

THE EIGHTH DAY

CARSON CITY (Monday), January 26, 1953.

Assembly called to order at 11 a. m.

Mr. Speaker in the Chair.

Roll called.

All present except Mr. Baldy, who was excused.

Prayer by the Chaplain, Monsignor H. J. M. Wientjes.

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

Motion carried.

Mr. Speaker appointed Messrs. Rowntree and Walters to invite the Senate to meet in Joint Session with the Assembly to hear the Governor's Message.

Mr. Speaker appointed Messrs. Von Tobel and Oldham to escort the President of the Senate, Lieutenant Governor Cliff Jones, to the rostrum.

Mr. Speaker appointed Messrs. Houghton and Covington to escort the President pro tem of the Senate, Senator Rene W. Lemaire, to the rostrum.

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

IN JOINT SESSION

At 11:14 a. m.

President of the Senate in the Chair.

Secretary of the Senate called the Senate roll.

All present except Senators Wiley and Robbins who were excused.

The Chief Clerk of the Assembly called the roll.

All present except Mr. Baldy who was excused.

The President of the Senate appointed Senator Johnson and Assemblyman Christensen (Clark) to wait upon the Governor.

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

The Sergeant-at-Arms informed the President of the Senate that the 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-SIXTH LEGISLATURE OF NEVADA

STATE OF NEVADA
EXECUTIVE CHAMBER

CARSON CITY, January 23, 1953.

To the Honorable, the Senate and the Assembly:

It is an honor and a pleasure to deliver my message as Governor to the Forty-Sixth Session of the Nevada State Legislature.

There are many of you with whom I served in the Legislature, both in the Assembly and the Senate, in past years, and to these old friends as well as to other distinguished members I offer my sincere congratulations. We each have a duty to our counties and our State which has been imposed upon us by the people. We have to reflect that responsibility by serving to the best of our ability toward the end of better government in meeting not only the progress taking place in Nevada, but also to better conditions for future development and welfare of our people.

I, with my administrative staff, intend to work in cooperation with you. Our services are available at all times for we are interested in one thing—Nevada and its people.

We still are in an unsettled economic condition, brought about largely by the existing National Emergency of fighting, first, an undeclared war, and secondly, the spread of Communism and other forms of totalitarianism which would strike at undermining our form of government. To me there can be no compromise, on the National or State level, with Communism or other ideologies contrary to the American freedom we have learned to love and cherish.

Today we in Nevada stand united, as we have in the past, behind a constitutional form of government, promulgated and carried out by the American people. We must examine closely the part our State plays in the Nation's economy and how we can remain stable and secure.

To maintain our strength within this State it behooves us to hold our expenditures within our income, to give such service to our State and people necessary for better government, and consistent with economy in obtaining dollar for dollar value.

STATE FINANCES

Your honorable bodies already have received my biennial budget message and will have noted that Nevada's financial condition continues sound.

You also will have noted the unprecedented demands for funds which came from all State departments and agencies.

You have before you a bill seeking to equalize and adjust salaries of State employees in an effort to eliminate inequities which have existed for many years. I also have recommended that the elective officers of the State be granted salary increases commensurate with the duties they perform.

These recommended salary increases for elective and appointive officers and employees are necessary to maintain Nevada's high standards of governmental operation and to guarantee that qualified persons continue to interest themselves in State Government.

While exceptionally heavy demands were made for financing and many requests were presented for capital improvements, I reiterate the statement made in my budget message that it is my belief that no new taxes will be necessary. Neither will it be necessary to increase the State tax rate, provided the Legislature follows budget recommendations and maintains its well-established reputation for economy.

Elimination of what many might term luxuries in government and the adherence to the same policies which are followed in private business will insure continued financial stability in the State.

No effort should be made to extend the level of State Government.

Rather, I believe, it would be well for the Legislature to consider a retreat from centralization, which would effect further economies.

HOME RULE

It is my feeling that for too many years there has been a growing tendency toward centralization which, in my opinion, can end only in ultimate destruction of the fundamentals upon which this Nation was founded.

While the greatest cry against centralization is voiced against the expansion of the Federal Government, careful consideration will reveal the same evil is to be found at the State level.

The tendency for the State to assume obligations which should belong to the counties is one which removes government further and further from those who are most vitally interested—the individual.

This assumption of duties and obligations by the State is directly opposed to the theory of a representative form of government. It is costly, creating as it does, an additional corps of administrative officials and employees.

Those best qualified to judge the needs of any community or county are those residing in that area.

I recommend you give most careful study to plans which would restore to the counties those functions which rightfully belong to the counties and retain for the State only such functions as are truly functions of the State.

Elimination of special bills, such as those establishing salaries of county officials, from the legislative agenda would save a great deal of time and considerable money.

The Legislative Counsel Bureau after a detailed painstaking study of the problem of home rule for Nevada has made certain specific recommendations in its bulletin Number 15 entitled, "Home Rule In Nevada."

All of those recommendations are in keeping with the theory of home rule and are commended to you.

Resolutions providing for such steps have been introduced. I urge their adoption.

GAMBLING CONTROL

The power to regulate gambling on the State level first was given the Nevada Tax Commission in 1945 and subsequently provisions for licensing and regulation have been changed by succeeding sessions of the Legislature.

The Commission, due to a direct lack of authority, has been faced with many problems in issuing licenses and in enforcing rules and regulations made by the Commission.

