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INAUGURAL ADDRESS

of the

HONORABLE ED C. JOHNSON
GOVERNOR OF COLORADO

Before the

JOINT SESSION

of the

Twenty-ninth General Assembly
of the State of Colorado

January 10, 1933

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ADDRESS

*Senators and Members of the House of Representatives of the
Twenty-ninth General Assembly of the State of Colorado:*

Perhaps no General Assembly in the history of Colorado has faced more perplexing and difficult problems than those which confront the Twenty-ninth General Assembly. On the other hand, it is doubtful if any General Assembly has ever been given a clearer mandate or a greater opportunity to serve.

A serious responsibility is yours. The people of this State are looking with implicit confidence to you to evolve solutions of these vital problems. It is my duty to point them out and make suggestions for their solution, insofar as I am able. I am hopeful that with the hearty cooperation of all branches of government we shall during this biennial period keep faith with Colorado citizens who believe in our ability, integrity and courage to perform our duty fully and firmly.

While these problems are many and difficult, we can yet take pride in the fact that our State Government is riding on an even keel, in contrast with some of our sister commonwealths.

During the past six years no new debts have been contracted and almost all departments have lived within their reduced incomes, while at the same time the bonded indebtedness of the State has been materially lowered. The orderly processes of government have been maintained and all the departments of the state have carried out their functions in an efficient manner. That this condition exists in Colorado is not the result of accident but is due in a large measure to the quiet, unassuming administration of Colorado's beloved citizen, Governor William H. Adams. For a half century Colorado has had the advantage of his timely counsel and leadership and while he will no longer occupy an official position, I know that it is the earnest hope of everyone that this administration shall continue to have the benefit of his statesmanship and advice.

I commend to you repeated study of the great message delivered by him in this Chamber on Friday last, as sound and sensible advice to you in your approaching deliberations. I approve every word of it and incorporate as part of this message every recommendation he has suggested to you.

6-18-35 9:44

Because of the unusual seriousness of the situation in Colorado it has been deemed expedient to call for technical and expert advice from state leaders in all walks of life. The response to such requests made by Attorney General Clarence L. Ireland and myself presents a splendid example of unselfish public service. Busy men and women have left their important private tasks and applied themselves enthusiastically and unselfishly in a search for solutions of the grave problems which confront us. Their only reward can be the satisfaction of having rendered public service of the highest order. I know the General Assembly joins me in an expression of appreciation of their helpfulness which has come without obligation of any kind.

In this connection the administration is deeply indebted to Mr. Ireland for his sincere efforts in making investigations, gathering data and preparing legislative proposals for this General Assembly. Under the statute setting up the Legislative Reference Office he is authorized to render such assistance. He has gone about this in a most intelligent and courageous manner and his efforts will undoubtedly save you much time and prove of great value to you.

For a retiring official to undertake such a task is as encouraging as it is unusual. General Ireland, personally, and his whole staff have given me every assistance in the preparation of this program. I have not had an opportunity to study thoroughly the reports of his committees as to details, and I am, therefore, not in a position to approve or disapprove them. I do know that these committees worked hard and long to formulate something of constructive value to Colorado, and I urge serious consideration of all that they offer.

The comparative costs of schools in Utah and Colorado, as found by the Attorney General's committee on public school expenditures, are startling and clearly indicate the great need for further study to determine reasons. The whole report is filled with vital suggestions and should be copied in full in the House Journal.

Colorado's unhappy experience with building and loan companies adds interest to the new code that the Attorney General's committee on this problem will submit. The Building and Loan Commissioner should be compelled to make regular and thorough examinations and audits of every building and loan company,

foreign and domestic, operating in this state, and his reports should be open and available to the investing public. You should make the commissioner's duties specific and exacting but be ever apprehensive of placing arbitrary power in the hands of any official not directly responsible to the people.

The changes proposed in the bill drafted by the Attorney General's committee on public health would, if adopted, result in a complete re-organization of the State Board of Health and other health agencies of the state, both county and local, along the lines suggested by the Waller report made in 1930. These changes are designed to place Colorado well in the forefront in the field of public health. They are striking and should be carefully studied by you since they deal with professional and technical problems of great importance to the welfare of this state and its people.

