

TO THE MEMBERS OF THE FORTY-FOURTH SESSION OF THE
LEGISLATURE OF NEBRASKA

Ladies and Gentlemen:

In compliance with the provisions of our constitution requiring the governor, at the commencement of each session, to give by message to the legislature information of the condition of the state and any recommendations of measures he shall deem expedient, I have the honor of submitting the following:

GENERAL CONDITION:

Nebraska continues to advance. Our progress is substantial and well balanced. While our state is exclusively agricultural it is gratifying to note that the industrial and commercial sides of our development are making growth commensurate with the output of our farms and ranges. During the past two seasons crop yields have been variable—some portions of the state being more favored than others. This was especially true during the year now ended. There are some sections where crop production was materially reduced even to the extent of falling far below the normal average. In other sections the yields were bountiful, the financial returns satisfactory and the measure of local prosperity of timely benefit.

While agriculture as a whole has been passing through adverse conditions, yet in Nebraska we have not experienced the distress that exists in many adjoining states. With us there are many dependable evidences of improvement. Our soil at this time is thoroughly saturated with moisture and prospects for winter wheat most encouraging. The outlook for live stock interests is correspondingly assured. Financial losses to our stockmen during the past five years have been most severe. They suffered the depressing effects of post-war deflation more than any other group in our state and whatever benefits accrue to them in the way of increased production and better prices in the future will be welcomed as a means of recovering their depreciated investments.

Human reverses often come as blessings in disguise. Out of the adversities of the past have merged the great constructive programs of the present. Out of the hardships, the sacrifices, the heroism of pioneer days has unfolded the proud Nebraska of this hour. The virgin prairies over which our valiant pioneers moved westward are now rated among the richest farming areas on the continent. It is our heritage, our reliance and our most dependable security.

In spite of our progress, however, economic conditions have long

existed, depriving agricultural investments of their full measure of returns. So long as our farmer is compelled to sell the products of his labor in a free world market, while buying his necessities in a protected market, he will be forced to exchange his products for other commodities with a dollar of lower purchasing power than the dollar of other wealth producing agencies. It is believed by many that certain remedial legislation of a national character will be passed to correct this inequality, and there is a growing conviction in the agricultural states of the middle west, as well as the cotton states of the south, that such legislation should at least be given a trial. Even after the passage of such legislation and its probable successful operation the farmers' problems will not all have been solved. Cooperative marketing will still need improvement and freight charges, of which the farmer pays both on output and receipts, will remain for adjustment. A great victory has been won in the agricultural west in securing the recognition of congress of the urgent necessity for the development of our inland waterways and more especially the opening for navigation of the upper Missouri river that flows conveniently along the full length of our eastern border.

Keeping in mind the progress we have made as a state in the face of continued economic odds, we should have some conception of the measure of prosperity awaiting us when the day finally arrives that agriculture is unencumbered as an industry and is allowed the same commercial freedom enjoyed by all other activities of which it forms the basic part.

FINANCES:

The finances of the state are in sound condition. We have no bonded indebtedness and one year with another are able to pay cash for the requirements of all departments and all public institutions. Also in the various trust funds are bonds amounting to thirteen million dollars which are in addition to personal and real property belonging to the state conservatively valued at seventy million dollars.

In the general fund, however, out of which are paid the current expenses of the state, there is an overdraft, and for the past month warrants on that fund have been registered. All other funds in the state treasury show a balance of approximately two million dollars and are gradually increasing in amounts as remittances are received from various tax sources.

Believing there is and has been considerable misunderstanding as to the causes of the present overdraft in the general fund I want first of all to emphasize the fact that such overdraft is not due to

excessive expenditures. Charges of extravagance usually heard in political campaigns are vote getting devices, and in this state are seldom well founded. If extravagance is indulged it would be an easy matter to discover the source, verify the charge and correct the practice. Under our system of state government the various departments, bureaus and institutions have certain specific sums, or carefully estimated amounts, allotted to them by the legislature for carrying on their activities. If any of these divisions attempted to exceed its allotment it would be noted and checked either before obligations were incurred or when vouchers were presented for payment. Therefore, if any administration deliberately operated on an extravagant basis, if it spent more money than seemed judicious, the blame for extravagance would lie with the legislature identified with the biennium concerned. It is the legislature, and only the legislature, that decrees how much money shall be appropriated to meet expenses of every kind in state government, and the specific purposes for which it shall be expended. For this reason our incoming legislatures are admonished constantly to exercise care in granting expenditures just as reasonable economy should be kept in mind by all agencies requesting appropriations.

