

*Governor Bryan's Inaugural  
Message*

*to the*

*Members of the Forty-Ninth Session  
of the State Legislature  
of Nebraska*



**Presented January 5, 1933**

## GOVERNOR BRYAN'S INAUGURAL MESSAGE TO THE MEMBERS OF THE STATE LEGISLATURE OF NEBRASKA.

Ladies and Gentlemen:

You and I and the other state officials face a very difficult situation. The people whom we represent and serve, together with the citizens of the other states of our country, are in the midst of the most unfavorable and distressing economic conditions ever inflicted upon us. While hopefully awaiting such changes in our national laws and policies by the new national administration as will improve these conditions, we cannot neglect any opportunities to better them in Nebraska or at least to relieve our people from some of the harmful results of them by changes in our own laws.

The depression which has afflicted us has brought more forcefully before us, too, the necessity of doing some things that, in more prosperous times, we have been unable to get done.

It shall be my effort in this message to review briefly some of the things accomplished during the biennium just past, to outline some of the things that it seems advisable to me to do now, and to recommend to you the enactment of legislation to accomplish them. In addition I assure you that I shall be glad to consider with you at any time any other measures that may be suggested for the improvement of our government or the protection of the health, rights and happiness of the people of our great state.

In prosperous times there is always a tendency to extravagance, waste and inefficiency. In times of financial stress there is likewise a tendency to go to the other extreme. It is my hope that we may read the lessons of this depression aright and that the measures we adopt now may be as sane, far-sighted and well-considered as it is possible for thinking men and women, interested only in the welfare and happiness of all our people, to make them.

### STATE FINANCES

In spite of the adverse economic conditions, the finances of the state of Nebraska are in excellent condition. The state has no bonded indebtedness; it has no registered warrants, and it has no outstanding claims other than current accounts that are paid in their order as they are presented. Its budget is balanced. On the thirty-first day of December, 1932, there was a balance in the state general fund of \$1,001,969.22, and a total balance in all current revenue funds of \$2,501,001.90. Not a single fund is overdrawn. Aside from the balances in the current revenue funds, the state has trust funds which are invested in bonds, totaling \$14,058,307.12.

The state treasurer's monthly balance sheet at the close of business on December 31, 1932, showed as follows:

<b>Funds</b>	<b>Balances</b>
<b>Current Revenue Funds</b>	<b>December 31, 1932.</b>
General Fund .....	\$ 1,001,969.22
Capitol Fund .....	167,935.85
Fish and Game Fund .....	33,370.51
Motor Vehicle Fund .....	126,780.73
Gasoline Tax and Public Works Refunds .....	359,532.12
Miscellaneous Cash .....	292,008.09
Federal Vocational Education .....	19,937.43
Federal Aid Road .....	151,533.35
University Cash .....	221,732.18
Federal University Fund .....	37,643.14
Normal Cash and Library .....	35,628.27
Institution Cash .....	52,931.01
<b>TOTAL</b> .....	<b>\$2,501,001.90</b>
<b>Current Trust Funds</b>	
Temporary School .....	\$ 397,709.23
Forest Reserve .....	1,131.94
Soldiers Relief .....	35,748.94
University Income .....	190,467.56
Normal School Income .....	1,124.83
State Hail Funds .....	21,057.79
<b>TOTAL</b> .....	<b>\$ 647,240.29</b>
<b>Permanent Trust Funds</b>	
Permanent School Fund .....	\$ 698.15
Permanent University Fund .....	896.11
Agricultural College Endowment Fund .....	70.96
Normal School Endowment Fund .....	885.68
Soldiers Relief .....	231.34
Bessey Memorial Endowment Fund .....	128.14
<b>TOTAL</b> .....	<b>\$ 2,910.38</b>
<b>GRAND TOTAL</b> .....	<b>\$ 3,151,152.57</b>
<b>Trust Funds Invested (Bonds)</b>	
Permanent School .....	\$11,066,328.69
Permanent University .....	287,941.94
Agriculture College Endowment .....	665,550.37
Normal Endowment .....	82,377.46
Soldiers Relief .....	1,949,768.66
Bessey Memorial .....	6,340.00
<b>TOTAL</b> .....	<b>\$14,058,307.12</b>
The treasurer's cash account on the above date showed:	
Cash Items .....	\$ 4,808.31
U. S. Government Bonds .....	1,200,000.00
Due from Banks .....	1,946,344.26
<b>TOTAL</b> .....	<b>\$ 3,151,152.57</b>

You are all familiar with the trying period through which we have passed the past two years and may be interested in knowing that, in

spite of the conditions that have prevailed, the state has not lost a single dollar through deposits in failed banks.

### **TAXATION**

There has been a decrease of nearly three million dollars in the total amount of taxes levied for state purposes in Nebraska during the years 1931-32, as compared with the years 1929-30, and this decrease was made possible only as a result of the decrease in appropriations made by the legislature in 1931. It was brought about by forcing an adjournment of the regular session and the calling of a special session. In the regular session those in control held out for materially increased appropriations over the amounts recommended in my budget message submitted at the convening thereof. The claim was made that state activities could not function on the amount recommended therein. At the special session the appropriations made were more nearly in line with those originally recommended and, though there were decided decreases for many activities, nevertheless these have continued to function on the amount of money appropriated to their use and not a single state activity has a deficiency claim pending in the present session of the legislature.

There was appropriated for the expense of the special session a total of \$29,500.00 most of which was expended. This was a useless expense for, had the members of the regular session approved the original appropriation recommendations, it would have been saved to the taxpayers of the state. In this connection I want to commend the democratic members who loyally backed the recommendations throughout the long drawn out controversy and I am not unmindful of the splendid service rendered by the small handful of republican members who joined with them. They, too, are entitled to appreciation for their efforts in behalf of the taxpayers of the state.

