

APPENDIX

TO

Journals of Senate and Assembly

OF THE

THIRTY-EIGHTH SESSION

OF THE

LEGISLATURE OF THE STATE OF NEVADA

1937

VOLUME I



CARSON CITY, NEVADA

STATE PRINTING OFFICE . . . JOE FARNSWORTH, SUPERINTENDENT

1937

STATE OF NEVADA

MESSAGE

OF

Gov. Richard Kirman, Sr.

TO THE LEGISLATURE OF 1937
(Thirty-Eighth Session)



CARSON CITY, NEVADA

STATE PRINTING OFFICE - - JOE FARNSWORTH, SUPERINTENDENT

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

STATE OF NEVADA,
EXECUTIVE CHAMBER,
CARSON CITY, January 18, 1937.

To the Honorable, the Senate and Assembly:

The Constitution of Nevada, in Article V, Section 10, provides that the Governor shall communicate by message to the Legislature at every regular session the condition of the State, and recommend such measures as he may deem expedient.

Complying with this provision and time-honored custom, it is my duty and pleasure to report to you, as members of the thirty-eighth regular session, existing conditions within the Commonwealth, and to briefly comment upon the State and its institutions.

In sharp and refreshing contrast to conditions as they existed at the commencement of my official term as the Chief Executive, it is a pleasure to note that the depression referred to in my message of 1935 is practically ended, and on every side we see evidence of this fact.

Only by reason of the remedial program of President Franklin D. Roosevelt and the Congress during the last four years can this recovery be credited, and all honor is due to the President for his courageous vision and foresight in formulating measures restoring prosperity to the American people.

PROPOSED VETERANS HOSPITAL

Among the several State measures which I especially commend to your attention, and urge the speedy passage of the required legislation, is that authorizing the City Council of the city of Reno to convey certain real property in fee simple absolute to the Federal Government for the purpose of having erected thereon a Veterans Hospital.

It is unnecessary for me to point out the desirability of having such hospital erected within our State, and when the Act is introduced for this purpose it should have your careful and prompt consideration, for no effort should be spared to promptly provide needed hospital facilities for those deserving ex-service men who in previous years have answered the call of our Country in time of war.

PAYMENT OF OLD-AGE PENSION AND UNEMPLOYMENT COMPENSATION

Equally as important is the enactment of legislation to meet Federal requirements looking to the payment of old-age assistance and for the payment of unemployment compensation.

The passage by Congress of the Social Security Act is unquestionably one of the most forward-looking pieces of legislation ever to be enacted by the National Congress, affecting, as it does, literally millions of our citizens.

Attorney-General Mashburn has prepared for introduction measures which, in his judgment, are necessary to be enacted to enable our State to meet the requirements of the several titles of the Social Security Act, and I urge your careful consideration thereof. There has also been prepared by him a synopsis, which I heartily endorse, of the provisions of Titles I and III, as well as brief comments on Titles IV and X, which I shall be glad to refer to the appropriate committees of the Legislature.

STATE FINANCES

The books of the State Controller show the cash balance of the State on January 2, 1937, in the hands of the State Treasurer to be \$1,474,862.68. Of this amount, there is \$144,431.42 impounded in closed banks. There is a balance in the Special General Fund, procured from a special tax levy, of \$52,013.09 for liquidating this deficiency. The balance of the Malley-Cole deficiency on January 2, 1937, amounted to \$42,437.07.

You attention is called to the necessity of further providing for the liquidation of certain deficiencies existing in the State Treasury, and by this I refer to the so-called Cole-Malley shortage of 1927, and to those occasioned by the closing of banks throughout the State in 1932.

A special tax of approximately three cents on each \$100 of assessed valuation throughout the State for the years 1937 and 1938 will, it is believed, produce sufficient funds to liquidate these accounts in full, and restore to the State Treasury the moneys heretofore lost, and the tax referred to should be included in the Act fixing the State tax levy for support of the State Government for the years 1937 and 1938.

On January 2, 1937, the outstanding bonded debt of the State of Nevada was \$888,000. Of this amount there was outstanding State Highway bonds for a total of \$275,000, Emergency Employment Bonds for a total of \$236,000, and Charity and Public Welfare bonds to the amount of \$10,000. Requirements for State Highway Bonds are met by income from motor vehicle registration licenses. Requirements of the Emergency Employment bonds are met by income from liquor taxes plus a mandatory tax levy of one cent per \$100 assessed valuation. Requirements for Charity and Public Welfare bonds are already provided. The fact that the requirements for these larger issues receive such contributions from sources other than taxes would indicate a possible reduction in the tax rate required for bonds. This is not actually true, due to the necessity of heavily increasing the redemptions in some issues in order that statutory provisions be observed.

A consolidation of all bond funds and all tax levies for bond purposes would allow the reduction of the cash balance of the bond fund through redemption, and the consolidation of the tax levies would result in a small reduction in the required rate.

It has also been suggested that all of the bonds of the State be refunded. This thought is recommended to you for your consideration and investigation, as it is

undoubtedly true that a substantial reduction in the required tax rate can be made.

At this time I ask that any proposals for bond issues with consequent necessary tax levies be carefully scrutinized, bearing the thought of the absolute necessity for such an issue.

Bonds owned by the various State Trust Funds amounted to \$3,203,034.86 on June 30, 1936. Heavy redemptions brought this investment figure down to \$3,004,103.48 on January 2, 1937. Income from interest on these bonds for the two fiscal years ending June 30, 1935 and 1936, amounted to \$298,336.54. This was distributed to the Common School, School Teacher Retirement Salary, University of Nevada, and Surety Trust Funds as their respective interests appear.

