

**THE EIGHTH DAY**

CARSON CITY (Monday), January 26, 1959.

Assembly called to order at 11 a. m.

Mr. Speaker in the Chair.

Roll called.

All present except Mr. Fitz, who was excused.

Prayer by the Chaplain, Father E. C. Brawn.

Pledge of allegiance to the flag.

Mr. Evans 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.

**REPORTS OF COMMITTEES**

*Mr. Speaker:*

Your Select Committee of the Clark County Delegation, to which was referred Assembly Bill No. 21, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

JAMES G. RYAN, *Chairman.*

**MOTIONS, RESOLUTIONS, AND NOTICES**

By the Committee on Legislative Functions:

Assembly Resolution No. 4—Authorizing radio and television coverage in the Assembly Chamber of the Governor's message.

WHEREAS, By the provisions of Assembly Standing Rule 28, the Assembly Chamber shall not be used for any public or private business other than legislative, except by permission of the Assembly; and

WHEREAS, On Monday, the 26th day of January 1959, the Governor of the State of Nevada will, in the Assembly Chamber, communicate by message to the Legislature the condition of the State and recommend such measures as he may deem expedient; and

WHEREAS, It is proper that the Governor's message to the Legislature be made public by means of the media of radio and television; now, therefore be it

*Resolved by the Assembly of the State of Nevada, That the Assembly of the State of Nevada hereby gives its permission for radio and television broadcasting of the Governor's message in the Assembly Chamber on Monday, January 26, 1959.*

Mr. Nevin moved the adoption of the resolution.

Resolution adopted.

Assembly Joint Resolution No. 10 of the Forty-eighth Session.

Mr. Evans moved that the resolution be referred to the Committee on Judiciary.

Motion carried.

Assembly Joint Resolution No. 12 of the Forty-eighth Session.

Mr. Evans moved that the resolution be referred to the Committee on Education.

Motion carried.

Senators Seevers and Lamb and Assemblymen McKissick and Gibson escorted the Justices of the Supreme Court to their chairs.

The Sergeant-at-Arms announced that His Excellency, Grant Sawyer, Governor of the State of Nevada, was at the bar of the Assembly.

Senators Slattery and Monroe and Assemblymen Evans and Pasquale escorted the Governor to the rostrum.

The Governor delivered his message as follows:

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

STATE OF NEVADA  
EXECUTIVE CHAMBER

CARSON CITY, January 26, 1959.

*To the Honorable, the Senate and Assembly of the State of Nevada:*

**MY FRIENDS AND FELLOW CITIZENS:** Called upon today to perform a most important function of the Chief Executive, I am awed by the trust that has been committed by the people of the State of Nevada in the exercise of their right of self-government to me and to you. I am also well aware that we are here, chosen by the people, not as party agents, but as the peoples' agents. A common concern for the future unites us. A common desire to serve the State unites us. Political parties and party principles are essential to our system of government, but the principles upon which a healthy electorate divides, diminish in importance when we convene to go about the business of conducting the government of the State. Certainly mere party struggle for advantage will serve neither party nor the State because where you, as legislators of Nevada, and I as Governor of Nevada, now stand, it is only honest performance of our duties that counts. It is my most sincere wish that from this hour we cheerfully and honestly abandon all trace of political, personal, or sectional prejudice, and determine, with confidence in each other, to work out harmoniously the achievement of this State's noble destiny.

By the article of our Constitution establishing the Executive Department of government, it is made the duty of the Governor "to communicate by message to the Legislature, at every regular session, the condition of the State and recommend such measures as he may deem expedient." I see considerable wisdom in this requirement. Even though our functions are quite different, our aims are identical and can best be accomplished by full and frequent communication and exchange of ideas.

**GAMING**

The control of gambling under the present statutes, as you know, is jointly held by the Tax Commission and the Gaming Control Board. The initial function of the Tax Commission was to assess public utilities, serve as a State Board of Equalization, and collect taxes. This is indeed a serious and responsible job and should require the full consideration of those charged with performing it. Gaming and activities related thereto is the biggest industry in the State of Nevada. The magnitude of this industry requires that it receive the attention of an administrative unit set up exclusively for this purpose. By its very nature, the gambling industry must be subject to the strictest control. In order to relieve the Tax Commission of the tremendous burden imposed upon it in the administration of gaming, in addition to tax matters, to strengthen the control over the industry and at the same time to provide full and fair hearing to the operators of the industry, I propose legislation which would create a new gambling agency to be known as the Gaming Control Commission. This agency should consist of five members whose appointment would be at the pleasure of the Governor. The Governor would be an ex officio member

of this Commission, but would not be required to attend its sessions. I would recommend that the Legislature provide that the members of the Commission could not be actively engaged in a gambling enterprise, would have no fixed term of office, and would be compensated either on a per diem basis, or at a salary you may establish. The existing Gaming Control Board, under my proposal, would be retained, under modification, including a change of title. The present Gaming Control Board, under such legislation, could be entitled Gaming Enforcement Board. It would function under the Gaming Control Commission, and would carry out policies, rules, and regulations of that Commission. All functions of regulating, rule-making, hearing, and decision, now performed by the Tax Commission or the Gaming Control Board, should be transferred to the new Gaming Control Commission. Thereafter the Tax Commission would participate only with respect to the determination and collection of gambling taxes. Delinquencies and other violations discovered by the Tax Commission which would go to the question of revocation would be reported to the Gaming Enforcement Board for investigation and submission to the Gaming Control Commission for decision relative to revocation of license or other disciplinary proceeding.

