

SPECIAL SESSION OF LEGISLATURE CONVENED TODAY

(Continued from Page 1.)

"Thus it appears that this special session is unique in the annals of Nebraska legislatures, in that this is the first time in the history of the state that such a program of retrenchment in expenditures has been considered outside of regular session. It comes about like this: The 1919 regular session of the legislature enacted the civil administrative code, the central feature of which was the budget. This was the first executive budget the state ever had, and in its operation, the code departments were brought through to the end of the biennium not only without deficiencies, but with liberal unexpended balances in the various accounts. This demonstration of the practicability of an executive budget encouraged the members of your honorable body in the last regular session to extend the operations of the budget to all of the expending agencies. We have now operated under this budget for nearly a year, and, as a result, we are able to recommend the reductions hereinafter enumerated.

"It is argued by some that these reductions and savings might be made without calling a special session of the legislature. It is true that a part of the savings would be made in any event, but no immediate benefit would accrue to the taxpayers of the state therefrom, for the reason that the state board of equalization is required to fix the state levy upon the full amount of the appropriations that were made by the legislature. And there is the still larger fact that for the state to take this action now will lend encouragement to other subdivisions of government to follow a similar course, and this should result in additional retrenchments of millions of dollars among the various counties, municipalities and school districts of the state. It may also be said, in passing, that it is hardly incumbent upon an administration that inherited over a third of a million dollars in deficiencies to leave unexpended balance in the general fund to be reappropriated and used by the next administration.

Permanent Improvements.

"In connection with the appropriations of the last previous and the present bienniums, it should be explained that when the present administration came into office, it found deficiencies amounting to \$313,277.03. It also inherited a five year contract that had been made with the federal government for the building of roads with federal aid, for which \$5,493,721.73 has since been appropriated. Federal aid for vocational education has also been accepted, and \$274,389.65 has since been appropriated by the state for this activity. The improvements and needed extensions at state educational, penal and charitable institutions had, in many instances, been sadly neglected, and these institutions were unprepared to provide for the demands that were being made upon them. In meeting these conditions, nearly \$20,000,000 has been appropriated for capital investments alone—that is, for roads, buildings at the state institutions, a new capitol building and the creation of a permanent fund of \$20,000,000 for the relief of ex-service men. No apology is made for these activities, in fact we are proud that the work has been so well done, and we are proud of the fact, too, that all of this has been done without imposing a single penny of bonded debt upon the state. Now, however, conditions are such that it is necessary to retrench, and it is fortunate, indeed, that the system of administration has been so arranged as to be immediately responsive to the needs of the times.

"In reporting the proposed reductions in appropriations, due credit should be given to the various expending agencies for the generous cooperation that they have accorded the executive department in bringing about this desirable result, and it should be recognized that many of these reductions are suffered to be made on account of general business conditions, and do not reflect the needs of these expending agencies in normal times.

"In the official call, no reference was made to the subject of salaries. After considering the question from all angles, it appeared that the constitution foreclosed to the legislature any means by which reductions in the principal salaries might be made. Consequently, it seemed unfair to call upon the employees not enumerated in the constitution to bear the burden of the reductions. Moreover, it is apparent that only very limited benefits could accrue to the average taxpayer of the state from such reductions. This fact is very forcefully demonstrated in the following illustrations: If the state house should be closed outright and all of the salaries for the employees therein were to be discontinued, including the constitutional offices, the code departments and the supreme court, it would save only seventy-nine cents to the taxpayer in Lancaster county who now pays \$100 in taxes. This is about the ratio of saving that would hold throughout all the counties in the state.

A Tax on Gasoline.

"I am recommending that you appropriate, for the purpose of building roads with federal aid, the revenue that shall be raised from an excise tax of one cent per gallon on gasoline used in motor propelled vehicles. The arguments for this tax are as follows:

"1. The tax on real and personal property has become unreasonably high and, in some instances, is out of proportion to the benefits that accrue to such property. This applies particularly to the building of state roads, and it is easy to conceive that a fairer method of raising revenue for this purpose is to tax those who use the roads. Therefore, the bill that will be presented to you provides that the revenue for meeting federal aid for road building purposes shall be derived wholly from an excise tax on gasoline. This would reduce the general fund levy in an amount equal to the amount derived from the gasoline tax.

