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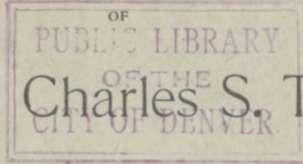
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BIENNIAL MESSAGE

Governor Charles S. Thomas

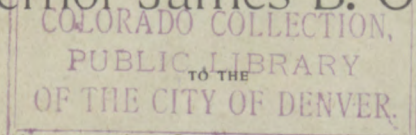


AND

INAUGURAL ADDRESS

OF

Governor James B. Orman



Thirteenth General Assembly
of the State of Colorado

1901



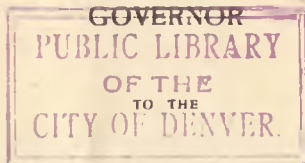
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1901

BIENNIAL MESSAGE

OF

HIS EXCELLENCY

CHARLES S. THOMAS



THIRTEENTH GENERAL ASSEMBLY

OF THE

STATE OF COLORADO

1901



DENVER, COLORADO
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BIENNIAL MESSAGE
OF
Governor Charles S. Thomas

Gentlemen of the Thirteenth General Assembly:

It becomes my duty, under the Constitution, to inform you of the condition of the state, and recommend such measures as shall be deemed expedient for the public welfare. To do this fully and intelligently, I must unduly tax your patience and good nature; for our conditions are far from satisfactory, and measures for relief are imperative.

In giving you the assurance that the problems confronting this assembly are most important and far-reaching, I do not at all exaggerate. You are the legatees of all the acts and omissions of your predecessors, and must remedy the effects they have occasioned. You have been chosen by the people to exert your constitutional powers for the salvation of their commonwealth. It is a task you can neither evade nor postpone, one that you can neither fail to perform nor poorly perform. You must legislate, and legislate effectively; for public needs are urgent, and public demands have been to long neglected.

During the present administration the state capitol has been substantially completed. Some ornamental work is yet to be done, but in all material respects the work of construction is ended. The edifice represents a cost of about \$2,578,484.78, every dollar of which has been legitimately expended. I deem it a subject of congratulation that from the day when the first stone of its foundation was laid, down to that which witnessed the last finishing touch upon its dome, no taint or suspicion of jobbery or misappropriation has ever rested upon its managers or builders. Such a record is grander than the majestic outlines of its exterior, nobler than the exquisite proportions of its galleries and colonnades.

The unfinished condition of the capitol grounds is due to the unsatisfactory character of the pavement of the walks and driveways, the subsequent change of street grades by the city, and the failure of the last general assembly to make appropriation necessary to bring the grades of the grounds into conformity with those of the streets, which must precede any repavement thereof. Two years ago the general assembly withheld from the city a sum equal to the cost of this needed conformity, but failed to place that sum at the disposal of the board of managers. Hence, it has been unable to finish the grounds as desired. The estimates of the board are before you, and they should be accepted and acted upon during your session.

Our fiscal affairs are in deplorable condition. They demand and should receive your first consideration, for the treasury is empty, and the general revenues of the state are wholly inadequate to the public needs. This condition is not a novel one; it has practically existed since our admission into the Union.

Its immediate gravity consists in the fact that we have been compelled to live beyond our means, until the limit has been reached. Our credit is exhausted, and we are face to face with the alternative of relief or bankruptcy. This result has long been obvious, was long since foreseen, and has long been predicted. The last two assemblies were warned of it without avail. Hence, the pending crisis.

Before the first state administration was six months old, the disparity between the requirements of the government and the amount available under a four-mill levy upon the assessed valuation of taxable property was manifest. It sought to remedy the deficiency by increasing valuations through the agency of the state board of equalization, a policy which was defeated by the supreme court. Deprived of its one resource, the government established the practice of issuing warrants to the amount of current legislative appropriations, and paying them in the order of their issue, without regard to whether they were within or without the sum of tax provided by law for any fiscal year. This practice prevailed until the 25th day of October, 1889, when the supreme court decided it to be repugnant to the Constitution. At that time the outstanding warrant indebtedness of the state was \$784,855.12, \$504,320.20 of which had been invested in the school and other state funds. The result was to practically invalidate this debt. While the state experienced relief, its credit and its school fund suffered most severely.

