secretary of State, Carson City, Nevada.*

DEAR SIR: There is herewith deposited in your office for filing, within the constitutional time limit and without my approval Assembly Bill No. 170, introduced by Mr. Johnson on February 18, 1949, and entitled: "An Act to amend an act entitled 'An act to define, regulate, and license real estate brokers and real estate salesmen: to create a state real estate board, and to provide a penalty for violation of the provisions thereof, and to repeal all acts and parts of acts in conflict therewith', approved March 27, 1947."

This bill prohibits the issuing of a real estate broker's license to any county recorder or county assessor in the state, and provides that such license of any person who now is or may become either a county recorder or county assessor, shall be revoked. A study of the bill shows its effects to be far reaching and capable of producing irreparable damage in its operation. Investigation reveals that the county assessor of White Pine County is the only person among either county recorders or county assessors in the state, holding a real estate broker's license at the present time. In my opinion the measure would result in inequitable and unjust consequences and I hereby veto it for the specific reasons hereinafter set forth.

1. The measure attempts to prescribe qualifications for certain county officers in the State but its application is in actuality restricted to only one person at the present time.

2. Adoption of the provisions of the Act would require those coming within its purview to lose a valuable vested right, viz, revocation of a broker's license, which right the person was not required to surrender at the time he was elected to the office. It does not seem in keeping with fairness and justice

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

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

The Sergeant-at-Arms informed the President of the Senate that his Excellency, Governor Charles H. Russell, was at the bar of the Assembly.

The appointed committee escorted the Governor to the rostrum.

The Governor delivered his message as follows:

MESSAGE OF THE GOVERNOR TO THE
FORTY-FIFTH LEGISLATURE OF NEVADA

STATE OF NEVADA
EXECUTIVE CHAMBER

CARSON CITY, January 16, 1951.

To the Honorable, the Senate and Assembly:

It is indeed a high honor and a real privilege to be with you today; and to deliver my message to the Forty-fifth Session of the Nevada State Legislature.

I see many in this chamber who served as legislators with me during my service in both branches of this Legislature. To these old friends and to the other distinguished members of the Senate and Assembly, I extend my sincere congratulations. Your individual electorates have imposed upon each of you—just as the people of the State of Nevada have imposed upon me—a public trust that we are sworn equally to preserve.

While I have been entrusted with the duties of Chief Executive by the people of Nevada, you, as the representatives of the same people, have been delegated the authority of enacting the laws under which our State is governed. With you rests the opinion of the people and with you is placed the responsibility and confidence of your counties to seek a goal of better government.

Necessarily, there must be a two-party system to preserve our time-honored formula of checks and balances. Yet, the men and women elected either to the legislative or to the administrative branches of government must be guided by the foremost principle of working for the progress and benefit of our State.

It is my intention to work in close cooperation with this State Legislature. I shall welcome the opportunity of meeting with you at any time to discuss mutual problems. I ask that you feel free to use the services that my staff can offer to you.

Today—as this Legislature begins its work—the shadow of war falls across this earth. Again, Americans everywhere are being called upon to make necessary sacrifices to combat a world menace—a Communistic menace whose goal is the complete destruction of the democratic way of life.

There can be no compromise between the basic philosophies of Americanism and the Godless ideology of Communism. One champions individual rights and liberties. The other subjugates personal freedoms under the yoke of fear and suppression.

To meet the existing National emergency, we will be called upon in the months and years ahead to forego the ordinary pleasures of life. The heavy cost of war preparation will reflect directly back upon the people of this State by a heavier Federal tax load and increasingly stringent economic controls. In a relatively short time, we will again experience the unavailability of materials and manpower except in industries essential to preparedness.

Our Nation, with this sovereign State as a component part, today finds itself in a position unique in history. On the one hand, we are fighting an undeclared, localized war and preparing ourselves and the free world for a total war, which, we pray to God, will not come. Of necessity, we are building a wartime economy and we must accept its growing impact.

Conversely, as peace-loving Americans, we are reticent to leave our "life as usual" routine and face the necessary unpleasanties. However, we must view the situation as it exists and not as we would like to have it. We cannot accept an "ostrich-like head-in-the-sand" attitude. If total war comes, our economy will be more nearly ready to stand the strain by preparing in advance. If total war is avoided, our economy will not have sustained a great loss although some improvements have been temporarily foregone. Instead, we will stand on a firm foundation prepared to build towards greater peacetime benefits.

Keeping in mind this thought of uncertainty in the future, as your Governor, I recommend to you a program of economy for the next biennium. All contemplated construction of buildings by the State should be deferred for the next two years. Exceptions should be made only where an emergency exists. Construction should be restricted to necessary repairs in order not to allow undue deterioration of State property.

Inflationary conditions have increased greatly during the past year and will reflect upon State expenditures. Although this may be responsible for some increased State revenues, further economies within the State Government must be brought about to offset the decreased purchasing power of the dollar.