"2. Such an excise tax on gasoline cannot be properly compared with a general sales tax, for the latter tax is a tax that is levied upon all the necessities of life and the revenue there-

from is used for the general support of the government, while the proposed gasoline tax will fall only upon those who use motor vehicles, and then only in the proportion that they use the roads.

"3. While lightening the tax burden on other taxable assets, the gasoline tax does not materially increase the burden of those who are less fortunately situated. For instance, assuming that the taxpayer of moderate means owns a car in proportion to his means, he will be able to drive at least fifteen hundred miles (at fifteen miles per gallon) for the amount of a poll tax, or \$1.00. Surely this will impose no hardship upon anyone, nor do I believe that anyone will contend that the automobile user, regardless of his station, should be relieved of paying this small proportion of cost for the building of state roads.

"4. The roads in Nebraska, in common with other states, are used every year by thousands of tourists who pay no part of the cost of building or maintaining them. It is estimated that one hundred thousand tourists travel thru Nebraska every year. The gasoline tax would collect thousands of dollars from these tourists.

"5. It is estimated that the cost of running the average automobile is \$100.00 per thousand miles. Therefore the amount of gasoline tax is saved many times over the automobile user in the reduced cost of operating his car on good roads.

"6. The cost for collecting the gasoline tax is almost nothing, as the tax is levied against the wholesale distributor when the gasoline is inspected. In other states it costs only a fraction of one per cent to collect the tax. There is no reason why it should necessitate the addition of a single employee to the public payroll.

"7. The bill that will be presented to you provides for the exemption of gasoline that is used for purposes other than motor vehicles. In other states that have this exemption, it amounts to less than one per cent. These exemptions are covered by reimbursements to be made to those who have used gasoline for purposes not provided in this act.

"8. Sixteen states already have a gasoline tax. They are as follows: Arizona, Arkansas, Colorado, Connecticut, Georgia, Kentucky, Louisiana, New Mexico, North Carolina, North Dakota, Oregon, Pennsylvania, South Dakota, Washington, Montana and Florida. Also, I am advised by the governors of nearly all the remaining states that they intend recommending the tax to the next session of their legislatures. In fact, Governor Ritchie of Maryland and Gov. Russell of Mississippi have just made such recommendations to the general assemblies that are now in session in those states. All of these states report that the gasoline tax is very favorably accepted by the people and in no state has it increased the price of gasoline more than the amount of the tax.

"9. The argument is advanced by some that road building should be discontinued at this time. This will be done in part whether the gasoline tax goes into effect or not, but for this suggestion to come from communities that have been fortunate enough to have their part of the program completed appears to me as very unreasonable, indeed. The gasoline tax would enable the carrying on of a modest road building program and the state could continue to receive at least a portion of its share of the federal aid. If this can be done, I believe it will meet with general approval.

Amending the Revenue Laws.

"The constitutional convention opened the way for the making of extensive amendments in the revenue laws. The last legislature undertook a portion of this work and provided for an intangible property tax. Much remains to be done and it appears to me that it would be wise foresight to make some provision now through the tax commissioner's department for a careful study of this question during the present year, so that the operations of the present laws may be carefully understood and intelligent recommendations made to the next regular session.

The Banking Laws.

"In my official call I included a reference to the banking laws. I had in mind then an amendment to the bank guarantee act similar to the South Dakota law, which provides that when it appears that "any bank is being conducted in an unsafe or unauthorized manner, or that it is unsafe or inexpedient to continue business, or that its reserve is below the legal requirements" the state department of banking may "take charge and control of the property and manage it as a going concern." The department of banking is then authorized to draw against the guarantee fund and to "use such fund, or any part thereof for the purpose of making deposits in the banks so being managed by him." And it is further provided that the total amount of such drafts upon the guarantee fund shall at no time "exceed fifteen (15) per cent of the total amount in such fund." Such banks may then be liquidated in an orderly way, or returned to the proper officers whenever the drafts upon the guarantee fund have been fully repaid, and "the reasons for assuming control and management by the state department of banking no longer exist."