But neither the size of legislative appropriations, whether large or small, nor the amounts expended by governmental divisions are in any way responsible for deficits in the general fund or any other fund. Such deficits are traceable to other causes, chief of which is insufficiency of revenue provided, or raised through tax assessments, to meet the expenditures authorized. In other words, if the legislature appropriates a certain amount and tax levies are not made large enough to bring the amount appropriated into the treasury, and the amount appropriated is expended, as is usually the case, then a deficit is bound to be created. This is vividly illustrated by the records bearing on the appropriations made by the legislature of 1923 and the insufficient levy intended to bring in the amount authorized. The biennial appropriations authorized by that legislature and subject to direct taxes, were in round numbers \$13,500,000, while the levy established by the taxing board was measurably insufficient and brought in only \$11,600,000, thereby creating a shortage of over \$1,900,000. That shortage still exists. It has been carried for the past two years. The total amount could not be estimated by the present administration until after the legislature of 1925 had adjourned and until the real estate taxes receivable in July and August of 1925 had reached the treasury. Whatever the reasons were that prompted the making of an undersized levy is a matter of conjecture, but the fact remains that it was insufficient to bring in the appropriations authorized by the legislature and when those appropriations were

expended the general fund could not avoid being overdrawn to the amount mentioned.

State taxes cannot be reduced by decreasing the tax levy unless legislative appropriations are reduced proportionately. A tax levy is simply a mathematical measure. We should not expect to bring in a thousand dollars or any multiple thereof with a levy that measures, say, only nine hundred dollars on each unit of valuation.

There are still other causes productive of deficits in the general fund, none of which has to do with either legislative appropriations or tax levies. They may be, as they are now, the accumulations of years past or a series of administrations. For example, in 1921 the banks of the state were relieved of part of their taxes through court decree. The amounts estimated for use from that source and expended through appropriations were appreciably reduced and corresponding deficits created. Again, taxes derived from intangible property carried by banking institutions in the city of Omaha are held back at the present time while the law governing intangibles passed by the last legislature is under contest in the courts. Thus another item is added to the prevailing deficit. Furthermore, the railroads, with the exception of the Union Pacific, have not paid their taxes in full, since the year 1921, advancing only from sixty to seventy-five per cent in accordance with the ruling of the federal court. The result has been to decrease the receipts of the state treasury in an amount exceeding a half million dollars. Adding the delinquent railroad taxes, the loss in bank taxes, and the deficiency in the 1923 and 1924 tax levies these will account for about two and a half million dollars of the general fund overdraft.

In addition to this deficiency of two and a half million dollars, which may be called an old overdraft, we have a current or temporary overdraft brought about through our financial system of starting on July first of each year to spend tax money which does not begin to reach the treasury until December or January following. In fact, during the entire two years of the present administration we have had to depend on the proceeds of the levy made in August of 1925, and up to December 1, 1926, we had received no funds whatever from the levy made in August of that year. For the past six months we have had to rely entirely for current funds on meager receipts from delinquent taxes and small amounts reaching the various departments as office fees. Hence the general fund warrants issued during the period from July 1, 1926, to December 1, 1926, exceeded the receipts to the amount of \$1,278,000. Combining this with the amount of the old overdraft, namely, two and a half million dollars, will account for a total general fund deficit of three and three quarter million dol-

lars. However, personal tax money from the 1926 levy will now begin to reach the treasury and soon should result in the general fund receipts exceeding the warrants issued each month, thus gradually reducing the overdraft. For that reason it will not be necessary to consider any special provisions for taking up the current overdraft of \$1,278,000, because it will be liquidated by the receipts of the funds mentioned.

On the other hand, in order to reimburse the general fund for the amount of the old overdraft in the sum of two and a half million dollars, and relieve that fund in the future of what has been an actual burden during the past two years, I respectfully recommend to your honorable body that a redemption tax be levied to the amount of 0.8 mills on a basis of valuation of approximately \$3,190,000,000, the levy to cover the current year beginning July 1, 1927, and ending July 1, 1928; or that a redemption tax be levied in the amount of 0.4 mills on the same valuation basis but to continue for a period of two years, namely, from July 1, 1927, to July 1, 1929. A redemption tax as suggested would reinstate our general fund to the condition obtaining before the causes of the overdraft heretofore mentioned became effective.

