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THE OPENING *and*
INAUGURAL MESSAGES

of

THE HONORABLE LEE KNOUS
GOVERNOR OF COLORADO

Delivered to
the Thirty-seventh
COLORADO LEGISLATURE
in Joint Session



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DOCUMENTS DEPARTMENT

AT DENVER
JANUARY 5 and 11, 1949

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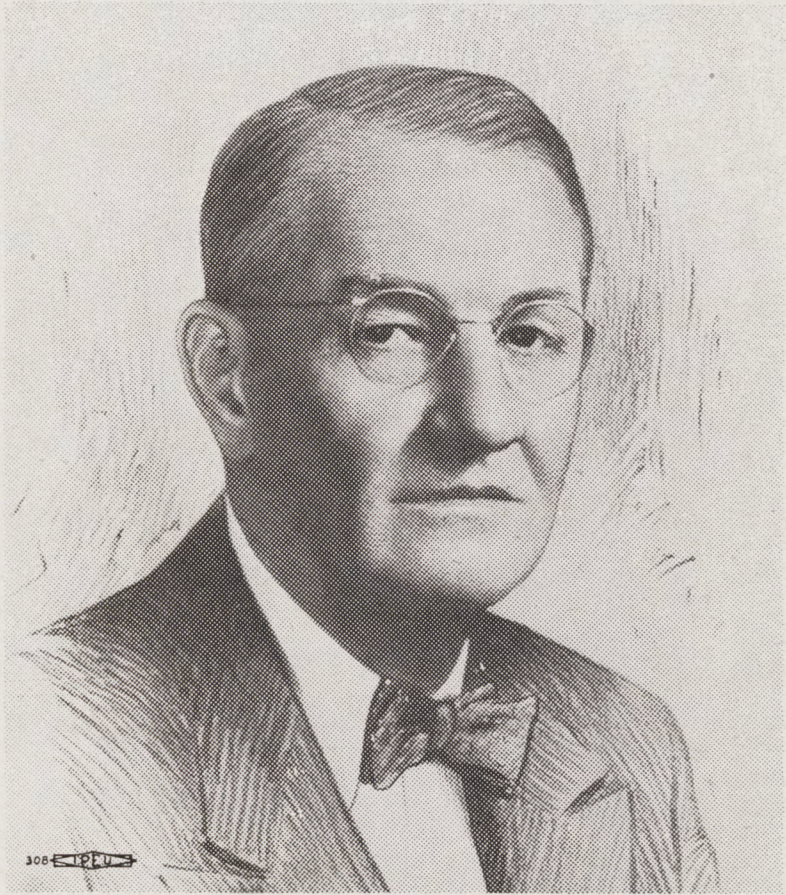
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GOVERNOR LEE KNOUS

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THE OPENING MESSAGE

Delivered January 5th, 1949

Ladies and Gentlemen of the
Thirty-seventh General Assembly:

I shall detain you but a few minutes this morning. On next Tuesday, January 11, when under our Constitution the members of the Supreme Court and the officers of executive departments of Colorado elected last November will be sworn in and take office, I shall give you more detailed information of the condition of the State, as I view it, and also will recommend for your consideration such additional measures and actions as seem expedient and necessary to me. This procedure, which is in accordance with tradition, also is dictated by the circumstance that under the law the Budget for the ensuing biennium, an essential factor in reviewing and appraising the financial position of the State, will not be submitted by the controller until January 10.

Today, therefore, in addition to extending to you, as I most sincerely do, my greetings and the felicitations you so well deserve for the trust in you expressed by your fellow citizens in your respective counties and districts, I shall mention three matters of importance which I believe warrant your attention and which from their nature may be considered by you during the early days of your session, during which in awaiting the expiration of the date for the introduction of bills, the legislative machinery ordinarily remains more or less inactive.

