

GOVERNOR'S BUDGET MESSAGE

LETTER OF TRANSMITTAL

Honorable Charles W. Bryan,
Governor,
Lincoln, Nebraska.

My dear Governor:

I am transmitting to you herewith, that it may be included in your budget message, a tabulation indicating the appropriations made by the Legislature at the special session held in 1931, the expenditures made during the first year of the present biennial period, the expending agencies' requests for 1933-35, and the recommendations you have made therefor.

Respectfully submitted,

WM. H. SMITH,

State Tax Commissioner
and Budget Director.

To the Members of the 49th Session of the Legislature of Nebraska:

Ladies and Gentlemen:

I am transmitting herewith for your consideration my budget recommendations for the biennial period beginning July 1, 1933, and ending June 30, 1935.

Perhaps never before in the history of the state have the people been confronted with such adverse economic conditions as those which now prevail, and never before in the state's history have such drastic reductions in public expenditures been recommended as are contained in this budget message. In its preparation the ability of the people to meet their tax obligations has been given consideration as well as the requests of the expending agencies.

The grand total from all funds carried in this budget is \$26,632,-106.42. Of this sum, \$11,096,750.00 is to come from tax funds, while all other funds, including the cash receipts at institutions and departments, the gas tax, federal funds, etc., are estimated at \$15,535,356.42. Of the appropriations from tax funds approximately \$2,250,000.00 for the general fund will come from tax collected through the insurance department, the office of the secretary of state, and other miscellaneous sources, while the remainder will be derived from property tax.

In 1931 the grand total of all appropriations, according to the report of the state auditor, was \$43,575,591.21. In 1929 the total was \$42,317,190.78. The increase in 1931 over 1929 was due to the additional federal funds provided for road construction purposes. The decrease in

the grand total for 1933 as compared to 1931 is \$17,303,484.79, or 39.7 per cent.

In contrast with the sum of \$11,096,750.00 recommended from tax funds in this budget there was appropriated from this same source in 1931 the sum of \$14,523,436.21, and \$17,455,112.50 in 1929. The proposed decrease in 1933 as compared to 1931 amounts to \$3,426,686.21, or 26 per cent, and the decrease in 1933 as compared to 1929 is \$6,358,362.50, or 38½ per cent. Assuming the assessed valuation of the state in 1933 and 1934 to be the same as it was in 1932, and the general fund receipts from other sources to be as indicated herein, a tax levy of 1.68 mills on the dollar valuation would be required to raise the funds necessary to meet the appropriations recommended in this budget.

In 1932 the total property tax bill of the people of the state for state, county, school, city and village, township and special purposes was \$49,588,994.64. This does not include the gasoline tax, which amounted to \$7,914,483.34 for the calendar year. The total market value on December 1st of all the farm crops produced in Nebraska in 1932, according to the federal crop report, was only \$86,880,000.00. Thus it will be observed that the value of the crops was only \$37,291,005.34 in excess of the people's total property tax bill. This condition not only calls for drastic reductions in expenditures on the part of the state, but on the part of the subdivisions of the state as well, since the subdivisions receive 87 cents out of each 1932 tax dollar, and the state only 13 cents.

True, the market value of the products of the soil is extremely low at this time, and that condition is due to the economic situation over which no single state has control. But the state, through its legislature and its officers, both state and local, can cooperate in bringing about a reduction in the expenditure of public funds, and to that extent at least provide relief to the people.

In my inaugural message to the legislature I recommended in the interests of economy the elimination of some activities and the curtailment of others. In this program of curtailment there should be no distinction. I have recommended a reduction in the appropriations for my own office. For the so-called code or administrative departments, which are the departments under the direct control of the governor, the amount requested from tax funds is \$263,150.00. In 1931 the amount appropriated from tax funds was \$676,980.00 and in 1929 the amount was \$1,090,280.00. It should perhaps be stated that not all the funds appropriated in 1931 for these departments will be expended during the present biennial period. In this connection let me again urge the enactment of legislation that will prevent the reinstatement of the old code system as the result of a change in the office of the chief executive.