BIENNIAL BUDGET

As required by law, Statutes 1919, page 58, the biennial budget for the fiscal years 1938 and 1939, with accompanying proposed appropriation bill, will be laid before you early in the month of February, after all departmental reports of receipts and estimated expenditures have been received and analyzed.

Accurate financial statements of all departments of the State Government, showing in detail all disbursements for the past year and a half, as well as estimated expenditures for the six months ending June 30, 1937, which will be limited to previous legislative appropriation, together with the estimated requirements, as approved by the Executive, for the ensuing two years commencing July 1, 1937, and ending June 30, 1939, will be contained in such budget, and I request your careful attention and consideration thereof.

THE NEVADA EMERGENCY RELIEF ADMINISTRATION

To meet the requirements of the Federal Government that the State of Nevada contribute financially to the relief program made possible through liberal grants of Federal funds, the Legislature of 1935 appropriated

\$312,000. This money was raised through the issuance of bonds, and was paid to the Relief Administration of Nevada at the rate of \$26,000 a month for one year, beginning in April 1935, the last payment being made in March 1936. While no payments have been made to the organization since that date, owing to a careful conservation of these funds, there is still a balance available which, with careful management, can be made sufficient to meet the Government's requirements for State participation through the balance of the program. Accordingly, the Relief Administration makes no request for additional funds for the continuance of its work program.

The smallness of the State's financial contribution to this program in comparison to the amount of Federal funds granted Nevada for direct relief and work relief is apparent when it is realized that the Federal Government has spent for relief, under programs conducted by Nevada's Relief Administration, a total of \$8,521,108.28.

There will be available shortly in the Executive Office a detailed report of all expenditures of Federal funds in this State, from October 1932 to December 1936, and also a statement of receipts and disbursements of the State Emergency Employment Fund, hereinabove referred to.

The expenditure of this large amount of Federal money has not only given direct and work relief to the unemployed of Nevada through the years of depression, but has made possible public improvements which, without this help, could not have been secured for many years. For example, during the various relief programs, 124 public buildings have been constructed or improved and modernized, 474 miles of county roads (which could not become projects of the State Highway Department) have been graded and graveled, 455 miles of similar roads have been widened and improved, and approximately 200 miles of new roads have been built. These roads were usually farm-to-market roads, or roads making possible the development of mining areas which would otherwise have been inaccessible.

During the drought program, 717 water developments were completed in this State which developed an estimated total of 251,779 gallons of water per hour, improved for grazing purposes almost five million acres of range land, and, during the period of intense drought, made it possible to save at least 150,000 head of cattle and sheep that would otherwise have perished.

Through the efforts of the Relief Administration, Mormon cricket plagues during the summers of 1935 and 1936 were so thoroughly controlled as to save practically all cultivated area in the forty thousand square miles infested, and to save the range in one of the best grazing areas that Nevada possesses.

These few examples do not begin to cover the wide range of activities covered by the operation of sewing rooms for unemployed and needy women, the construction and improvement and recreational areas and facilities, the establishment of health camps for the undernourished and underprivileged children of the State, the distribution of the Government's surplus commodities to supplement the meager income of relief clients, the establishment of hot school lunches for needy children, and of nursery schools and other educational projects, as well as professional and clerical projects to take care of unemployed "white-collar" workers.

Nevada's projects have been sound and of permanent social and economic value.

STATE SECURITY BOND ACT

There was passed by the Legislature of 1933 an Act to provide against losses to the State and its respective counties through defalcation, misappropriation of funds, or other wrongful acts on the part of officials; to provide for the issuance of surety bonds for public officials, and establishing a fund therefor (Stats. 1933, Chap. 124, p. 161).

This law was enacted at a time when every public officer, as well as every bonding company, was under the strictest scrutiny, and it was undoubtedly a necessary move to protect elected and appointed officers by making it possible to give required statutory bonds, as

bonding companies in general were putting forth every possible objection to conditions imposed by our statutes regarding their liabilities concerning the responsibilities of our public officers.

Radically changed conditions now existing impel me to say that I believe the time is at hand for the State to withdraw from this activity by repealing such statute, or suspending its operation, and requiring that all official bonds be given in properly qualified surety bonding companies.

Even at this time, however, it may not be possible to secure official bonds covering our elected or appointed officials through surety or bonding companies, and in such event it will be necessary for the State to continue to bond the officers of the State, and the several counties and municipalities.

Your attention is invited to the desirability of making a careful investigation of this entire subject and also of all existing statutes requiring the giving of official bonds, many of which are undoubtedly excessive, but should be fixed at an amount commensurate with the responsibilities of the office by raising those too low and reducing those too high, and either eliminating such requirements where little or no funds are handled, or providing for only a nominal bond to be given.

CHARITY AND PUBLIC WELFARE BOND ISSUE OF 1933

In my message to the Legislature of 1935, there was set forth a copy of a letter from the State Tax Commission to the Chairman of the Charities and Public Welfare Board, which set forth certain sums due with interest from eleven counties of the State for repayment of moneys advanced to such counties in the total of \$93,000.

The Legislature of 1933 had authorized a bond issue of \$100,000 to be loaned by a board designated as "The State Board of Charities and Public Welfare," appointed by the Governor, to counties for relief purposes, and to be repaid to the State with interest.