The Gaming Enforcement Board would make all investigations relative to new applicants as well as present licensees, including charges of cheating or other violations. It would make findings and recommendations to the Gaming Control Commission. It would have no power of decision. All hearings would be held by the Commission. With respect to enforcement proceedings against present licensees, hearing would be of an adversary nature with notice. The licensee would, in all cases of proceedings before the Gaming Control Commission, be served with notice and a Bill of Particulars or a Statement of the Charges. The Gaming Control Commission would be required to hold speedy hearings and its decision would be final and binding on all parties. There would be no Judicial review of Commission decisions except in cases of alleged fraud, violation of due process, or abuse of legal discretion. With respect to new applicants, the Gaming Enforcement Board, after investigation, would submit its findings and recommendations to the Commission which may or may not elect to hold a hearing. New applications might be denied with or without a hearing by the Commission, and without assigning any reason therefor.

#### LICENSING OF DEALERS

I would also propose that in order to control, in greater measure, the possibility of cheating in the industry, that dealers and other operators of games be required to obtain work permits from the Gaming Enforcement Board. Such permits would be issued as a matter of course upon application and would not be withheld because of any prior violation of law in the State of Nevada, or elsewhere, prior to the enactment of such legislation. Such permits would be revokable by the Gaming Control Commission, if in the judgment of the Commission sufficient evidence was presented by the Board to satisfy the Commission that the dealer or other operator was guilty of cheating in the State of Nevada; provided, however, that the Commission would be authorized to suspend such permit instead of revoking it in cases where probation or other leniency consideration was deemed warranted. In all such cases the permittee would be entitled to be heard after notice and service of a Bill of Particulars. The Commission could suspend the permit of the permittee pending the hearing. No person or group of persons holding a gaming license or an employee thereof could employ a dealer or other operator of games until such licensee had confirmed that such person was the holder of a valid dealer's permit. This legislation would further define those cases that would be reviewable by the Judiciary to the same limited extent as in the field of licensing.

I propose this legislation with the purpose in mind of strengthening the present gaming control regulations, separating the function of prosecutor and judge, and granting the person whose license is being questioned the right to a full and fair Administrative hearing.

The Executive will, as a matter of course, be responsible for the operation of this Agency. In light of the responsibility for its operation and in order to

maintain honesty, integrity, and objectivity in its dealings, the Executive must be empowered to control both the Gaming Enforcement Board and the Gaming Control Commission by the right of appointment and the right of replacement.

I might say to you that the above proposal has been made after consultation by me with leaders in the gambling industry, attorneys, and other interested and informed people in this field, including legislative leaders. I will say to you that it was a near-unanimous feeling of those people with whom I have consulted that the enactment of such legislation would be beneficial to the industry, the public, and to the more efficient operation of the State Administration in this field.

#### NEVADA TAX COMMISSION

Revenue collected by the Nevada Tax Commission exceeded \$28,000,000 in fiscal 1957-1958, a new all-time high. As tax collections and the number of taxpayers increase, more emphasis has been and must be given to efficient field and audit programs. These programs, properly developed, are the best assurance of fair and equitable administration of our tax laws.

Approximately a month ago the State and the counties of Elko, Lincoln, and Clark were named defendants in a suit by a major interstate railroad endeavoring to recover approximately 50 percent of its tax payments for 1957-1958 and to obtain similar relief in future assessments. Other suits or consolidation in this suit may follow, affecting many additional counties. This easily could become the most important tax suit in the history of the State, and the outcome could vitally affect our entire revenue system. It is hoped that the Legislature will cooperate in every way possible to support and lay the groundwork for a most efficient and vigorous defense. Unfortunately, we did not have a firm figure for the defense of this suit to include in the budget. It may well be that the cost will be as high as \$100,000. Although this amount is not included in the Executive Budget, there is adequate money available and the budget would still remain balanced.

#### LEGAL COUNSEL

In recent years there has developed the practice of the employment of private legal counsel by State departments and commissions. The Attorney General looks with disfavor on this, feeling that all legal counsel should be deputy attorneys general, thereby giving such counsel independence, and that savings could be effected if the legal services of this kind were performed by the Attorney General's department.

I urge you to fully investigate this matter and I believe, as does the Attorney General, that legal specialists are needed, but ask you to consider the abolition of such private counsel where paid by the State except in the work of the Legislative Counsel and the Statute Revision Commission as they are now constituted and in instances where only part-time legal counsel is required.

In authorizing additional deputy attorneys general, if you do, I point out to you that such positions must pay an amount sufficient to attract competent counsel away from private practice.

#### COMMISSION ON HUMAN RELATIONS

In a democracy there should be no gaps between principles and practices when the civil rights of man are involved. A community conscience may be appraised by the way it is concerned with those rights and privileges which are guaranteed by law to each individual regardless of his membership in any racial or ethnic group the right to employment, to education, to housing, to the use of public accommodation, to health and welfare services and facilities, and the right to live in peace and dignity without discrimination, segregation or distinction based on race, religion, color, ancestry, national origin or place of birth.