I also recommend as a partial preventive of short levies in the future, conducive to overdrafts in the general fund, that section 5904 of the 1922 Statutes be amended making it unlawful for the state taxing board, in calculating the levy, to take into consideration any resources of the general fund such as money in the treasury or taxes outstanding. It has been the custom in the past for taxing boards to rely on certain amounts in the general fund on certain dates when in reality those amounts were transitory and had really been spent or at least encumbered before reaching the treasury. Likewise the matter of estimating outstanding taxes, when the size of a levy is being considered, is an undependable method and like the transient money in the general fund, the proceeds are expended before they are received.

As a third recommendation, in the nature of a protective measure for the general fund, I would suggest that the taxing board be required by law to provide sufficient revenue to meet expenditures authorized by the legislature including the current expenses of the legislative session and all miscellaneous claims and relief bills passed by it with the emergency clause. One-half of the total appropriated should be provided for each year of the biennium. If that is done, each administration would be required to leave the state funds substantially as they existed when one administration succeeded another.

Aside from the changes mentioned, I would suggest that the laws

governing our financial system be permitted to remain as they are. The system itself is not at fault. It is the way it has been misused in the past that has caused the greater portion of the existing overdraft, and if amendments are made requiring officials to establish tax levies on a basis that exists in fact instead of in theory, then we should not be confronted in the future with deficits and consequent shortages in funds.

ROAD CONSTRUCTION:

Road legislation enacted by the 1925 legislature has been satisfactory in its application. Funds derived from the tax on gasoline have been ample and construction work has been rapid and reasonably permanent. I feel justified in saying that there is not a state in the union that has built as many miles of serviceable roads during the fifteen months of actual work of the two years just ended, for the same amount of money expended by this state. The total cost of collecting the gasoline tax has averaged one-half of one per cent and is much lower than that of any of the forty-five states operating under gasoline tax laws. At the same time the total cost of general administration conducted by the department of public works, including surveys, preparation of plans, and all general supervision, in fact all expense with the exception of the actual staking out and inspection of the work on the ground, has been less than two per cent, a charge much lower than neighboring states where costs have ranged from three to eight percent.

Our state and federal system of highways is so allocated as to make a net work of intercounty farm-to-market routes. While originally intended to connect county seats, it comprises practically all principal market centers in the four directions of the compass. As a result we have not only a splendid intercounty system, but equally important, we have a system which provides the maximum service possible for the farmer in hauling his products from the farm to the market. After a careful study of our system it seems apparent that if the routes were again to be outlined with the same mileage as before little or no improvement could be made in the way of favoring the farming communities of the state.

Previous to the legislative session of 1925, all revenues for construction of the state highway system came from a property tax. As is well known, no property tax is now used for either the maintenance or construction of state highways in Nebraska. A continuation of the present financial program makes available for construction approximately \$8,000,000 during a biennium, made up of revenues from the following sources:

30% of automobile registration.....	\$1,000,000
2c Gasoline tax.....	3,000,000
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Total state revenue.....	\$4,000,000
Approximate amount required per year for maintenance of the 6,000 miles of highway.....	\$2,000,000
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Leaving in state funds for construction.....	\$2,000,000
To which may be added as federal aid.....	2,000,000
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Or a total construction fund annually of.....	\$4,000,000
Total of construction and maintenance.....	\$6,000,000

This will make possible the meeting of all available federal aid with state revenues during the next biennium with the exception of approximately \$1,000,000. Federal funds, however, do not lapse for a period of two years after becoming available so that in the event this \$1,000,000 is not met by state or local funds, it will not be lost to the state, but can be met at a later day. This total expenditure on state highways in Nebraska is only a little over one-half of that spent in either Kansas or Iowa per year, and approximately one-fifth of that being spent in Missouri.

In the past two years, we have contracted 1075 miles of grading work, 208 miles of clay surfacing of sand hill roads, 1601 miles of gravel surfacing, 32 miles of pavement, and 186 bridges.

During the present biennium, a greater expenditure has been made possible because of no gasoline tax having been used in 1925 for maintenance and because counties have met some surplus federal aid. As a result of this, the total of all contracts awarded during this biennium amounts to \$10,159,000,—made up of state funds \$4,646,000, federal funds \$4,799,00, and county funds \$714,00. The prices at which this work has been performed are less than at any time since the state road building program started, grading work being an average of about 20c per cubic yard as compared with 23c during the previous biennium,—gravel surfacing being approximately \$2500 per mile or 15% less than heretofore.