As the parent organization, the state in 1931-32 took the lead and paved the way for tax reduction throughout the entire state. In 1930, for instance, the total tax levied for all purposes by the state and its sub-divisions was \$58,485,076.39, while in 1931 the total was \$56,424,184.07, a reduction of \$2,060,892.32. Approximately 75% of this entire reduction was that effected by the state in spite of the fact that out of the total tax dollar levied in 1931 the state received only twelve cents while the sub-divisions received 88 cents.

In 1932 the total reduction is \$5,044,367.41 as compared with 1931 the total of all taxes for this year being \$49,588,994.64.

### **DROUTH RELIEF**

Seven counties in the north section of the state were afflicted by drouth and grasshoppers during the summer of 1931 and the situation was so serious that it was necessary to call upon the more favored sections of the state for relief. While at the outset there were seven counties in the district, before the winter was over aid was extended

to people in ten counties. As a result of this work, the American Legion and other organizations giving very efficient service, a total of 851 consignments were made from various points in Nebraska to the drouth district by the state agency alone. The value of these shipments was estimated at \$425,500.00. Shipments were handled free of charge by the railroads operating in Nebraska and it is estimated the freight charges thus contributed amounted to \$85,100.00, bringing the total value of the shipments up to \$510,600.00. Cash contributions totaling \$17,398.87 were made and this was used in the purchase of supplies. The people throughout the entire state responded most generously to the call for aid and to them is due sincere thanks. In all the history of the United States it is doubtful if there has ever been a more generous response by the people of a single state to a call for help within their state than was made by the people of Nebraska in the winter of 1931-32. The work was conducted without expense to the state other than for postage and stationery, even long distance telephone and radio service being provided gratis, while the newspapers rendered a fine service. State relief committees were set up in each county and these committees supervised the distribution. The members of the committees rendered faithful and conscientious service and are entitled to sincere thanks for their efforts. Aside from the relief supplies contributed by the people of the state, a large amount of road work was diverted to the drouth district, thus providing employment to many men and boys who otherwise would have had to maintain their families from contributions. While this work was of a humanitarian nature, it is a notable fact that the cost was well in line with contract work generally over the state.

#### **LAW ENFORCEMENT DEPARTMENT**

During the fall and winter of 1930 and 1931 there were a large number of hold-up jobs staged along the highways at night and it was unsafe for those who found it necessary to travel the highways at that time. Many of those who were compelled to make trips after dark went armed as a measure of self protection. Immediately after my induction into office instructions were issued to the state sheriff to stop these hold-ups and for the next two months a good portion of the time of the state sheriff's force was devoted to this purpose. As a result of this activity, to which was extended the cooperation of local peace officers, the highways again became safe for travel at night. Several arrests were made and five men were sent to the penitentiary. During the winter of 1931-32 and so far during the present winter there have been no night robberies of those traveling the highways.

Instructions were also given the state sheriff to clean up the stills and manufacturing outfits of illicit liquor. During that period a total of 488 of these plants was seized as compared with a total of only 164 during the previous year. Up to December first of the year 1932 a total of 173 additional plants was seized, the decrease in 1932 as compared with 1931 being due to the activities in the former year. In

these cases the state sheriff's force had the cooperation of city, county, and federal officers and the record made is most commendable.

In 1931 there were 14 bank robberies in the state. During that year 22 men were convicted and sentenced to the penitentiary for bank robbery. In 1932 there were but seven bank robberies in the state.

The records of the department show seven bank robberies in 1929 and 14 in 1930. In 1929 there was one conviction, the department records show.

During the year 1931 there were 829 crimes reported to the state sheriff's office and in 1932 the number was 724. In both periods many of these crimes were solved.

There were 12 murder cases reported in 1931 in three of which the cases were solved and the murderers sent to the penitentiary. In 1932 there were 14 murder cases reported and in five of these cases the murderers have been convicted. It is impossible to make a comparison from the records of the office for prior years.

Twelve cases of hog, cattle, or horse thefts were reported in 1932.

The department was instrumental in sending 49 men and 2 women to the penitentiary in 1931 and 39 men and 3 women in 1932, in addition to the convictions in liquor cases.

### ROAD CONSTRUCTION AND MAINTENANCE

The following statement shows the amount of road contracted for and for the most part constructed by the department of public works during the years 1931-32:

	1931	1932
Grading—Mostly included in paving .....	1,053.4	465.7
Regrading and Gravel mileage .....	107.9	209.7
Concrete .....	207.4	145.8
Brick .....		0.1
Bituminous Mat Surfacing .....	65.8	195.2
Gravel Surfacing .....	1,062.6	494.4
Gravel—2nd Course .....	49.5	272.4
Number of Bridges .....	113	154
Number of Railroad Overpasses .....	9	3
Number of Railroad Underpasses .....		2

The construction contract obligations for 1931 and up to December 16, 1932, were as follows:

	1931	1932
Federal .....	\$ 5,632,665.29	\$ 5,325,858.58
State .....	4,837,853.26	2,500,928.48
Other .....	417,939.65	45,171.22
<b>TOTAL</b> .....	<b>\$10,888,458.20</b>	<b>\$ 7,871,958.28</b>

It will be observed therefore that the total outlay for road con-

struction from federal, state, and other funds for the 1931-32 biennium will be \$18,760,416.48. Included therein is a total of \$2,878,-169.39 spent for bridges in connection with the highway system.