I propose therefore, legislation to permit the Governor to appoint an eleven-member Commission on Human Relations to act as an advisory, conciliatory and investigating agency on all matters threatening the general welfare by reason of such discrimination. Such commission would report annually to the Governor and to the Legislature through its Legislative Counsel or in whatever manner you deem proper.

**PARKS, MUSEUM, HISTORICAL SOCIETY**

I urge members of the Legislature to examine our entire park and museum complex with an eye to improving methods of organization and administration. At present, some of our museums are lodged with the State Park Commission while at least one is administered by the Superintendent of Buildings and Grounds. Our two biggest historical institutions, the State Museum and the State Historical Society, have separate budgets and in some respects seem to be in competition with one another. It would seem that more cohesive and economical operation of these facilities would be possible, and our appropriations procedures greatly simplified, if they were to be joined under a single administrative unit. This department would administer parks, museums and historical matters of significance. Such a change would require a new concept of park and museum administration in Nevada and would, of course, involve new legislation. Such legislation, I believe, would be much to the advantage of the people of Nevada and to our economy.

**CONSTITUTIONAL CONVENTION**

Serious consideration should be given to the calling of a constitutional convention. The framers of our Constitution foresaw that such might be necessary by providing the mechanics for it. Many states have found the need to modernize their constitutions through the convention process. Piecemeal constitutional amendments are slow, cumbersome and costly.

**ADVANTAGE TO RESIDENT BIDDERS ON STATE PURCHASES AND CONTRACTS**

I would recommend your serious consideration of appropriate legislation clarifying the present statutes in order to give some advantage to resident bidders on State purchases. I would recommend consideration of appropriate legislation giving resident contract bidders some percentage advantage in awarding a contract for work to be paid for from public funds, except insofar as it may be prohibited by Federal legislation where Federal moneys are involved.

**EIGHTH OLYMPIC WINTER GAMES**

As all of you know, the eighth Olympic Winter Games will be held in the neighboring Squaw Valley-Lake Tahoe area in February 1960.

During the entire period of the Games—and increasingly as the time of this great international classic approaches—the eyes of the world will be focused on Nevada and California.

I submit that this Legislature and the people of Nevada should share as fully as possible with their sister state, in the responsibilities, privileges and opportunities involved in welcoming the hundreds of thousands of spectators, and in honoring the more than one thousand athletes who will come here from the great family of Olympic nations to compete in the Games.

We already have taken the first steps to support the Olympic project; it should be our firm purpose now to identify ourselves further with this inspiring pageantry of sport. The opportunity is here now; it may not come our way again.

You are aware that the Nevada Olympic Commission was established by the Legislature in 1957, and that this agency has decided unanimously to allocate the \$200,000 previously appropriated, toward the cost of constructing a large public restaurant and lounge area in the heart of the Olympic complex in Squaw Valley.

This facility, on which work will begin this summer, will cost \$363,000. It will be designated as the "Nevada Welcome House," or will bear a similar title that will fully identify it with our State's participation in, and support of, the Olympic Winter Games.

To the 30,000 spectators who will visit the Games each day throughout the competitions, the building will provide concrete evidence of Nevada's warm welcome and sincere greeting.

It is my earnest belief that we should also demonstrate our hospitality to the visiting international athletes and our concern for their comfort and well-being during the Games.

We can accomplish that fine purpose by sponsoring the Athletes Reception Building in the Olympic Village. This facility, now under construction, will cost \$118,000.

At this time, therefore, I recommend that \$300,000 be appropriated—\$163,000 to underwrite the balance of the cost of the "Nevada Welcome House," and \$118,000 for the Athletes Reception Building.

Approximately \$19,000 would remain from the appropriation for the improvement of the Slide Mountain, Nevada, area, which has already been designated as the alternate downhill ski course for the Olympic Winter Games.

It is impossible to estimate the tremendous benefits that we will reap in the future from this action now—benefits in tourist dollars, in business expansion and in the good will of the world.

#### LABOR

As the State grows so grow our sociological problems. We must anticipate, as most all other states have found it necessary to do, the problems connected with maintaining a proper balance between our labor force and industry. We must be vigilant in our protection of the labor union member both from unreasonable pressures and demands from industry and from the possibility of unfair treatment by his own union. The right of collective bargaining should be carefully guarded against encroachment by a myriad of seemingly innocuous statutes which gradually chip it away.

#### ADMINISTRATIVE PROCEDURES ACT

The State of Nevada is critically in need of an act to govern and regulate the procedures of the various agencies within the Administration. Presently we find that each board and agency determines its own administrative rules. As a natural result there is a general inconsistency from one board to another. In many cases, due to a lack of statutory regulation in this field, persons who do business with State agencies or bureaus are not given full and fair administrative treatment. In order to clarify the matter of procedure for the administrative agencies and bureaus as well as to guarantee the public, with whom they do business, impartial, fair, and speedy relief, such legislation should be enacted at the first opportunity. I am advised that the Legislative Counsel is prepared to present a bill in this field. I recommend to you that careful and serious study and consideration be given to this measure. If in the event you find that in your judgment such proposed legislation or other legislation in this field is not acceptable, may I respectfully suggest that you permit the Governor to appoint a committee from the Bar Association, or other experts in the field of administrative law, to study and analyze what in their opinion would be a workable and effective solution for presentation to the next session of the Legislature.