The Attorney General's Committee on County Government was composed of a particularly strong group of Colorado's most able men and this committee has made a comprehensive and constructive report which should be printed in the House Journal and given most careful study. The counties and the school districts together are spending the greater part of the tax dollar and their problems must be considered in any plan of taxation reform.

I therefore submit for your most earnest consideration the reports of and the proposed legislation presented by the four committees sponsored by the Attorney General. These things are concrete evidence of the results which can be obtained by research and study of legislative problems in advance of the convening of a session of the General Assembly.

I need not say to you that the paramount issue before this General Assembly is tax reduction. Government itself hangs in the balance.

Unless the problem of taxation is faced squarely and substantial relief from the tax burden is afforded the people, you will be guilty of a dereliction of duty, whatever your other official acts may be.

All over the state there is a demand for immediate and drastic reduction of the costs of government, in the districts, counties and state units, a demand reiterated in this very Chamber within a fortnight at a statewide conference called by me to study tax reduction. We must heed this admonition to reduce expenses

and lighten the tax burden placed on real property. While it may be necessary for you to find new sources of revenue to meet the needs of the state, you must make certain that your action results in lower taxes on real estate and not simply an additional tax on the people as has usually been the case in the past.

The General Assembly has not only the duty of reducing expenditures of the state government, but the additional duty of eliminating luxuries, extravagances and some more or less valuable services in the counties and lesser units as well. It will take courage to meet such a situation but it must be met.

Reduction in expenditures has always been a matter of good business. Now it has become a necessity. Your sympathies should not be cast with the tax spender and his personal problem but with the thousands of home owners and farmers who are seeing their very homes confiscated and swept away by the power that should be their protector—the state. No one can over emphasize the seriousness of the tax situation in Colorado. Tax strikes, wholesale abandonment of real estate, governmental financial obligations having little or no value, resulting in utter chaos in the administration of school, county and state government can only be averted by reducing expenditure here and now.

A stage has been reached in the present economic situation and financial stringency which is having serious reactions on the fiscal affairs of counties, cities, towns, school districts, irrigation and drainage districts. The bonds, certificates of indebtedness and other obligations of many such political subdivisions are either already in default or default is threatened. If such a condition should be found to exist in a private corporation, receivership and foreclosure would be the result. Yet no receivership comparable to that of a private corporation, where the receiver undertakes the operation of the property, can be had in a political sub-division of the state, however desirable that might be. In New Jersey a Municipal Finance commission has been created in the office of the State Tax commission with very broad powers concerning public finances whenever a municipality has defaulted in the payment of the principal or interest of any of its outstanding notes or bonds. It has broad powers with respect to the funding or refunding of public debts. Similar legislation within the limits of our Constitution is suggested for Colorado.

Unemployment is fast approaching the danger line in Colorado. The Federal Government is temporarily feeding the hungry in this state and that is a national duty. It is within its power to furnish unlimited public work for the unemployed and give the nation a sound medium of exchange that will stimulate business and not destroy it. Until it meets this crisis as a nation should meet it, it should feed the victims of its own stupidity. In this connection I have been advised that federal funds for state highway construction may be withdrawn or curtailed and thus the state must finance its own work program for the unemployed.

We cannot shut our eyes and ears to this unemployment problem, neither can we further burden the general taxpayer with bond issues or levies, nor depend upon a state income tax, a field already fully occupied by the Federal Government, for securing funds for unemployment. Direct state relief is, I am advised, barred by constitutional limitations.

The solution resolves itself into that of a general sales tax, the income to be applied to creating a constructive work program for the unemployed. It should be understood this is purely an emergency measure to meet a most critical situation. Few of our citizens want charity. They want work. Those who are unwilling to work under such a program should be dealt with firmly. Few of our citizens will object to a small tax on their purchases if they know the funds will be applied to relieve the distress of their neighbors and provide public work of a permanent nature. A sales tax is said to be a tax on poverty but in this case it would be a tax for poverty.

Now let me turn for the moment to the consideration of a problem concerning which both you and I received a mandate from the people at the last general election. This problem is the one connected with the necessity for the re-organization of the state government, in order to provide a more economical and efficient administration, and at the same time eliminate unnecessary boards, bureaus and commissions. The administrative agencies of this state, as in other states, have multiplied until there is almost hopeless confusion. The time has arrived to simplify, consolidate and reorganize the state government insofar as it is possible to do so in advance of changes in the Constitution.