Nebraska's share of the regular Federal aid appropriations has been at the rate of \$2,256,040.80 per annum while, in addition to these appropriations, there have been two emergency Federal aid appropriations as follows:

December 20, 1930—Emergency for work performed before September 1, 1931 .....	\$ 1,708,031.00
July 21, 1932—Emergency for work to be performed before July 1, 1933 .....	\$ 2,544,773.00

The state's revenue for highways during the past two years has been as follows:

	..1931	1932
30% of Auto Registration .....	\$ 1,088,282.06	\$ 971,498.35
Gas tax collections from the State's 3 cents of the 4-cent gas tax ....	\$ 6,926,889.80	\$ 5,814,770.64

It will be noted from the above that there was a decrease in auto registration fees in 1932 as compared with 1931 of \$116,783.71, and a decrease in the state's share of gas tax collections in 1932 as compared

Nebraska's share of the regular federal aid appropriations has these appropriations, there have been two emergency federal aid ap- with 1931 of \$1,112,119.16. Estimated collections for the remaining six months of the biennium are not included herein.

The total state mileage of the improved state and federal highway system on December 31, 1932, was 7,809 miles as compared to 6,882 miles on December 31, 1930, divided as follows:

Paved roads .....	710 miles
Bituminous Mat Roads .....	292 miles
Gravel Roads .....	5,763 miles
Permanent Grade without Surfacing .....	980 miles
Temporary Grade without Surfacing .....	64 miles
<b>Total Maintained by State .....</b>	<b>7,809 miles</b>

A total of 1,943 miles remains in the designated state system not yet constructed or maintained.

An outstanding accomplishment of the department during this biennium has been the development of the oiled or bituminous mat road experiments conducted and the experience thus gained indicates that this is a very feasible type of road for Nebraska,—building these roads by stage construction, one layer at a time, at a cost as low as \$1,670.00 per mile for the first application, to be added to when required, perhaps in one, two or three years depending on traffic and subgrade conditions. It would seem that a completed road of this type will not cost in excess of \$3,500.00 per mile, or approximately one-fifth of the cost of the high type pavement. It would seem that in a period of from five to seven years a sufficient saving would be made in maintenance cost to pay for the total construction of the oiled or bituminous mat road.

Although nearly 1,000 miles has been added to the system to be maintained, the total outlay for this purpose during the fiscal year ending June 30, 1932, was \$3,495,646.79 as compared to an outlay of \$3,809,880.15 for the fiscal year ending June 30, 1930, the reduction amounting to \$314,233.36, in spite of the increased mileage. The average cost per mile for maintenance during the fiscal year ending June 30, 1932, was \$484.02 as compared to \$606.47 during the fiscal year ending June 30, 1930.

## DEPARTMENT OF AGRICULTURE

The department of agriculture is in reality a department of inspection, as practically all of its activities are directed along that line. During the two year period closing November 30, 1932, the department has inspected a total of 54,436 cars of gasoline, containing 433,186,544 gallons, and 11,551 cars of kerosene, containing 84,224,316 gallons.

Perhaps the greatest change in the work of this department has been occasioned by the increase of work as a result of the growth of gasoline bootlegging, and the flow of gas into the state which has failed to meet legal requirements on a basis of quality. During the past two years, 54 violators were successfully prosecuted, while during the previous biennial period not a single gasoline prosecution was made. Most of the prosecutions were based on bad gasoline charges and the others were for failure to report fuels for inspection and failure to pay inspection fees.

During the years 1931-32 the laboratory distilled and analyzed 11,271 samples of gasoline taken from retailers and wholesalers over the state by inspectors in addition to the official testing and inspecting of every wholesale shipment entering the state. During the previous two years only 4,907 samples were distilled and analyzed. It will be observed therefore that the work of the laboratory has increased more than 100%.

The grand total of laboratory analyses of oil, foods, drugs, dairy products, and commercial feeds, together with chemical analyses of liquor and other items for state court procedure shows a total of 18,015 for the years 1931-32 as compared to 11,501 for the years 1929-30. In spite of this vast increase in the volume of work handled by the laboratory only three chemists have been employed, whereas, during the previous two years when the volume was approximately one-third less, four chemists were employed.

Sanitary inspections of grocery stores, meat markets, bakeries, confectioneries, drug stores, soda fountains, food factories, packing plants, bottling works, mills, cold storage plants, dairies, hotels and restaurants during the years 1931-32 have totaled 25,744.

The legislature in 1931 provided for the licensing of every egg dealer in the state and for the collection of a registration fee of \$1.00

from each one. This fee was supposed to have been collected annually but, due to the phraseology of the law, it can be collected only once.

A resolution was adopted by the last session of the legislature recommending that the governor appoint a competent chemist to be stationed in western Nebraska during the beet harvest. It also recommended an appropriation of \$1,000.00 to cover the expenses of the chemist but failed to make the appropriation. The department, however, has furnished a chemist in both 1931 and 1932 and the cost has been met from department funds.

In the division of weights and measures a total of 43,776 inspections were made in 1931-32 as compared to 33,709 in 1929-30. In 1931-32, 193 scales, measures or pumps were condemned as compared to 97 in 1929-30. There was a loss in fees in this division due to the fact that a great many firms that owned large scales such as are used in elevators, coal yards, and mills have closed on account of financial conditions.

During 1932 a special drive was made to collect the \$3.00 license fee on slot-weighing machines and, as a result, the fee was collected on a total of 834 machines. Thirteen machines were confiscated and stored. Under a provision of the law such machines are to be destroyed. As they are worth considerable money, however, it is recommended that the law be amended so that they may be disposed of by the department at public auction and the proceeds converted to the use of the department.

Seed tests in 1931-32 totaled 21,835 as compared to 13,131 in 1929-30.

It has been the aim of the seed division, first, to enforce the state seed law and, secondly, to assist those interested in agriculture in securing high quality seed stocks. However, it is our belief that the seed department should be turned over to the extension department of the Agricultural College, for the reason that the work can be done there far cheaper through the employment of students to assist in it than it can in this department. In 1931-32 the cost of this department was \$9,716.85. The equipment on hand should be given to the extension department.

The bureau of statistics is a federal activity receiving state aid. In 1931-32 it cost the agricultural department \$12,027.92 as compared to a cost of \$14,875.84 in 1929-30.