I strongly urge that this session of the Legislature give the Commission complete power to deny or revoke any and all licenses.

I further strongly urge the Legislature consider amending our gambling control laws to require that every license applicant establish a six-month residence.

I also make the following recommendations to keep gambling in Nevada clean and on a sound level of operation, thus protecting the public as well as that phase of State industry:

1. An application to the Commission and approval thereof should be necessary for the establishment or purchase of a gambling business, for an option or agreement to purchase such a business, for a loan agreement based directly on the security of implied control or eventual control, and any other means of transferring such business or any interest therein by way of lease, rental, stock purchase, management, contract, option, etc., which might result in control or partial control.

2. Before approving any of the above transactions the Commission should be required to hold a preliminary hearing and first reading, with regular hearing and final decision to follow at least 60 days after the first reading.

3. A list of all applications covering such transactions should be made

available to the news-gathering services immediately after the first reading, so the public might be advised.

4. Each gambling establishment should keep on file at all times with the Commission a report, under oath, listing all owners or stockholders or shareholders of any degree whatsoever; mortgagees, or persons or firms which have loaned money to the establishment; and all persons with options or agreements by which they can exercise any control.

The Commission in turn would provide a form which would require the applicant to give full background, past residence, employment, references and addresses. Such forms must be notarized by the person as to the truth of such record.

All persons, owners, employees and others mentioned would be required to provide fingerprints of themselves, such prints to be made by the local police or sheriff at the request of the Commission.

I also ask the Legislature to give serious consideration to eliminating horse race books as a legalized form of gambling in Nevada.

Furthermore, I am convinced the Nevada Tax Commission operates without influence and in the best interests of the State. Therefore, I am opposed to any legislation that would remove the present gambling licensing and control from this Commission, or alter the number of members, the manner of selection of membership or in any other way change the present law in this regard.

ANNUAL LEGISLATIVE SESSIONS

Another step toward greater efficiency in State Government which should receive the most careful consideration and study of your honorable bodies would be provided by annual legislative sessions.

Because of rapidly changing economic conditions it appears to me more efficient control of the State's finances could be achieved by means of a budget session, limited strictly to the consideration of financial measures, on even-numbered years. All matters of State business, including financial and budget matters, would be considered on the odd-numbered years.

Such annual sessions could be so limited that the present constitutional maximum of 60 days for each biennium could be retained. As a suggestion toward the accomplishment of that objective, I believe a 15-day budget session would be sufficient and that a 45-day general session then would be possible.

I further believe that such annual legislative sessions could be handled without additional cost, and ultimately with great saving to the taxpayers provided the recommendations relative to home rule are viewed with favor and adopted.

In considering the problem of annual sessions, I call your attention to the fact that presently budgeting requires that needs of State departments be forecast a minimum of 27 months in advance, and in actual practice the projecting of income and expenditures involves, sometimes, as much as three years and often as much as 30 months.

All of you, I am sure, recognize not only the impracticability, if not the actual impossibility, of accurate and efficient financial control by the Legislature in such a situation.

Resolutions which would accomplish the desired change have been introduced. I urge the most careful study of these proposals.

PERSONNEL BILL

A few moments ago I touched, briefly, on a matter concerning those loyal and devoted persons who long have given unstintingly of their ability to the end that Nevada's State Government be constantly improved and made more efficient.

My earlier statement referred only to salaries.

Salaries, as we all recognize, are important. There are other phases of the personnel problem which are of equal or possibly greater importance.

It long has been my sincere conviction that the State of Nevada owed to its loyal and hard working employees something over and beyond mere periodic salary increases, which all too often followed far in the wake of advancing prices.

I still am of the opinion that ability and not mere political affiliation should be the gauge used in determining whether an individual is employed and retains employment in State Government. However, I always have recognized that in order that the will of the majority be served it is necessary that government be established upon a basis which permits the free exercise of the prerogative to hire and fire those in administrative and policy-making posts. If that power were not retained, elections would become something of a mockery.

Two years ago I recommended the Legislature consider the adoption of an over-all merit or personnel plan for Nevada.

Such a bill was passed in the last days of the Forty-fifth Session. That bill, I felt, did not insure the accomplishment of the primary purposes for which it was intended—the guarantee of equal pay for equal work; stabilization of personnel on the basis of ability; and finally, the guarantee the taxpayers would immediately gain the benefits to which they, too, are entitled.

As you know, the bill passed by the Forty-fifth Session was vetoed.

In the nearly two years since March 1951, members of my office staff have worked in close cooperation with a group representing employees of all, or nearly all, agencies and departments of government and the Legislative Counsel Bureau. Many long hours of research and study were devoted to this matter.

That study resulted in agreement upon a personnel bill which already has been introduced.

This bill, I can assure you, meets the approval of the employee group. Further, it eliminates those features which I found objectionable in the previous measure.

This measure sets up a job classification program coupled with a pay scale survey to guarantee that salaries be commensurate with ability and service.

To be as certain as humanly possible that the survey upon which the job classification and pay plan is based will be fair and equitable, I have asked your honorable bodies to provide sufficient funds to employ an outside agency recognized and skilled in the complex field of governmental operation, job classification and compensation.

I urge, with all the emphasis at my command, that this bill be enacted into law as early as possible so the contemplated survey may be started in order that greater efficiency and stability may become available within a reasonably short period of time.