State leaders well versed in the science of government and familiar with modern governmental developments comprised a

committee appointed by me to suggest a new administrative code. They have drawn freely upon the experience of other states in their work. They approached their task courageously and scientifically, without bias or prejudice, and have gone as far as possible in the direction of reorganization under the limitations of the Constitution. The Administrative Code bill as proposed was unanimously agreed upon by the committee, except as to those provisions providing for a single utility commissioner and a single tax commissioner instead of commissions of three in each case.

The Administrative Code bill creates six administrative departments headed by the six elected state officials and in addition it provides for an Executive Council. All of the administrative departments, institutions and agencies of the state, except the institutions of higher learning, and except those agencies which are abolished, are placed in the six departments in such manner as to give a better alignment for the carrying on of the essential functions of the state government. This plan of organization it is believed will fix responsibility on the six officials elected by the people and will make possible substantial economies.

The Executive Council composed of the same five elected officials who now constitute the State Auditing Board, and the State Board of Equalization, is designed to co-ordinate the work of the six administrative departments by the exercise of broad powers of budgetary, auditing, accounting and other fiscal controls and by the centralization of purchases. A comprehensive budget system is set up with a Central Purchasing Agency to do all state buying. The purchasing agency alone will save Colorado many thousands of dollars annually. In this regard Governor Adams said in his current message:

“It is my opinion that a very substantial saving could be effected in state expenditures if a Central Purchasing Agency were established through which all purchases of supplies for the various state departments and institutions could be made, and I commend this suggestion to your consideration.”

Under the provisions of the Code an excellent system of fiscal control is assured and the Governor and other elected state officers will have larger powers and more responsibility for the conduct of state affairs.

The Code abolishes some present functions of government which have some value but the times demand that only services which cannot be dispensed with shall be continued. With state revenues so materially reduced the passage of this bill is imperative. It will be very difficult, if not impossible, to balance our budget unless it is approved.

This is what Governor Adams had to say about reorganization of state government:

“Much can be done to promote efficiency and reduce the cost of state government by reorganization and modernization. A very considerable saving can be effected in expense and a great increase in the efficiency of the state Government secured by a practical and intelligent reorganization of the several departments of the state government. I think steps should be taken to this end. The plan adopted in New York probably would not entirely fit our state, but much can be learned from it. Other states, notably Virginia, have made great advances in this direction. It is also possible to similarly promote efficiency and economy by a reorganization of our county governments.”

Civil Service in Colorado is far from satisfactory and the demand for its abolition is almost unanimous. Governor Adams knows of its operation as does no other man in Colorado and this is his recommendation after all these years of observation:

“From my experience and observation as a member of the State Senate and as Governor, I am fully convinced that the public service would be greatly bettered if the heads of departments and administrative boards were taken from the classified Civil Service list and made responsible to and removable by the Governor or other official in whose office or under whose direction they are employed. This would promote harmony and efficiency. Numerous instances might be cited of cases where a state official is held responsible by the public for the policy and operation of his office but who has been wholly unable to adopt or carry out his policy because of complete lack of control over those upon whom he must depend and through whom he must act. I therefore strongly recommend that you cause to be framed and submitted

to the voters at the next election an amendment of the Civil Service provision of the State Constitution to accomplish this change. Such amendment should also take from the classified Civil Service list the wardens of the State Penitentiary and Reformatory."

A competent committee, at my invitation, made a thorough study of Civil Service operation in this and other states and suggested two remedial amendments to the Constitution. Both will be made available for your consideration.

The majority report was signed by all members of the committee, with one exception, and made these definite recommendations:

1. To place the burden of proof upon the discharged employe and not, as at present, upon the state.
2. To drive politics out of Civil Service by eliminating salaries of the commissioners.
3. To provide for the removal of the commissioners by the Governor for cause and after a public hearing.
4. To provide a better method for the review by the District courts of the actions of the commission.
5. To vacate the office of each present commissioner and the secretary of the commission on January 15, 1935.

The minority report has many commendable features. It takes all statutory detail out of the Constitution, as is proper, and gives to the General Assembly, where it belongs, the power to set up, with a free hand, a classified Civil Service. Under such a plan the evils and errors in Civil Service practice can be promptly and easily corrected by the General Assembly, as they become apparent.