#### **STATE PURCHASING AGENT**

The state purchasing agent does the buying for all state departments. Competitive bids are required on all purchases over \$25.00 and it has functioned so efficiently and satisfactorily the past two years that universal approval is expressed with it.

## **BUREAU OF ANIMAL INDUSTRY**

During 1931-32 indemnity was paid on 3,638 head of cattle, the aggregate amount being \$70,517.02, and the average \$19.39 per head. In 1929-30 indemnity was paid on identically the same number of cattle but the aggregate was \$84,393.80, or an average of \$23.19 per head. During the two year period from December 1, 1930 to November 30, 1932, a total of 53,222 herds were tested, while the number of cattle was 527,355.

During the past biennium it has been necessary for the department to give a great deal of attention to the control of anthrax infection among live stock, particularly in the northeast counties of the state. It has also conducted a large number of inspections for scabies in both cattle and sheep and there have been some tests for glanders in horses.

## **BUREAU OF BANKING**

These are trying times for those engaged in the banking business as well as for those in charge of the bureau of banking. Nevertheless, this state activity can give a satisfactory account of its stewardship both as to management and in the cost of operation. The total cost of conducting the bureau for the year 1930 was \$69,162.91, whereas, for the succeeding year, 1931, the total cost was \$58,198.72, a reduction of nearly \$11,000.00. There will be a corresponding reduction in 1932 as compared with the 1931 total.

## **BUREAU OF INSURANCE**

From January 1, 1931 to November 1, 1932, 58 insurance companies operating in Nebraska have reinsured, merged, or withdrawn from the state, while 35 foreign and alien companies have been admitted to do business in Nebraska and 13 companies have been organized within the state. During the same period, however, an equal number of Nebraska companies have gone out of existence. A total of 112 companies have been examined by the bureau of insurance. Many hearings have been held in the offices of the bureau upon complaints against insurance companies and insurance agents. Many of these hearings involve questions of importance to the companies and to the assured.

The bureau of securities, heretofore operated as a separate bureau in the department of trade and commerce, was merged with the bureau of insurance at the direction of the governor in 1931 and the two bureaus are now directed by one head at a decided saving to the taxpayers of the state. This merger resulted in a material reduction in the appropriation for the conduct of the bureau during the present biennium but, in spite of the decrease in the appropriation, the bureau of insurance will be able to turn back into the state general fund approximately \$18,000.00 of the amount set aside for its use during the biennial period. I recommend that the bureau of securities be entirely abolished.

The existing law providing for state hail insurance has not proven satisfactory to the farmers who were to benefit by it owing to the requirement of the law that the notes given in payment of the insurance must be paid on June 1st. Farmers do not take the insurance because they cannot pay on that date.

I recommend that the law be so amended that, when a farmer buys hail insurance from the state, he may give his note, payable on October 15th, secured by a lien on the crops insured.

### BUREAU OF LABOR

In spite of the fact that the bureau of labor in 1931 handled nearly 10% more compensation cases than in any previous year and in 1932 will show only a moderate decrease from the peak attained in 1931, the bureau has nevertheless functioned at a material decrease in expense to the state. Two years ago the bureau requested a biennial appropriation of \$46,000.00. In the revised budget submitted by the incoming governor in 1931 this was reduced to \$36,000.00. A substantial balance will lapse at the close of the present biennial period and a still further reduction in the appropriation will be requested for the incoming biennium.

For the twelve-months' period ending November 30, 1931, a total of 21,902 accidents were reported to the bureau, while for the twelve months' period ending November 30, 1932, the total number of accidents reported was 18,498. A total of 520 petitions were filed for compensation awards during the former period and 479 during the latter period. Compensation awards during the former period totaled \$507,688.93 while during the latter period they totaled \$436,686.78. These awards were aside from the awards allowed for medical services rendered the injured persons.

### BUREAU OF HEALTH

From available data it appears that Nebraska will for 1932 again present a commendable health record on the basis of declining mortality or death rate. In 1931 the state ranked sixth in this respect. Of the leading causes of death heart disease ranks first and cancer second. The function of the public health laboratory is to render technical aid in the detection, prevention, and control of infectious, contagious, and communicable diseases. During the year 1931 and the first eleven months of 1932 the specimens examined were as follows:

	1931	1932 (11 Mos.)
Cultures for B. Diptheriae .....	2583	2874
Agglutination Tests for Typhoid and Par - atyphoids .....	729	578
Agglutination Tests for Undulant Fever .....	544	520
Smears for Gonorrhoea .....	5052	3850
Wassermann Tests .....	27658	23821

Water, Sewage and Ice .....	1814	1824
All other specimens .....	3592	3592
Totals .....	41972	37059

To indicate the increase in the number of specimens handled at the laboratory, it may be cited that in 1920 the total was 11,814. In 1925 it had increased to 23,404, while in 1931 the number was 41,972, with the prospects of this being exceeded in 1932.

The records of the bureau show that in 1931 there was a total of 26,610 births in Nebraska, as compared to a total of 12,905 deaths. There were 11,005 marriages and 1,531 divorces.

### BUREAU OF CHILD WELFARE

Every call to the bureau of child welfare during the past two years has been answered and trips made into territory from which no appeal has come. Almost every county in the state has received personal service and since January, 1932, the workers have been in 78 counties. All classes of children have been included in the case work. Economy has been taken into account in planning trips but no case has had to wait for attention if it merited immediate consideration.

The number of cases handled by personal service in 1931 was 252 as compared to 289 in 1932. The minor service cases in 1931 totaled 52 as compared to 65 in 1932 and the number of cases handled by correspondence was 17 in 1931 as compared to 32 in 1932. The homes investigated for child placing agencies in 1931 numbered 42 as compared to 58 in 1932, while there has been cooperation with other state agencies to the extent of 29 cases in 1931 and 32 cases in 1932.