The 186 bridges contracted include major structures as Platte River bridges at Wellen, North Platte, Gothenburg, Gibbon and Plattsmouth,—a bridge across the Loup River at Boelus and a bridge across the Niobrara River at Niobrara.

While the state highway system is being constructed the various counties should give consideration to systems of routes that will serve

the best interests of their local communities and at the same time make serviceable connection wherever possible with the main system. Inasmuch as there are now several counties in which the state roads have been entirely surfaced, it is well to look ahead and provide means whereby the state may assist completed counties with the construction of their local systems. An amendment to our present law in contemplation of such assistance could in the main provide that where the state and federal system has been graded in any county and drainage structures built and adequate surfacing provided that the department of public works, in conjunction with the county board of such county, be authorized to lay out an additional route connecting with the state highway and that when an agreement shall have been reached between such county board and the department of public works, in regard to such additional route, the department of public works shall cause same to be platted and made a matter of record in the department's office and in the office of the county clerk in which such route is located; provided further, that routes so laid out and platted shall be constructed and maintained in the same manner as provided for present state highways.

In the event the present road construction program is continued during the next two years, and in my opinion it should not be materially changed, it will be possible to fill in a great many gaps of graveled surfacing which will mean much for the continuity of traffic and will make it possible to go entirely across our state on surfaced roads. It is believed that if weather conditions are favorable the majority of the main routes in the state can be graveled during this biennium. Many contracts let up to the present time have provided for work in every county in the state for construction of roads which, while they are state highways, are generally the most logical farm to market routes that it would be possible to construct with the same mileage.

Beginning with January, 1926, and in accordance with the law passed by the last legislature, maintenance of state highways has been under the control of the state. This maintenance system is so organized as to be both effective and economical. Ordinarily the supervision of maintenance is carried on by an average of one man to two counties where the time is entirely devoted to maintenance work. Of the total sixty-three men supervising state maintenance, twenty-four are county highway commissioners, fifteen are resident engineers in charge of both construction and maintenance and twenty-four are chief patrolmen in charge of highway maintenance alone. Where county highway commissioners are retained for this supervision, their time and salaries are divided equally between the state and the counties.

In some counties where seventy per cent of the automobile registration fees has furnished sufficient funds, county highways have been platted and are in course of construction as provided by existing laws. Excellent work has been accomplished in some of these counties in providing connections and feeders to state highways in such a manner that a maximum use may be made of the state system. It would be a good idea for counties which have not followed this plan to give this method serious consideration, and if possible secure a more effective and efficient expenditure of county highway funds.

During the past two years considerable sentiment has developed in favor of the construction of interstate bridges across the Missouri river between the states of Nebraska and South Dakota, Iowa and Missouri. Some of the bridges suggested are located at eight different points, namely, Niobrara, South Sioux City, Decatur, Blair, Omaha, Plattsmouth, Nebraska City and Rulo. In a report submitted to the governor by the secretary of the department of public works, bearing on the feasibility and cost in constructing interstate bridges, the observation was made that in the state of Iowa a plan is being worked out with the view of authorizing the highway department to use not to exceed five per cent of highway funds for bridge construction. It might be well for your honorable body to give some thought to such a plan in order that our state would be in position to join with other states concerned in a bridge program to be followed when work of this kind becomes urgent. Casual estimation of the average cost of interstate bridges, outside of the one in contemplation in Omaha, is in the neighborhood of \$500,000 each, which would mean approximately half that amount being Nebraska's share of each bridge. As these bridges would necessarily be constructed one at a time and as it would require many years for the completion of those agreed upon it would not materially interfere with our present highway plans if authority were given the department of public works to cooperate in the building of such bridges in practically the same manner as bridges entirely within the state.

Aside from the changes in our law mentioned in connection with the help the state could give counties in constructing their local systems and the suggestions as to the use of a small per cent of highway funds in erecting interstate bridges, it is my opinion that the present road law should be held intact. It has been in operation long enough to demonstrate its efficiency and the advantages it affords for economical administration. It is always a good plan to leave well enough alone unless we are reasonably certain that

changes will bring improvement. As it has been the privilege of this administration to launch our extensive road program under the gasoline tax method of providing funds, we are so well satisfied with the operation of the law that we look forward to the privilege of accomplishing better and more far-reaching results during the two years before us. Under our present road law responsibility is centered in one official, the governor, and in that respect the same business system is followed by the state that has long been in practice with private institutions. One reason why government, so-called, has not always been efficient and satisfactory, is because responsibility for carrying on some certain activity has been divided between many persons or scattered through different sources. Divided responsibility means endless red tape and unlimited waste. It is to avoid defects of that kind that successful private concerns centralize their authority and confine directive power where it cannot avoid the obligations it assumes.