But the demands of public administration could not be satisfied through the repudiation of the debt they had theretofore created. The state was growing, if its revenues were not. In two years other demands

had accumulated, with no money for their payment. The Eighth General Assembly, therefore, passed an act, approved on the 11th day of April, 1891, appropriating from a special tax of half a mill, created and levied for that purpose, the sum of \$110,000, to pay outstanding certificates of indebtedness, with accrued interest thereon. The half mill tax was necessarily deducted from the four-mill limit, thereby proportionately reducing the general revenues for that period. This process of robbing Peter to pay Paul brought but transient relief, and the next assembly, therefore, found it necessary to appropriate from the general fund \$22,300 for the payment of other certificates outstanding and issued in pursuance of law, on the court of inquiry fund, the medical examination fund, judge of criminal court salary fund, supreme court docket fund, coal mine inspection fund, penitentiary fund, land commission fund, printing fund, Ute Indian war expense fund, dairy commission fund, fugitive apprehension fund, and fish and game warden deputies' fund.

But the unequal race between receipt and expenditure continued, and the Tenth General Assembly also paid a large casual deficiency, aggregating \$100,000 in amount. This is met by a bond issue under article XI, section 3 of the Constitution, but in so doing it exhausted the state's power of bond issue for such purposes. Nevertheless, the expedient enabled Governor McIntire to conduct his administration unembarrassed by the deficiencies of previous ones, and this, coupled with the good fortune of an unprecedented revenue to the office of the secretary of state, enabled him to meet nearly all the public obligations, his successor, nevertheless, being compelled to liqui-

date \$14,378.96 in maintenance vouchers for the reformatory, drawn during his term of office.

Decreasing assessments and diminishing revenues prompted Governor McIntire four years ago to sound this note of warning to the Eleventh Assembly: "The state auditor estimates the revenues for the years 1897-8 available for the general fund—that is, for general state purposes—at \$1,092,950, which is the total to be derived from the tax of 2.1 mills and from the miscellaneous receipts from other sources. Out of this sum must be met the expenses of the state government, which have been estimated by the state auditor at \$1,260,872.70. It would seem that this estimate is less, rather than greater, than the amount that will be found necessary. While in some items a reduction may be made, there are others which almost inevitably must be increased. Undoubtedly some savings may be made in certain directions, but these, likewise, will be almost certainly offset by the demands in other directions which must be met. Most of the items going to make up this last mentioned sum are fixed charges, which are not susceptible of diminution. These expenses must be kept within the income; therefore, there must either be a cut in expenses or an increase in revenue for the uses of the state government." He then suggested several changes in our revenue system, whereby the threatened deficiency could be avoided.

Governor McIntire's warning was unheeded, and his successor was compelled to meet the demands upon the revenues as best he could. So efficiently and admirably did Governor Adams administer the affairs of state, that the estimated deficiency of \$167,922.70 was minimized to an apparent one of \$38,550.24, while

the revenues of the fiscal period, covered by his term of office, were much less than those of the preceding one. The deficiency incurred was for the support of the penitentiary, reformatory, and Industrial School for Boys. When it is remembered that Governor Adams turned back into the general fund \$10,000, appropriated for a special purpose for the penitentiary, and \$12,620 from the audit fund, his actual deficiency was less than \$16,000.

In his biennial message of two years ago, Governor Adams emphasized the significance of the auditor's estimate for the fiscal period just ended, showing probable receipts of \$1,125,346 as against probable expenditures of \$1,356,752.61, being a probable deficit of \$231,406.61. He drew a vivid picture of the public needs, our growing wants and expanding necessities. He suggested economies on the one hand and methods of securing needed revenue on the other. In my inaugural message to the Twelfth Assembly, I supplemented his appeals as best I could, but no relief came from its deliberations.

Hence, the administrative pathway of the last two years has been strewn with everything but roses. It has been a period of travail and tribulation, one whose problems and vicissitudes have taxed to the utmost the energy and the resources of the executive. A deficiency was inevitable; how to minimize it, to keep the state going and to avoid the expense of an extra legislative session, were the factors requiring solution. The thing was done, but it can not be duplicated.