"Under the operations of this law South Dakota occupies the unique position of not having a single bank failure, and it is fair to assume that if such amendment had been made to the Nebraska bank guarantee law this state might have been in almost a similar position. At least the drafts that have been made upon the guarantee fund to pay the depositors of failed banks would have been made much less than fifty per cent of what they have been, the several communities of the state in which bank failures have occurred would have been relieved of the stigma and loss that is attended upon such failures, and the minimum of hardship would have been felt in all quarters.

"These facts were brought to the attention of a large body of state bankers, and while they were no doubt in sympathy with such an amendment to the present guarantee law, they felt that the time was not opportune to con-

sider it. Therefore, and inasmuch as it is the state bankers who are obliged to pay the draft upon the guarantee fund, I am not disposed to recommend the consideration of this or any other amendments to the banking laws of the state at this special session.

Legal Notices in Newspapers.

"The last regular session of the legislature amended the law relating to legal newspapers so as to require that all such newspapers should file affidavits twice a year. Only a very few newspapers have complied with this law, with the result that numerous illegal publications have been made and it is impossible to estimate the far-reaching injury that may result unless some corrective measure is passed by this special session. I, therefore, recommend that proper note be taken of this fact and remedial legislation be enacted to cover the situation.

Reappropriation of Capitol Funds.

"The constitution requires that all funds that have not been expended or contracted shall lapse at the end of each biennium. There has been some question about whether this applies to the capitol building fund, provision for the raising of which was made at the regular session in 1919 to continue over a period of six years. In order that all questions upon this point may be removed, I recommend that the unexpended balance of the amount raised during the last biennium be reappropriated at this time.

Other Subjects.

"Section 25, article 4, chapter 116, general laws of Nebraska for 1921 (the Omaha Charter) provides that the payment of special taxes that may be assessed for improving the streets and alleys within any improvement district shall become due and delinquent within one month after the assessment has been made and thereafter shall bear interest at the rate of one per cent per month. Under present conditions, it is almost impossible to make any improvements of the character herein referred to, and I am therefore recommending to you that this act be amended so as to permit the distribution of these payments over a ten year period.

"The present law requires that females, who have committed felonies, shall be committed either to the reformatory for men or the state penitentiary. The law should be so amended as to provide that such violators should be committed to the state reformatory for women, or the state penitentiary.

"At the present time there is no legal provision whereby the board of control may remove prisoners from either of the reformatories to the penitentiary. It is desirable that this authority should be given, so that the disciplinary measures requisite to well conducted penal institutions may be properly invoked.

"The only appropriation that you are

requested to make at this session is to cover the cost of holding the session. I take it that it is not even necessary for me to make this recommendation, inasmuch as it was included in the official call.

"I am convinced that these subjects may be disposed of by your honorable body within the remaining five days of the present week, and if you do act thus expeditiously, you can reduce the cost of this special session at least \$5,000. I therefore commend these recommendations to you for favorable consideration, and thank you in anticipation of the careful and conscientious manner in which I feel sure you will dispose of them.

"SAMUEL R. M'KELVIE."

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Potatoes seldom grow larger than marbles in Greenland. But how do they get them here so quickly?

The soviet regime talks too much about recognizing the old Russian debt and too little about paying it.

Gering Man Has Installed a Wireless Station

N. M. Snyder has a wireless receiving equipment installed and is picking up messages from all over the world these days, from both the Atlantic and the Pacific oceans, and as far away as Germany, says the Gering Courier. Nate has for many years been an enthusiast along these lines, and as a matter of fact put in the first telephone lines ever built in Scotts Bluff county, the first one being a party line in old Gering which connected a number of places, including the Courier office and home, the old Golden Rule store and other places. This was soon superseded by the first long distance line which was built by a stock company formed by Gering and Alliance business men and connecting the two cities, running by way of Angola. At that time the Wildy's operated a half way house on the stage line, and the midway phone station was at their place. The company was formed in 1898 and quit in 1902, with an actual distribution of \$1.98 to each of the stockholders in the final settlement.

Many people on the verge of despair have taken Tanlac and recovered. F. E. Holsten. 17



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