The first of the matters I urge for your favorable consideration is the early ratification of the interstate compacts on the Arkansas River and for the upper basin of the Colorado River which recently were settled and signed by the Commissioners representing the affected states, including Colorado. As I presume most of you well know, the Arkansas controversy, finally settled by across-the-table negotiations, has been the subject of expensive and extended litigation for more than forty years. To me, this experience demonstrates that in the interest of preserving good relations with our sister states and for the securing of realistic and firm results, the settlement of interstate differences by compacts amicably negotiated, is far better than seeking a solution through the tortuous course of litigation. Litigation on the Colorado River, our "last water hole," is now being advocated by some in the

lower basin states and a resolution to permit such a course was introduced in the last Congress of the United States. The surest safeguard against litigation on the Colorado lies in the earliest possible approval by you of the compact recently signed by our Commissioners and those of the other four states in the upper basin.

Under the law, before becoming binding and operative, both the Arkansas and Colorado River compacts in addition to being ratified by you, must as well be approved by the General Assemblies of all the other signatory commonwealths and then by the Congress. Since no major reclamation projects on the Colorado, so absolutely essential to the full utilization within our borders of the waters arising in our state, can or will be authorized until Colorado's share of its waters are firmly and finally allocated, the necessity for speedy action is most obvious.

I may add that in each and every of the five states involved with us in the Arkansas and the Upper Colorado River Basin compacts ratification will be considered by their General Assemblies meeting in this very month. Would it not be most fitting and an achievement of note, if Colorado, whose concern in these waters, both in volume and interest, exceeds that of any of the other compacting parties, could first report the ratification of the two compacts? I can assure you that our Commissioners on both Compact Commissions, have served Colorado truly and well and that the allocation of water and benefits to our State are most fair and equitable and well protected.

Bills for the ratification of the Compact are prepared and ready for introduction under the sponsorship of the majority and minority floor leaders in both of your houses. In a few days a printed analysis and explanation of both compacts prepared by the Water Conservation Board will be placed on your desks. Judge Clifford H. Stone, the able director of that Board and his staff also will be standing by to appear before your committees to explain or discuss the compacts and the ratification measures at your call.

I beseech your early attention to these measures and their timely consideration and passage.

The second matter I wish to call to your attention has to do with the salaries of those in the classified service of the state.

The Thirty-sixth General Assembly which met two years ago enacted a law fixing bracket salaries for those in the service upon the basis of classification established by the Civil Service Commission.

That enactment provided salary increases in varying amounts to all in the classified service. By abolishing statutory salaries in the Civil Service, many inequities were eliminated and, in my judgment, the measure and its administration by the Civil Service Commission have brought Colorado nearer the goal of a real merit system than ever before in our history.

However, even a casual study should convince anyone, that in the lower brackets particularly the salaries prescribed by the 1947 law are inadequate upon any basis of appraisal. The same general inadequacy in the salaries of elective state and county officials, including your own, led to the calling of a special session of the General Assembly last October to consider the problem. As you know, increases in the salaries of nearly all categories of elective officials were promulgated. As also you are well aware, because of a provision in the Constitution prohibiting an increase in the salary of an elective official during the term for which he is elected, the salaries so enacted in October will not be operative until the newly-elected officials take office this month. The same inhibition, of course, led to the convening of the special session before the date of the general election so that those selected for office on that day might be eligible at the beginning of their term for any increases granted.

However, no similar constitutional barriers as to increasing the compensation of civil service employees exist and their salaries may be fixed and made effective at your will. In the light of this situation the Civil Service Employees' Association, as well as the employees themselves, with a few exceptions, did not press for the inclusion of their salary problem in the special session call, but elected to submit the matter to you on the incoming of the regular session of the General Assembly. I am informed that after giving the matter serious and careful consideration the Civil Service Commission and representatives of the employees are prepared to meet with the appropriate committees and submit for your consideration alternative proposals designed to correct inadequacies which presently exist in the bracket scales.

I recommend your early consideration of the measure and the granting of such relief as you determine fitting, proper and possible.

The third matter I shall mention has to do with what I believe to be a most necessary and essential amendment to the so-called pari-mutuel measure initiated by the last General Assembly and adopted by the people at the November second election.

Section 3 of the act provides that each member of the Racing Commission "shall receive an annual salary of Twelve Hundred Dollars (\$1200.00) payable at the rate of One Hundred Dollars (\$100.00) per month." In the opinion of the Attorney General, and upon the basis of the decisions of the Supreme Court cited by him, the foregoing provision automatically brings the members of the Commission within the classified Civil Service and makes them amenable to the rules, regulations and limitations applicable. The sentence in the present Section 3 providing for an additional salary allowance to the member of the Commission chosen Secretary has the legal effect of doubly attaching a Civil Service rating to the individual commissioner so selected.