Under this Act \$93,000 was borrowed by eleven of

our counties, and on December 31, 1934, there had been repaid \$26,000, leaving principal balance due of \$67,000.

I am glad to report that of this amount there has been repaid to the State Treasurer, in accordance with the terms of the agreements entered into early in 1933, the sum of \$57,000, leaving a balance of \$10,000 due from Clark County. When this sum is finally repaid, the Charity and Public Welfare bond account of the State can be balanced, and the surplus, if any, shall be refunded to the participating counties in the proportion of their contributions, and no more, as provided by statute.

ECONOMICAL ADMINISTRATION OF OUR STATE GOVERNMENT

At the outset of my term of office I pledged the people of the State that my best efforts, together with those of my colleagues, would be given to administering the affairs of State in the most economical manner consistent with efficiency, and further stated that not only must general expenditures be lessened, but every proposal for increased appropriations should be rejected if not definitely shown to be absolutely necessary or to result in material returns to our people and the State.

I believe the statement is justified that this pledge has been largely, if not entirely, fulfilled, taking into consideration changes in existing conditions.

Your consideration is requested of the reports of the State Treasurer and State Controller which contain the figures bearing on this subject.

REDUCTION IN LEGISLATIVE EXPENSES

I take the liberty of renewing my recommendation made to the Legislature of 1935 that your honorable bodies give serious thought to the imperative necessity of reducing legislative expenses and eliminating unnecessary attachés. A joint committee from both houses should be created to consider and report upon all attachés and the necessity of their employment or retention on the pay rolls of the Legislature.

CHILD LABOR AMENDMENT

In a recent letter to this department, President Roosevelt has personally requested the Governor to stress a recommendation to your honorable bodies that the State of Nevada join with other States in the ratification of the Child Labor Amendment to the Federal Constitution, and he has been advised that this will be done.

It is, therefore, a pleasure to comply with the President's request and to renew my previous recommendation of 1935 that the Legislature consider and record its favorable approval of the Child Labor Amendment to the Federal Constitution which has heretofore been approved by twenty-four of our sister States.

SUPREME COURT BUILDING

The Legislature of 1935 authorized the erection of a building in Carson City, under the direction of the Board of Control, to house the State Library, Supreme Court and certain other officers, and this has been done during the past year.

The new building faces the State Capitol on the west, between the State Heroes Memorial Building and the Ormsby County Courthouse, and has cost approximately \$163,000 to date, of which sum approximately \$73,000 was supplied by the PWA, Federal Public Works Administration.

Although this building is practically completed within the limits of available funds, the Board of Control find it necessary to request a small additional appropriation for furniture in the Supreme Court room and certain other offices, as well as for maintenance to June 30. After that date provision for upkeep will be included in the appropriation for the support of the Board of Control.

We may well congratulate ourselves upon the erection of this magnificent new building which is a credit to the capital city and the State, and which will permit of much needed expansion in a number of other State departments.

With the removal of the State Library to the new quarters, it is proposed to provide rooms in the old Library Building for the Public Service Commission now housed in the State Printing Office Building, and this move will, in turn, give added and much needed space for the State Printing Department.

The space to be vacated by the Attorney-General's Department, Supreme Court, and its clerks and stenographers, will permit added rooms for the Department of Education, State Labor Commission (which is now occupying rented quarters in the Nevada Industrial Insurance Building), the State Board of Health and other departments now badly handicapped by lack of room.

There seemingly is no apparent good reason why other State offices should not be likewise modernized and renovated, and it is believed that this can be accomplished within reasonable costs.

Provision should be made authorizing the State Board of Control to undertake a complete overhauling and renovation of the State Capitol Building, which is in sad need of repairs, both inside and out.

I suggest the appointment of a joint committee from both houses to confer with the State Board of Control regarding these several matters.

REPAIRS TO STATE BUILDINGS

During the past year, with Federal aid from the WPA, much needed repairs to the Governor's Mansion have been made, while the Executive Offices in the Capitol Building have been wholly renovated and largely refurnished, and are now a credit to the State, as even a casual inspection will disclose.

Repairs to the Governor's Mansion, largely because of seemingly original faulty construction, are found to be necessary continuously, and to definitely eliminate these defects will require changes that will cost a very considerable sum.

During the latter part of the biennium, general repairing, reconditioning, and painting interior and exterior

of mansion and garage, strengthening all structural defects, new floor on porch, erection of stairs, and curb and gutter work were carried on at a total cost to the State of \$963.56, and a cost to the Federal Government, through WPA, of \$2,312.

The State Highway Department, with Works Program funds, graded and paved the block in front of the mansion at a cost of approximately \$30 to the State and \$1,000 to the Federal Government.

With these improvements, the mansion and grounds are in fair shape, but a complete survey of the building should be made again in two years in order that the usual running repairs can be kept up on this valuable piece of State property.

FIRE PROTECTION AND INSURANCE OF CAPITOL AND OTHER STATE BUILDINGS

The State Board of Control, at their request, has received during the past year from the Pacific Board of Fire Underwriters a comprehensive report covering the Capitol Building and all other State buildings in this city, including the State Penitentiary.

Defects in protection against fire in all of these buildings are pointed out, and it is perhaps needless to say that immediate steps should be authorized to safeguard the priceless and important records in the State Capitol, and also the Memorial Building, wherein is housed the State Engineer and Highway Departments.