Colorado is vitally concerned in legislative proposals now pending in Washington and it is recommended:

First—The General Assembly memorialize the Congress to remonetize silver and thereby assist in relieving the financial stringency; and

Second—To free the Philippines and curtail drastically the importation of free sugar, eliminating unfair competition to the beet sugar industry of Colorado.

Another matter which vitally concerns this state is the tendency on the part of the Federal Government to encroach upon the sphere of the states in the already well established fields of taxation. This tendency is well illustrated by the levying of a federal tax on gasoline, in addition to that collected by the states, thus placing a dual burden on the automobile operator.

At the last election the people voted to repeal "all statutory laws of the State of Colorado heretofore enacted concerning and relating to intoxicating liquors." In the same amendment to the Constitution it was provided that "the manufacture, sale, and distribution of all intoxicating liquors . . shall . . be . . under such regulations as may hereafter be provided by statutory law . . ." This is a mandate to the General Assembly to reenact laws for the regulation of the liquor traffic. The laws should properly include provisions governing the driving of a vehicle by one under the influence of liquor, and making unlawful the sale of intoxicants to minors, and such other regulations as you may deem advisable and necessary.

The committee on penal reform which I appointed is not yet ready to report. It is faced with many problems and is taking its task seriously and giving it much thought, study and investigation.

The administration of the Penitentiary entails very definite responsibilities that cannot be met without adequate appropriations. Dangerous criminals must be securely confined for the protection of society. Hardened criminals, repeaters and moral degenerates should be segregated from first offenders who are, in most cases, susceptible to the influences around them. Rioting, disturbance and degeneracy are largely caused by idleness. Productive and remunerative employment should be given to those who are able to work, which would partially offset the cost of maintenance. This employment would also provide funds for dependants or for the inmate himself to use in making the readjustment from prison to private life upon his release.

The Penitentiary is not equipped to care for the criminally insane and a cell house at the Colorado State Hospital at Pueblo should be provided. A relatively small amount of highway funds should be made available and used for convict pick and shovel highway construction. For many years the Legislature has not fully met its responsibility in respect to the Penitentiary. It is

urged that this Assembly give earnest consideration to the needs of that institution. The requests for appropriations for industrializing the Penitentiary will be very modest and if they are granted great values will result.

Insofar as a committee representing all branches of transportation was unable to agree upon a legislative program, no definite legislative recommendations on this vital problem will be presented by the Executive. Each transportation agency interested will undoubtedly prepare a separate bill for your consideration.

A few facts stand out clearly. Every legislative body in America has been struggling with transportation legislation and none has as yet found a solution. Although exceedingly difficult to regulate, motor vehicle transportation is here to stay. Railroads, on the other hand, operating in Colorado at a heavy loss, are subjected to more regulations than any other public service corporation and are hampered by regulatory restrictions in meeting competitive rates. Railroads not only maintain their own road beds but pay a heavy property tax, part of which goes for the construction of rival motor vehicle highways. Many small truckers buy and sell the commodities which they transport and any curtailment of such a combined business may tend to restrict trade.

The State should continue its highway activities so far as it is able under existing conditions, remembering that the tourist business is one of our major industries and that a direct relationship exists between good roads and the number of visitors to Colorado. In this connection the importance of adequate railroad service to the state should not be overlooked; and in the adjustment of our highway problems you should have in mind the fact that diversion of traffic from railroads to highways not only burdens the highways and increases the cost of maintaining the same, but also renders the railroads less able to serve and to pay taxes.

The increasing size and number of motor vehicles and the tendency of truck operators to haul heavier and still heavier loads, adds to the expense of maintaining our highways. In the interest of public safety I recommend such revision of the laws relating to length, height and width of vehicles, trailers and

loads, and such regulation of speed and operation as will tend to lessen the hazard of the highways.

We should foster the principles partially adopted in this state years ago, that the users should finance the building and maintenance of the highways; and with the proper use of gasoline taxes and registration fees we should be able to eliminate property taxes for these purposes. Those who use the roads to haul for gain as a business are making private profits at state expense from the use of public property and are to that extent receiving a subsidy from the state. Justice dictates that such haulers, through appropriate license fees, pay fair compensation to the state for the use of its roads.