I particularly desire to pay tribute to and recognize the splendid cooperation I received from the Legislative Counsel Bureau and the members of the employee study group, some of whom have devoted as much as four years to the problem which I feel will be solved for many years to come if this bill is passed.

CONSERVATION AND TAXATION OF OIL AND GAS

I call attention of the Legislature to a bill which has been introduced looking toward the application of the principles of conservation to the production and use of mineral resources. I refer to a bill which would create the Nevada Oil and Gas Conservation Commission, part of the duties of which would be to prohibit waste of oil and natural gas.

Scientific studies have convinced many of the Nation's best geologists that in the geologic past, favorable conditions existed for the formation of oil and gas in Nevada. It is the opinion of such experts that these natural resources may still exist in commercial quantities. Within recent years, several millions of dollars have been spent in prospecting for oil and it may take millions more before modern prospectors are rewarded. We should, however, encourage the quest. The conservation policies stated in the proposed Act have been found to be wise and sound in many oil producing States. The Interstate Oil Compact Commission, the chief interest of which is oil production and conservation, has informed us passage of such a law prior to discovery and production is a wise and farsighted action.

I most sincerely recommend passage of this Act as in the interest of the State and its economy.

It also is provident for the Legislature to consider a method of taxation for an oil producing industry. There are three principal types of taxes that could

be applied to companies engaged in the oil and gas industry. They are: (1) the ad valorem tax; (2) the severance tax; and (3) the present State net proceeds tax.

MINING

Net proceeds of mines reached an all-time high in Nevada during the year 1951 and it is indicated that in the year just ended that record will be closely approached, if not surpassed.

Income to the State of \$505,487.48 was reported from the net proceeds of mines during 1951 on an assessment of \$16,617,853.18, while for the first six months of 1952 the income was \$242,774.97 on an assessment of \$8,538,263.67.

Those figures impress the fact mining, as always, is one of Nevada's as well as mankind's basic industries.

A well balanced economy requires mining continue in a healthy condition and that every effort be made to encourage it to greater attainments.

Much of modern industrial civilization is dependent upon a steady flow of mineral raw materials. World War II proved that the national security is in danger when the Nation is unprepared to produce, or cannot obtain, proper minerals.

The standard of living also would be lowered if the flow of adequate mineral supplies should cease or be seriously impaired.

It is to the interest of all to encourage in every proper way the mining industry in all of its phases—discovery, mining and treatment of minerals.

AGRICULTURE AND LIVESTOCK

The fields of agriculture and livestock along with mining represent one of Nevada's basic industries.

When the dual industries of livestock and agriculture prosper the State prospers. When those industries fall upon evil days the entire economy suffers.

Generally speaking, during the last two years prices paid for products of these two basic industries can be described as good.

It must be remembered, however, that such prices have not been directly reflected in the net income of the agriculturists and the livestock operators, due to materially higher costs of labor, materials and all of those things necessary for successful operation.

These basic industries are necessary for the economic stability of the State and for the physical well-being of Nevada's residents. They must continue to prosper. I urge your honorable bodies give sympathetic consideration to all legislation designed to advance agriculture and livestock. I also urge, by the same token, that no steps be taken which could in any way be detrimental to that great segment of our population.

The conservation and development of adequate water supplies for present agricultural and livestock ranches are of vital importance. It is equally important consideration be given to programs which will bring now barren acres into production, thus increasing the population and income of Nevada and adding to the prosperity of all residents of the State.

DISASTER RELIEF

Twice during the past four years the State of Nevada has been forced to call upon the Federal Government for assistance in opening roads and providing other snowbound operations. In March of 1952 there were no State funds available to meet the snow emergency and Federal assistance came at a time when county funds were exhausted. It should be borne in mind no State funds are, or have been, available for such purposes.

To meet a possible future emergency I urge the passage of a bill authorizing the withdrawal from the general fund of the State sums up to \$50,000 on approval by the State Board of Finance.

Nevada has been notified that in the future if we expect to obtain such assistance from the Federal Government, the State must be in a position to show its good faith in matching such funds.

The speedy assistance by the Federal Government in 1949 and 1952 resulted at both times in the saving of thousands of head of cattle and sheep.

STATE PROPERTY—WATER SUPPLY

For the last several years the growth of Nevada's State Government in Carson City has posed a problem which has become more and more acute. That problem is water supply.

Two years ago I called attention to this situation and recommended a study by the State Engineer.

The opportunity now has arisen for the State to acquire the water rights held by the defunct Virginia & Truckee Railway.

Those rights can be acquired for \$12,500 and would solve the problem for the foreseeable future.

I have included in the budget of the Department of Buildings and Grounds an item for that amount and a bill authorizing the purchase has been introduced. I urge its passage.

HIGHWAY PATROL

One of the most pressing problems of this State, and of the entire Nation, is reduction of the terrible toll taken in accidents on the highways.

More rigid enforcement of safety and driving laws is needed in order to protect the public.

Reasonable expansion of the Nevada State Highway Patrol will result in more rigid and necessary law enforcement and contribute greatly to reduction in traffic accidents.

Further expansion of the Patrol should, I am convinced, result in increased revenues for the State.

As you know, the Patrol in addition to its duties of enforcing safe driving regulations is charged with enforcement of motor vehicle registration laws; motor vehicle carrier regulations; Operators' and Chauffeurs' License Act; and Use Fuel Act.