Economies cannot be accomplished within a few weeks or months. However, it is in my program as Chief Executive to curb unnecessary expenditures in those departments over which I have administrative authority. To you members of the Senate and Assembly, I recommend careful consideration of all appropriations with a view towards curtailment of those we hold of lesser importance without seriously impairing governmental efficiency.

STATE FINANCES

Work on the State budget for the next biennium has not progressed far enough at this time to provide to you today a comprehensive analysis of the State's financial position. However, when my budget is submitted to you on the tenth legislative day, as provided by existing law, I will endeavor to provide as complete a financial picture as possible in my special budget message.

Enough facts are available now, however, to indicate that while the State will have an approximate \$1,000,000 surplus available, demands for increased allotments are very heavy from many State agencies. Some of these increases, notably in the field of education and public welfare, are attributable to normal growth and must be provided for.

Others will have to be materially reduced if we are to live within the income provided by our present revenue system, as I am firmly convinced that we should. I intend to scrutinize appropriation requests very carefully and practice rigid economy wherever possible.

I do not believe any additional tax revenues are necessary if the State Legislature will hold to my announced program of economy by adhering to two premises:

First: By not extending the present level of State Government.

Second: By adopting measures that will perfect sound economies in operation of our State Government.

In my message today, I will set forth recommendations that I believe will bring about these economies.

TAX POLICY ON OIL AND GAS PRODUCTION

Every sign seems to point to the apparent development, in the not too distant future, of oil and gas producing properties within the State of Nevada. This Legislature should recognize this probability as a source of State revenue, bearing in mind that such a taxing policy should be an equitable one which would not impede proper development of a new and welcome industry.

The three methods of taxing in general use for gas and oil production are: first, the ad valorem base; second, the severance tax; and third, a combination of both. Each has its relative advantages and disadvantages. The ad valorem basis is used in property taxes in all States today. As you know, the

value is computed annually and the tax is collected similar to other property taxes.

The severance tax is based either on the amount of oil or gas produced, or on the value of the aggregate production. Such amounts or valuations are generally reported monthly and the tax collected monthly. This procedure is similar to the net proceeds of mines tax, except that land, improvements and personal property may or may not be assessed in addition by the County Assessor. This tax would apply to "All persons engaging in the business of producing or severing oil, gas or other hydro-carbons from the soils or waters of the State."

Under the ad valorem base, the counties would derive a direct benefit as would the State. Under severance taxation the State as a whole, instead of the oil-producing counties, would benefit from the revenues, unless a county apportionment is written into the basic law.

I recommend a serious study by the legislative branch under its prerogative of determining policy. One of the above-mentioned forms of taxation, or a combination thereof, should be adopted at this session.

EDUCATION

PUBLIC SCHOOLS

At present, there has been achieved a satisfactory adjustment in supplying properly accredited teachers for the State. However, in the event of war, there is little doubt that Nevada's administrators will find a shortage facing them.

Although salaries have been raised in most cities and counties, educators assert the difference in living costs has had a tendency to nullify most of the gains achieved.

The Legislature will be called upon to consider measures which would allow a minimum of \$10,000,000 for a building program in the next eight to ten years. This program should be carefully weighed; first, as to responsibility for schools, whether it is a school district or a State finance problem or a joint problem. We all know increased enrollment in a growing State calls for additional classrooms.

The State's participation in a school building program is largely one of policy which must be determined by the Legislature.

I recommend to the Legislature that it seriously consider legislation which would remove the State Superintendent of Public Instruction from the rank of an elective official of the State. The State Superintendent of Public Instruction should be appointed by the State Board of Education, based upon clear-cut professional qualifications.

UNIVERSITY OF NEVADA

Conditions at the University of Nevada have materially improved during the past year. I feel that steps now being taken under the University Board of Regents by the University administration will do much to bring about coordination and specific planning.

The University of Nevada was founded to provide an educational program which would correlate the needs of the State. The fundamental principle cannot be overemphasized, that, first of all, the program should be for Nevada's welfare in the future by training young men and women to assume the role of leadership in the fields of activity within the State.

To overextend the University beyond the needs of basic educational requirements, I feel, would be a mistake. It is far better to have a compact unit, and it is better to develop in education well-rounded curriculums that meet our required needs, than it is to extend loosely knitted educational programs.

Congress has authorized the building of a U. S. Bureau of Mines building at the University. This will be a welcome addition when funds for the building are made available.

Enrollment at the University has dropped with the 1950 registration and now is approximately 1,500, compared to 1,770 in the previous year and 1,817 in 1946. This can be accounted for largely by the drop in veterans enrollment.

What effect the possible induction of 18-year-old youths into the service will have cannot be forecast at this time. However, the University must plan

ahead for the next two-year period, basing its needs on the present level of enrollment. Retrenchments can be accomplished as necessary.

Additional funds will be asked for, largely as a result of the drop in Federal funds for veteran enrollment. The decrease in student fees, mainly from Federal funds for veterans, has been from \$606,214 for the past two years, to an estimated \$330,000 for the next two years.

While the State Planning Board has proposed an extensive program of future construction, I recommend that Senate and Assembly committees meet with the Board of Regents and the administration of the University to determine the most practical approach in meeting present requirements. I believe these can largely be accomplished through renovation of the present heating systems and remodeling of present facilities.