The receipts of the general revenue for the fiscal period just ended were somewhat above the auditor's estimates, and reached the sum of \$1,267,940.14,

while the warrants issued against them fell below his estimates, amounting approximately to \$1,143,426.13. Notwithstanding the balance shown by these figures to the credit side of the ledger, credits were necessarily authorized beyond appropriations to:

The Asylum for the Insane.....	\$25,000
The Penitentiary	25,000
The Soldiers' and Sailors' Home....	20,000
The University	70,000

These credits were given by the authority of section 4112, Mills' Annotated Statutes, because the appropriations for the first two institutions named were inadequate to their needs, while those made for the two last were unavailable, as they fell within appropriations of the third class, for the payment of which no revenue could be realized. But for the relief obtained by the issuance of emergency certificates to the extent mentioned, these institutions could not have been continuously maintained, and have been kept in fair condition only by the exercise of constant and rigid economy. The sums indicated do not represent the entire deficit of the asylum, which has incurred some additional obligations that will need your attention. The sum total will not, I think, exceed \$160,000, or about \$36,000 in excess of the balance of general revenue, after deducting therefrom the sum total of warrants issued.

The authority given to incur this additional indebtedness would have been unavailing without the ability on the part of voucher holders to turn them into cash. I undertook to, and succeeded in effecting this, for the asylum, penitentiary and soldiers'

home. The Denver Clearing House Association, whose public spirit can not be too highly commended, advanced the sum of seventy thousand dollars in exchange for these vouchers, upon my assurance that the Thirteenth General Assembly would promptly recognize its claim and make due provision for its early liquidation; an assurance which I feel warranted in believing will be honored both in the letter and the spirit. The board of regents succeeded in raising funds with which to meet the vouchers for the university, and those who advanced them have the same claim to your immediate consideration. But for the commendable and generous action of the parties mentioned, a special session of the Twelfth General Assembly would have been inevitable, and, while its deliberations would doubtless have brought relief, the expense of the session would have been considerable and an added burden to the public treasury.

Some criticism has been made to my extension of credit to the State University and the Soldiers' and Sailors' Home, because their maintenance was not absolutely essential to the affairs of government, the institutions being of the third class and their inmates being voluntary. But the higher education of our children is of the first importance. No greater reproach could rest upon a commonwealth than the closing of its university for lack of support. The dissolution of its penal and charitable institutions and the suffering or dispersion of their inmates would be less calamitous, and I am sure that its continued existence is gratifying to all our people. The establishment of a home for invalid and dependent soldiers and sailors of the late civil war was a fitting acknowledgment of the obligation which the country owes to its defenders.

There is no duty more sacred or more patriotic than that which involves the care and support of the veterans of land and sea, who imperiled their lives for the salvation of the republic. Many have availed themselves of the bounty of the state, and found a haven of rest and comfort in the home at Monte Vista. The appropriation of \$25,000 for the fiscal year was unavailable, and without relief from some source the doors must have closed and its inmates made homeless and desolate. Such a menace was intolerable, and I determined to avert it. That I succeeded in doing so is a source of pardonable pride. No veteran has been turned away; every man applying for admission to the home has been received, and the pledge of our commonwealth to the soldiers and sailors of the republic has thus far been redeemed. The credit of the state was pledged to do this, and I earnestly recommend the care of the emergency vouchers of the university and the home to your immediate consideration.

While our revenues were swelled by increasing receipts from the state and insurance departments, they have been diminished in other directions. A sinking fund of \$30,000 for 1899 and \$60,000 for 1900 for the redemption of capitol bonds was required by law and created under the general levy for state purposes. Interest accumulating on the school fund and amounting to \$15,000, heretofore paid into the general fund, was transferred to the school income fund, where it properly belongs. But for these diversions the receipts available for general expenses of administration would have been \$105,000 greater than they are.

The warrants issued for the expenditures of 1899 and amounting to \$550,000 have been called in, paid and canceled from the receipts of that year. Of the issue of \$593,426.13 for 1900, \$256,118.61 have also been called and paid. The saving in interest by this procedure is very great; and the precedent thus established for the first time will, I trust, be faithfully observed by all succeeding administrations.