That such was not the real intent of the Legislature is shown by Section 2, which provides for the appointment by the Governor of the Racing Commission for fixed staggered terms, a thing in itself entirely inconsistent with the permanency of tenure inherent to the civil service system.

Also inconsistent with the Legislative intent to place the Commission under Civil Service and its administration are the provisions of Section 2, relating to filling of vacancies by the Governor and for the removal by him of any commissioner "for cause after a public hearing."

In addition, as a matter of public policy, it seems so obvious as not to require elaboration or argument, that the individuals comprising a policy-making body invested with the powers of the Racing Commission should not be under the classified service and so subject to the selection procedures, working rules and disciplinary measures properly attending in the case of full time civil service employees. I therefore recommend that Section 3 of the present act promptly be amended so as to completely remove the Commission and its individual members from the purview of the Civil Service Amendment and place them certainly and unequivocally in a non-Civil Service status.

I further suggest that instead of continuing the present requirement that one of the Commission shall act as Secretary that you consider the advisability of empowering the Commission to employ a salaried Secretary outside of and detached from its membership, which I am informed is the practice in several states having pari-mutuel racing laws.

I have had prepared a title for a bill to be introduced by the majority floor leader in the House which will cover the amendments to Section 3 which I have outlined and proposed. I would recommend that the Committee to which the title is

referred should confer with the Legislative Reference Bureau and have it draft the amendments deemed proper, which I trust will not be inconsistent with the objections I have expressed.

I also think it proper to add that I have secured and placed in the hands of the Legislative Reference Office considerable data from the Council of State Governments relating particularly to the revenue provisions in the laws of other states having pari-mutuel wagering on races. In addition, our own Revenue Department has given considerable study to the collection mechanics provided for in our act and its comparison in this respect with the laws of other commonwealths. I mention this so that you may know that these sources of information are available to you.

In conclusion, I wish to pledge to you my utmost cooperation in meeting the many problems of government which confront and perplex all of us. I shall welcome talking with every one of you on any matter of government and it is a standing order in my office that conferences sought by our membership shall take precedence over all others. So, come down whenever you wish. I am sure we all have as our goal the achievement of the things that are best for Colorado and all its people. Let's do our best to reach it.

THE INAUGURAL MESSAGE

Delivered January 11th, 1949

Ladies and Gentlemen of the
Thirty-seventh General Assembly:

I renew the greetings and felicitations I was honored to extend to you on the occasion of the convening of your session a few days ago.

Two years ago from this same rostrum I was privileged to express to your predecessor, the Thirty-sixth General Assembly, what seemed to me pertinent information of the condition of the State and its government and to recommend the measures I deemed most expedient and proper in the circumstances.

Two years ago the people of Colorado were beginning to note the westward shift of population and industry and to sense that they were standing on the threshold of a new era of economic development with its inviting opportunities and commensurate responsibilities. The demand was for expanded services in the governmental agencies most intimately connected with accelerating the development of our resources and the securing of the attendant benefits for our people. Also we then were faced with several emergencies—the shortage of qualified teachers in our public schools and institutions of higher learning, aggravated by the lowness of the prevailing salary scales—the problems arising from the return of our honored war veterans to civilian pursuits and the startling deficiencies in our public health program. In 1947, because of war time restrictions on housing construction, as well as from inadequate appropriations and personnel shortages many of our so-called eleemosynary, correctional and penal institutions were in a deplorable condition. Other of our departments of government which in the preceding years had adhered to the theory that the maintenance of the status quo should be the primary objective of government were suffering from the stagnation inherently attendant to such a policy.

Thus, as reflecting the popular demand, my recommendations to the General Assembly two years ago were, among other things, for an expanded program of highway construction and maintenance; for increased State aid to the public schools; for a new and modern Department of Public Health; for increased appropriations and accelerated building for our institutions; for the establishment of adequate service facilities for Colorado's war veterans; for the increase of salaries

of our civil service employees and the diversion of the total receipts from the sale of hunting and fishing licenses to the Game and Fish Department for an enlarged program of fish and wild life propagation and conservation consistent with the needs of our people and our visitors. I also then mentioned the desirability of amplifying our State advertising program for further publicizing our year around recreational facilities, our superior agricultural products and livestock and the opportunities for industrial development in Colorado.