The destruction of, or serious damage to, any of these State buildings would be a major loss to our people, to say nothing of the loss of many valuable and historic records, and this matter should have serious attention and action.

STATE INSTITUTIONS

Your careful attention is invited to the printed reports of executive heads of our several State institutions, wherein are set forth facts of interest to all citizens.

The State University, State Hospital for Mental Diseases, Orphans' Home, School of Industry, and State

Prison have been maintained at high standards of efficiency, and due consideration should be given to requests for financial support as the same may be approved in the Executive Budget for the biennium commencing July 1, 1937.

STATE UNIVERSITY AND PUBLIC SCHOOLS

We are justly proud of our State University and Public School System, and your attention is especially directed to the reports of the Superintendent of Public Instruction, the President of the State University, and that of the Board of Regents.

While it is true that our schools and University have come through the past two years without being seriously impaired because of reduced revenues, and are deserving of continued financial assistance from the State in order to maintain high standards of efficiency, yet it is imperative that requests for additional allotments of revenue for support of the Public School System and our State University be approved with the utmost caution.

Because of proposed legislation which will require, if enacted, financial assistance to be able to meet Government requirements as to payments for old-age assistance and unemployment compensation, which will entail a marked increase in already heavy taxes, it is not to be overlooked that taking a ten-year average, one-third of the entire State tax levy has been devoted to support of our schools, State University, and allied purposes.

If our State tax levy is to be held at even approximately its present amount, and other departments and activities of our State Government are not to be seriously handicapped by reduced revenue, then, as above indicated, proposals that still more revenue be set aside for our schools and University, and allied activities, must be scrutinized most carefully.

Nothing herein stated should be construed as in anywise indicating that I am not in favor of maintaining our schools and State University at a very high standard, for the contrary is true, but at the same time,

consideration must be given to other State-supported institutions if the State tax levy is to be held within reasonable bounds.

STATE ENGINEER

The department of the State Engineer has had a very active biennium. Renewed interest in mining, and the desire of livestock men to safeguard their old water rights, stimulated by the Taylor Grazing Act, have caused a great number of new water applications to be filed, and also made it desirable for the department to act on a large number of older applications. Many of the applications, both new and old, have required both careful field examinations and formal hearing by the department in order that all parties concerned could be impartially and fairly considered, and just rulings be made by the State Engineer. No appeals from any rulings have been made during the biennium.

During former administrations water applications upon which no action had been taken by the department had accumulated to the great number of 1,270. A vigorous campaign to reduce the inactive application list has been successfully undertaken, and the number now remaining to be acted upon has been reduced to 850.

In addition to water applications, many partially completed water rights, some of which have been pending or stagnant in the department as long as 20 years, have been investigated. The owners of such inert or incomplete rights are being requested to fulfill the legal requirements, and where warnings have been ignored the permits have been canceled. Several hundred of such cases have been reviewed, entailing much careful office work. As a result, the status of State water rights is much improved.

The department has also been engaged in other tasks of importance to the water users of this State, some of these being:

1. Channel cleaning in cooperation with the Forest Service and CCC camps. Agreements have been made with farmers in Paradise Valley, Humboldt County, whereby several miles of Martin Creek will be cleaned

and straightened, and modern reinforced concrete diversion dams will be installed to replace obsolete rock and brush dams. These measures will increase water resources and enable downstream users to obtain more water.

2. Installation of up-to-date water-measuring devices wherever necessary. Department engineers have planned and supervised the construction of such devices in a number of districts.

3. Adjudication of streams on which vested water rights exist. Twenty-three streams are being adjudicated; four were completed during the year.

4. Distribution of water on adjudicated streams, the main ones being Humboldt River, Little Humboldt River, Duckwater and Currant Creeks, White River, Pahrana-gat Lake, and Muddy River. With the approval and cooperation of the water users, a distribution by the continuous-flow method has been adopted in several districts.

5. The manuscript for a pamphlet entitled "Methods of Measuring Water in Western States" has been completed, in response to a constant demand. The book will be published as soon as sufficient funds are available for printing.

6. Improvement of office files by new bindings and distinctive covers. The valuable records of water applications and permits since the early history of the State were in a deplorable condition from the ravages of time and much use. Many weeks of patient work by office employees have again put the thousands of files in good condition.

COLORADO RIVER COMMISSION

As yet no electric power is available to the State of Nevada from the Boulder Dam project. The installation of the first large generating units has not been completed by the United States Bureau of Reclamation. When this work has been completed, it is anticipated that interim power will be available for Nevada's first user, Southern Nevada Power Company, for transmission to Las Vegas, probably by March 1. With a

satisfactory run-off from the Colorado River Basin States, firm power should be available by May.

Lincoln County Power District is proceeding with the construction of a transmission line from Boulder Dam to Pioche, principally by means of a PWA loan and grant. The project has been delayed by failure of the district to supply the surety bond required by the State for the cost of installing transformers and other power outlet equipment at the dam. After the transformers have been ordered it will require six months to obtain them, hence Pioche District may be expected to receive power about August 1937.

In order to encourage use of Boulder Dam power and the establishment of new industries and mining and reclamation projects in Southern Nevada through use of this power, the commission resolved to sell electric energy from Nevada's allotment of 18 percent at cost. To the Government's charge, the commission will add three-tenths of one mill to defray the cost of administering the power. This sum will not be sufficient under the present two contracts, but the balance remaining in the Colorado River Commission Fund which was appropriated by the last Legislature should be ample to conduct Boulder Dam affairs until revenue from power becomes available, if properly conserved.