The University today, as in the two previous wars, stands ready to assist our armed forces in cooperating with any war training programs.

NATIONAL SECURITY

NEVADA NATIONAL GUARD

From its birth as the "Battle Born State" when our forebears played a key role in preserving the Union, Nevada has always taken its rightful place in contributing to our national security. Our major contribution today is the Nevada National Guard, a well-trained and well-organized reserve component of the U. S. armed forces which can be called upon for the relief and assistance of the people of Nevada and for the protection of their lives and property.

The first unit of the postwar Nevada National Guard was organized in November 1947. Active units are now organized in Carson City, Las Vegas, Ely, Elko, Winnemucca, and Reno. Today, Nevada has eleven units representing both air and ground services with a membership approximating 800 men.

During the last biennium the Federal Government expended \$7,855,756 on National Guard activities within our State. Buildings have been erected to the value of \$206,122, and these are now State property. Federal property shipped into the State for use in the air and ground Guard totals \$6,815,871 with all of this property being available to the State of Nevada for use in the event of any emergency.

The Nevada National Guard pay roll is one of the largest in the State. Instructors, caretakers and maintenance employees have been paid \$654,214 during the past biennium. Members of the Guard in the various communities have received drill pay totaling \$151,914 in the last two years. Approximately \$178,000 have been expended for repairs and alterations to the former Reno Army Air Base, now utilized by the Air National Guard.

Not only should the State of Nevada retain this large source of income but in the interests of national defense, the National Guard program must be continued. Two years ago the Legislature made available to the Adjutant General's office, for that office and the Nevada National Guard, the sum of \$30,000. This sum has not been sufficient to carry on its operation, and it was necessary to secure funds from private sources to assure continuance of this important program.

Therefore, I recommend to this Legislature that an increase in funds be voted as the State's share of this military standby facility. My recommendations will be detailed in my forthcoming budget message.

The present war emergency makes it a necessity that the State of Nevada give proper attention to the support of the National Guard. This will assure Nevada's proper contribution to national security and the continuance of generous Federal expenditures important to the economic welfare of our State.

CIVIL DEFENSE

In 1943 the Legislature passed an Act creating a State Council of Defense, providing for a director and not less than fifteen or more than twenty-five members. Under this Act the Council was given the authority to organize county and community councils of defense and prescribe their powers and duties. Provision is also made to cooperate with any and all Federal departments and agencies and to carry out, generally, precautionary measures necessary in a war emergency.

A State Council of Defense has been organized and plans are under way presently to meet emergencies if and when they arise.

I recommend to the Legislature that an appropriation be made to carry out the provisions of the Act in providing for a paid director to coordinate and direct the State's Civil Defense plan.

VETERANS

Events both in Asia and Europe have again focused our attention on Nevada's men and women who, down through the years, have offered their services in the defense of their country. Today another generation and many who served only recently, are being called to the colors to supply manpower needs as a bulwark against aggressor nations. Already some of our young men have paid the highest of prices on the Korean battlefields.

After each war in the last half-century, Nevadans have come home to take their places in building a better society. Leaders of the various veterans' organizations have expressed satisfaction in the majority of our existing State laws relating to ex-servicemen and women. All of us must realize the important part they have played in saving the freedoms we hold dear.

We must offer sympathetic understanding to those young men and women about to be called upon to fight for democracy and try, to the best of our ability, to make their tasks ahead a little less arduous in years to come.

NEVADA STATE HOSPITAL

The law governing the Nevada State Hospital for Mental Diseases was changed in 1947 and further amended in 1949. The 1949 Legislature made it mandatory for the governing board to name either the resident physician, the assistant resident physician or the business manager as the superintendent of the Hospital. While this has been carried out, I personally feel there has resulted a dual-control at the Hospital because the duties of the superintendent as to responsibility and administration are not clearly and definitely set forth in the law.

While the board is an acting and responsible board, with delegated powers of complete authority, I nevertheless recommend that the law governing the Hospital be amended to place over-all responsibility in the superintendent. This would bring an end to the existing condition of divided authority in Hospital personnel.

The construction of the new, male ward building has been an important and valuable addition.

As a member of the board, I am greatly interested in the Hospital and I intend to study conditions fully.

No other State institution should deserve more consideration, since the Hospital cares for those unfortunate people, who, through no fault of their own, require confinement.

This board should be nonpolitical, and therefore I recommend the Governor be removed as a member of the board.

NEVADA STATE PRISON

The construction of the new cell block at the State Prison has been completed and alterations made to the old structure which relieves the former crowded conditions. While the new gas chamber is still uncompleted, it will be finished this year since funds were made available by the 1949 Legislature for the work.

It is estimated that 250 acres of land could be irrigated and brought under cultivation at the Prison Farm with additional water storage facilities. This should be looked into by the Committees on State Institutions, as direct savings in purchases through greater productivity of meat at the farm, would result.