It is recommended that the bureau of child welfare, now under the control of the governor as a bureau in the department of public welfare, be transferred for administration to the state superintendent, which office is continually handling child welfare problems.

### BUREAU OF EXAMINING BOARDS

The bureau of examining boards is the fiscal agency for the entire department of public welfare. Money collected by the various divisions is deposited with the state treasurer three times each week. The bureau is sustained from the fees it collects. The following is a statement of the licenses issued the past two years:

Profession	December 1, 1930 to Dec. 1, 1931		December 1, 1931 to Dec. 1, 1932	
	No. Lic. Issued	No. Active	No. Lic. Issued	No. Active
Chiropody .....	5	42	5	51
Chiropractic .....	0	370	0	367
Dental .....	49	1208	39	1204
Embalming .....	28	801	26	831
Funeral Dir. ....	459	459	41	500
Medical .....	74	2208	72	2126
Nurse .....	465	2025	176	1385
Optometry .....	8	403	3	399

Osteopathy .....	3	275	3	267
Pharmacy .....	48	2480	51	2518
Veterinary .....	10	439	4	438
Total .....	1,149	10,710	420	10,086

### COSMETOLOGY DIVISION

A total of 3,643 cosmetologists have been registered since the enactment of the cosmetologist law in 1929. Of this number 2,821 are licensed to practice at the present time. The license fee is \$3.00 annually. Examinations are held four times a year and the \$10.00 fee is payable at the time application is made. I want to recommend that the cosmetology license fee be reduced to \$2.00 annually and that the first year's license fee be included in the \$10.00 examination fee.

### BOARD OF BARBER EXAMINERS

From December 1, 1930 to December 1, 1931, the board of barber examiners issued a total of 4,100 licenses, while from December 1, 1931 to December 1, 1932, the number totaled 3,920. The board is maintained entirely from the fees it receives and the secretary indicates that the barbers of the state desire to comply with the law and are assisting in every way possible to carry out its requirements.

### DIVISION OF FIRE PREVENTION

During the year 1931 a total of 195 fires were investigated by the division of fire prevention. During that year the department made a total of 13,751 inspections. Sixty-one deaths resulted from fires, of this number 29 being men, 14 women, and 18 children. In addition to these, there were 214 persons injured as a result of fires. The value of the property in those cases where losses were sustained is placed at \$35,595,571.00, while the amount of insurance carried totaled \$27,178,458.00.

A total of 193 fires have been investigated by the department during the present year. Twenty-three persons have been arrested as a result of fires, seven have confessed responsibility for them, and ten are awaiting trial. The others have been tried and acquitted or dismissed.

### DIVISION OF ATHLETICS

A total of 31 clubs have been licensed by the deputy athletic commissioner, while the number of boxers licensed has been 234, wrestlers 101, managers 27, timekeepers 17, referees 29 and physicians 21. A total of 174 boxing bouts have been conducted under the direction of the commissioner. Fees collected have totaled \$8,253.24, while the expenditures have been \$6,834.99, leaving a surplus of \$1,418.25.

### REPEAL INTANGIBLE TAX LAW

Having given you a glimpse of the work of the different departments during the past two years and made some recommendations in

connection with these reports, I now want to make some suggestions of a more general nature.

There are some measures that I have advocated for years that I want to again recommend. I feel that it is more necessary than ever that the intangible tax law be repealed and this class of property made subject to the regular tax rate. The purpose of its adoption has not been fulfilled and it serves only as a means of laying upon the owners of farms and homes an unjust share of the burden of taxes.

### **INCOME TAX**

The equalizing of the tax burden should be aided, too, by the adoption of an income tax and such a one as that the money collected from it will be used to reduce to that amount the taxes on farms, homes and other real estate, in other words, that it be a replacement tax and not an additional tax.

### **REGISTRATION OF MORTGAGES, ETC.**

Along that same line, I recommend that the registration for taxation purposes of the owners of each mortgage and certificate of indebtedness in the county where such instrument originated be required so that the farmer and home owner will not be compelled to pay the taxes on the farm, the interest on the mortgage and then, also, the taxes on the mortgage while the man who purchases the mortgage escapes taxation.

### **PAYMENT OF TAXES**

To further meet the present situation as it concerns taxes, I urge that legislation be enacted to reduce the interest rate on delinquent taxes and that such delinquent taxes be allowed to be paid a part at a time. I recommend, too, that the law be amended to permit current taxes to be paid in installments. Instead of requiring them to be paid annually the law should permit at least semi-annual payments. These measures will, I believe, relieve much distress which is now resulting from the difficulties now involved in the payment of taxes by our people whose incomes have been greatly reduced or entirely eliminated by the low prices which they must take for the produce of their farms and the reduction in the volume of their business.

### **DEFICIENCY JUDGMENT**

I urge the enactment of such an amendment to our statutes as shall make it impossible for the owner of a mortgage, after taking the farmer's or home-owner's property covered by it, to get a deficiency judgment against him and hold it over the heads of his family indefinitely. Along that same line I urge that you reduce interest rates. In my opinion the legal rate should be reduced from seven per cent to six and the contract rate from ten per cent to eight.

## **THE CODE DEPARTMENTS**

We must give the taxpayers other and further relief by a considerable reduction of the expense of government. To this end I recommend the repeal of the so-called code law.

Exercising the general authority given the governor by the code law during my term in 1923-24, the code was dismembered and operated at a very material reduction in cost. Immediately upon the inauguration of my successor, however, emergency appropriations were asked for from the legislature and the code system was again reinstated. During my present term I followed the same course that was adopted before and, as a result, the appropriations for the administrative or code departments for the present biennial period, from property tax funds, were reduced to \$676,980.00 as compared to appropriations of \$1,090,280.00 for the same activities in 1929-30. A still further reduction will be made for the next biennial period. With a change of administration, however, it would be possible for the governor to set up the old organization and conduct the administrative departments on the extravagant basis on which they have been conducted in the past.