Appropriations were enacted by the Twelfth Assembly aggregating \$472,555.25 in excess of revenues received. These were all essential to the purposes intended, not one of them being in any wise superfluous. They were approved in the hope that increased assessments and revenues might ensue, but the hope proved a vain one. They are consequently of no force or effect, the supreme court having declared that such measures "create no indebtedness against the state." Their re-enactment, however, together with legislation making them available, is imperative, as I shall demonstrate.

For the fiscal period ending November 30, 1902, the auditor estimates the general receipts at \$1,038,500 as against expenditures of \$1,624,283.43. This foreshadows a deficit of \$585,783.43. His estimates, however, with the exception of the item for the Soldiers' and Sailors' Home, are confined to the requirements of first and second-class expenditures. Those of the third class and relating to educational and charitable institutions are as urgently and emphatically needed as the others. They have been denied practical relief for the past four years, and it can not be longer postponed without permanently impairing their functions and usefulness. It will appear from the reports of these institutions that, collectively,

they require \$500,500 for maintenance and improvements and additional buildings. To this sum should be added \$192,000 for the emergency vouchers of the preceding and present administrations. Deducting from the total the fixed levy of one-fifth of a mill for the University, Agricultural College, Normal School, School of Mines, Mute and Blind Institute and Insane Asylum, aggregating approximately \$252,000, and the resulting sum of \$440,500 represents the amount which the managing boards of these state establishments would add to the auditor's estimates. It is evident, therefore, that provision must at once be made for a largely increased revenue if these estimates are to be respected.

This condition is the result of a so-called revenue system under which the bulk of taxable personal property escapes assessment, with a consequent increased burden upon the owners of real estate. The needs of our state institutions have, therefore, for years been disregarded. I have heretofore adverted to the fact that assessed valuations decreased from \$236,884,449 in 1892 to \$187,000,000 in 1898, and that the downward movement began with the act of 1891, removing the limit on the taxing power of counties, thereby enabling them to realize all needed revenue, regardless of the valuations. On the other hand, the constitutional restriction upon the taxing power of the state makes its revenue largely depend upon the general valuation. This anomalous condition places the commonwealth at the mercy of the tax dodger and the assessor, under whose combined action it is starving in the midst of plenty, while the burdens of the honest taxpayer are unjustly increased. I repeat that our

embarrassments do not result from our inability to exact tribute in excess of four mills on the dollar, but from evasions of the tax list, whereby more than fifty per cent. of taxable property escapes contribution to the public burdens. The supreme court several years ago warned us that "unless the general assembly gives relief (which unquestionably, either directly or indirectly, is within its power) there is nothing less than financial disaster ahead." Its admonitions should have been heeded when given. The task is yours to correct the evil.

As long ago as 1897 the greatest of living statisticians estimated the wealth of Colorado at more than \$1,100,000,000. Between that and the present year our material prosperity has been great. Millions of wealth have been created and garnered by a vigorous and progressive people, yet our assessed valuation is returned, under oath, at about \$215,000,000. Need we marvel at an exhausted treasury and famished public institutions? An assessment at one-fourth of the actual value of our taxable wealth would, under a four-mill levy, yield an ample sum for the public needs. Experience tells us we can not get it under the existing code, and resort must be had to other methods. We may provide for the enforcement of summary penalties against official and other violations of the present law; we may have recourse to specific sources of revenue, or we may do both by a thorough revision of the revenue code.

It has long been customary for county-assessing authorities to justify their low valuations by the assertion of similar misconduct of the state board of equalization, and to promise reform whenever that