BANKING CONDITIONS:

This agricultural portion of the middle west has suffered severely through over-extension of credit and shrinkage in the value of assets. Though our loss in Nebraska has been considerable, we still have cause to congratulate ourselves on the tranquility we are enjoying as compared with surrounding states where the financial storm has destroyed credit and undermined that staunchest support of business prosperity,—the faith of the people in their financial institutions.

Probably never in the history of Nebraska have the citizens been more dependent upon the financial institutions nor have the financial institutions found more necessary the trust which is now reposed in them by our citizens. Through this mutual independence, renewals of obligations have been available to aid on the way back to sound credit and that prosperity which seems ever in the near future; and deposits have been maintained at almost maximum through the whole-hearted and confident support of the patrons.

This desirable condition has been brought about by the patriotic loyalty of our financiers to the interests of our state and the faith of our citizens in the bankers and in the ability of the guaranty law to fulfill its trust. We cannot see but that this is well justified, for the strength of the law lies in the faith of the people and in the cooperation of all financial institutions regardless of whether or not they come within its provisions. As this faith and cooperation endure, so will the law continue to protect us.

A labor of this administration, in which we have taken some

satisfaction, lies in the creating of confidence, the furthering of cooperation and the doing of all those things necessary to preserve the guaranty law and protect the bankers and citizens of Nebraska from undue loss.

The faith of the people in our guaranty law; the confidence so well established in the law as it now is; and the willingness, so evident, to sustain this law by those in whose keeping its safety lies, would justify the assumption that little would be gained and much harm might result from any considerable change therein.

CAPITOL BUILDING:

While construction work on the capitol has not been quite so rapid as was expected at the time of the legislative session in 1925, its progress and the awarding of contracts will keep pace with the collection of taxes from the levy made for the capitol fund. The portions of the building on which contracts have not yet been awarded include the tower above the central rotunda together with that part west of the tower which embraces the senate chamber. Contracts awarded since the last session of the legislature comprises all of that section which takes in the house of representatives, supreme court library, foyer leading from the north entrance vestibule to the central rotunda, and the office space in this section together with the foundation work for the remaining part of the building not included in the first section.

The total sums of money disbursed to date amount to \$4,581,278.18, and the contracts covering work now being done amount to \$1,884,600.31, making a total of disbursements and work under contract amounting to \$6,465,878.49.

IRRIGATION:

Irrigation in Nebraska has received material benefits during the past two years. An important accomplishment was the adjustment with the federal government of the payment charges on the North Platte projects by a board appointed by the Secretary of Interior and your governor. This board reclassified the lands, recommended the cancellation of approximately \$2,000,000 and paved the way for new contracts which have been made by and between the water users and the federal government. Bountiful crops and the adjustments with the government have placed irrigation and industry in the North Platte Valley in a prosperous condition.

Our state crop production records by counties for 1926 remind us again that the cost of deficient rainfall, over a considerable area.

causes serious loss in labor and time. This loss creates an economic condition that affects not only agriculture but all other industries in the state. If water now going to waste can be made available to make up this deficit in rainfall, in a way and at a price that will be satisfactory to those who need it, and at the same time create revenue enough to meet all operation and interest charges, and also create a sinking fund to retire the construction cost so the tax payers' interests will be safeguarded, it might well be done. I therefore respectfully recommend that this phase of supplemental water development be given a share of serious deliberation.

CONSERVATION:

With our good roads there come an increasing demand for outdoor recreation. Each year more of our urban population turns to the country for invigorating pleasures and increased numbers of our citizens are finding they can obtain and enjoy vacations in our own state. In order to provide for adequate recreation for future needs, it is necessary that more of our natural resources be conserved. This is especially necessary with our wild life, much of which is rapidly diminishing. It is particularly urgent that immediate consideration be given to grouse and prairie chicken, Nebraska's native game birds. Possibly the solution to this problem would be a closed season every alternate year, or some similar arrangement wherein these birds could recuperate from heavy hunting and the new conditions to which they are now subjected. Grounds for hunting and fishing should be obtained for the public and waters should be adequately stocked with fish so as to provide wholesome recreation for all who enjoy the fascinating sports afforded by the rugged resources of nature.