A tighter policy of control and discipline at the State Prison is the object of the new State Board, believing that greater restrictions will result in lowering the number of inmates.

PUBLIC WELFARE

The State Welfare Department, created in 1937, was reorganized in 1949 to achieve a more efficient, economical and integrated operation. Duplication in administrative organizations, formerly maintained by each program, was eliminated and field services were combined.

Purchasing for the district offices of the department has been centralized in the State office and substantial savings have been effected through quantity lot buying.

The largest program of the department is Old-Age Assistance, which has reached an all-time peak of almost 2,800 cases. One out of every four persons in Nevada, 65 years of age or over, is currently receiving assistance. Of this group, one-fourth recently benefitted through the increase in social security insurance payments. The remaining three-fourths are dependent solely on the maximum payment of \$55 per month. If a Relative Responsibility Law, as outlined later in this message, is enacted, I feel savings will be made which should provide for some increase in these payments.

The Orphans' Home is under the administration of the State Welfare Department and its children have increased in number during the past two years from 84 to almost 100. To alleviate the fire hazard the board requested construction, under the State Emergency Fund, of a separate building to house the furnace and laundry facilities. This building is now nearing completion. Costs of operation have increased in the natural trend with inflation. Future planning for the Home should include the cottage system, but the cost factor is too great at this time.

Inasmuch as only 10 to 15 percent of the children at the home are full orphans, I believe costs could be reduced by a more careful screening prior to admittance. Parents should realize their responsibility, and should be required to pay actual expenses, or in proportion to their ability to pay.

RELATIVE RESPONSIBILITY LAW

Nevada and Texas are the only two States which, by law, preclude a welfare agency from making demands on a relative for support of an aged person.

The trend has been reached of largely doing away with family responsibility in this State, not only as to the aged and infirm but to children as well. A balance should be reached whereby family responsibility is required when such assistance can reasonably be given.

I recommend that the Legislature consider a Relative Responsibility Law and put teeth into existing laws in that respect to cover those persons getting benefits under the old-age assistance program, those persons admitted to the State Mental Hospital and those youngsters admitted to the State Orphans' Home.

PUBLIC HEALTH

Nevada's attention to the health of its citizenry became an official State function in 1893 when the Legislature created the State Board of Health. Over the 58-year span, public health programs have been broadened to meet the growing needs. Today, the policies of the State Board of Health are carried out by full-time public health workers who are well-fitted and well-trained in their specialties.

A healthy populace is a necessary asset to the progress and advancement of any society. The Legislature's support for the protection of public health has been commendable down through the years. Today, we have a well-rounded program whose services might be extended to a greater number of men, women and children if our economic future could be reasonably forecast in light of world conditions.

I agree that progress in no field is more desirable than in the protection of public health. It cannot be refuted that many times it is more desirable to check temporarily the weight placed on a single link rather than test the link and lose the chain. I cite this as an illustration of my firm conviction that an appreciable increase in public health expenditures can be foregone until international conditions improve.

A public health program has a place in Civil Defense. It is my belief that the present rate of expenditures can be integrated satisfactorily to meet defense needs, short of a real emergency.

This Legislature, under normal economic conditions, might study the strengthening of laboratory, sanitation and epidemiological services. Likewise, the segregation of all active cases of pulmonary tuberculosis could be considered. This disease, in the last five years, has taken an annual toll of 56

persons. Infectious tuberculosis should be included among the quarantinable diseases and treated in strict accordance with the governing rules.

I recommend legislation for future enactment requiring that records of marriage and divorce be made reportable to the State Division of Vital Statistics, thus bringing Nevada into conformity with a nation-wide procedure beneficial to our people and the Health Department programs.

When economic conditions become more stable, consideration should be given to the desirability and feasibility of improved services of public health dentistry, the programs for crippled children and rheumatic fever sufferers, and the mental health and public health nursing services.

International and national uncertainties today, in my opinion, make it mandatory that this Legislature choose against placing a greater tax burden on our State economy at this time for health purposes, since I am convinced that the benefits of our health program can be greatly increased by wise and considered use of moneys currently budgeted for that purpose.

EMPLOYMENT SECURITY DEPARTMENT

Further liberalization of the Nevada Unemployment Compensation Law is definitely not feasible at this time because of the increase of international tension and the uncertainties of the present national situation. Any further benefits might seriously jeopardize the trust fund under current conditions.

Prevailing rates of employer contributions and the amount of benefit payments to unemployed workers should remain at their present level in view of the uncertain economic trends.

Savings of contributions for employers have approximated \$2,000,000 during the past biennium. It is estimated that a continuation of this rate of saving will mean approximately \$1,000,000 a year to Nevada employers.

Benefit payment provisions of the Nevada law place this agency well up at the top among other States. This agency has continuously been a leader in the development of liberal provisions in the statutes. It has likewise led in the consideration of provisions for dependents and disability.

The responsibility for the government program of manpower mobilization under the present national emergency has been delegated by the Director of the Federal Bureau of Employment Security to the State Employment Security Agency. At this time, I urge all State departments to give every cooperation in meeting growing demands of defense industries in the Western States.