#### APPOINTMENT OF BOARD OF REGENTS

In the 1957 Session, you passed an Assembly Joint Resolution whereby the Constitution would be amended to permit the Legislature to provide for (within limitations) the number of regents, the method of election or appointment, and the duties of the Board of Regents of the University of Nevada. I am in favor of such an amendment and urge that when the matter again be brought before the Legislature it be again resolved that the Constitution be so amended.

#### SALARIES OF STATE EMPLOYEES

One of our largest single investments in State government are the employees who provide the necessary services for the citizens of Nevada. In order to provide a more effective government, it is imperative that we hire and retain the best qualified employees possible. Most salaries listed in the budget are salary scales that have been established by the Personnel Advisory Commission after careful study of prevailing wage rates for comparable positions in private industry. However, salaries in private industry have continued to increase each year and we find that State salaries are now lagging behind on a general average of 10 percent. There also exist some severe inequalities in the salaries of the unclassified employees. This is particularly true among many of the

Executive and Administrative positions, whose salaries are not commensurate with the duties and responsibilities of their office. I strongly recommend that these be studied for adjustment.

**SALARIES FOR ELECTED OFFICIALS**

The salaries for elected officials should be raised. These officers hold the most responsible positions given to the electorate to fill. They answer and are responsible to the people as you are. The sacrifice in time and money in order to seek and hold these positions is substantial. I find that, in many instances, the salaries of State officials are lower than the salaries paid to employees appointed by them. I recommend to your good judgment a reappraisal of the salaries of elective officials.

**UNIT RULE VOTING**

I would propose consideration of appropriate legislation outlawing the so-called "Unit Rule" system of voting at and during political conventions. This rule, when employed, deprives elected delegates, if in the minority in their delegation, of the right to cast their vote.

**INTEREST ON STATE MONEYS**

The State of Nevada presently has State funds in inactive deposits in the approximate total amount of 15 million dollars. I would propose that the Legislature by statute make it possible for the State to have the benefit of reasonable interest charges on such deposits. In order that such interest rates be kept on a realistic level, I would propose to you that the State Board of Finance fix such rates of interest and the term of such deposits. In conclusion I might point out to you that 1½ percent interest on 15 million dollars would mean additional income to the State of Nevada in the sum of \$225,000 annually. I have discussed this matter with some of your legislators, with representatives of all the major banks in the State of Nevada and other interested persons and it was the unanimous feeling of all such persons that the enactment of such legislation would not only be of tremendous financial benefit to the State, but in all probability would not impose such a burden upon the banking institutions that any additional financial penalties would be imposed upon the other depositors.

**POLICY-MAKING DEPARTMENT HEADS AND APPOINTIVE**

**POLICY-MAKING BOARDS AND AGENCIES**

The Executive of your State government is charged with the responsibility of the actions of all departments, agencies, boards, and commissions. In order to properly assume this responsibility and to carry out the policies of his Administration, the Executive should have complete discretion within those qualifications as prescribed by you and your legislation to appoint, remove, and replace all policy-making department heads and appointive policy-making boards and agencies. The Governor should not be confined in his discretionary powers with respect to replacement or appointment of policy-making boards and agencies and department heads either by classification or by term appointments except insofar as qualifications for such positions are defined by legislation. I would recommend therefore that necessary legislation be enacted to accomplish the above.

**GOVERNOR'S PARTICIPATION IN BOARDS AND AGENCIES**

The Governor of this State at this time serves as a member or chairman of some 17 boards or agencies. This activity alone constitutes literally hundreds of meetings during the year and consumes a great portion of the time of the Executive. It is not to be denied that the Executive is responsible for the operation of all policy-making boards and agencies and therefore should be in close touch with and familiar with the activities of such boards and agencies. The effectiveness, however, of a Chief Executive can be tremendously limited by the sheer weight and pressure of attending limitless board meetings, much of whose time is spent on matters of detail and routine which do not concern the making of policy. The Executive can set the policy of his Administration

by having the power of appointment and the power of termination and replacement of personnel on such boards. I would recommend to you that the Governor be removed as an active member of the following boards and agencies:

Civil Defense Advisory Council  
 State Textbook Commission, President  
 Board of Health  
 Housing Commission  
 Commission on Industry, Agriculture and Irrigation  
 State Planning Board  
 Oil and Gas Conservation Commission  
 Water Pollution Advisory Board  
 Irrigation and District Bond Commissioners

It has been my thought for many years that the office of the Lieutenant Governor should be dignified with additional responsibility. I have discussed this with Lieutenant Governor Bell. I propose to you for your consideration the suggestion that the Lieutenant Governor of the State might be of great value to the State by serving as a member on some of the more important boards and agencies listed above. This would again relieve the Governor personally from obligation of attendance and still insure that the policies of the Administration were being carried out by the administrative agencies.

#### DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The Department of Conservation and Natural Resources, which was created by the 1957 Legislature, was designed to consolidate natural resources activities into a single unified department. Presently there are the divisions of water, state land, forestry, and oil and gas. Other divisions can be added as the need arises. Our greatest assets are our natural resources and programs should be diligently carried forward to the end that these resources should be explored and developed in an orderly and beneficial manner and to the benefit of the State, and every means should be used to protect them for the benefit of the generations to come.