Although Nebraska is known as the "Tree Planters State," the planting of trees has been sadly neglected. In order to encourage forestation and tree planting for windbreak, shade, woodlot, and the beautification of farms and ranches, your governor appointed a forestation committee last year, to arouse interest in tree planting. The committee has outlined a constructive program to be carried out in cooperation with the state forester of the conservation and survey division and the extension forester of the department of agriculture of the university.

EDUCATION:

The destiny of our country depends on the strength of our schools. No nation has ever declined and fallen where education was free and unhampered and where the percentage of illiteracy among

all the people was negligible. Hence education in a republic is the mainstay of its institutions and the final protection of the freedom of its citizens. When the covered wagon trailed its way over the prairies of Nebraska it was followed by the church and the school and when pioneer settlements sprang into existence school houses of sod stood as sentinels over the children. Thus our state has always placed a proper value on education and it is not strange that our university and normal colleges rank with the best in the land. The legislature of two years ago was liberal in its support of our educational institutions. It was shown that for years prior they had not received adequate financial assistance. Lack of sufficient facilities for instruction and supervision had reached a point where interference with proper educational standards was imminent. That danger, fortunately, has passed. Yet with attendance ever increasing I urge upon you a careful study of our educational needs so that equitable provision may be made to meet them.

STATE PARKS:

One commendable feature in the development of our state is that we have made good use of our natural resources and wherever we have lacked desirable features we have attempted to supply them. As years pass and states become more thickly populated attention has been called to the necessity of establishing parks and nearly all states have set aside appropriate sites to be held for and by the public to be used for recreation and study. In our state we had to do something more than select desirable locations already embellished by nature for human enjoyment. We have had to develop park sites and supply those things that nature denied us. Arbor Lodge at Nebraska City, the former home of Hon. J. Sterling Morton, father of Arbor Day, is a fitting illustration of the development of a park with very little material at hand. Today it is one of the attractive park areas in the entire country. A few years ago the Chadron State Park was taken over by legislative enactment and is fast being transformed into one of the most attractive spots in the middle west. Only recently a park was established at Victoria Springs in Custer County, and it too will soon afford opportunities to our citizens as well as to the passing tourists for rest and meditation and amusement.

These three state parks are under the control of a park board and at its last meeting, a few weeks ago, it officially recommended to your honorable body the acceptance of a tract of land adjoining Grand Island, known as the Stolley Estate, comprising forty-two and a fraction acres and containing many land marks of historic value.

The federal government is encouraging each state to provide a park every hundred miles and Nebraska should not lag in meeting this requirement.

LABOR:

The history of labor is a history of progress against odds. In some places in the world, at other times, labor occupied a position of involuntary servitude. Today it commands the respectful consideration of mankind as a potent factor in the development of nations. In America labor has had its own trying problems and must be commended for working them out within its own ranks. In Nebraska it has been our fixed policy to sanction any measure that tended to improve the standards of the men and women who toil. This is natural and proper because labor is identified with all activities from the farm to the office and from commercial institutions to the shop. It has been the aim of our state to incorporate in our laws protective provisions affecting industrial workers and requiring their administration in a way that would be beneficial to both employer and employee. Like all pioneer service of whatever kind, there may be errors to correct in our labor laws and improvements to be made, but in the main we have striven for an equitable course that would better the conditions of all concerned.

LAW ENFORCEMENT:

Laws that are not observed must be enforced. When the prohibitory law was enacted in our state provision was made for the creation of a law enforcement bureau. This bureau was to be under the direction of a state sheriff and was particularly authorized to lend all assistance in enforcing violations of the prohibitory measure, thefts of automobiles and general infractions of our criminal code. It has been the aim of the law enforcement bureau during the past two years not only to apprehend law violators, but also to work with and encourage law officers of our counties and municipalities to apply themselves with diligence in the performance of their duties. Unless local enforcement officers are conscientious in their service, it would be impossible for a small force of state officers to meet the demands of all sections. When the present state sheriff assumed his duties, under the direct authority of the governor, he was given only one general instruction, namely, to use his best judgment and enforce the law. That instruction has never been changed and I am pleased to report that it has been consistently obeyed.