Due to the unusually hard restrictions placed on the States of Arizona and Nevada in regard to power withdrawals, the commission finds that industries contemplating use of the power are being frightened away.

In one instance, a company which wished to use Boulder Dam power has turned to a private power corporation and made a more favorable contract. The private power company has agreed to supply sufficient power if, as, and when needed, which are conditions difficult to arrange with Boulder Dam power.

Under the Boulder Canyon Project Act, General Regulations for Lease of Power, Section V, Nevada must give two years' advance notice before withdrawing 5,000 or more horsepower, and having withdrawn that much, must give a similar two years' notice before it can be relinquished. If in the 12 months prior to an

application the State has either withdrawn or relinquished 5,000 or more horsepower, two years advance notice must be given before any additional power can be obtained. Nevada must also pay for a contracted maximum load regardless of the amount of power actually used. Power is not usually sold by private power companies under such conditions. There are other conditions in the "Hoover Dam Contracts" which may react to increase the cost of power, make it uncertain if additional power can be obtained when needed, and also create a large financial burden for Nevada if the State should elect to withdraw power after three years. The value of Boulder Dam as a source of cheap and readily available power for Nevada will be small until the restrictions can be removed. A report on the situation is being prepared by the commission, and will be submitted to the Legislature for consideration, with certain recommendations.

MINES AND MINING

The biennial report of the State Inspector of Mines, for the period ending June 30, 1936, is replete with interesting data and facts, and deserves attention.

Since that report was made, several properties throughout the State have started or resumed operation, notably the Consolidated Copper Mines at Kimberly, near Ely, in White Pine County, has resumed work after being shut down for a number of years, and several hundred men will be employed.

The Pioche district is very active and is employing more men now than in 1936. Several new properties have started up in Mountain City district, Elko County, and the mill is now in operation at the Mountain City Copper Company mine.

In the Goodsprings district, Clark County, the Chiquita mine has its mill in operation, and several new properties have been started, while Goldfield, Silver Peak, Round Mountain, and Manhattan are employing many more men.

A strike of rich significance was recently made about sixty miles up Mead Lake from Boulder City, Clark County. Ore running high in gold and silver was found, and the property is now being developed. About five miles from there, the Lake Shore Mining Company is shipping ore steadily by boat over Lake Mead to Boulder City, and then by rail to Utah. This being a country that has never been explored, I believe that the prospects are very good for opening up several producing mines.

In the year 1934 there were 4,345 men working in the mines, mills, and smelters in this State, while in 1935 the number was 5,025 men. These figures do not include leasers, individuals, or partners working their own properties, but it would be conservative to say there were over 6,000 men working in the mines, mills, and smelters during the fiscal year 1935, and judging from the recent activity all over the State, and the interest taken in Nevada mines and prospects by outside capital, I believe there are at present between 6,500 and 7,000 men employed.

In the year 1934 the production of all mines in Nevada amounted to approximately \$12,000,000; in 1935 the production amounted to \$18,000,000; and according to the advance information for 1936 the values will be approximately \$22,000,000.

It can readily be seen that the mines in Nevada are more active and much more productive than they have been for several years past.

STATE HIGHWAY DEPARTMENT

The consistent progress in the construction and maintenance of the highway system of the State was satisfactorily carried on during the biennium. New legislation by the Federal Government has made available additional funds for the extension and building of secondary road system consisting of farm - to - market, mine - to - market, and other types of feeder roads to the main highway system of the State.

I urge that every support be given by the citizens of the State in working out a satisfactory and usable secondary road system that will serve all of our diversified interests and give them roads of a modern type to facilitate access to every part of our State. Our trunk-line highways, while apparently nearing completion, are already in need of rebuilding to safely meet the needs of modern transportation.

Your State Highway Department has improved 2,442.92 miles of road to date. During the biennium it has constructed or raised the standard of 176.05 miles of crushed gravel road, 653.03 miles of roadmix asphalt surface road (of which 241.17 miles were for oiling only), 29.48 miles of plantmix asphaltic surface, 4.86 miles of asphaltic concrete surface road, and 2.63 miles of other types of surface road, making a total of 866.05 miles. It has also constructed 29 bridges and grade separation structures for the safety of the traveling public.

The department's income from all sources for the period July 1, 1934, to June 30, 1936, amounted to \$10,752,718.20; 72.91%, or \$7,839,328.64, was Federal aid. Gasoline tax amounted to 18.71% of the total, or \$2,011,890.84. Automobile licenses amounted to 3.12% of the total, common carrier licenses to 3.58%, other items, 1.68%. The expenditures for the biennium amounted to \$10,505,063.04, of which 79.29%, or \$8,328,991.81, was for actual highway construction; 4.00%, or \$420,645, for right of way, plans, surveys, and estimates; 12.32%, or \$1,293,510.53, was for maintenance. Administration of the department during the two-year period was 1.44%. Redemption of County Highway bonds amounted to .28%. Miscellaneous items of expenditure amounted to 2.67% to make up the balance.

The details of income and expenditure are available in the report of the department.

I am pleased to say that the Highway Department's program is well in advance of the allotment of funds made available to the State by the Federal Government, and that no Federal funds have ever been made available

to the State that have not been taken up and put to actual use on the road system.