#### *Colorado River Litigation*

The Colorado River litigation, which is of great concern to southern Nevada and the State as a whole, is now in its most critical stage. The actual trial period is over and now all parties are preparing proposed findings of fact and the conclusions of law which such party seeks to have embodied in the final decree. It is of great importance that the State continue its aggressive battle to obtain an equitable apportionment of Colorado River waters for beneficial consumptive use.

#### *Colorado River Boundary Commission—Legislation*

I am proposing that a new act be enacted providing for a Colorado River Boundary Commission to work with a like commission representing the State of Arizona to negotiate a compact with the State of Arizona, definitely fixing the common boundary of the two states between Davis Dam and the southerly tip of the State. By deciding this issue now before conflicts arise as to ownership of land between the two states, legal entanglements at a later date which would act as a detriment to proper development undoubtedly will be prevented.

#### *Fort Mohave*

Consideration should be given to the enactment of legislation similar to the Eldorado Valley Development law, which would provide for the purchase of government lands adjacent to the Colorado River in the vicinity of Fort Mohave. If this was done it would give the State and Clark County the opportunity to work out programs for the best utilization of such remaining lands in Nevada lying outside of the Lake Mead National Recreation Area and adjacent to the Colorado River.

#### *Potential Irrigable Lands*

I question that the present land laws offer an adequate means for getting potential irrigable lands now in the public domain into private ownership. I

would favor a study to determine the economic value of these potential crop lands, if under private ownership, and a comprehensive review of the Federal land laws as they apply to our State.

#### NEVADA SCHOOL OF INDUSTRY

Through your Legislative Counsel you have caused an investigation to be made of the Nevada School of Industry. You are no doubt all familiar with the contents of the so-called "Breed Report." I subscribe to the recommendations contained therein and earnestly bespeak your serious consideration of the legislative proposals made by its author. Since assuming office, I have been searching for a Superintendent who holds the qualifications recommended by this report. I am hopeful I will be in a position to appoint a Superintendent eminently qualified to hold this important position within the near future.

#### UNIVERSITY OF NEVADA

The University of Nevada is moving much more rapidly than could have been anticipated into a critical period of heavily increased pressure for admission and many new demands upon its facilities and resources.

Nevada ranks very near the top of all the states in percentage increase of college-age population; our Fall 1958 enrollment is running almost two years ahead of predictions. The percentage of graduating high school seniors who seek college admission is steadily increasing. The continued influx of new population into the State will add many more college-age students who have not been included in enrollment predictions. Increasing numbers of Nevada high school graduates, who in the past have attended colleges outside of the State, will seek admission to the University of Nevada as other states raise the barriers of out-of-state tuition charges.

Public understanding of the nature of the critical task of the University, and public support for a program which will provide the additional classrooms, the modern equipment, and additional faculty to meet increased enrollments and new demands, are essential if the University is to carry out successfully its complex educational mission—a kind of education in which lies our best hope of ultimate victory in the relentless war of ideas in which we are engaged.

It is with regret that I felt unable to include in the Executive Budget the entire request for appropriations. I have recommended 41 percent of the increase urged with the thought that this is the absolute minimum required by the University.

#### STATE LIBRARY

The State Library has demonstrated its value and usefulness by helping to promote the development of library services throughout the State, and by the legal and general reference services rendered the courts and State agencies. Activities under the Library Services Act have led to greatly expanded library services in several counties. I recommend clarification of the State Library Law specifying the State Library's responsibility in making available technical, advisory, and financial assistance to libraries. I also urge the necessary amendments in library laws to enable library services to be financed jointly by two or more political subdivisions.

#### EDUCATION

The education of their children has been a major concern of the people of Nevada since territorial days when Governor James W. Nye said in his message to the opening session of the first Territorial Legislature on October 1, 1861, "One of the most important duties that will devolve upon you is the establishment of a system of common schools. \* \* \* I recommend that you give this subject your earnest attention, and I doubt not that you will devise a plan that will bring the blessings of a common school education to the poorest inhabitant in the Territory."

From this early beginning Nevada's educational program has continued to grow and to adjust to the needs and demands of its youth. Presently we find education in the process of a reorganization program and at the same time experiencing a rapid growth in enrollment.

In my view, we must place the problems of education in a high priority. I have recommended in the Executive Budget substantial increases in school aid—being limited only by the urgency of keeping operating expenses within anticipated revenue.

The magnitude of this problem will require the earnest attention of the Legislature to evolve a plan which will insure the continued growth of Nevada's educational program to meet the needs of Nevada's youth in today's ever-changing world.

#### ECONOMIC DEVELOPMENT

In my budget message I have suggested an economic development program primarily designed to encourage industry.

Continued study and research is necessary to implement this program. Proposed enabling legislation is designed to provide State financial participation, on a limited basis, in industrial financing to encourage and effectuate industrial growth in Nevada's communities. Investigation is now under way to bring to Nevada the benefits of the Small Business Investment Act, passed by the Congress on August 7, 1958.