I hope that we may now have a real readjustment of our form of civil administrative government, and my budget message will recommend appropriations in line with the eliminations, transfers, etc., which I consider advisable to end the expensive system under which we have been operating. Measures will also be presented to you the enactment of which will accomplish this result.

## **REMOVE PARTY CIRCLE FROM BALLOT**

The removal of the party circle from the ballot is a measure that should be adopted without further delay in the interest of good government. Our voters are intelligent enough and well enough informed to make their choices for the several offices without the use of such a device. The party circle is a relic of a day when it was more difficult than now for the voters to inform themselves of the qualifications of each candidate. Let us now dispense with it.

## **STATE LEGAL DEPARTMENT**

Since the responsibility for law enforcement is centered upon the governor and he is made the chief executive officer of the state, I believe that the legal department of the state should be directly under his authority. The attorney general, or legal advisor of the state, should be appointed by the governor instead of being elected as at present. I therefore urge that you submit an amendment to the constitution to be voted on by the people at the next general election providing for such a change in the manner of selecting the attorney general. In the meantime, it is recommended that the appropriation for litigation, in recent years placed at the disposal of the attorney general, be placed under the state board of educational lands and funds

and that expenditures therefrom be subject to the approval of the governor. In years past this appropriation was so handled.

### **PERMIT JUDGES TO DISCUSS EVIDENCE**

Federal judges are permitted to aid juries in arriving at just decisions by giving them the benefit of their trained and experienced judgment as to the evidence in cases presented. I suggest that trial judges in the state courts of Nebraska should be given the right also to discuss the evidence before the jury.

### **OLD AGE PENSIONS**

I recommend that the matter of old age pensions be given your careful consideration. Our modern industrial system contains a rapidly diminishing number of opportunities for the employment of older people. Some provision must be made for the care of those who have not had the ability, the judgment, or the good fortune to have provided for themselves.

### **STATE AID TO FARM CO-OPERATIVES**

I am in favor of the farmers organizing and cooperating to promote orderly marketing and the state can afford to encourage these movements by financial assistance. I therefore recommend that the state grant such aid to farm co-operatives.

### **SALARIES OF PUBLIC OFFICIALS**

The constitution of the state provides that salaries of public officials may be revised once each eight years but that they may not be increased or decreased during the term for which the officials are elected. The salaries should be revised, however, so that they will be more nearly in line with existing conditions. The compensation of the various classes of officials should all be treated proportionately and by this I mean that the salaries of the constitutional officials should be adjusted in proportion to the adjustment given members of the legislature and the courts. I should perhaps state that salaries of the departments under my jurisdiction were revised two years ago by the elimination or merging of numerous positions and re-adjustment of others. In whatever re-adjustment is made by the legislature this should be given consideration. I am making no recommendation as to a revised schedule of salaries. That is a matter that should be handled by the legislature but, as indicated heretofore, they should be in proportion, one class to the other.

### **STATE BOARD OF EQUALIZATION AND ASSESSMENT**

Under the existing law real estate assessments are made once each four years. It is therefore recommended that the state board of equalization and assessment be given authority to direct a re-assessment of real estate or any other property in any year that it deems it advisable so to do.

As a result of court decisions a large amount of property alleged to be used for charitable, educational, and fraternal purposes has become exempt from taxation. The state board of equalization and assessment has held that such portions of such property as are used for commercial purposes and operated in competition with private properties should nevertheless be taxed. The legality of the board's position is in question and cases are now pending in the District Court of Douglas County that will determine it. However, the legislature now in session should provide by statute what properties are entitled to be exempt and what properties are not.

#### **STATE ACCOUNTANT**

The state accountant in the office of the auditor of public accounts should be appointed by the auditor with the advice and approval of the governor and the governor given the power of removal for cause. And the appointment should be made by the incoming auditor and the incoming governor rather than under the existing method whereby the auditor has on at least one occasion appointed the accountant with the approval of the outgoing governor, thus giving the incoming governor no voice in the selection, and virtually depriving him of the services of the accountant.

#### **PUBLIC LIBRARY COMMISSION**

It is also recommended that the public library commission, for which an appropriation of \$19,200.00 was made in 1931, be abolished and the activity be administered by the state university library management.

#### **LEGISLATIVE REFERENCE BUREAU**

It is recommended that the legislative reference bureau be abolished and the bill drafting activity transferred to the attorney general. It is also recommended that the publication of the blue book for the ensuing biennial period be dispensed with, thus effecting a saving of \$4,000.00. This book contains statistical matter largely and can be carried forward at a subsequent period, if it is deemed advisable so to do, when economic conditions are more favorable.

#### **GAME, FORESTATION AND PARKS COMMISSION**

The administration of the affairs of the game, forestation and parks commission should be placed under the direct control of the governor, with the game, forestation and parks board serving in an advisory capacity. Under this proposed change the force of deputy game wardens could, in emergency, be used in other capacities and their service to the state increased without additional expense. It is recommended, therefore, that the existing law be so amended.

#### **ADJUTANT GENERAL**

The statute provides that staff officers, including officers of the pay, inspection, subsistence, medical, and adjutant general's depart-

ment hereafter appointed shall hold their positions until they have reached the age of 64 years, unless retired prior to that time by reason of resignation, disability, or for cause to be determined by court-martial legally convened, and that vacancies among said officers shall be filled by appointment of the commander-in-chief of the national guard from the officers of the militia. It is my belief that the governor, as commander-in-chief of the national guard, should have authority to make such changes in the department as in his judgment may seem advisable to promote the efficiency and needs of the department. I therefore recommend that the law be so amended that the governor will have that authority.