tribunal made a record for good behavior. Recriminations, even when true, can not justify wrong doing. When unfounded they should never occur. Property coming under the jurisdiction of the state board has, city realty excepted, during the last two years been assessed relatively higher than property in general and far beyond that of large corporations over which it has no control. I know of no better method of demonstrating this fact than by contrasting the assessed valuation and annual tax payment of a local railway company with those of one of our largest industrial corporations. The Colorado & Southern Railway is capitalized at \$48,000,000; earned for the fiscal year ending June, 1900, gross \$4,237,742.99, net \$1,104,891.28; was assessed by the state board and paid local and state taxes \$173,240.71. The Colorado Fuel & Iron Company is capitalized at \$25,000,000; earned for the year ending June 30, 1900, gross \$10,350,029.54, net \$2,551,586.24; was assessed locally and paid in local and state taxes \$53,812.54. I am not and never was the champion of railway or other corporate interests. Justice, nevertheless, requires me to say of those coming within the domain of the state board that only in one instance was any item of taxable property excluded from the returns; that all their reports were verified by the official representative of the state. In 1899 they offered to submit to a state tax of six mills upon the dollar, that its treasury might be replenished, provided other taxpayers would do likewise. I at once submitted this generous proposition to the local boards throughout the state, but the silence with which it was everywhere received was universal, and still remains unbroken. Its acceptance

would have increased the public income for the past two years by twenty-five per cent. and satisfied nearly all the appropriations of the third class.

The permanent tax levies for various state institutions, supplemented by other fractional invasions of the four-mill limit, have progressively diminished the proportion thereof for purposes of general revenue, until but little more than a third of it remains. The residuum consequent upon the necessity of providing a sinking fund for the capital building bonds was smaller in 1899-1900 than ever before, and will be smaller still for the ensuing two years. Two and one-twelfth mills were available in 1899; one and fourteen-fifteenths mills in 1900. The sinking fund was \$30,000 for 1899, and \$60,000 for 1900; \$120,000 is required for each of the years of the pending fiscal period, and taxation for general revenue must consequently be limited to one and one-half mills. Upon a valuation of \$500,000,000 this rate would produce \$1,500,000, which, supplemented by the returns of the state and insurance departments, would be ample for the public requirements. Upon a valuation of \$210,000,000, the auditor's estimate, the return is woefully insufficient.

If by constitutional amendment the four-mill limit could be summarily abrogated and the right of taxation thus unrestricted could be so applied as to bring immediate relief, I should hesitate to recommend it. The imposition of this check upon the power to tax was both wise and premeditated. The power to tax involves the power to destroy. It needs for its proper and normal exercise every restraint that experience has shown to be salutary. The evil is not

that the state can tax too little, but that the counties can tax too much; and the remedy lies in placing a boundary to the latter as well as to the former. This can be done by statutes, and, when done, local authorities will be compelled to observe the law concerning assessments, or revenue for local purposes will fail. Such a measure was attempted by the last assembly, but the limit was placed so high as to prove no limit at all. The objections to this legislation will not stand the test of argument. An effective limit once existed, during which period county and municipal governments were as effective as now. Local revenues were ample for local purposes, and assessments were more nearly what they should be. Indeed, it may be freely stated that our financial condition is that of every other state in the Union, which in the past has had two tribunals of assessment and levy, one for the state and another for townships and counties, with restrictions against one and freedom of action to the other. Ours is also the experience of many older commonwealths, which have sought to rely for revenue upon the resources of a system of general taxation. I can not too strongly advocate the enactment of a statute placing a maximum limit upon county levies, so adjusted as to compel fair assessments.

I would also recommend that our great industrial corporations operating and owning property scattered throughout the state, be placed with transportation companies under the jurisdiction of the state board of equalization. I know of no other method whereby they can be compelled to ratably and justly contribute to the public burdens. Their evasions of the revenue laws are general and notorious.

They are powerful financially and politically, and use both in the choice and control of the assessing authority, thereby securing the adoption of their own valuations. In some counties of the state they dominate and direct every public agency from the district bench to the overseer of highways; nominate candidates for all parties, and poll the franchise as their interests demand. While such a course makes a farce of popular government, it exempts enormous holdings of property from taxation, unduly increases the burdens of the small property holder, and impoverishes the public treasury. The transfer of these great combinations to a central board of assessment must subject their accumulations to the revenue laws, while it tends to purify local political conditions by reducing to a minimum the causes of their corruption. I think it can be fairly asserted that if all corporate interests operating in two or more counties of the state were under the assessing authority of the state board of equalization, the aggregate valuation would be from fifteen to twenty per cent. greater than it is and no wrong inflicted upon any of them.