On July 1, 1936, the department had obligated for construction purposes \$1,593,978 Federal aid money to be matched by \$247,281 of State money. Due to the action of Congress it has available for use during the fiscal year 1938, \$1,632,385 of Federal aid money; \$560,201 Federal lands; \$326,477 secondary road; and \$250,000 grade crossing funds. To match these the State has allocated \$303,887. The State, of course, is not required to match either Federal lands or grade crossing money; these are outright grants from the Federal Government. The construction fund for 1937-1938 fiscal years then becomes \$4,914,209. All of this fund is contingent upon the continued pledge of the State to not divert any of its gasoline tax or motor vehicle revenues of any kind.

PUBLIC SERVICE COMMISSION

It is interesting to note that during the last two years a general reduction of electric and gas rates of the public utilities within the area of Reno and Sparks has been accomplished under a show cause order procedure adopted by the Public Service Commission, which has resulted in a saving to the consumers of electric energy and gas annually of over one hundred thousand dollars, with negotiations for further substantial reductions pending in other parts of the State.

It is noteworthy that this saving has been attained without a single contest in the courts and, consequently, without undue loss of time or outlay of money for needless litigation. The commission, by the adoption of its new policy of handling all rate revisions under the show cause order theory, has made it possible to accomplish this through its own limited staff, without one cent of expense to the taxpayers of the State.

LABOR CONDITIONS

During the past year and a half there has been a very pronounced improvement in labor conditions

throughout the entire State, for wages have increased and unemployment has decreased in a most satisfactory manner.

Practically all skilled labor has been employed steadily. The copper industry is producing at capacity, and all other mines have shown a very marked improvement in the number of men employed. The railroads have increased the number of men working and the cattle and farm industries are more prosperous than they have been for a number of years. Labor conditions in Nevada are probably as good, if not better, than in any other State in the Union.

There has been no strike involving organized labor during the past two years with the exception of one strike at Boulder Dam which was settled satisfactorily.

The office of State Labor Commissioner has collected in wage claims to date the sum of \$32,680.70. A proposed new wage collection law which will be submitted to the Legislature at this session, if it is passed, will doubtlessly enable the Labor Commissioner to collect a much larger sum. This wage law was drafted by a committee composed of Labor Commissioners from the different States in the Union and embodies all of the good points in the labor laws of all the States.

At the present time, the Nevada State Employment Service operates in three (3) communities in the State of Nevada, namely, Ely, Las Vegas, and Reno. In addition to the three offices operated by the State of Nevada, there are seven (7) National Reemployment Service offices in this State. These offices are located at Carson City, Elko, Fallon, Lovelock, Pioche, Tonopah, and Winnemucca. With the aid of these seven National Reemployment offices, the State of Nevada is supplied with an adequate and efficient system of free employment offices.

At the present time the State employment offices located at Ely, Las Vegas, and Reno transact approximately two-thirds of the total activities of the combined services in this State. They are so located as to serve a maximum number of people with the least possible expense. In considering the activities of the Nevada

State Employment Service offices, it should be remembered that the Employment Service is administered with the thought in mind that our native citizens receive the maximum amount of benefits from their operation. One of the fundamental principles on which the Employment Service operates, and which our personnel bear in mind at all times, is that local resident citizens of the community be given preference in employment whenever qualified to perform the work required.

During the past year and a half, the Employment Service has registered approximately 10,000 new applicants for work. These new applications represent those citizens of our State who are unemployed and have turned to the Free Employment Service for aid and guidance in obtaining employment. The applicants represent persons in all walks of life—the accountant, bookkeeper, manager, stenographer, skilled craftsman, and unskilled laborer, etc.

In addition to the placement and registration activities, the Employment Service serves as a source of labor information, what job opportunities are the most prevalent, the outlook of future employment and, most important of all, the connecting link, the service agency which brings the unemployed person into contact with an employer seeking a person of his particular qualifications. All of these services are performed without cost to either the employer or employee. The resident citizens of our State are assured of the first opportunity at job openings, and the employer is certain that he will receive a qualified person who is a fellow citizen of his community and State.

NATIONAL GUARD

The Legislature of 1935 largely increased the appropriation for support of the Nevada National Guard and the office of the Adjutant General, because it was shown to my satisfaction that additional units had been allotted to the State for organization, and that Federal funds would probably be made available to build armories in the cities of Lovelock, Winnemucca, and Reno.

Plans were prepared in the office of the WPA Engineer at Reno, approved by the State Administrator, the Comptroller General of the United States, and by President Roosevelt for the erection of such armory buildings, but delays and objections to such plans by WPA officials in Washington have prevented any action looking to the construction of such buildings.

Anticipating that these armories would eventually be constructed, two additional National Guard units were organized in Lovelock and Winnemucca, respectively, and contracts and agreements were entered into for rentals of temporary armories which have been occupied since May 1, 1936.

The report of the Adjutant General sets forth in detail all the facts, and should have your careful attention, as well as the recommendations therein contained.

Since reorganization in 1928, there has been expended to July 1, 1936, by the Federal Government, for and in behalf of the Nevada National Guard, the sum of \$155,446.46, and the total State expenditures for the same period amount to \$22,972.43.

SURVEYOR GENERAL

Your attention is directed to the office of the Surveyor General and ex-officio Land Register, and the transactions concerning lands owned by this State.

Records in the State Controller's office reveal that during the period from January 1, 1930, to June 30, 1935, the total amount of money collected from fees and sale of lands was \$20,648.89. These funds were apportioned to supposedly irreducible trusts, namely, State Permanent School Fund, University 72-Section-Grant Fund, and University 90,000-Acre-Grant Fund, but for the same period of time the costs of administering this office amounting to \$46,673.79 were paid from one of these trust funds. Thus it is seen that the total sum collected from fees and the sale of lands has not even approximated the cost of administration.