The stated purpose of this Act is: "to improve and stimulate the national economy in general and the small-business segment \* \* \* in particular, by establishing a program to stimulate and supplement the flow of private equity capital and long-term loan funds which small business concerns need for the second financing of their business operations, and for their growth, expansion and modernization \* \* \*"

Available to Nevada, is a Federal grant of \$40,000 which must be used to develop a program of research and counselling to make possible the encouragement and formation of Small Business Investment Companies, and State and Local Development Companies which in turn will implement the financing of present and future small business and industrial enterprises. Such financing will augment rather than replace available private capital. The availability of additional capital, through the Small Business Investment Act, should prove most helpful to Nevada which in the early stages of its industrial expansion will tend to attract many small businesses.

#### NATIONAL GUARD

The continued growth of the National Guard over the past year both strength and moneywise now makes it one of the largest departments within our State system. Since the last regular session, this department now has completed two armories, one each in Las Vegas and Reno. Eight additional armories for Winnemucca, Ely, Elko, Hawthorne, Fallon, Carson City, Yerington and Boulder City are in various stages from the drawing board to near actual completion.

The Federal government has in addition to supporting our armory program, expended approximately \$505,000 for organizational maintenance shops, storage buildings, rocket storage, flight simulator and control towers. It is estimated that an additional \$375,000 of Federal money will be expended within the coming year. Salaries within the National Guard have increased to \$2,200,000 and a total support for our Guard to over \$15,000,000.

I request your support of the National Guard Budget which will assure us of continued Federal support and an able and well-trained Guard for any emergencies.

#### PUBLIC SERVICE COMMISSION—MOTOR VEHICLE DEPARTMENTS

At the beginning of the new fiscal year there will come about the complete separation of the Department of Motor Vehicles and the Public Service Commission. In order that each of these departments may carry on as a separate entity it will be necessary for revisions in the statutes now governing their operations. I suggest these revisions be given your attention.

#### MINING

From the beginning of Nevada's history, first as a Territory and then as a State, mining has been an economic factor of the utmost importance, both to itself and to our Nation. Nevada's statehood itself is based on mining.

Nevada's mining industry has experienced a serious decline, both in production and development during the past two years. A declining market price for copper, the final failure of the government to retain its tungsten purchase program, plus the drop in the market price for lead and zinc, have contributed to a mining depression unknown in the history of our State.

To date, the value of Nevada's mineral production is on the order of 2½ billion dollars. Two years ago, Nevada ranked first in the production of tungsten, first in manganese, second in mercury, and third or fourth in copper. However, today, mining has reached the lowest point in many decades. In the year 1958, the value of Nevada's mineral production was 60 million dollars less than in 1956 and 19 million dollars less than in 1957. Employment in Nevada mines is some 2,500 less than two years ago.

The economy of the United States requires a growing quantity of metals and minerals and Nevada has them to produce—as has been proven in the past in terms of peace economy and the defense requirements of the Nation.

Nevada's domestic mining, in many cases, cannot compete with foreign labor and materials. Therefore, it is essential that ways and means be found for maintaining or achieving proper levels of efficient domestic mineral production prices. Controls should be set up so as to insure a sound stabilization program to develop our mineral resources.

With the view that perhaps it would be the wish of this Legislature to memorialize the National Congress for repeal or changes of such laws or regulations as are proving obstacles toward the desired stability beneficial to our domestic mining industry, thought should be given to proposing a long-range minerals program, increasing the depletion allowance applicable to gold and silver mines, holding as inviolate and earmarking as a backing for currency all gold purchased by the Federal government and continuing the Silver Purchase Act.

#### BUDGET MESSAGE

The task of building a sound budget for your consideration was not taken lightly. We have worked many long hours in an attempt to understand the needs of the various State agencies and to fit their requests into a reasonable plan. Due to the lack of time, more arbitrary decisions have had to be made than is desirable. This, of course, is regrettable but could not be avoided. The 1960-1961 budget will provide us with an opportunity to rectify any errors which may result from such a hasty schedule.

I wish to thank former Governor Charles H. Russell and former Director of the Budget C. A. Carlson, Jr. for their cooperation in this effort.

#### *Summary of Operating Budget*

Requests from the various State agencies totaled \$24,690,894 for current operations. Of this amount, I recommend to you \$22,379,443, or \$2,311,451 less than requested. This is an increase of only 8.3 percent over one-half of the current biennial budget.

In addition, I recommend \$1,356,000 in increased aid to schools and \$50,000 for a special tax and fiscal structure study. These two items added to the \$22,379,443 referred to total \$23,785,443 and comprise the Executive Budget. This budget is but 15.1 percent greater than one-half of the amount appropriated for 1957-1959 purposes, exclusive of the funds provided in 1958 for the temporary extension of unemployment compensation benefits. If the appropriation made by the 1958 Special Session for unemployment compensation and its administration were taken into consideration, the Executive Budget would represent an increase of only 9.6 percent.

Our estimate of General Fund revenues for 1959-1960 is \$24,317,950. The Executive Budget is \$532,507 less than anticipated revenues and leaves a 2.2 percent margin for error in estimating revenues. I am most happy to be able to present to you a balanced General Fund operating budget.

#### *The General Fund Surplus*

Page "A" of the Executive Budget details the Legislative Auditor's estimate of the General Fund balance which will be available July 1, 1959, as \$14,962,579.