Through the united efforts of the law enforcing officers of the state for the years 1925-26, the results are summarized as follows:

Total amount of fines assessed 1925-26-----	\$457,140.31
Jail sentences served (days) 1925-26-----	61,372
Total number liquor cases pending-----	773
Total proceeds cars confiscated 1925-26-----	\$ 19,346.39
Confiscated cars not sold for 1926-----	26
Total number automobiles stolen 1925-26-----	2204
Total number automobiles recovered 1925-26-----	2368
Total number recovered by State Sheriff's Office dur. ing 1925-26-----	74
Estimated value of 74 recovered cars-----	\$ 35,450.00

This showing reflects credit upon the law enforcing agencies of our state.

HIGHWAY TRAFFIC:

With the enormous increase in the number of motor vehicles the necessity arises for a careful study and serious consideration of traffic problems. Commercial transportation features are demanding attention in all states because the car and truck have now become in reality interstate carriers. That phase of the situation is economic and should receive legislative consideration on that basis. There is, however, another side to the use of the motor vehicle and it concerns safety of persons in the use of our roads. Hardly a day passes without the report of some accident or several of them, directly traceable to reckless driving. One can seldom travel from fifty or a hundred miles without observing repeated instances of attempts by drivers to disregard the reasonable demands of the law. It may be at some future time, after our state and county highway systems have been completed that it will be necessary for a state constabulary to be organized with the object of patrolling all highways in an attempt to regulate and apprehend persons unfitted in the handling of cars or guilty of the commission of crimes in which the automobile played a part. However, such an organization is in the future and cannot be invoked at this time. Therefore it will devolve upon your honorable body to provide such legislation as will tend to reduce the dangers of automobile travel attributed to carelessness and incompetency. The nature of that legislation should be drafted in keeping with your individual observation, and while it may not meet all emergencies, let us hope it will minimize the percentage of risks.

A MEMORIAL TO CIVIL WAR SOLDIERS:

Outstanding events in the history of a state deserve to be perpetuated in permanent form so that generations to come may know and appreciate. There are reasons why the union soldier of the

Civil War deserves special remembrance by those who are proud of Nebraska's present status as one of the leading states of the nation. Nebraska contributed liberally of her sparse population to the northern armies, and many of our volunteer troops were used in protecting scattered settlements of the state from the ravages of hostile Indians. Their services to humanity in proving that a people's government was not only just but practicable, is without parallel. When the national authority was finally vindicated and the boys in blue returned triumphant, they had grown to manhood and were ready to establish homes for themselves. Nebraska welcomed them with open arms. They came to the plains in such numbers as to entitle Nebraska to be known as the soldier state. Naturally these young veterans became a power here. In large affairs and in smaller activities, in business, in politics, in statemanship, in the building of schools and churches, in the growth of a great free commonwealth the soldier element was always at the front. For a third of a century they were a dominant factor. No other group stands in the same relation to the life of our government. Nebraska should and will, sooner or later, erect an imposing monument—a fitting memorial—to our honored comrades and no more appropriate place for its location could be chosen than the grounds of our new capitol. This suggestion is respectfully referred to your honorable body for such action as may be deemed proper and expedient at this time.

PUBLICITY BUREAU:

Nebraska is an unknown region to many of its own citizens. Even with the automobile as a rapid means of transportation and with the long established lines of efficient railroads, thousands of our people judge the state solely by the localities in which they reside. Our resources are known only in a casual way and are generally taken for granted. Opportunities for successful business ventures are not sufficiently impressed on the youth of our state because no serious attempt has ever been made to present a true picture of the resources and cultural advantages it offers. The time has arrived when we should make known the potential wealth with which we are so richly endowed. We should no longer delay in supplying information to people outside our state who might be attracted here to establish their homes. With fertile farms and productive ranges, with flourishing cities and towns, with a system of good roads second to none, with a capitol building unusual in its architectural lines and destined to stand as an enduring monument to the prairies, we should take advantage of our fortunate surroundings and make them known to others who would enjoy and profit by sharing in their possession.

I have made provision in the budget for a small appropriation for the creation of a publicity bureau under the charge of someone qualified to advertise to the world the possibilities of our state. The publicity director should keep but one thing in mind—Nebraska—foregoing persons and politics and considering only and always the advancement of the state. I heartily recommend to your honorable body the establishment of such a bureau, believing that its worth will in a very short time be reflected in the renewed progress of all localities.