As an example of the increases which may be expected from an expanded Patrol, I point out that collections made by the organization in 1950 for the Public Service Commission and turned over to the Highway Fund amounted to \$896,493. That was increased in 1951 by 29 percent, with a further 16 percent increase to \$1,342,550.08 last year.

Records also indicate an 18.5 percent increase in revenue by the Motor Vehicle Division in the last biennium and a 27 percent increase in revenue by the Drivers' License Division in the same period, largely due to the enforcement program of the Patrol. The Patrol also can be credited with some portion of the 84 percent increase in revenue of the Use Fuel Division of the Tax Commission.

Cost of increased Highway Patrol personnel would be financed from the State Highway Fund and the increased revenue and safety would not be reflected in the State's tax rate.

A bill to increase the number of Highway Patrolmen and effect other changes to improve efficiency and operation has been introduced and I most urgently recommend its passage.

PUBLIC SERVICE COMMISSION

Study should be given to the increasing work load of the Nevada Public Service Commission. Presently the Commission is composed of the chairman as the only full-time member, the State Engineer as an ex officio member, and one part-time member. To strengthen the Commission and obtain added technical assistance to meet greater demands, I recommend the State Engineer be continued as an ex officio nonvoting member and that an additional full-time member be authorized, such member to be appointed by the Governor. The Commission would then include the chairman, a full-time member, a part-time member and the State Engineer as ex officio nonvoting member for the technical information he could both receive and provide.

HIGHWAY

Our highways have been constructed and maintained at a high standard during the last biennium. During the 1952 calendar year, \$6,547,349 was spent in constructing 452 miles of primary, secondary and mine access roads. Airport construction and plant improvements totaled \$322,777. Maintenance costs

were \$2,354,561 for a grand total of highway construction and maintenance of \$9,224,637.

For more efficient Highway Department operation, I recommend:

1. Authorization for the Department to obtain land in fee simple title rather than under easement and to disperse any of that acquired land not needed for highway purposes.

2. Authorization to establish speed zones along sections of highways determined to be hazardous to life and property.

In order to hold and obtain suitable personnel, both engineering and office, you have noted in my budget message my recommendation on salary schedules.

ATTORNEY GENERAL

The drafting of bills for presentation to the Legislature at its sessions is one of the most important functions of State Government.

Presently that duty is lodged with the Attorney General of the State. It is his suggestion, which I wholeheartedly recommend, that this duty be transferred to the Commission for the Revision and Compilation of Nevada Laws.

The Attorney General also has called my attention to the fact that Nevada's statutes relating to habeas corpus are antiquated, having been unchanged since Statehood. It is the opinion of the Attorney General that the present statutes dealing with writs of habeas corpus are filled with loopholes. I urge that you carefully consider these laws with a view of closing any such loopholes which may exist.

Further, I specifically call your attention to the recommendations made by the Attorney General in his Biennial Report. Those recommendations cover a wide field in which statutory revisions could be made to improve government.

STATE ENGINEER

Work in the office of the State Engineer is increasing rapidly and its importance to the development of Nevada is becoming more and more apparent.

The State Engineer is responsible for the administration of the water laws and is vitally concerned with all phases of water conservation, development and use.

An Act was passed at the 1951 Session of the Legislature creating the Columbia Basin Interstate Compact Commission of Nevada. The Columbia Basin Interstate Commission, consisting of six States, now is working actively on an interstate compact. Nevada's interest in the waters of the Columbia River Basin arising in the State is well documented in a report just released. That report shows the present and potential future use of such waters.

Because I believe in the importance of this work I recommended in my budget message an appropriation sufficient to defray expenses of the Commission during the next two years.

Stream measurement and ground-water studies have been carried on by the State Engineer for many years in cooperation with the U. S. Geological Survey. Continuation of those programs together with the cooperative snow surveys carried on with the Soil Conservation Service is most important.

Practically all of the public domain of the State now is under direct administration of Federal agencies, and consideration now should be given by this Legislature with a view of amending the Stockwater Act (Chapter 201, Statutes of 1925), and the Nevada Range Law (Chapter 226, Statutes of 1931) so that the needs of the livestock industry will be more nearly met.

SURVEYOR GENERAL

The first step to accomplish a major change in Nevada's constitutional governmental offices was taken when the 1951 Legislature passed a resolution calling for the abolition of the Office of Surveyor General. That resolution must be passed again by this Forty-sixth Session to qualify it to go on the ballot at the next general election.

I recommend, as I did two years ago, that the Legislature pass the resolution and allow the voters of the State to decide the matter.

Because the Legislature indicated two years ago that it agreed the Office

of Surveyor General no longer was necessary, due to decreasing business, this year I am recommending that one position in the office be abolished.

The slackening of work in the Surveyor General's office is demonstrated by the fact there are only about 1,000 acres of State land available for purchase.

PUBLIC WELFARE

During recent years there has been a continued enlargement of public welfare activities. I recognize the necessity of adequately providing for those unfortunate people who, largely through no fault of their own, are unable to take care of themselves.

I do ask, however, that the Legislature carefully study any bills which would further extend the welfare services with this view in mind: first, are the extended services needed; and second, what will be the cost, with the realization that when any new trend in public welfare services is embarked upon it is difficult to halt or correct in the future?

The Nevada State Children's Home is under the administration of the Welfare Department. There has been considerable discussion in recent years as to whether administration of the Children's Home should be removed from the Welfare Department's control.

I urge you most carefully consider this question to determine whether such separation would react to the final benefit of the minors involved.