Irrespective, however, of the amount of money collected by this department for trust fund accounts, the

fact cannot be overlooked that during the period above mentioned, \$46,673.79 was spent for administrative costs and that such expenditures actually operated as a diversion from, or as a depletion of, supposedly irreducible trusts.

This is not a new situation, and it is well to remember that from 1881 to June 30, 1935, all costs of administration for this department were likewise paid from the State Permanent School Fund and have amounted to several hundred thousand dollars.

However, the 1935 Legislature did make provision for the payment of the costs of administration of this department for the biennium 1936-1937 from the General Fund instead of the State Permanent School Fund.

I also desire to point out that a compilation of the statistics in the State Controller's office indicates that for every \$1 collected by this department from all sources for the period January 1, 1930, to June 30, 1935, well over one-third thereof (37.08 cents) was spent for administration.

It is recommended that you investigate the necessity of abolishing this office and transferring such activities as may exist to some other State department.

LIMITATION OF TRAIN LENGTHS

The Legislature of 1935 enacted a bill limiting the length of freight trains within this State to seventy cars.

Prior to the effective date for enforcing such statute, the several transcontinental railroad lines obtained from the Federal Court a temporary injunction restraining State officers from taking steps to enforce such Act, and this is still in effect.

Exhaustive hearings before a Master in Chancery have been held during the past year, with the State represented by the Attorney-General and his deputies. Late in the fall of 1936, the Master, Honorable M. A. Diskin, former Attorney - General of Nevada, rendered his report to the Federal Court, with findings that the Act in question was unconstitutional. Exceptions to

the findings have been filed by the Attorney-General, and the matter was argued before a three-judge Federal Court, sitting at Carson City, and such report may be rejected, affirmed, or returned for further consideration.

It is probable that eventually the matter will be appealed to the Supreme Court of the United States.

COMMISSION FOR INTERSTATE COOPERATION

During the past several years many communications have reached this department regarding the desirability of creating a council or commission for interstate cooperation, and a large number of our sister States have already passed necessary Acts for such purpose.

The real necessity for such council or commission, to give our State authority to cooperate with other States or groups of States on matters of mutual interest, as well as being represented in the Council of State Governments, is very apparent.

Congress has passed necessary legislation authorizing the States to enter into agreements and compacts, and I shall transmit to the Judiciary committees of your respective houses, communications and copies of statutes adopted by other States, bearing on this subject, which I deem of sufficient importance to bring to your attention.

PASSAGE OF UNIFORM CRIME ACTS

There will be presented to your honorable bodies for consideration several bills sponsored by the Interstate Commission on Crime, a governmental commission, officially constituted by the several States, our own Attorney-General being a member, and integrated with the National Council of State Governments, and established to develop intergovernmental cooperation in curbing crime.

The Attorney-General will be glad to appear before your Judiciary committees and explain the necessity for enacting these several laws, and thus permit our State authorities to cooperate with other States in an effort

to adopt effective methods of crime prevention and repression, as it has become clearly apparent that no one State or governmental agency can successfully cope with large-scale organized crime.

Cooperation between States and governmental agencies and coordination of their efforts is vitally needed, and I earnestly ask your attention to this matter.

ACT OF CEDING STATE JURISDICTION TO UNITED STATES GOVERNMENT

Your attention is directed to the provisions of article I, section 8, clause 17, of the Constitution of the United States, and also to the provisions of chapter 142, Statutes of Nevada 1935.

This Act ceded jurisdiction of the State, with certain reservations, to the United States over lots and parcels of land situated in the city of Ely, Nevada, upon which the Government proposed to erect a post-office building.

By letter to this department from the Secretary of the Treasury, under date of November 8, 1935, I was advised that the Solicitor General of the United States, acting as the Attorney-General, had rendered his written opinion that the Nevada Act of 1935 was not satisfactory because of reservations therein contained, which provided that the State labor laws, State labor safety laws, and State health laws, as well as the right to tax any private property on such ceded lands were not waived by such Act, and that, therefore, the Treasury Department would not be justified in proceeding with the erection of such post-office building.

The Attorney - General, in a lengthy letter to this department, which is available upon request, comments upon this opinion of the Solicitor General, and suggests that if the Legislature of 1935 had finally enacted Senate Bill No. 268 (which was recalled to that body by Concurrent Resolution No. 11), the objections raised would have been obviated.

The entire matter should have attention, and the Judiciary committees of your honorable bodies will without doubt recommend appropriate action.

AMENDMENT OF CERTAIN LAWS

Following the recent general election, the attention of the Governor was brought by the Secretary of State of the United States to an Act of Congress regulating and fixing the time for canvassing the vote for Presidential Electors, United States Senator, and Members of Congress, and it was discovered that the statutes of Nevada were in conflict therewith, inasmuch as it was provided that the State Canvassing Board composed of the Justices of the Supreme Court were to meet on the third Monday in December following a general election, while the Presidential Electors were not to convene until the second Monday in January.