### **RAILWAY COMMISSION**

It is recommended that a constitutional amendment be submitted to the people at the next general election abolishing the state railway commission and substituting therefor the public utilities commission to be composed of the secretary of state, state auditor, and commissioner of public lands and buildings. The adoption of this proposed amendment would eliminate three officials and the expense incident to maintaining them, while the creation of the public utilities commission, to be composed of the officers named, would give the people of the state the services of a regulatory board.

### **THE NEW CAPITOL**

Work on the new state capitol is nearing its final stages and no additional funds other than the unexpended balance of those now available will be needed for its completion.

### **THE TRUCK LAW**

The so-called truck law, known as Senate File 33, should be immediately repealed. The people of the state would have repealed it themselves if they had been given an opportunity to vote directly upon it. As their representatives I suggest that you take this action without delay. If it is desired to regulate motor vehicles for the protection of the roads, it can be done without such drastic legislation that would seriously handicap the trucks in operation and would automatically remove hundreds of them from the roads and cause the others to greatly increase their transportation rates, thus destroying the only competition that the railroads have ever had, which protects the public from excessive freight rates. Increases in such rates would necessarily fall most heavily on the farmers, thus still further reducing their incomes, which at this time would be indefensible. I cannot bring myself to believe that this law in its present form is in the interest of the people of Nebraska or that it can be considered good public policy to accept drastic legislation of that character that would so injuriously affect thousands of persons engaged in the business of operating trucks and also by a great increase in transportation rates injuriously affect all those throughout the state who are served by the trucks in the way of transporting livestock, grain, merchandise, etc.

## GASOLINE TAX

I recommend a continuation of the good roads program to that extent which is consistent with the economic situation. In 1929 the gasoline tax was increased from two to four cents per gallon. At that time the country was comparatively prosperous and the increase in tax was provided to meet the demands for additional road construction. Under existing conditions there is a demand for contraction rather than expansion, and this applies to the expenditure of funds for road construction as well as for other purposes. As a measure in the interests of the taxpayers, it is therefore recommended that the gas tax be reduced from four to three cents per gallon and that the distribution be continued on the basis now existing, to-wit: One-fourth to the counties and three-fourths to the state. In the interest of fairness to our grain farmers in the western and north-western part of the state and to better enable them to compete with the grain farmers of neighboring states the gasoline used in the farmers' tractors should not be taxed. In keeping with the theory of the advocates of a gasoline tax that "Those who use the roads should pay for them through a gasoline tax" and to prevent discrimination between those farmers who use tractors and those who use horse power I recommend that the tax on gasoline used in tractors be omitted or remitted.

## BOOTLEG GASOLINE

Two years ago the legislature appropriated \$30,000 to be used by the state treasurer in the collection and administration of the gas tax law. The retiring treasurer in his budget request for 1933-35 asked that this be increased to \$100,000. It should perhaps be stated that this appropriation is made from the gas tax and, as a result thereof, an equal amount of federal funds which would be matched by the appropriation of state funds is lost to the use of the state. The activity can be handled by the department of agriculture without additional appropriations being made therefor and I am therefore recommending that the work be transferred to that department. The force of inspectors now in the field in that department can produce more results than two field men in the treasurer's office.

## BANKS

Recently the Supreme Court in the Hubbell bank case held that the act creating the depositor's final settlement fund is unconstitutional and that, assuming that the guaranty fund law is thereby revived, the guaranty fund law is also unconstitutional under present conditions. This decision also held the guaranty fund assessments which were made previous to March 18, 1930, to be unconstitutional at this time and directed the District Court to enter an injunction preventing the governor from collecting the assessments made under the final settlement fund act and the assessments which had been made under the guaranty fund act previous to its repeal on March 18, 1930.

The decision in the Hubbell bank case is being appealed. If it is finally affirmed by the Supreme Court of the United States, then the depositors in banks which failed before March 18, 1930, will lose the protection given to them by the guaranty fund act and the final settlement fund act, and there will be no protection for them other than a first lien upon the assets of the bank as is provided by section 8-1,102 of the 1929 statutes.

Since March 18, 1930, there have been one hundred seventy-eight bank failures. A first lien on the assets is the only protection now existing for depositors. Section 8-1,102 of the 1929 statutes, which provides for this first lien to depositors on the bank's assets in case of insolvency, is now being attacked in the courts on the basis that, since this section was a part of the original guaranty law and also was a part of the final settlement fund act, the Hubbell bank decision had the effect of making it null and void. This section should be promptly re-enacted to remove any question as to its validity.

I also recommend that you consider the enactment of a law providing for some system of deposit insurance which shall insure non-interest bearing, unsecured deposits to their owners.

I urge the continuation of the centralized receivership plan for handling the assets of failed banks. Unfortunately, the number of failed banks to be administered by the receivership division has increased the past two years. Nevertheless, the cost of operation is only slightly higher than it was before. The division has realized from receiverships a total of \$10,303,581.34 during the first twenty-two months of the past two calendar years. Of this amount \$6,799,-040.54 was collected by the men in the field and \$3,504,540.80 collected through the office. This is a remarkable showing considering the fact that throughout the period covered by this report the bureau has had to contend with a steady decline in the market value of commodities and particularly agricultural products and farm lands. The banks held as a part of their assets quite an extensive amount of real estate and for this there is virtually no market under present conditions and at the present time. Nevertheless, during the first eleven months of 1932 a total of 347 tracts of real estate have been disposed of, as compared to 420 during 1929, indicating that the real estate department has been active in spite of the adverse conditions. The dividend department has been issuing on an average of 8,000 dividend checks every month, since it has been the policy to make the distribution as soon as possible after the collections have been turned in.

The amount of money involved in cases before the Supreme Court during the past two years is approximately \$200,000.00. There are pending at the present time 40 cases. The amount involved in contested claims is approximately \$750,000.00.