It is generally agreed that approximately 3 million dollars of the General

Fund balance should be considered unavailable for appropriation and should be the "working balance" or cushion. If we subtract 3 million dollars from the estimated balance of July 1, 1959, it leaves us with a surplus available for appropriation of \$11,962,579.

I recommend that \$2,728,656 of this surplus be used for the capital improvement program recommended by the State Planning Board. In addition, I suggest that \$500,000 be set aside for an Industrial Development Loan Fund, the purpose of which I will describe below.

Assuming the "surplus" on July 1, 1959, to be.....	\$11,962,579.00
Subtract: Capital Improvements .....	\$2,728,656.00
Industrial Development Loan Fund..	500,000.00
	<hr/>
	3,228,656.00
Add: Possible excess of revenues over 1959-1960	
Executive Budget.....	532,507.00
	<hr/>
Estimated "surplus" July 1, 1960.....	\$9,266,430.00

#### PUBLIC SCHOOL AID

I recommend an increase in the basic need formula upon which school aid apportionments are made. I suggest that the formula be changed to provide \$4,300 for each teacher, rather than the present \$4,000; and \$90 per pupil rather than \$80 as at present. This will cost approximately \$1,356,000 for 1959-1960.

We are fortunate that the State Distributive School Fund will begin the 1959-1960 fiscal year with a cash balance of approximately \$2,239,000; thereby reducing the General Fund moneys necessary to finance the present aid program.

We must be aware, however, that in all probability in 1960-1961, and thereafter, all but about \$300,000 of the necessary money for school aid will have to come from the General Fund. I am recommending a \$10,985,000 appropriation from the General Fund to finance the expanded school aid formula in 1959-1960, but the 1960-1961 appropriation could be as high as 14.5 million dollars, using the expanded formula.

It must be understood that, although this increased school aid formula can be financed out of current revenues in 1959-1960, it may be necessary to call upon the General Fund surplus in 1960-1961 to continue the same program.

The request for General Fund moneys for the Distributive School Fund was based upon the latest information then available. After February 1, when the February apportionment figures become available, this need should be reexamined.

In order to secure maximum benefit from our education dollar, administrative costs must be held to a minimum. Consequently, the budget calls for a reduction in the number of Deputy Superintendents of Public Instruction from six to two and a corresponding reduction in clerical staff. I believe, now that the county system is operative, such a reduction is feasible.

#### University of Nevada

The Executive Budget calls for an appropriation of \$3,379,042 for the University of Nevada. This is \$968,404 more than one-half of the amount appropriated for 1957-1959 and represents an increase of over 40 percent.

I believe that this will provide substantial help to the University in meeting its obligations to an ever-increasing student body.

#### Tax and Fiscal Structure Study

If we are to have sufficient revenues in future years to meet the needs of this fast-growing State, we must fully understand our present tax structure. The Legislative Commission has had under consideration the advisability of a study of not only the State's tax structure but also the revenue problems of the local governments.

It was the Legislative Commission's recommendation that such a study be made, and I wish to join them in that recommendation and am requesting that \$50,000 be appropriated for the study and that the report be available prior to the 1960 Legislative Session.

### *Industrial School*

Money alone will not solve all of the problems which have existed at the Industrial School for Boys. We must, however, make sure that a lack of money is not the reason for a continuance of these problems. The Executive Budget calls for an appropriation of \$221,595, an increase of 101 percent over one-half of the 1957-1959 appropriation. Other matters in this connection are referred to in the message.

### *Industrial Development*

If Nevada is to continue to provide employment for its expanding population and to have a balanced economy and tax base, we must encourage and promote orderly industrial development. We recommend that the emphasis of the Department of Economic Development be changed from tourist promotion to industrial development and that it continue to operate on approximately the same budget as it has had for the past year.

Competition among the states for new and desirable industries is increasing daily. Most desirable industries are not looking for a handout. What they are seeking is concrete evidence of community support and a favorable political climate.

We suggest that \$500,000 be made available from the General Fund surplus for the purpose of creating an Industrial Development Loan Fund. This fund should be administered by the State Board of Finance, with the advice of the Department of Economic Development, for the purpose of making loans of up to 25 percent of the appraised value of a proposed new industrial plant. Such loans should be made only when the owner has provided at least 25 percent and the remaining 50 percent has been committed by a bank or other responsible agency. Reasonable interest should be charged and a second mortgage received.

Although it will be necessary to appropriate this money from the surplus it will not be dissipated as it will be invested in interest bearing mortgages much as some of the State's other surplus funds are now invested.

### *State Parks*

An increase of 37 percent is provided for the State Park Commission to more adequately maintain and protect our present park system. We recommend that our present facilities be adequately developed for the enjoyment of Nevadans and visitors before assuming responsibility for any new parks. Suggested changes in administrative control of parks, historical matters and museums have heretofore been made.

### *Welfare*

Paradoxically, economic prosperity is not always accompanied by reductions in welfare costs. The budgets for all welfare services have been increased except in two instances where reductions were requested by the Welfare Department.

The increases are not, however, as large as requested by the department. For example, the request included 30 new positions in administration. Only three of these are recommended, due partly to the large number of vacancies which have existed this past year and which should be filled before new positions are authorized.

The three programs of Old-Age Assistance, Aid to Dependent Children, and Aid to the Blind would receive \$431,827 more under the Executive Budget than one-half of the 1957-1959 estimated expenditure. Of this increase, \$165,345 is General Fund moneys.