The Thirty-sixth General Assembly courageously faced those problems and enacted statutes in each of the fields I have enumerated. In every one of them, in contrast with their prior condition, I think it can be said without fear of contradiction, that betterment and progress has resulted. Unfortunately, however, in some of these matters the minimum of fulfillment consistent with good government has not yet been attained. As one of these for example, I mentioned to you on the day of your convening, the necessity, as I saw it, of reviewing and increasing the lower bracket salaries in the classified civil service.

I firmly believe that the public generally approves of the advancements which have been made over the last two years in the various realms of government I have mentioned, but expectantly looks to me to propose and to you to enact the measures necessary to remedy shortcomings where such exist, to the end that these programs may be perfected to assure Colorado's continued welfare and development.

Thus, as the first of my recommendations I shall outline to you the steps I deem most expedient to secure within our means the best possible highway construction and maintenance for Colorado.

HIGHWAYS

In 1947 the shortage of funds seemed to be the main obstacle to expanded highway construction. In the spring of 1946 both the Highway Department and the Highway Advisory Board proclaimed that more money would solve the problem. The need for and means of additional financing for road construction became one of the most discussed issues of the 1946 election campaign. Naturally, in these circumstances, the portion of my inaugural address devoted to highways solely related to the need for additional funds. To raise such I recommended that an additional tax of two cents per gallon be imposed on gasoline and motor fuels and the Thirty-sixth General Assembly so enacted. Thereby funds were provided for the matching of federal highway funds and most everyone thought the emergency had been met and the problem solved. This illusion did not last long though, since in June of 1947, in a press release

the Highway Department announced, using its own words, that the current highway construction program "had bogged down." The department asserted that this condition was largely due to the dearth of bidders for construction jobs. The Highway Contractors Association retaliated by saying that its members were able and willing to bid for work greatly in excess of the budgeted program. I thereupon convened the Highway Advisory Board for the purpose of devising ways and means of expediting the construction program and asked a committee from the County Commissioners Association to sit in on the meeting.

Some improved procedures and plans, especially as to maintenance were devised, but it soon became evident that the primary difficulties likely were attributable to strictures and bottlenecks in the organization and administration of the department and in the basic law under which it operated. Accordingly, with the full approval of the Highway Engineer and of the Highway Advisory Board, I besought the services of the National Research Council, admittedly one of the most expert and capable agencies in this field, to survey the department and laws creating it and recommended the steps necessary to revamp the department and give to Colorado an up-to-date organization. The first phase of this report, which had to do with recommended reforms in the organizational and administrative procedures of the department which might be accomplished without legislative action, was released in the summer of last year. You will recall that it was devastatingly critical of some of the practices and courses of the department and of its organization as well. I am sure also that the public remains very conscious of the criticisms and recommendations that report contained. Notwithstanding, and to their credit, both the Highway Department and the Advisory Board commended the report and began the changes in organization and practice proposed by it. The new set-up, with trial personnel, has about been completed. Under it, and as a result certain reorganizational steps taken by the department in anticipation of the report, a new record in dollar volume of construction contracts awarded was established in 1948, and more money was expended for road maintenance than in any year before. This demonstrates the beneficial effects of improved administrative methods; yet, even with this commendable achievement the record shows that the department failed to place under contract several million dollars of projects budgeted in 1948 and previous years. Road planning procedures, both as to location and priority of construction, still are deficient. Other criteria, well known to you and the public, point to the need of a deeper and more comprehensive reorganization. A plan for that objective by legislative enactment is contained in the Part II of the report of the National Research Council which arrived early