The Legislature of Colorado has passed two comprehensive statutes, one dealing with common motor vehicle carriers and the other with private carriers. Considerable dissatisfaction exists with both the provisions of these laws and with the enforcement thereof. Their construction and constitutionality have been questioned in a number of cases which are now pending before the Supreme Court of Colorado. Decisions in these cases are anticipated in time to permit action by you.

The present Public Utilities Commission should be replaced by a single commissioner, provided with an adequate and efficient personnel to make proper rate investigations and administer the public utility laws. The present setup of three commissioners tends to make the commission less responsive to public will and prevents the definite fixing of responsibility.

The expense of financing utility regulations should be borne by the utilities themselves, as is done in thirty-four states, and not placed on general property as in Colorado.

Utility rates are high in some sections of Colorado because of manipulation of loans and securities by holding companies and the Utilities Commissioner should be given jurisdiction over agreements made by and between holding and operating companies and over the issuance of utility securities. Holding companies have placed a heavy burden upon operating companies in far too many cases by manipulation of finances, thus making necessary higher rates to the consumer.

The first duty of a responsive Utilities Commissioner should be to protect the public against unnecessarily high and un-

reasonable utility rates and poor service, giving full consideration at the same time to the legitimate rights of invested capital.

There is a feeling in Colorado that without a Utilities Commission controlling and restricting competition the consumer would enjoy lower rates and better service in almost every field.

While the committee appointed to study feasibility of abolishing the County Court has not yet reached a definite decision, it is quite likely that they will suggest that the whole judicial branch of government in Colorado be given a thorough study and analysis. Iowa, Wyoming and many other states with practically the same judicial system as Colorado, have never had a County Court and it is hard to understand the peculiar need for such an apparent duplication in Colorado.

Evasion of gasoline taxes has reached alarming proportions in Colorado and both the statutes and the regulations governing collection should be materially strengthened.

I have indicated in this message a number of changes in the governmental structure of the state—changes I believe to be important in the establishment of a more economical and more effective government. These changes appeal to me as being dictated by common sense. There is no intimation that Colorado's government is all wrong, but changing conditions make it necessary for us to adapt our public affairs to the new order.

Colorado is one of the outstanding states of the Union. Her contributions to the wealth of the nation since statehood have been notable. From the mines of the mountain districts have come hundreds of millions in new wealth, and yet today in those mountain treasure chests literally billions of dollars worth of rare metals lie awaiting only the courage of the prospector, the skill of the engineer and the far-seeing vision of the investor.

In the world of agriculture no state in the Union offers a wider range of farm crops or greater security to the farmer and stockman than does our own. From the drouth-resisting crops of the non-irrigated plains of Eastern Colorado to the intensively cultivated seed and canning crops of the irrigated valleys there is a broader field of agricultural activity than in any other state. Diversified farming, made possible by our climate, our varying altitudes and our unfailing supply of irrigation water, has given us a degree of safety which is impossible in the regions of single

crop farming. Colorado agriculture may not be able to surmount the disaster of a national collapse of commodity prices, but it offers, even in this era of depressed market conditions, a degree of security far beyond the hope of those engaged in the industry in less favored states.

We have within our borders the greatest available supply of coal in the nation. Our oil deposits have only been hinted at by discoveries up to this time. We are the greatest stock-feeding commonwealth in the Union. We produce nearly one-third of all the beet sugar manufactured in the United States. Our steel mills at Pueblo are the largest between the Mississippi and the Pacific. Our packing plants and our stockyards are known wherever livestock is produced. Our vegetables have a national reputation for flavor and quality. This is the land of happy and contented homes.

For the tourist, the health-seeker, the investor, the farmer, the miner, the manufacturer, it is the land of promise—and of promise which never fails of fulfillment. The Centennial State is a magnificent commonwealth, rich in opportunity and unequaled in its promise for the future.

Its governmental fabric is not basically unsound. Its people are courageous and sane, and I am hopeful that such changes as I have suggested today may be helpful in aiding us to approximate a better, more economical and more efficient government that will contribute much to the development and growth of our state and the happiness and contentment of our people.

Gentlemen of the Twenty-ninth General Assembly I pledge you my hearty cooperation during the coming two years.