NEVADA INDUSTRIAL COMMISSION

The preferential or merit rating survey, which has been conducted by the Nevada Industrial Commission will be completed by April, I am informed, and a new schedule of rates will be issued that month based on the past two years experience.

The preferential rating will result to the benefit, in lowered premiums to those maintaining a low accident rate and, conversely, will result in higher costs to those who fail to hold accidents down.

Surpluses in the funds of the department have increased during the past ten-year period. A total of the State Insurance (compensation), Accident (medical) and Occupational Diseases Fund now shows \$7,123,724 as compared to \$953,669 in 1940, an increase of 647 percent in a ten-year period.

Cash and bonds on hand, less current claims and unsettled claims, now amount to \$11,669,691.47, as compared to a total of \$2,956,702.30 in 1940.

I fully realize that much criticism of the Nevada Industrial Commission, either rightfully or wrongfully, is due to the fact that it is an organization within an organization. I recommend that the commission be brought into and be made a part of the family of commissions and boards that administer the State Government, and be subject to the same degree of examination or scrutiny as other departments of State Government, and ask you for such enabling legislation. The commission deals with the people's money and the people should become thoroughly aware of all phases of the commission's operations.

LABOR

The dignity of labor has made for the greatness and stability of our Nation, in the same manner as the fruits of labor have made for national prosperity.

Nevada has been particularly fortunate in that organized labor has never sought to advance its interests at the expense of the industries and welfare of the State of Nevada.

I am firmly convinced that in our State the policies of organized labor are generally in good hands and are being wisely administered. I am also convinced that any and all problems affecting labor, stemming either from the employer-employee relation, or from public welfare generally, will be met and solved. These problems will be solved in the future, as in the past, through wise consideration as each arises, rather than through any attempt on our part to lay down a blue print for present or future years, based upon contingencies we can not now anticipate.

HIGHWAYS

A review of the accomplishments of the State Highway Department during the last biennium reveals that our highways have been constructed and maintained at a very high standard.

Obsolete portions of the primary system are being brought to the standard required by the increase in travel as rapidly as possible. It is evident that the tourist industry is "big business" in Nevada. Not only does the tourist patronize shops in communities he visits, but his gasoline purchases help materially in financing our State highway program. It should not be overlooked that the tourist is becoming more critical of the condition of the highway over which he travels.

Therefore, we should to the best of our ability continue to keep our roads in an attractive and inviting condition, but remain alert to the uncertainties of the future, nationally and internationally.

As funds permit, the secondary road system is being expanded to bring an adequate road network to the mining and agricultural communities of the State. This expansion is averaging about 125 miles of secondary road each year.

I recommend that a survey be made by the Legislature to review the financial program of the Highway Department in view of higher costs of materials. Needs for division shops, offices, maintenance buildings and equipment should be determined. Here again, in keeping with my stated policy, I feel that building construction should be delayed because of present economic conditions unless such construction is proven to be of an emergency nature.

ATTORNEY GENERAL

I specifically call your attention to the recommendations of the Attorney General as contained in his biennial report. His suggestions cover a wide field whereby statutory revisions can be made, looking to improved government. I commend this report to you.

I urge this Legislature, as a foresighted move for consideration by the next Legislature, to survey the desirability and feasibility of consolidating the State law enforcement agencies as a step toward economy and efficiency.

STATE ENGINEER

Administration of the public water resources of this State falls upon the State Engineer. The welfare of the people of Nevada is dependent upon its very limited water supplies.

The work load of the State Engineer has increased many fold in the last biennium. Nine hundred and twelve applications were filed to appropriate water in the past two years, compared to approximately one-fourth that number only fourteen years ago. This trend is reflected by fee receipts of \$39,002 in the 1948-1950 period, compared to \$27,541 in the 1946-1948 biennium and \$8,759 from 1934 to 1946.

There is no more important business than the wise administration of water laws. In view of the great increase in official work since 1935, the State Engineer's office should be commended for carrying on with little or no increase in personnel.

The State Engineer, by existing law, is required to be a member of the Public Service Commission. Proper service to that Commission should be a

full-time job. Since revenues of the Public Service Commission are adequate to support three commissioners, the State Engineer should not be required to serve as a member of that board.

By law, the State Engineer is a member of the State Planning Board, whose duties mainly concern designing and planning public buildings. By necessity, this duty should be taken from him.

Since the creation of the Colorado River Commission, the State Engineer, at the request of the Governor, has been required to serve as a member. He has also served as its active secretary, bookkeeper and accountant. Engineering training and experience qualify him for such work but it is now a full-time job which the Colorado River Commission has adequate finances to fill from some other source.

I recommend that the State laws be amended to relieve the State Engineer from mandatory service as a member of the Public Service Commission, and of the State Planning Board; and that his service on other boards and commissions be limited to those that do not interfere with his full service under the law creating his office.

I further recommend continuance of the groundwater program conducted for years cooperatively with the United States Geological Survey. Development of Nevada's ground-water resources is extremely important for they represent our major unappropriated water supply. Immeasurable benefits have resulted and the program should be continued.