last month. I have had a copy of that report placed on each of your desks and trust you will study it carefully. Essentially, it recommends the abolition of the Highway Advisory Board and the vesting of the policymaking and administrative functions of the department in a non-salaried commission of three persons appointed for staggered terms by the Governor. The commission is given the power to select a director, detached from the classified civil service, who shall be the executive head of all divisions and personnel of the department. Obviously, no political spoils system can exist under this plan since the Governor has no power to appoint or remove the director and only one appointment to the commission can be made in any biennial period. Already the plan has been approved generally by the Highway Advisory Board, except as to the salary suggested for the proposed director and size of the commission, it being thought that a three-man commission was too small to be representative of all sections in the state. Bearing in mind the experience, professional standing and impartiality of the National Research Council, I am satisfied of the validity of the reorganization plan submitted by it, save as to the salary outlined for the director which must be reduced to meet the pattern of compensation obtaining in our State government. Upon that basis I recommend it for your favorable consideration. I have had prepared proposed measures to effect this result to be introduced and submitted to you. While the size of the commission is a question for your discretion, you should, I think, bear in mind that many of the most important of our State's activities have been acceptably administered over the years by boards and commissions having but three members and that a geographical spread can be insured by providing that no two members of the proposed Highway Commission may be appointed from the same congressional district.

The third phase of the report of the National Council recommending procedural statutes for budgeting, long range planning, etcetera, will be completed this month and upon its receipt will be transmitted to you forthwith with such comments from me as may be indicated.

This whole subject is absolutely devoid of partisan political aspects since the state platforms of both the Democratic and Republican parties declared unequivocally for the legislative reorganization of the State Highway Department and both stood for the removal of policy-making department heads from the classified civil service.

Perhaps I have taken too much of your time in the discussion of this problem. If so, it was because of my sincere belief that it is one of the most important matters awaiting your consideration and upon which the people will insist that action be taken.

PUBLIC EDUCATION

Two years ago, in my inaugural message to the General Assembly, after citing the emergency arising from the shortage of qualified teachers, the lowness of teachers' salaries and the fact that many school districts had reached the permissible limits of taxation, I said:

"According to experts in this field, as is supported by statistical studies of other commonwealths, the state's contribution ultimately should be at least 50 per cent of the total cost of education. Considering the present low level of state assistance in Colorado and other pressing financial needs it may be impracticable to reach this objective in one step in one biennium. However, to meet the present crisis, I do believe it essential and necessary that we now should enact a long-range program of support, specifying that in 1947-48 state contributions to public education should be increased to reach at least 35 per cent of the total cost thereof, which approximates the percentage of state aid in the median state of the United States, and further providing for biennial increases over such period as you deem proper until the 50 per cent goal is reached."

That remains my position today.

The Thirty-sixth General Assembly made provision whereby state aid was increased from about fifteen per cent in 1946 to in excess of thirty per cent in 1947-1948. School teachers' salaries have been upped on an average of about \$200 per year, but they still are lower than in many of our nearby sister commonwealths and the teacher shortage, while somewhat alleviated, is still with us. Within the limit of finances available, additional state aid should be provided for the ensuing biennium with fifty per cent as the ultimate goal.

Two years ago I recommended the passage of legislation setting up positive machinery to insure the reorganization and consolidation of our numerous small school districts into larger units of administration, reserving the final consummation to local levels in the communities involved. As I am sure you know, the two houses of the General Assembly deadlocked on the question and no new legislation on the subject resulted.

In the interim much work and research by citizens' committees has been done and you should be in a much better position to proceed to realistic accomplishment than your predecessor. I would recommend that the consideration and adoption of measures to insure consolidation of the districts should receive priority of your attention in order that State aid financing may be fitted to the pattern evolved.

As did the platforms of both political parties in 1946, I endorsed in 1947 the submission to the electorate of a constitutional amendment reposing the executive authority of the Department of Education in a nonpartisan elective board with power to appoint a director and staff. The people approved this amendment at the November 2 election and it is your present duty to activate its operation by appropriate legislation.

The salary and staff problems of our institutions of higher learning are not so critical as in 1947, but their expanding needs require your sympathetic study and consideration.

PUBLIC HEALTH

The Thirty-sixth General Assembly enacted a comprehensive public health measure and in the past two years much has been accomplished in this field at both State and local levels. The department is in need of additional funds for expanding its services in stream sanitation and other areas and in so far as revenue permits should receive increased appropriations.