An amendment to the Constitution of the United States having been adopted changing the dates for the inauguration of President and Vice President, as well as the convening of Congress, it will be necessary to amend sections 25 and 26 of an Act relating to elections, Stats. 1917, p. 358, and repeal the amendatory Acts of 1869, p. 231, and 1917, p. 391, so as to properly amend sections 6 and 7, Stats. 1866, p. 231, being "An Act relating to officers, their qualifications, times of election, terms of office, official duties, resignations, removals, vacancies in office, and the mode of supplying the same, misconduct in office, and to enforce official duty," thus bringing our own laws in harmony with the Federal statutes, as well as providing for the giving of notice to Presidential Electors of their election and date of meeting to canvass and return the vote for President and Vice President.

CELEBRATION OF SESQUICENTENNIAL OF UNITED STATES CONSTITUTION

An invitation has been received by the Chief Executive from the United States Commission to celebrate, on September 17, 1937, the sesquicentennial of the adoption of the Constitution of the United States, and our State has been requested to create a similar commission to prepare plans for use in this State.

I am glad to comply with this request, and suggest that provision be made for creating such a commission,

to be named by your honorable bodies in your wisdom, and to serve without compensation, other than necessary traveling expenses, so that we may join with all our sister States in such celebration.

It requires but few or no words from this office to emphasize the importance of bringing to the attention of all our citizens, and especially the young people, the importance and necessity of being familiar with the provisions of the Federal Constitution, the charter and foundation of every personal liberty, and which has been described by an eminent English writer and authority as "The noblest work ever struck off by the hand of man."

PROPOSED UNITED STATES CONSTITUTIONAL CONVENTION

There has been received in this office from the Governor of California a copy of Senate Joint Resolutions Nos. 22 and 23, adopted by the Legislature of that State in 1935, in accordance with the provisions of article V of the Federal Constitution, proposing that Congress shall, on the application of the Legislatures of two-thirds of the several States, call a convention for proposing amendments to the Constitution. These two joint resolutions from our neighboring State provide that no securities heretofore or hereafter issued, either by the Federal Government or any State or political subdivision, shall be exempt from taxation, and also that Congress shall have the power to regulate hours of labor and prescribe minimum wages in any and all industries engaged in intrastate as well as interstate commerce.

I ask your respective committees on Judiciary to carefully consider the Joint Resolutions adopted by the Legislature of the State of California, that such action, if any, may be taken as you deem desirable or necessary.

WORLDS FAIRS OF 1939

Invitations have been received in this department from the President of the California and New York Worlds Fairs to be held in those States during the years

1939, urging that our State officially participate therein.

That for California, now under construction on made ground immediately north of Yerba Buena Island in San Francisco Bay, between Oakland and San Francisco, will undoubtedly be attended extensively by hundreds of thousands of visitors from all over the United States, but especially west of the Mississippi River.

The New York fair is to be held on Long Island, slightly northeast of Brooklyn, which is a part of greater New York City.

The advisability of creating a Worlds Fair Board, with suitable appropriations to permit our State to be properly and creditably represented at one or both of these International Expositions, should have your attention, but the Executive Department makes no recommendation in the matter.

Such action was taken prior to the Chicago Exposition in 1893, and again for the San Francisco Panama-Pacific Exposition in 1915, although the State, owing to limited finances, was not represented at the Chicago Century of Progress Exposition in 1933.

STATE PARKS AND STATE PLANNING

The State Park Service, created by the last Legislature, through cooperation with the National Park Service, was successful in restoring some of the historic ruins at Fort Churchill and assisted in the promotion of various parks in the State.

The recreation of our people is a matter with which we are all vitally concerned. Additional park areas in various parts of the State should be provided for the utilization of the people.

I call your attention to the Act of the Seventy-fourth Congress, which provides, among other things, for a comprehensive study of the lands of the State with the purpose of developing coordinated and adequate public parks and recreational area facilities for the people of the country, and urge that you take proper steps to provide the necessary cooperation with the National Park Service in this study.

I suggest that this cooperation on the part of the State might properly be through the State Planning Board. This group of men, appointed by me at the request of Secretary Ickes and the National Resources Board, has acted as an interim board pending legislation giving it legal status, and has accumulated valuable information which can be used by the National Park Service in its study as above mentioned.

I also suggest that consideration be given to the creation of a new State Planning Board to act in conjunction with the National Resources Board, Forest Service, and the State Park Service. Proper cooperation with all of these boards through a State Planning Board can do much towards bringing outside money into our State.

RANCHING AND LIVESTOCK

It is a pleasure to report that the condition of our livestock industry is materially improved from that existing at the commencement of my administration, and large sums of Federal money have been loaned to land owners to enable them to carry on following the period of depression, so that today the ranching and livestock business is well on the way to recovery.

CONCLUSION

I have not attempted to bring to your attention every subject upon which comment could be made regarding our State and the activities of our people, many of which deserve earnest attention.

I do, however, sincerely urge that after your organization is completed, appropriate committees consider proposed amendments to existing laws, especially those carrying appropriations; the repeal of obsolete statutes, and, unless imperatively necessary, that no new legislation be enacted, thus reducing, at least in part, the volume of laws added biennially to existing statutes.

As Governor, I shall endeavor to work and cooperate with you in an effort to make the present session the most successful, constructive and conservative in the entire history of our State, and will hold myself, as well as the staff of the Executive and all other State

Departments, in readiness at all times to give you all information within our power.

It may become necessary to supplement this regular Message with other special communications during the session, and if this be deemed necessary, I reserve the right so to do.

I trust your session will be harmonious and highly beneficial, and that much good will be accomplished through your deliberations and final action.

A handwritten signature in cursive script, reading "Richard Keenan Jr.".

Governor.