Recent disastrous floods have focused attention upon the necessity of maintaining proper measuring devices on our rivers. Future planning of power and irrigation development and flood control is dependent upon an adequate network of stream gauging stations. Therefore, I recommend that the Cooperative Stream Measurement program be continued. Continuance of the Cooperative Snow Survey program should be approved because of its value in soil conservation practices.

Sound and constructive programs of the State Engineer's office should be given encouragement by the adoption of suggestions I have set forth.

SURVEYOR GENERAL

The office of Surveyor General of Nevada was first created by the Territorial Constitution of 1861. Its history has been long and, down through the years, it has sold thousands upon thousands of acres of State-owned land to private interests.

Today the major job of the Surveyor General—that of administering and disposing of State-owned lands—is practically at an end. Only 8,000 acres of land are now available for purchase from the State of Nevada.

Therefore, in the interests of economy and efficiency in State Government, I recommend that the Constitutional office of Surveyor General be abolished. I further recommend that the duties remaining be placed under the jurisdiction of the State Engineer.

I make this recommendation after thoughtful study. The records will show that in 1938 the State of Nevada had approximately 400,000 acres of land to administer and dispose of in accordance with the law. Today, approximately 8,000 acres remain. There remains today some 33,000 acres of State-owned lands of which approximately 25,000 acres are involved in exchanges and are thus not subject to purchase by private interests from the State under terms of the Taylor Act.

It seems altogether logical that the duties of the Surveyor General, including his ex officio titles as State Forester and State Fire Warden, could be transferred to the office of the State Engineer.

If all State-owned lands are disposed of, there will remain no real need for the retention of the office of Surveyor General except insofar as the office could serve as a clearing house for collecting funds for past land purchase contracts. Generally, State lands are purchased on a 50-year contract basis. Several hundred thousand acres are embraced in pending State contracts. The average contract will expire between fifteen and twenty years from now. Other contracts have been signed more recently.

Legislation should be adopted transferring collection responsibilities, under terms of the land purchase contracts, from the Surveyor General to the State Engineer.

It is my firm conviction that this consolidation is altogether sound and squares with sound business practice and economy in Government.

COLORADO RIVER COMMISSION

I wish at this time to call your attention particularly to the work, the achievements and the problems of the Colorado River Commission and the Basic Magnesium Project.

As you know, the Colorado River Commission of the State of Nevada, among its other powers, is charged with the duty of protecting, safeguarding and holding in trust for the State the water rights or benefits from the waters of the Colorado River and the power generated thereon.

BASIC MAGNESIUM PROJECT

In addition, in 1947 the Legislature constituted the Colorado River Commission of the State of Nevada the governing board to acquire the Basic Magnesium Project from the Federal Government. Under this Act, the Basic Magnesium Project was taken over from the War Assets Administration on April 1, 1948, for a purchase price of \$24,000,000, under an agreement, some of the principal terms of which provide that:

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 five 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.
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.

The electric system, the water supply system, and the sewage disposal system, worth several 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.

To date the Basic Magnesium Project has paid the United States Government, through credits and cash, a sum in excess of \$6,000,000. The project has its own operating fund, has set up reserves in accordance with the take-over agreement, has repaid all amounts due to the State of Nevada, and is at the present time operating as a self-sustaining project.

To date the Colorado River Commission of Nevada has entered into long-term leases, with options to purchase, with the Stauffer Chemical Company of Nevada, the Western Electrochemical Company of Nevada, the United States Lime Products Corporation, National Lead Company, and the Combined Metals Reduction Company. These are the major basic plan lessees, and, in addition, there are various small companies operating at the Basic Magnesium Project.

The basic reason for the State taking over the property was to retain it in the State, rather than have it sold piecemeal or dismantled. I strongly recommend that this property be sold by the State as soon as possible, and the property be placed on the tax rolls.

Problems at Basic Magnesium Plant and the town of Henderson will continue to arise as long as the project remains tax free and under State supervision. I believe that the district there should become a part of the State, rather than a ward of the State.

ELECTRIC POWER

Under the Hoover Dam power contracts, the State of Nevada was allotted 17.62 percent of the firm energy generated at Hoover Dam. In addition, the State of Nevada has been allotted 45,000 kilowatts of capacity, generating approximately 236,000,000 kilowatt-hours.

The Colorado River Commission allotted 622,000,000 kilowatt-hours to the Basic Magnesium Project, and has just completed contracts for the sale and use of this entire block of energy. These contracts provide for the sale of 139,000,000 kilowatt-hours to the Stauffer Chemical Company of Nevada; 232,000,000 kilowatt-hours to the Western Electrochemical Company of Nevada; 4,000,000 kilowatt-hours to the United States Lime Products Company; 151,000,000 kilowatt-hours to the National Lead Company; and 75,000,000 kilowatt-hours to the Combined Metals Reduction Company, which contract includes a withdrawal of 17,500,000 kilowatt-hours to be generated from capacity available to and chargeable to the account of the Lincoln County Power District.