I call your attention to the increased cost of maintenance of each child, giving particular attention to the fact nearly all of the boys and girls at the home are not orphans, but come from broken homes.

The present cost of maintaining a child at the home approximates \$100 each month. Legislation should be enacted to insure the State will be compensated for care at least to the extent of 50 percent.

To accomplish that purpose it is suggested as a requirement of admission the committing authority guarantee 50 percent of the cost of support of each child and such be remitted monthly to the superintendent of the Home to be deposited in the State Treasury. Where the parent or parents are unable to pay all of the cost, it is suggested steps be taken to insure the difference be paid by the county of residence of the child.

The same provisions should be enacted into law with regard to the State School of Industry.

VETERANS

Passage by the Congress, last summer, of the Veterans' Readjustment Act of 1952 involved certain obligations for the States. Those obligations are in connection with benefits to veterans returning from the Korean war. To carry out those obligations, and at the express request of heads of the veteran's organizations of Nevada, I designated the State Veterans' Service Commissioner, his deputy in Las Vegas and the State Superintendent of Public Instruction to handle certain phases of this matter. In view of the added duties of the offices of the Veterans' Service Commissioner, I included recommendations in my budget for modest increases in appropriation to that office.

COLORADO RIVER COMMISSION

BASIC MAGNESIUM PROJECT

Two years ago the State of Nevada owed the Federal Government for the Basic Magnesium plant and Henderson Townsite a total of \$18,927,003.61. Today, the Colorado River Commission has successfully completed the sales and transfers which fully meet all the obligations to the United States Government, these totalling \$24,021,424, the purchase price by the State of those facilities.

There now is added to the public tax roll the huge project, including plant facilities and townsite, the 992 houses, apartment houses and business buildings.

During the last 16 months approximately 330 new homes have been erected and 350 more are under construction. Two years ago there were 650 persons employed at the plant facilities. That number has been increased to approximately 3,000 and the city of Henderson has gained in population from 2,000

to about 9,000 or more. It is now one of the largest cities in the State. Payrolls at the plants total over \$1,000,000 a month. New construction has exceeded the total purchase price paid to the government. More construction is under way now.

On April 1, 1948, the State of Nevada took over the project to save it from destruction and to attempt to build the wartime facilities into an industrial center. Many problems were encountered by the Colorado River Commission, since the Federal agency retained final approval on all negotiations and contracts.

I firmly believe the Colorado River Commission has faithfully served Nevada in making the plant and townsite a part of Nevada, instead of a ward of the State as it was two years ago.

Furthermore, the Commission has completed its obligation to the Federal Government which, under the Letter of Intent under which the State took over the property, demanded that six months after the power for the plant became firm, Nevada enter into a complete plan of sale for all properties.

This has been accomplished, and I sincerely urge the Nevada State Legislature to name a committee to investigate every phase of the operation and sale of the plant facilities and townsite. Books and records of the Colorado River Commission are open to you, and I firmly believe a complete investigation will show that at all times the Colorado River Commission was acting in the interests of the State of Nevada.

It must be remembered plant facilities were built by the Federal Government to produce magnesium during World War II. In turn these facilities now have been rebuilt and are used by such companies as Stauffer Chemical Company, Western Electro Chemical Company, Titanium Metals Corporation of America, Combined Metals Reduction Company and United States Lime Products Corporation.

Here has been built one of the great electro-chemical plants of the West. Development of industry in that area will only be limited by one factor, and that is the availability of electrical power.

ELECTRIC POWER

The total allocation of power to the State of Nevada from Hoover and Davis power plants is approximately 977,000,000 kilowatt hours annually, with 741,000,000 coming from Hoover and 236,000,000 from Davis.

Firm energy contracts have been entered into with the eight major lessees at the Basic project and others which, together with the three original contractors, Southern Nevada Power Company, Lincoln County Power District and Overton Power District, total 977,000,000 kilowatt hours.

Contracts for the current operating year which began June 1, 1952, total 820,000,000, about 893,000,000 in the 1953-1954 year and nearly 970,000,000 in the 1954-1955 year. Projected load curve studies indicate that the State of Nevada will require by 1960 to satisfy the estimated needs of its users more than 2,000,000,000 kilowatt hours annually.

Expansion of industry in Southern Nevada is dependent upon power and the Commission is completing surveys relative to a steam generating plant which I believe is needed to firm up and supply existing and future power demands.

Firm energy contracts entered into with the lessees at Basic project are as follows:

Stauffer Chemical Co.....	139,000,000
Western Electro Chemical Co.....	232,000,000
U. S. Lime Products.....	4,000,000
National Lead Company (Titanium).....	151,000,000
Combined Metals (Pioche Manganese).....	58,000,000
California-Pacific Utilities	20,000,000
Basic Management	12,000,000
Manganese, Inc.	6,000,000
	<hr/>
	622,000,000

The allocation of the three original Southern Nevada contractors totals:

Southern Nevada Power	263,000,000
Lincoln County Power District.....	80,000,000
Overton Power District	12,000,000
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	355,000,000

The full allocation, however, will be completely withdrawn and effective under contract for the 1955-1956 operating year.

During the current year the Basic firm contracts total approximately 501,000,000 and contracts to the three Southern Nevada contractors total approximately 319,000,000.