The state board should also be endowed with authority to equalize. As a board of assessment its functions have been active; as a board of equalization, it has always been moribund. As its name implies, it was intended to adjust and equalize assessments among the several counties of the state by decreasing and increasing specific valuations, that uniformity might be secured and unjust burdens avoided. It has at intervals attempted to accomplish this commendable object, but without success, for the supreme court has, whenever called upon, deprived its action of all force by denying its authority. In 1877 it was de-

cided that the power of the board to equalize did not warrant its increase of the aggregate assessment of the several counties. Subsequent legislation forbade it to decrease such assessments. The Twelfth General Assembly sought to apply a remedy for this condition of legal paralysis by providing a margin of increase or decrease of five per cent. above or below the aggregate assessment. The board of 1899 labored to produce something like uniformity out of the unequal valuations of the same classes of property in different counties by a system of averages within the limits of the statute. In doing this the aggregate valuations were increased by about \$10,000,000. This action of the board was set aside by the supreme court, which in effect declared that adjustments and increases or diminutions could not be made by classification, but by counties. If cattle were assessed too high in Weld county and too low in Baca county, the board could not reduce the valuation of cattle in the one or increase it in the other, but must reduce the entire assessment of the one and increase the entire assessment of the other. The obvious effect of such a method of adjustment is to punish the good and reward the evil; for if cattle are assessed too high and farms too low in Weld county, while cattle are assessed too low and farms too high in Baca county, a decrease of the aggregate Weld assessment would reduce the farm as well as the steer, while its increase in Baca would fall alike upon the steer and the farm. Hence the board in 1900 declined to exert the remnant of authority left it. An equalization that does not equalize would only accentuate the existing confusion. Shorn of its authority the board is helpless as a tribunal of equalization, and the most glaring violations of uni-

formity must pass without rectification. It may be that relief for this evil can only come by constitutional amendment. If that be true, the amendment should be proposed and passed with expedition.

Penalties for the violation of statutory duties and requirements are of no avail if they are not enforced. If they involve the removal of offending officials, the requirement should be mandatory. If they involve the payment of fines, *qui tam* actions for their collection should be authorized. Such a system may make revenue codes efficacious. Any other may result only in swelling the pages of our legislative session acts.

The making of horizontal and other general reductions in assessed valuations should be expressly forbidden. The power to do this is not warranted by the existing law, yet it is habitually invoked, especially by the county boards of equalization. The courts have denied the existence of the power, but have also held its exercise to affect all property within county limits, including that falling within the jurisdiction of the state board. To equalize includes only as an incident the power to enlarge or diminish, and while the local boards should have full authority to alter, correct, diminish and even enlarge individual assessments when the principles of justice and uniformity so require, they should not by the ostensible exercise thereof neutralize or destroy the functions of the assessor by general sweeping reductions of an entire schedule. This brushes aside all statutory provisions for the ascertainment and recording of values and substitutes for carefully prepared methods of procedure the whims and prejudices of fifty-seven separate tribunals.

Besides a plan of general assessment, resort must be had to specific methods of taxation which are neither novel nor burdensome. Practically every state in the Union has its special sources of revenue without which their incomes would fall below their needs. Indeed, many forms of personal property escape all taxation in the absence of such measures as I am about to suggest. Personal property in general evades assessments with comparative ease. An eminent authority has declared that this evil has progressed until in some of our great centers of wealth and population it has largely disappeared from the tax list. Comparisons made between tax lists and surrogates' returns have revealed the fact that more than 98 per cent. of the personalty of great estates have escaped assessment. These conditions largely justify the contentions of a large and increasing class of our fellow citizens that all taxes should be paid on realty and the use thereof. Until some such system is adopted, however, it is the duty of the lawmaker under the Constitution to subject all forms of wealth to the public burdens.