The cost of administering these receiverships through the centralized system is materially less than it was under the old individual

receivership system. Figures compiled by the department show that the average cost per cash dollar collected under the individual receivership system was 11.6 cents. Under the method employed during the existence of the guaranty fund commission the cost of liquidating insolvent state banks was reduced to 6.4 cents per cash dollar collected, while the cost of the centralized receivership system now in use is 3.47 cents per cash dollar realized, according to the report of the bureau dated June 30, 1932. In 1931 the cost was even less but an increase was anticipated because many of the quick assets of the various trusts were realized upon in the early stages of the receivership and the liquidation of the remaining assets has constantly become more difficult because of the adverse economic conditions. In contrast with present conditions it should be cited that, during the period of individual receiverships, prices of farm products were maintained on a high basis and there were many banks which were in a position to assist the receiver in the liquidation of the assets of the closed institution. Such conditions do not exist at the present time. When these facts are all taken into consideration the showing made by the centralized system of receiverships as to cost of liquidation is the strongest recommendation for the method of liquidating banks now in vogue in this state.

Since the Supreme Court in the case of State vs. State Bank of Minatare, has held that the statute requiring the secretary of the department of trade and commerce to act as receiver of all failed banks does not compel the District Judge to appoint the secretary as receiver, but permits the judge in the exercise of his discretion, to appoint someone else, a considerable obstacle has been put in the way of the functioning of the centralized receivership plan. In order to avoid the difficulties and extravagances which have beset individual judicial receiverships, I recommend the passage of a law creating an executive system of bank liquidation modeled after the federal plan for liquidation of national banks.

#### **BANK COMMISSIONER**

I suggest that the position of bank commissioner should be eliminated and his duties entrusted to the head of the banking department under the chief executive. This will be another move in the direction of elimination of duplications and unnecessary high-salaried officers and the work of this office would be, as it should be, under the direction of the chief executive.

#### **COUNTIES AND COUNTY OFFICERS**

Local taxes are by far the largest part of the tax burden. If they are to be reduced there will have to be some rather radical changes in our local governments. There is sentiment favoring the merging of some of the smaller and some of the more sparsely settled counties of the state in the interest of economy in management. The laws should be so revised that this can be brought about.

We have more county officers than are needed and I urge that several be eliminated and the duties of their offices handled by others. I recommend the elimination of register of deeds, clerks of the district court and assessor. The duties of register of deeds and those of assessor might be transferred to the county clerk and those of clerk of the district court to the county judge. The elimination of these higher salaried positions would save much in all the counties and, in those counties where it is found to be necessary, deputies could be hired to handle the work at lower salaries.

All county expenditures should be provided for from the proceeds of one county general fund levy so that the board of county commissioners or supervisors would have jurisdiction over and assume the responsibility therefor. It is therefore recommended that existing laws be so amended and that the maximum tax levy in counties under 3,500 population be fixed at  $4\frac{1}{2}$  mills on the dollar of the assessed valuation and that the maximum in counties containing more than 3,500 population be fixed at 3 mills.

The adoption of the commissioner system as a substitute for township organization by counties and the appointment of the county attorney by the county board are recommended in the interest of efficiency and economy.

In subdivisions of the counties the maximum tax levy should be established by law on a lower basis than that now existing. The adoption of the budget system for counties and their subdivisions is also recommended.

### **MAKE WOMEN ELIGIBLE FOR JURY SERVICE**

I want to urge that our laws be so amended as to make women eligible for jury service. They have shown themselves to be the equals, if not the superiors, of men in the possession of all of the qualities of good citizens. As a matter of justice they are entitled to have all discrimination against them in our statutes removed.

### **LABOR**

I urge you to be ever watchful that the rights of men and women who work for wages are protected. We designate them by the term "Labor". Property rights must be respected but the superiority of human rights must always be recognized. The length of the working day is being reduced, and should be reduced, so that Labor may be given its share of the benefits of the machine age. And the laborer must be to every possible extent protected in his job and paid enough to keep his family well and provide for old age.

### **AMENDMENT TO FEDERAL CONSTITUTION**

I submit herewith the proposed amendment to the federal constitution changing the time of the convening of congress and inauguration

of the president. This amendment was sent to the chief executive of Nebraska by the Secretary of State of the United States as prescribed by law for submission to you for approval or rejection. I recommend that it be approved as a forward step in the direction of making government responsive to the will of the people.

#### **REPORT OF BOARD OF PARDONS**

I submit herewith the biennial report of the board of pardons covering the period from November 30, 1930 to December 1, 1932. Complete findings in each case are also on file in the office of the chief state probation officer and accessible to anyone wishing to review them.

#### **REPORT OF MONEY RECEIVED BY GOVERNOR'S OFFICE**

I also submit herewith a report of the money received by the governor for the biennium ending December 31, 1932. Receipts of the treasurer for all money received are on file in the governor's office.

#### **CONCLUSION**

In conclusion I urge that you give your undivided attention to making your service count for the whole people of our state without permitting it to be colored by favoritism of place, person, or groups. The problems before us are such as to challenge the best efforts of everyone of us. I may from time to time during the session of the legislature submit for your consideration other recommendations that seem to me advisable.

CHARLES W. BRYAN  
Governor

**REPORT OF MONEY  
RECEIVED BY THE GOVERNOR DURING THE BIENNIUM  
ENDING DECEMBER 31, 1932.**

<b>SOURCE</b>	<b>AMOUNT</b>
Fees for Alcohol Permits .....	\$ 4,314.10
Fees for Warehouse Licenses .....	81.00
Fees for Extradition Warrants .....	125.00
Federal Aid for Soldiers' Homes .....	26,187.56
Sale of Old Furniture .....	182.75
 Total .....	 <u>\$30,890.41</u>