I direct your particular attention to the need for legislation to control brucellosis in cattle, swine and goats which is the source of undulant fever in human beings. Concentrated study has been given this problem by Dr. Sabin, the moving spirit behind our present Health Department and by a special committee appointed by me. I commend these recommendations, which will be transmitted to you, as the basis for action in the matter.

INSTITUTIONS

The salary problems of the civil service employees in our eleemosynary, correctional and penal institutions were mentioned in my special message at the beginning of your session.

During the last two years considerable building has been done in most of the institutions and generally housing is not as critical as in 1947. However, essential new construction should continue and I recommend that the 1947 measure diverting a portion of the revenue from the building mill levy be not re-enacted.

The training and teaching programs in several institutions have been greatly enlarged in the last two years and I recommend that you give support to their further amplification, as well as the education of handicapped children generally.

LABOR PROBLEMS

I wish now to mention as briefly as I can a few things recommended in my inaugural message to the Thirty-sixth General Assembly concerning which in my view it either did not act adequately, or at all.

The first has to do with compensation for the injured workman out of which he must support his family and himself for the period of disability. I advocated a modest increase which if granted would still have been much less than was allowed in many other states. Notwithstanding your predecessors allowed but a pitiful increase of \$3.50 per week. A study of the tables showing workmen's compensation benefits in other states will show the unenviable and unwarranted position of Colorado in the national field. I therefore reiterate the recommendation that workmen's compensation benefits in Colorado be increased to at least the level attaining in comparable states. Considering the present resources of the State fund from which these benefits are paid a reasonable increase in their amount should not require any increase in the premium rate of employers insuring in the State Fund.

The Thirty-sixth General Assembly also failed to increase the coverage of the Occupational Disease Disability Act as I had suggested in my message, so as to embrace all occupational diseases and not the limited few now covered. I renew my recommendations in this connection and call your attention to the fact that our medical societies recently voiced a need for this type legislation for Colorado.

There also are advances to be made in our system of unemployment insurance. The fund which has been built up since 1936 in Colorado now amounts to almost fifty-three million dollars. Analysis of this fund in the light of nearly thirteen years of experience and current economic conditions indicates that benefit amounts to be paid to insured workers under the program might well be increased, while at the same time reducing the tax rate of employers contributing into the fund.

In view of past experience here and elsewhere, it appears that reporting requirements for employers can be measurably simplified. Full consideration should be given to proposed changes in reporting which will not interfere with the efficiency of administering the program.

Finally, in view of sentiments already expressed by both national political parties and the findings of Congress with respect to increasing coverage of the unemployment insurance program, it is notable that Colorado's law now protects only those workers in establishments employing eight or more. It is recommended to the Legislature that it consider the advis-

ability of amending the Colorado law to cover all employing establishments, regardless of the number of workers, except for those types of employment now exempt under the basic social security program.

Two years ago I said to the Thirty-sixth General Assembly, "I believe you might well consider the restoration of the Labor Code which served Colorado so well before the enactment of the now dismembered Colorado Labor Peace Act, by its outright repeal or by the elimination of provisions in the latter in conflict with the old Labor Code."

I stand on that recommendation today. Archibald Cox, a Harvard professor of labor law, recently said, "Not the least important consequence of the Democratic victory in November is, * * * an opportunity to correct past errors by the constructive revision of our labor laws."

I trust you may attain that objective in your legislation.

Equality of economic opportunity, irrespective of race, color or creed, is one of the keys to our success as a nation without peer in terms of capacity to produce.

Your attention thus should be given to the protection of the civil liberties of individual workers against arbitrary or oppressive action.