Experience teaches that two methods of reaching personal property may be effectively employed. One is the taxation of incomes; the other of inheritances. They are neither novel nor burdensome. They are both in active and successful operation in many of our sister states. They are unpalatable to those whom it affects, but a popular tax is beyond the power of man to devise. They are inquisitorial, but so is any other direct tax. I cannot embark upon a general discussion of their advantages on an occasion like this, yet I trust they will commend themselves to your favorable judgment. A tax upon incomes can-

not be evaded. It is placed upon the accumulations of those who feel its payment least. It compensates the body politic in some part for inevitable omissions from the tax list. It is advocated by many as a substitute for other forms and the most effective method of personal taxation. Nor can any more equitable plan of raising revenue be suggested than that of laying progressive duties on inheritances. It originated many years ago; is generally in force in older countries; found lodgment in America in 1826, and has recently been adopted by several of our older commonwealths, notably Illinois and New York. The levy does not despoil the living; it cannot injure the dead. The courts declare it to be rather a condition of inheritance than a tax, since it is levied not upon property, but upon the right of succession. The right to property by devise or descent is a creation of the statute. It is a privilege granted as it can be destroyed, by law. The power which grants it may place conditions upon its operation, and among them a percentage of the estate to the government. So declares the supreme court of the United States in the case of *Magoun vs. The Illinois First and Savings Banks*, in sustaining the validity of the Illinois statute, subjecting gifts, legacies and inheritances to a progressive tax. Such a law for securing revenue for state purposes, reasonable in amount, and applicable to inheritances above a given valuation would in no manner violate the four mill limit of the Constitution; would supplement appreciably the ordinary revenues and should receive your sanction. If a similar recommendation made two years ago had been favorably acted upon by the Twelfth Assembly, we would not now be confronted with so large a deficiency.

The insurance companies doing business in this state are by law required to pay into the treasury two per cent. upon the premiums annually received. The estimated income from this source for the present biennial period is \$195,000, or \$97,500 per annum. This means that the receipts of insurance companies from policy holders are annually over \$4,000,000. The percentage paid to the state from this enormous sum is insignificant. I am reliably informed that the average specific insurance tax throughout the Union is over three per cent. An increase of one per cent. on insurance receipts will give an additional \$100,000 to the state for the next two years, and the added burden to the companies will be scarcely perceptible. The net earnings of fire insurance companies are proportionately much less than those of life and accident companies.

A similar percentage tax should be placed upon the business of express companies within the state. This traffic and the profit therefrom is very large, and contributes nothing to the expense of government. A tax levied upon the interstate business of these companies might be obnoxious to the Federal Constitution. It is clearly within your power to impose a tax upon their receipts from business within our borders.

A horizontal tax of ten to fifty dollars per annum is laid by some of the states upon all companies organized under the incorporation laws. It is too small to be burdensome, but in the aggregate visibly swells the public income. The number of domestic corporations organized and existing under our laws is very large and rapidly increasing. No serious objection can be made to such a requirement. A specific tax on oil is another source of revenue in many states. The

sale of this product is monopolized by a single dealer whose colossal profits pass comprehension. It sells millions of gallons of oil to our people, but pays taxes only upon its wagons, storehouses and real estate. Surely the burden that rests upon the mine, the factory, the farm and the home, should extend to this industry as well.

The annual output of our mines of gold and silver is made the basis of their assessment. The assessor is required to ascertain this amount, and may then fix a valuation of not more than twenty per cent. thereof. This leaves the assessment to the discretion of that official, bounded only by a maximum. It is not surprising, therefore, that mine assessments of different counties are consistent only in their lack of uniformity, and that the aggregate valuation of the mines of some counties, including surface improvements, is less than the actual value of one of them. This law should be radically reformed, at least to the extent of depriving the assessor of all discretion as to percentages.

The taxation of franchises depends upon express legislation to that end. Under our Constitution they are taxable as other property not exempt by that instrument. It expressly declares that the power to tax corporate property, real and personal, shall never be relinquished or suspended. But its provisions in this respect are not self-executing, and hence attempts at the assessment of franchises have generally proven abortive. In his message of May 22, 1899, to the New York legislature, Governor Roosevelt emphasized the fact that farmers, mechanics, tradesmen and other men of moderate holdings were paying an excessive portion of the general taxes, which could be

remedied by enforcing the proposition that an organization deriving its powers from the state should pay to it a just percentage of its earnings as a return for the privilege it enjoys. He said :