SEMI-ANNUAL TAXES:

Considerable sentiment prevails favoring legislation permitting the payment of real estate taxes in half portions every six months. Similar laws exist in many neighboring states such as South Dakota, Colorado, Kansas and Oklahoma. Payment of taxes semi-annually would bring money into state and county treasuries twice as often as at present though the totals would be practically the same as if paid yearly. Such a change in the law, in my opinion, would be a benefit to the state. It would tend to keep an average level of funds in the treasury. But the greatest benefit would be to the taxpayers themselves. It is often a hardship to pay taxes in full and in many cases money has to be borrowed to do so, while if half the amount could be tendered the necessary fund might be available. If such an amendment is offered I recommend it be given your careful consideration, with the further suggestion that the date of personal tax delinquency remain unchanged.

FOUR YEAR TERM FOR GOVERNOR:

I am fully convinced that the present two year term of office of governor should be increased to four years, with ineligibility for a second term. My reasons are based on experience. The first year or more of a governor's term is consumed in familiarizing himself with the business of the state. He no sooner has matters well in hand than he is confronted with another primary and another election. With a two year term he feels obliged to seek an endorsement of his administration and is compelled in the midst of his second year's work to prepare for another contest. Hence his services are interrupted with political matters at a time he is least willing to engage in another partisan struggle. Under such circumstances he is subjected to political demands that interfere with his services to the people. The proposal to change the term of governor would have to be in the nature of an amendment to the constitution and submitted to the people at the general election. If such an amendment meets with your approval, I would suggest it be presented for ratification at the general election in 1928 and

that it specifically states, that if carried, the four year term is to begin in January 1929.

ECONOMY:

Economy is a relative term. It may mean either the saving of money when expenditures are unnecessary or it may mean the spending of money and receiving full value for every dollar paid out. The present administration has kept a watchful eye on the disbursement of public funds and has demanded economical management on the part of every employee. Fortunately, the heads of the six administrative departments under the control of the governor, are men trained in private life for the work assumed by them in the affairs of the state. They know how to manage and how to economize. No funds appropriated by the legislature for the use of these six departments, have ever been overdrawn. They have kept within the amounts allotted them. In many instances, parts of appropriations have been unused and returned to the treasury. The state's share of real and personal taxes for the year 1926 has been reduced \$1,698,000 and items of indebtedness incurred by former administrations, to the amount of over one million dollars, have been paid. All this has imposed the practice of strictest economy.

While on this subject, let me again remind you that effective economy begins with the appropriations your honorable body will be expected to make. No more will be expended by the state than you authorize. If caution is exercised in your appropriations, you may expect care to be used in their expenditure.

OFFICIAL REPORTS:

Accompanying this message is a statement of all moneys received by me during the term ending December 31, 1926. Receipts for amounts deposited in the state treasury are on file in the governor's office. Also herewith is submitted the biennial report of the state board of pardons as compiled by the state chief probation officer for the period beginning November 30, 1924, and ending December 1, 1926, together with reports of commission appointed by the Governor to investigate the feasibility of the construction of interstate bridges across the Missouri River at South Sioux City, and Nebraska City with report of investigation by the Secretary of the Department of Public Works concerning construction of interstate bridges across the Missouri River at points between Nebraska and the states of South Dakota, Iowa and Missouri.

There is also submitted report of the Nebraska-Iowa Boundary Commission. In the near future I shall present by message for your consideration a complete itemized budget of the financial requirements of all departments, institutions and agencies of the state for the ensuing biennium.

CONCLUSION:

This legislative session bids well to become historic. It is the first to be held in our new capitol, a structure that promises to stand forth as one of the famous buildings of the world. Your willingness to accommodate yourselves to improvised quarters is appreciated by the capitol commission and myself. It is a spirit of cooperation that I trust will obtain during the period of your deliberations. Your responsibilities and mine are derived from the same source—the people. While legislative and executive authority differ, yet each serves best when there is harmonious coordination. The observations made and the recommendations submitted herewith are solely for your guidance. They are offered with the view of helpfulness just as your individual advice and counsel will be accepted by me on all public matters requiring our united action.

ADAM McMULLEN, Governor.

Money Received By The Governor For The Biennium Ending December 31, 1926.

Extradition fees-----	\$	140.00
Alcohol permit filing fees-----		1,528.10
Warehouse license fees-----		55.00
Soldier's and Sailor's Homes		
Burkett -----	\$24,852	
Milford -----	14,446	39,298.00
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Sale of furniture pursuant to resolution of Legislature-----		813.98
		<hr/>
		\$41,835.08

The above amounts have been paid into the state treasury and the receipts of the treasurer are on file in the governor's office.