In recommending funds for the next biennial period due consideration has been given the state institutions in which are housed the wards

of the state. Adequate appropriations, under careful management, are recommended for the maintenance of these institutions, and funds are also recommended for repairs, as it would be false economy to omit necessary repairs. The new buildings requested, however, are practically all eliminated. The few exceptions are at institutions where they are most needed and where their construction would possibly tend to relieve the congestion at others.

Many years of hard labor have been devoted to building up our great institutions of learning, and many millions of dollars have been invested therein. But in these times of adversity the expenditures for these institutions should be materially curtailed along with the curtailment applied to other activities.

The state capitol is so nearly completed that no funds other than those now available will be required. In this connection I am referring to you the following motion which was adopted unanimously at a meeting of the state capitol commission on December 29, 1932:

"It was moved by Judge Thompson and seconded by Mr. Cochran that it is the sense of the capitol commission that request should be made for reappropriation of all unexpended balances raised by the capitol levy for the years up to and including the year 1932, not to exceed a total expenditure of \$10,000,000.00 for the building of the capitol, furnishing of same and construction of heating plant; provided also, that any balance under the levy which will not be required for completion or furnishing of the capitol may be expended under the direction of the capitol commission for repair of the governor's mansion."

My former message contained recommendations for changes in the various governmental activities. These changes do not convey to the governor additional power, but instead will relieve him of some of the authority which he now possesses. In the tabulation in connection herewith appropriations are requested in line with those recommendations. Included therein is a request for the merging of the activities carried on by the state fire marshal, the boxing commissioner and the police powers of the fish and game department under the state sheriff.

No federal funds are in sight at this time for road construction purposes during the next biennial period. Accordingly no item is carried in this budget for that purpose. Should congress, at its regular session in December, provide funds they will be made available to the state by the provision which the appropriation bill accompanying this budget will contain.

The estimate of funds to be derived from the gas tax is based on a reduction of from four to three cents per gallon, in accordance with the recommendation contained in my former message.

Under the law I would have until the fifteenth day of the session in which to transmit this budget, but I am submitting it to you at this

time so that the data will be available for consideration at an early date, and thus possibly expedite your labors. I want to assure you of my willingness and desire to cooperate with you in every way possible.

I will present to the speaker of the house of representatives bills carrying the sums recommended herein for the various activities that are indicated in the tabulation in connection herewith.

Respectfully submitted,

CHARLES W. BRYAN,

Governor.

MOTION TO ADJOURN JOINT SESSION

At 11:20 a. m., Senator Frush moved to adjourn the Joint Session.

The motion prevailed.

CERTIFICATE

I, Homer H. Gruenther, Secretary of the Senate, hereby certify that the foregoing is a full and complete record of the Joint Session of the House and Senate of the Nebraska Legislature held in the House of Representatives the 6th day of January, 1933.

HOMER H. GRUENTHER,

Secretary of the Senate and

Ex-Officio Secretary of the Joint Session.

AFTER JOINT SESSION

BILLS ON FIRST READING

The following bills were introduced and read the first time:

HOUSE ROLL NO. 38. Introduced by Representative Fred D. Maclay of Nemaha.

A Bill for an Act to amend Sections 77-1907 and 77-2020, Compiled Statutes of Nebraska, 1929, relating to revenue; to fix the rates of interest on delinquent taxes; before and after sale; and to repeal said original sections.

HOUSE ROLL NO. 39. Introduced by Representative Marion J. Cushing of Valley and James E. Reed of Lancaster.

A Bill for an Act to amend Section 32-206, Compiled Statutes of Nebraska for 1929, and to amend Section 33-109, C. S. Supp., Neb., 1931, relating to Clerks of the District Court; to provide that in each county having a population of 50,000 inhabitants and less,