REORGANIZATION OF AGRICULTURAL AGENCIES INTO A DEPARTMENT OF AGRICULTURE

Over the years through separate enactments Colorado's state government has accumulated numerous agencies having to do with various phases of agricultural economy and marketing. Most of these have been travelling, some effectively and others not, in their individual orbits without coordination or guide. This has resulted in overlapping functions, in duplication of expense, in void areas in which no one operates and in unseemly confusion and conflict. Some months ago, in response to an insistent public demand and upon the basis of my own investigation, I asked representative farmers' organizations, agricultural producers and marketing groups, livestock and dairying associations and transportation agencies as well as our fine Colorado A. & M. College, to nominate representatives to study this problem and to draft legislation to give Colorado an efficient and unified Department of Agriculture. The large committee so selected appointed a working subcommittee which has diligently and tirelessly considered the problem. Through the commendable public service of the two committees, and with the assistance of the Public Expenditures Council, a comprehensive measure to achieve these ends has been prepared

and will be submitted to you. The proposed bill vests policy determination in an appointive control board but does not destroy or affect the civil service status of any individual or group of employees performing functions transferred to the coordinated department. No measure you will consider has been given more careful attention nor better reflects the combined judgment of interested groups than does this particular piece of proposed legislation. I strongly urge you proceed to its favorable consideration and adoption. The committee will be standing by subject to your call to give you any information on the matter you may desire.

PURCHASING DEPARTMENT

This department has made an enviable record and often has been commended in the press and by groups interested in the perfection of governmental procedures. I am sure that its history of efficiency in saving the taxpayers' dollars will be increased by:

(1) Your appropriating sufficient money to create a revolving fund for establishing and maintaining a storeroom for articles currently used in most of the State's departments and institutions which presently are purchased by each in small quantities. Such a fund will enable the Purchasing Agent to take advantage of discounts offered for quantity purchases and will eliminate a large amount of paper work now resulting from the number of small purchases.

(2) The enactment of a statute permitting the crediting of funds from the sale of property of any department or institution back to the capital outlay fund of that agency upon written approval of the Purchasing Agent and Controller. Under the present law these funds go to the General Fund to the disadvantage of the department involved.

(3) Making the marking of all state-owned cars mandatory.

ACCOUNTS AND CONTROL

The Division of Accounts and Control, created by the Thirty-sixth General Assembly, likewise is to be complimented for its accomplishments in saving very substantial sums to the taxpayers by its system of budget review and budget control. In addition, I am sure that the work of your appropriation committees will be greatly lightened in this session in comparison with former ones by the data which has been gathered and will be made available to them. Indeed for once the taxpayers will have expert witnesses to appear in their behalf before your committees. I am convinced that a more adequate

staffing in this department will result in increased savings in tax dollars and recommend your consideration of proposals to that end.

RESOURCES DEVELOPMENT

I have mentioned the westward shift of population and industry and the bright economic future which it portends for the people of Colorado. Whether we act or not I am convinced that this region is destined to flourish and grow beyond the fondest expectations of our forbears. Our task is to channel that growth along lines that will be most beneficial to the people of Colorado. In 1945 and again in 1947 there was established, and continued, by legislative enactment, the State Industrial Development Research Fund under the direction of a board consisting of the presidents of the University of Colorado, Colorado A. & M. and the Colorado School of Mines. The board was provided with funds for the purpose of engaging in research to the end that Colorado's natural resources could be exploited to the best advantage. These activities have been going forward in a commendable manner. In the fall of 1947 there was organized the Colorado Resources Development Council. Its purpose was to coordinate the efforts of all groups and agencies, both public and private, engaged in furthering the economic development of the State. Some four hundred leaders in business, industry, agriculture and education from throughout the State have given unstintingly of their time, knowledge and counsel in carrying forward the objectives of the organization. Work of this sort is not spectacular; it lacks glamour but it is of utmost importance if we are to realize to the fullest extent the promise which the future holds for our great commonwealth. I sincerely urge that you give careful and serious consideration to requests for funds to carry on the basic activities here mentioned.

OTHER MATTERS

Time does not permit my mentioning specifically all the worthy proposals which will be submitted to you but I invite your particular attention to the following subjects:

1. The continuation of the tax reappraisal program inaugurated by the last General Assembly.
2. The problem of Traffic Safety and the consideration of measures for its improvement.
3. The consideration of the Forestry Report submitted by the Society of American Foresters and the Charles Lathrop Pack Forestry Foundation and its proposals.

4. The enactment of a suitable law to prohibit the sale of firecrackers and fireworks and their use except by license to a competent and qualified association or organization.

5. The revision and codification of laws relating to children and to the examination of the study and findings of the committee set up to survey and report on the matter.