The Commission, however, has at hand requests from the major lessees at the Basic Project for additional energy, which, if we are able to obtain, will bring the total energy requirements in the 1953-1954 operating year to 1,841,000,000 kilowatt hours; in the 1954-1955 operating year to 1,725,000,000 kilowatt hours. Nevada will require by 1960 to satisfy the estimated needs of its users, more than 2,000,000,000 kilowatt hours annually.

The Colorado River Commission is continuing its studies and negotiations, through which it is hopeful of obtaining a power supply to meet these estimated increases. Negotiations have been under way for some time with agencies in Arizona and California.

Since my last message to the Legislature, the Commission has concluded a contract with the Metropolitan Water District of Southern California, through which the State has the exclusive use of generating Unit N-7 in Hoover power plant, subject to a four-year notice of recall rather than a two-year notice.

The Colorado River Commission, with the approval of the State Board of Control, has requested the Secretary of Interior to install Unit N-8 at Hoover power plant in the last remaining slot. Contracts will be entered into between the Commission and the power users under which the latter will underwrite the generating charges on Unit N-8 until 1987. In this respect the State will be completely protected.

Generating Unit A-9, a 50,000 kilowatt unit, has been installed for the exclusive use of the State of Nevada and is in operation.

The Commission has signed a contract with the Arizona Public Service Company, through which the State may obtain off-peak supply of energy from that company's facilities in Arizona, to be transmitted over the Bureau's network or exchanged for other energy in the Hoover-Davis pool.

The Commission has signed a contract with the Bureau of Reclamation for 33,000 kilowatt capacity in Shasta power plant. The State still must arrange for wheeling this energy into the western and southern Nevada areas.

The Commission has entered into conversations with a large municipal agency in Arizona for still an additional supply of energy either on a firm or off-peak basis.

The Commission has entered into contract with the Arizona Power Authority for exchange of capacity rights during peak periods and planned outage standby for its major units.

The Commission has recommended and sent plans to the Secretary of the Interior requesting funds be placed in the 1953 Deficiency Budget for the construction of a 150,000 kilowatt 230/69/13.8 kv. substation at Henderson.

With the demand for power increasing in the State, as well as in the entire Southwest area, I am hopeful plans soon may be consummated for the construction of Bridge and Glen Canyon projects and others, in the Lower Colorado River Basin.

CENTRALIZED PURCHASING

Two years ago the Legislature, acting upon my recommendation, established the Nevada State Purchasing Department.

That department has purchased supplies and materials for the various agencies of government with a saving of \$100,000 over and above administrative costs. Total purchases between July 1, 1951, and January 1, 1953, amounted to \$665,000.

The savings were made in spite of generally rising costs.

A few specific instances of savings: automobiles with heaters, defrosters, heavy duty oil filters and heavy duty air cleaners now are being purchased for approximately \$1,550; pickup trucks, with the same accessories, are being obtained by the State for approximately \$1,450; under a standardization plan, inaugurated by the Purchasing Department, only automobiles in the lower price-range field are being bought; no pleasure radios are being installed in any State vehicle; fuel oil is purchased in the Carson City area at 11.6 cents per gallon, resulting in savings to the State of \$3,720; a tire contract has been negotiated on a State-wide basis with the result that 600 x 16, four-ply first-grade tires are obtained for \$11.66. Savings approximating 100 percent have been effected on most all tire purchases; even greater savings have resulted from the purchase of heavy equipment.

The savings would have been much greater had the department been able to negotiate the purchase of all types of supplies.

Such all-inclusive operation was impossible because of the limited Revolving Fund placed at the disposal of the Purchasing Department. Therefore, in my budget message I have recommended the revolving fund of the Purchasing Department be increased from the \$40,000 to \$70,000.

EDUCATION

There is no more important phase of government than education.

Education is the very foundation upon which the Nation has been built and upon which it will continue to expand and prosper.

Schools and Universities have been faced with increasing costs like all governmental agencies and private business.

In Nevada the enrollment in the public schools has grown steadily, due to increased industrial, mining and agricultural development. That growth has resulted, in some instances, in a shortage of teachers and in crowded classrooms.

The budget and the general appropriation bill which accompanied it have taken into consideration that growth.

You will have noted that the budget recommendations call for an increase of more than two millions of dollars, or 13.71 percent, over the amount approved in tax levies for elementary and high schools during the last biennium.

My budget recommendations for appropriations for State aid to elementary and high schools, to be administered by the Department of Education, make up 48.19 percent of the total appropriations recommended in the budget.

In other words, more than 48 cents out of every tax dollar will go to elementary and high schools, if the Legislature sees fit to approve my recommendations.

Attention of the Legislature should be called to the fact that any new formula for State aid to elementary and high schools will be a continuing program.

It has been demonstrated such a program, in each biennium, calls for an ever-increasing portion of the tax dollar.

I urge that the Legislature in considering any proposed new formula for State aid to schools, weigh most carefully the long-range effect upon State finances in the future.

Just as I did two years ago I recommend the Legislature give most careful consideration to an amendment to the Constitution which would remove the State Superintendent of Public Instruction from the ranks of elective officers.

UNIVERSITY OF NEVADA

When the educational picture in the State is considered as a whole it must, of necessity, include the University of Nevada.

That is particularly true when the financial impact of education in relation to the tax dollar is considered.

Expenditures for the University of Nevada, recommended in my budget, will swell the total to be spent on education to more than 10 millions of dollars for the next biennium.