### *Governor's Office*

If the Executive is to adequately meet the responsibilities assigned to him by law there must be sufficient trained staff available. The State government has grown and the Executive's responsibilities have increased but there has not been a corresponding increase in staff to oversee the general administration of the government.

In order to do the job which the Legislature and the people have every right to expect, I have requested an increase of one professional position and one clerical position in the Governor's office in the Capitol and one professional position in the Governor's office in Las Vegas.

*Budget Director*

The function of the Budget Director by law is one of wide scope. This office is charged not only with the responsibility for developing the budget and pre-auditing most expenditures, but with the equally significant responsibility of effecting economies in State government.

The Budget Director should be in a position to conduct examinations of the operations of State agencies and effect economies with respect to the internal operation of each agency and in its relation to other agencies of State government.

The Budget Director cannot properly do the job assigned to him by statute unless he is provided with adequate help. I have recommended the addition of a budget analyst and provision of \$10,000 for special studies which may be beyond the competence of the office of the Budget Director.

The change from biennial to annual budgeting has, of course, materially increased the workload of this office. I am convinced that if the Legislature in its wisdom should follow this recommendation substantial economies in government operation will result.

*Buildings and Grounds*

Maintenance costs have increased and the State Building in Reno has been added to this department's responsibilities since 1957. The new Superintendent of Buildings and Grounds, the Budget Director and I have reviewed and reworked the proposed departmental budget but are still not satisfied with the plan presented. The entire request has been included in my recommendation; however, a revised budget for the department of a lesser total figure will be presented to you before February 1.

*Salary Increases*

The proposition that salaries of State employees should be competitive with private industry within the State is sound. We cannot afford to do less if we are to expect to secure and retain competent personnel.

Based upon the findings of a survey of "key classes" of State employment, the Personnel Advisory Commission has recommended an upward adjustment in salaries. This revision would, in most cases, mean a two-grade increase and would average 10 percent of present salaries. An appropriation of \$300,000 is included in the Executive Budget for this purpose.

*Nonappropriative Budgets*

Due to the lack of time it was not considered advisable to make recommendations on most of the nonappropriative budgets. In those cases where no decision was made on the executive level, the detail of the "Governor's recommendation" column has been left blank except for totals.

Next year the Executive Budget will include recommendations on all-important nonappropriative budgets.

*Legislative Counsel Bureau*

The Legislative Counsel Bureau is your own instrument. It would not be appropriate for the Executive to make recommendations to you concerning the expenditures which, in your judgment, are necessary. Consequently, I have made no recommendation on the request of the Legislative Counsel Bureau but have considered the entire amount requested in arriving at a total figure for State operations.

*Cooperation Between Executive and Legislative Branches*

We have enjoyed the complete cooperation of the Legislative Auditor in the preparation of this budget and shall continue to call upon him for advice and counsel. In return, we offer the cooperation and help of the Budget Director to the Assembly Ways and Means Committee and the Senate Finance Committee and hope that they will feel free to call upon him at any time for an explanation of the proposals submitted here or for such other purposes as you desire.

I am anxious, as I know you are, to keep the State on a sound financial basis. The 1959-1960 Executive Budget is a balanced budget and keeps State operations within anticipated revenues, but does provide for use of a part of

the surplus for nonrecurring items, primarily capital improvements. As I have observed earlier in this message, the present trend of expenditures does present the possibility by 1960-1961 of requiring moneys greater than will then be available from current revenues.

None of us wish to bring about a general tax increase. Only by working together and effecting every possible economy consistent with good government can we continue to provide the necessary services of State government without seeking substantial new revenues.

I thank you for your patience. The business of State government is somewhat new to me as it is to many of you. I have prepared this message and the Executive Budget with sincere purpose and to the fullest extent of my abilities—it is in the nature of things, however, that you will observe matters with which you do not agree.

In the knowledge that your collective judgment may be vastly superior to mine I stand ready at all times to meet with you, if you desire, in a joint effort to solve our common problems in a true spirit of give and take and compromise based upon principle.

In effecting our purposes, our efforts alone are not enough, we must humbly petition for the guidance of the power and the goodness of God, who presides over the destiny of us all.

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

Seconded by Senator Black.

Motion carried.

Senator Gallagher moved that the Joint Session be dissolved.

Seconded by Senator McGowan.

Motion carried.

#### ASSEMBLY IN SESSION

At 12:49 p. m.

Mr. Speaker in the Chair.

Quorum present.

Mr. Evans moved that the Assembly recess until 2:30 p. m.

Motion carried.

Assembly in recess at 12:50 p. m.

#### ASSEMBLY IN SESSION

At 2:33 p. m.

Mr. Speaker in the Chair.

Quorum present.

#### INTRODUCTION, FIRST READING, AND REFERENCE

By Messrs. Christensen (Clark), Christensen (Washoe), Humphrey (Washoe) and Pozzi (by request of the Statute Revision Commission):

Assembly Bill No. 46—An Act to amend NRS section 123.140, relating to the execution and recording of an inventory of the separate property of the wife, by providing that money need not be included in the inventory.

Mr. Pozzi moved that the bill be referred to the Committee on Judiciary.

Motion carried.