Additional contracts representing the total energy now available from Davis and Hoover Dams have been drawn with the Southern Nevada Power Company, Lincoln County Power District, and the Overton Power District.

Additional allocations for the Henderson townsite plant and town water pumping and miscellaneous small users represent a complete use, as soon as withdrawals are effective, of all of the power now available to the State of Nevada.

Future power should become available to Nevada upon the completion of the Bridge and Glenn Canyon Projects and from the proposed future construction of the Kanab and Marble Canyon Projects.

The State of Nevada on behalf of the present Nevada contractors, Southern Nevada Power Company, Lincoln County Power District, and Overton Power District, has requested the installation of a 45,000 kilowatt generator known as A-9. The Commission is, in addition, negotiating for the take over of Unit N-7, a full capacity generator located on the Nevada side which was installed for the use of the Metropolitan Water District of Los Angeles, but is held subject to withdrawals for the account of the General Services Administration. Completion of the take over of N-7 will insure Nevada adequate generating capacity from Hoover Dam until 1966, subject to the right of the Metropolitan Water District to recall the generator upon two years' notice. At present negotiations are going forward to extend the length of call-back to four years.

At the present time there is but one available generator position left in the Hoover Power plant—that is N-8—and I strongly urge the Legislature to consider the necessity of amending present legislation to enable the State of Nevada to acquire this generating position when and if it is necessary for the complete and full generation of all energy allocated to the State of Nevada from Hoover Dam.

I strongly urge that the Legislature of the State of Nevada appoint whatever committees it might see fit—preferably a joint committee—to meet with the Commission in order to better acquaint themselves with the full operation and problems now confronting such Commission, as other legislative amendments may be deemed desirable after such joint discussion.

AGRICULTURE AND LIVESTOCK

Nevada's farmers and stockmen make up an industry whose economic welfare is directly reflected in the progress of our State. Farming and livestock raising have brought good prices, although the inroads of sharply rising costs of operation and narrowing profit margins are being felt.

Sheep and cattle prices are at such levels that the industry's gross earnings have greatly increased. However, stockmen are cognizant that the true and basic economic picture generally may be an unsettled one. Stockmen and farmers generally are prepared to resume normal operations and see an end to the inflation spiral with their goal a formula for bringing about a transition without endangering the industry's foundation.

If total war should come, greater demands will be made for sheep, cattle,

wool and farm produce to clothe and feed masses of men and women. Farmers and stockmen are ready to share in helping meet a crisis in order that normalcy can again become the order of the day.

Livestock and mining form the two basic industries upon which the State was founded. Now, as in the past, they provide our two greatest sources of wealth.

MINING

As this country's defense machinery picks up speed, Nevada's mines are again being looked upon to provide their minerals and metals to help replenish depleted national stockpiles. Our memories easily recall the demands placed upon the mining industry a few short years ago when this State contributed more than its share to our domestic metal supply, playing a role second-to-none in winning victory.

Demands have already been made for Nevada's critical metals—copper, lead, and zinc—and the strategic metals—manganese, tungsten, antimony, and quicksilver, which this State can supply in varying quantities. For the miner, the task of supplying this demand is not an easy one. The last ten years have brought a retrenchment of western mining activity generally. Operating underground metal mines in Nevada have been reduced by 66½ percent.

Our Congressional delegation is aware of Federal trade and tax policies which have greatly hampered domestic mining.

The Nevada mining industry is hopeful that the Federal Government's exploration and development program, authorized by the Defense Production Act, will bring tangible results to the end that our mines and the country's defense effort will benefit.

FISH AND GAME

I recommend for your attention the advisability of investigating the merits of appropriating sufficient moneys to effectuate fully the purposes of the Federal Pittman-Robertson Act and the Dingell-Johnson Act so that the State will benefit from each of these two meritorious laws. However, I would be opposed to any appropriation which would necessitate any increased tax rate or jeopardize the essentials of good government.

STATE AUTOMOBILE POOL

With reference to any proposed legislation for a State automobile pool, I recommend that a careful study be authorized to determine the feasibility and desirability of such a system. Since establishment of a pool for the use of elected and appointed officials and employees of the State would involve probable building construction, I recommend that a survey be made prior to the next Legislature, rather than the enactment of such a law at this time. As I have indicated before, construction of any type seems inadvisable at present.

In line with improved controls over the use of State-owned automobiles, I have issued a directive to all departments that State cars be used for State business only. In this directive, I have called particular attention to State statutes governing maximum purchase costs for new State cars.

I recommend that a State law, with a penalty clause, be enacted prohibiting private use of State automobiles.

STATE PROPERTY WATER SUPPLY

A matter of grave concern to Nevada's capital city is its water supply. This supply has been steadily diminishing, although increased by the fall storms, and at times the outlook has been alarming.

The reason for the diminishing supply has been twofold, namely, the early spring runoff due to watershed conditions, and greatly increased demands resulting from extensive building operations in recent years.

The State owns its own reservoir with pipe lines to the several buildings, but these have suffered from neglect and fall far short of adequately serving the State's needs. It has been necessary to purchase water from sources already strained in serving the general public.