That would mean that 65.08 percent of the total recommended appropriations would go for education, or approximately 65 cents out of each tax dollar. Conditions at the University of Nevada have continued to improve during the last biennium.

Enrollment has continued to decline, from the top of 1,817 in 1946 to 1,500 in 1950 and 1,252 on January 3, 1953.

My budget recommends an appropriation of \$300,000 to be used for new construction at the State University. That sum should be ample to meet the requirements for matching funds to insure the construction of a student union building. This I recommend.

It is my feeling that with the decline in enrollment there no longer exists a pressing need for additional classrooms.

The University of Nevada is the only institution of higher learning in the State and its development is of the utmost importance. However, it is my feeling such development should be carried out on an orderly basis of steady improvement with no attempt at overexpansion.

I have recommended certain salary increases for the teaching staff at the University. Those recommendations have been based upon the increase in the cost of living and have been kept in line with the maximum of 10 percent which was recommended for all other State employees. I feel such increase is fair.

PUBLIC HEALTH

Average life span in Nevada has increased from 33.2 years in 1910 to 54.1 years in 1951, a truly remarkable improvement.

That gain in longevity is a direct reflection of the advancement made in medical and health fields since the State Board of Health was established 60 years ago.

A current and pressing need is recodification of laws governing the reporting of births, deaths, stillbirths and infectious diseases. Presently, codes are a hodgepodge of amendments, deletions and additions.

A provision permitting the Board of Health to revise the list of reportable and quarantinable diseases by regulation would simplify the work of the Legislature and the board.

Marked progress has been made in the State's services to crippled children. The problem of rheumatic heart disease among children has received full recognition and Nevada is developing an adequate program of clinic and follow-up care aimed at minimizing the after-effects of this ailment.

The great and sudden increase of births toward the end of World War II and immediately thereafter has been reemphasized as these children reach school age. Enforcement of sanitation codes for schools and health procedures involving the children, directly, will require added time on the part of all health workers.

Further gains have been made in the slow conquest of tuberculosis. Two generations ago that disease was the State's leading death cause. Today it ranks seventh as a killer. The ultimate aim is the isolation of every case of active tuberculosis.

To provide full-time health service to the more sparsely settled areas will require enabling legislation due to the following technicality: the law now requires each county in a multi-county health unit to be represented on the governing health board by at least one resident physician. It is impossible to comply with that provision where there is no physician among the population of a county. That situation exists in more than one county.

NEVADA STATE HOSPITAL

Great strides have been made during the last two years in improving the facilities at the State institution for those unfortunates who suffer from mental diseases.

Completion of an addition to the new male ward building was a major improvement. There also has been carried out a continuing program of repainting and repairs.

However, there continues to be a considerable amount of criticism of the

operation of the institution. These criticisms appear to center on administrative policies.

It may be recalled that two years ago I expressed the belief the superintendent of the institution should be an individual skilled in hospital management, serving as business manager. The Legislature, in its wisdom, saw fit to require the superintendent be an accredited psychiatrist.

In order to permit a greater degree of choice, I urge this Legislature permit the appointing authority to designate either a psychiatrist or a business manager skilled in hospital management as the superintendent. Provision should be retained for a psychiatrist, in either event.

When any requests for additional construction at the Nevada State Hospital are presented I urge the Legislature to investigate reports that in the foreseeable future, possibly within a period of from two to four years, the State may have an opportunity to acquire from the Federal Government the ground and plant of the Indian Boarding School at Stewart, Nevada.

If such acquisition is a possibility, within a reasonable time, it would appear to be unwise to continue a program of new building either at the Mental Hospital, the Children's Home or the School of Industry.

The size of the Stewart plant and its modern construction might well be utilized to answer needs of those institutions for expansion.

LABOR

The respect that Nevada's labor force holds in the eyes of the Nation equals that of any State in the Union. Through the years, Nevada has been, for the most part, exceedingly fortunate that organized labor has not sought to further its special interests to the detriment of industrial and business life and the welfare of our State.

Organized labor in Nevada has been administered, generally, by efficient and fair leaders. Employer-employee relationships have been on a high plain and problems have been met and solved amicably in a spirit of cooperation.

Nevada's harmonious labor picture will retain its status if problems as they arise can be approached in the same sane and sensible manner.

NEVADA INDUSTRIAL COMMISSION

In order to arrive at a basic policy for the establishment of rates, as well as for betterment of operation, the Nevada Industrial Commission a year ago engaged a firm of consulting actuaries to make a complete survey of its operations. This was the first actuarial survey since the law became effective in 1913.

A public meeting was held with employers and representatives of labor and industry on January 22, 1952, at which plans for the survey were discussed. A similar meeting was held November 7, 1952 to outline phases of the survey which had by then been completed.

As a result of the survey the Commission made effective a new schedule of premium rates on January 1, 1953. Under this schedule, rates are considerably lower for most industries. Rules also were adopted to reduce and simplify the work of the employers and the Commission.

The actuaries are now developing a new merit rating plan for those employers who have a good record for safety. Such employers will obtain the benefit of a premium rate lower than the base rate.

Increased mining and industry in Nevada have resulted in more than 12,000 claims being filed during the year ended June 30, 1952, an increase of more than 50 percent over four years ago and 23 percent over a year ago.

For more efficient operation automatic bookkeeping machines have been installed, and it has become necessary for the Commission to plan on utilizing the second floor of its own building to relieve crowded conditions.