FINANCES

It is estimated by the Controller that at the end of the present biennium we will have a general fund surplus in excess of thirteen million dollars, the largest in the history of Colorado. Notwithstanding this fortuitous circumstance the keeping of our expenditures within our revenues is not an easy task. The Controller estimates that this surplus and our estimated general fund revenue for the next biennium will approximate fifty millions of dollars. This assumes the continuation at the 1948 level of the income tax law adopted by the Thirty-sixth General Assembly and I most strongly urge you to promptly re-enact that measure. The appropriations for the last biennium were thirty-eight millions of dollars, and we have a two-million dollar deficit largely due to unanticipated costs of living and salary increases in the institutions. The budget requests for this biennium were fifty-six millions. The Controller's budget, which of course may be modified by you, recommends that expenditures be limited to \$45,000,000 or about eleven million under the requests, but still fifteen millions above the expenditures of the last biennium. Experience has shown, as the Controller's budget provides, that at least a five-million dollar surplus must be maintained in the general fund for it to be current in the interim between taxpaying periods. Thus you can observe that cutting the garment to fit the cloth demands careful planning and trimming, but it must be done.

NEW REVENUE

I recommend the early enactment of a severance tax on oil since every day the capital value of our oil resources is being permanently depreciated without any adequate compensating tax return. Such a measure passed the House in the last session but failed to secure the approval of the Senate. Based on present oil production in Colorado and computed on the rate prevailing in comparable states the yield of such a tax should exceed one million dollars for the biennium.

Insofar as possible its proceeds should be devoted to the reduction of the state mill levy tax on property in which a half mill decrease, the largest in recent years, was effected last fall. The argument advanced by some that the imposition of this tax will discourage exploration for oil is without force when

it is considered that the tax is on production alone. History shows that development has never been retarded or restricted in any of the great oil-producing states such as Florida, Mississippi, Texas, Oklahoma and Louisiana by the circumstance that a severance tax was in force. I sincerely believe the passage of such a measure will have the full approval of an overwhelming majority of the people.

OLD AGE PENSIONS

At the election held last November the citizens of Colorado for the sixth time clearly indicated that they want adequate old age pensions paid to our aged men and women, and reaffirmed their fear that provision would not be adequate without earmarking specific funds for that purpose.

Changing conditions may permit refinements in our present old age pension amendment. Such changes can, of course, only be made by a vote of our citizens.

In the light of past experience, it is my firm belief that you should make no effort to refer any measure to the voters of Colorado without prior consultation with the responsible pension group leadership—to the end that our elderly folk may be assured that they will continue to be provided for on a level in harmony with the State's economy.

CONCLUSION

Before concluding I wish to briefly refer to the possibilities in economy and efficiency in government which may be realized from reorganization procedures. This principle is self-evident to anyone familiar with government at any level. In the past upon occasion beneficial results have been secured in single departments by specific legislation as I trust will be the outcome of the reorganization I have proposed for the Highway and Agriculture Departments. Also in the past two years resolutions of the Legislative Reorganization Committee activated by executive orders from my office have effected some worthwhile intra-departmental reforms. That committee's study on other proposed reorganizations is most worthy of your consideration. However, our experience in Colorado has demonstrated that few lasting benefits have resulted from the various so-called Code bills which have been adopted over the years.

The very recent report of the committee headed by former President Herbert Hoover created to devise means for the reorganization of the Federal Executive Department, which in effect approves the plan for reorganization, I suggested to the

Thirty-sixth General Assembly, gives me courage to reiterate now what I said in 1947:

“* * * I suggest, on the general plan of the recent Federal Governmental Reorganization Act, that you may delegate to the Governor, subject to your final approval before its becoming effective, authority to develop a plan or plans for the abolition of useless departments, boards and bureaus and for their consolidation when they have conflicting or duplicating functions.”

In conclusion, may I say to you that I firmly believe, in accordance with the philosophy of our constitution, that the policy of legislation should repose exclusively in your hands free from dictation on the part of the Executive as to its form or tenor. However, if we are to have good government, history has demonstrated that there must be close and understanding cooperation between the two branches, and it is to that end that I have made the foregoing recommendations with respect to what I believe to be our most pressing problems of government and the measures which may effect their alleviation. May we now work together toward that goal.

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