This cannot rightly be said to be a problem exclusively for Carson City

and Ormsby County, as the State has millions of dollars invested here in tax-exempt property and should therefore share the responsibility.

From the information at hand I feel impelled to recommend as an economic necessity that the State Engineer be directed to make a survey of the situation and make a report for the guidance of the next session of the Legislature.

PUBLICATION OF BILLS

Since early Statehood the law has required the publication of bills allowed by the State. The reasons are obvious and are sound, and the taxpayers are entitled to information as to how their money is spent.

I recommend that every department of State Government be required to publish in one or more newspapers of general circulation in the State, at least once or twice a year, a list of all employees together with their monthly salaries. I believe that the public is entitled to know the salaries of all appointive officers and employees as well as elective officers. I find this is not the case at the present time.

CENTRALIZED PURCHASING

Purchasing for the many State agencies, boards, bureaus, divisions, departments and institutions has been diversified for many years. Two surveys made show clearly the savings that could be made through a State Central Purchasing Department, the creation of which I firmly believe would be an economy measure.

The survey made by the Nevada Taxpayers Association, and which does not include the Highway Department or the University of Nevada, estimates a biennial saving of at least \$150,000. Such a saving is also borne out in the report of the Nevada Legislative Counsel Bureau Bulletin No. 13.

In recent years the State Highway Department instituted the bid system on gasoline and Diesel oil, and savings of \$19,000 during the past year were had on these two items alone at the present discount prices.

In view of the possibility of short supplies creating a seller market, I question the advisability of initiating a general over-all program at this time.

There are many legislators who have had many years of experience in the buying and selling of supplies and equipment. The office of the Governor feels, in view of the approaching and inevitable war time regulations, that these legislators, by reason of their experience, are in a position to determine whether this over-all plan of centralized purchasing should be invoked at this time. Contract purchasing of gasoline and oil by the State Highway Department has resulted in large savings. If an over-all purchase program is found not adaptable at this time, I recommend bulk purchasing by contract of those materials in common use by the State departments and agencies to effect savings.

ADMINISTRATION REORGANIZATION

A bill providing for an over-all State Merit System will be presented to the Legislature and I ask you to weigh carefully the advantages it will provide for those in State employment.

A merit system should be applied to State departments, agencies and institutions, for there is no doubt of the need for uniform job and salary classifications, where people doing approximately the same work should receive the same pay.

The proposed general system would not duplicate the present limited merit system covering only three departments, but would consolidate the two.

Agency and department heads, along with administration or board appointees should remain unclassified under the proposed merit system. This would remove the danger of the system eventually controlling the State Government.

I recommend the enactment of a merit system by the Legislature, in the belief that it will make for better and more efficient government, as well as job security for those individuals who have chosen public service as a career.

There are many boards in State Government which I feel can be abolished without loss to the State. These are the Board of Printing Control, Board of Irrigation, Board of Publicity, State Range Commission, Reclamation and Settlement Board and State Immigration Bureau. These have become inactive and are wholly unnecessary.

I further recommend continued consideration of the Gorvine Report. This exhaustive study of State Governmental problems provides a source of analytical material for your work.

CONCLUSION

In presenting my message to you, I have endeavored not to veer from a guiding principle of forthrightness in purpose and directness in presentation. It is my policy to meet issues squarely and propose recommendations I believe will go far in solving the perplexing questions in conformity with the authority delegated to me by the Constitution and the basic doctrines of good government.

These subjects and problems I have presented for your considered judgment and deliberation are diversified in nature and scope. I believe I have been sufficiently comprehensive, so that you, as members of the Nevada State Legislature, can view the broad picture of the State's financial status on one side and the many obligations and economic uncertainties of the future on the other.

I thank you for your earnest attention and you have my very best wishes for a pleasant and successful session. I again welcome the opportunity to confer with you on any legislative matter and I will respect the Constitutional privileges accorded to you as legislators. In conclusion, may I reiterate my sincere desire to work harmoniously in every respect with you. I solicit your confidence.

CHARLES H. RUSSELL,
Governor.

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

Seconded by Senator Lovelock.

Senator Robbins moved that the Joint Session be dissolved.

Seconded by Senator Reid.

Joint Session dissolved at 3:06 p. m.

ASSEMBLY IN SESSION

At 3:07 p. m.

Mr. Speaker in the Chair.

Quorum present.

Mr. Speaker announced that if there were no objections, the Assembly would recess for ten minutes.

Assembly in recess at 3:08 p. m.

ASSEMBLY IN SESSION

At 3:20 p. m.

Mr. Speaker in the Chair.

Quorum present.

MOTIONS, RESOLUTIONS, AND NOTICES

By Mr. Anderson:

Assembly Resolution No. 3—Relating to the appointment of attachés.

Resolved by the Assembly of the State of Nevada, That the following-named persons be, and they are hereby, elected as attachés for the Forty-fifth Session, to wit:

Avery Winnemucca, Electa Robinson, Pearl McElroy, Gertrude Elager, Nettle