A safety code has been adopted and is ready for use. In line with this, an intensive safety campaign has been started this week with an expert from the U. S. Department of Labor assisting in organizing a State-wide program.

I feel important and far reaching steps have been taken in the last year to place the Nevada Industrial Commission on a sound operating basis.

NEVADA STATE PRISON

During the last two years, conditions at the Nevada State Prison and at the Prison Farm have continued to improve. The farm is now producing all meat used at the Prison with a large saving over previous operations. More than 100 acres of new land have been brought under cultivation.

The new gas chamber has been placed in operation. Numerous improvements have been made. However, the Prison population has steadily increased from 240 men two years ago to a high of 385 in October of 1952. Although 88 were released at the November meeting of the State Board of Pardons and Paroles, the inmate population now is 350 and will approach 425 before the next Board meeting.

This has resulted in inadequate dining room capacity, and I have approved \$10,000 in the Prison budget for materials to be used in constructing additional quarters for the guards and thus allow the extension of dining facilities for prisoners.

Planned construction work will be done by Prison labor.

I urge you visit the Prison and farm to appreciate fully beneficial changes made.

NEVADA NATIONAL GUARD

The first unit of the postwar Nevada National Guard was organized in November 1947. There now are active units in Carson City, Las Vegas, Elko, Winnemucca, Reno, Fallon, Yerington, Boulder City, Minden and Hawthorne. In all there are 14 units representing both air and ground services with a personnel approximating 1,000 men.

During the last biennium the Federal Government expended \$1,134,754 on National Guard activities within our State. Federal property for use in air and ground Guard is valued at \$6,315,871, and is available to the State for use in event of any emergency.

The Nevada National Guard payroll for instructors, caretakers and maintenance employees reached \$684,731 during this biennium. Members of the Guard received drill pay totaling \$298,922.

The air guard of 328 officers and men which was called into active service during the Legislative Session of 1951 returned to State control December 1, 1952 after serving for two years.

I again ask your support for the Nevada National Guard for two reasons. In this present war emergency it assures Nevada's proper contribution to National security and preparedness and provides a military standby facility. Secondly, it affords individual training to over one thousand young men in Nevada, a training for better citizenship and for preparedness to serve their State and Nation in time of need.

EMPLOYMENT SECURITY DEPARTMENT

During the last two years the Employment Security Department has concentrated on internal reorganization, operation and an examination of the problems facing State agencies which operate with moneys granted by Federal appropriation.

You can obtain copies of the Department's report which clearly indicates the problem common to all grant-in-aid agencies, namely the extent of control the Federal Government may exercise over State Governmental policy and operation. It is a problem you should examine carefully, and keep in mind as you give consideration to any legislation that might increase Federal intervention in State Government through expansion of grant-in-aid agencies or the addition of other grant-in-aid programs.

The unemployment compensation functions performed by the Employment Security Department have been carefully examined and certain basic issues have been decided by court action. It was the first time since the establishment of this Department that such court action had been taken.

The Department recently completed an actuarial study of unemployment compensation benefit financing. That study will give a new base upon which the unemployment compensation tax policy can be consistently formulated.

FISH AND GAME

I want to call your attention to the economic importance of Nevada's fish and game resources. If we are to retail our wildlife areas for posterity, proper management must be provided for such as that supplied in part by the Nevada Fish and Game Commission. Our wildlife resources are important economically, recreationally and for vacation areas. Nevada's businesses each year are paid more than \$13,000,000 for hunting and fishing supplies and attendant articles and services.

The Nevada Fish and Game Commission activities have progressed greatly in the last two years. More than 20,000 acres of the 200,000-acre Stillwater Wildlife Management Refuge in the Fallon area have been developed, preserving this land and providing a hunting range generally for years to come. Under Commission supervision, more fish have been produced in State and county hatcheries than ever before. Nevada is gaining a real benefit from its wildlife resources.

MISCELLANEOUS

Recently I reactivated the Nevada Park Commission. This Commission had been allowed to lapse some years ago when the Legislature failed to appropriate money for its support. However, I feel it is due posterity to preserve points of historical interest and prevent artifacts and relics of races, which once inhabited Nevada, from being carried outside the State.

Utilization to the fullest of manpower is a necessity. To that end, as well as to serve a most humane purpose, last summer I named a State-wide committee in connection with National Employ the Physically Handicapped Week. This committee now is seeking to operate on a year-around basis instead of confining its work to one week as in the past. The work of the committee has been entirely voluntary and has been hampered by lack of funds.

CONCLUSION

In presenting my message to you I fully realize that many more recommendations as well as detailed observations of administration could have been included.

I have endeavored, however, to include specific recommendations I believe are essential at this time for better State Government. I realize also a number of the recommendations are controversial, but I present them to you for your considered judgment and deliberation.

I thank you for the earnest attention you have given me, and it is my desire to work with you, fully realizing that by Constitutional right yours is the power to formulate and approve or disapprove changes in the laws that govern the State of Nevada.

Senator Brown 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 Johnson moved that the Joint Session be dissolved.

Seconded by Senator Lovelock.

Joint Session dissolved at 12:16 p. m.

ASSEMBLY IN SESSION

At 12:17 p. m.

Mr. Speaker in the Chair.

Quorum present.

Mr. Speaker announced that the Assembly would recess until 2 p. m.

ASSEMBLY IN SESSION

At 2:04 p. m.

Mr. Speaker in the Chair.

Quorum present.