“The line of cleavage between good and bad citizenship does not follow the line dividing the men who represent corporate interests from the men who do not; it runs at right angles to it. We are bound to recognize this fact; to remember that we should stand for good citizenship in every form, and should neither yield to demagogic influence on the one hand nor to improper corporate influence on the other. There is no intention of oppressing people who have put their money into franchises. We recognize that, as in the case of all legitimate business, they benefit not only themselves, but the community at large. If a franchise is worth very little, it should be taxed very little; but when the franchise is of great value it certainly should be heavily taxed, and the value is of course based upon the use of the city's or the state's real estate. Such use of the public real estate should not be given without substantial returns; returns not only in the way of service to the public, which of course a street railway or gas company gives, precisely as the proprietor of a grocery or dry goods store gives it, but also in the way of bearing a just share of the burden of taxation; again, precisely as the owner of the grocery or dry goods store bears his share, the difference being that a railroad company, for instance, owes infinitely more than the proprietor of a big establishment does, to the real estate itself.”

In accordance with the governor's suggestion the legislature of New York enacted a measure for the taxation of franchises and devised a method for the

ascertainment of their values, which thus far has stood the test of legal and public criticism. All good citizens unite in the opinion that franchises are and should be included within the area of the taxing power, and much of the public discontent which taxation evokes is directly traceable to the exemptions which this and kindred forms of wealth enjoy. The opposition of corporate officials to the passage of such laws as I now recommend does not spring so much from a denial of its justice as from the apprehension that it will be unduly exercised. This apprehension will become well founded only in the persistence of great corporate interests to claim exemption from the responsibilities that all should assume. Said an ex-president of the United States: "We must inaugurate, and at once, a system that shall equalize tax burdens. The men of wealth in our great communities should lead the movement. Mr. Lincoln's startling declaration that this country could not continue to exist half slave and half free, may be paraphrased to-day by saying that this country cannot continue to exist half taxed and half free. This sense of inequality breathes a fierce and unmeasuring anger, creates classes, intensifies social differences." Surely such emphatic expressions from so high a source justifies the earnest recommendation of a measure which if enacted and enforced goes far to remove a source of just complaint.

The state of Illinois has invested its assessors with with ample but needed authority to discover and assess delinquent property. The exercise of this power has proven very salutary, and can be adopted with advantage here.

The senate at its last session appointed a revenue commission, consisting of three of its own members,

to investigate and report upon the state and local revenue laws, and also upon those of New Zealand and Australia, together with recommendations for systematizing, revising and amending our system of taxation, including the constitutional provisions relating to the subject. The chairman in pursuance of his duties visited the distant colonies included in the resolution, and reported the results of his inquiry to the commission, which, together with that of the commission itself, will be submitted to you. It is a complete and exhaustive document replete with information, argument and recommendations. It should receive the earnest and thoughtful consideration of every member of this assembly, and its conclusions carefully weighed. We must not forget that Australia has been a land of novel but successful experiments in both economics and legislation, conducted under the intelligent conservatism of an Anglo-Saxon population, many of which have been adopted in America. If it be true that the system of taxation there in operation has proven successful, then it has ceased to be an experiment and its recognition here can be safely accomplished. To effectuate this, however, a change of our organic act is essential, and that requires time. This the commission has recognized, and while its members differ as to some of the conclusions of the majority, all unite in recommending the submission of the three proposed amendments to article X of the Constitution, to the vote of the people in conformity with the terms of that instrument. I cordially endorse the recommendation. A perfect system of taxation has up to this time been a problem insoluble as the riddle of the Sphinx; let

the people say by their suffrages whether the change proposed may not be effective. If they want it, then you as their servants should give them the opportunity to secure it; if they do not want it, your action affords them the privilege of its rejection. In either event, your duty will have been discharged.

The immediate exigencies of our treasury suggested to me the expediency of preparing and submitting to you a revision of our revenue code, in order that you might have before you upon assembling a working plan which would either meet your approval or form the basis of your action. To that end I appointed a commission composed of experienced and capable men, non-partisan in character and representing the various pursuits, and requested them to study our revenue laws, compare them with those of other states, and formulate bills which should embody their conclusions, to be presented to you for adoption. I deemed it wise to place upon that commission gentlemen who had been members of the Twelfth General Assembly, cognizant of its deliberations and familiar with the public needs. Nearly every citizen whose assistance I solicited complied with my request, and since then have voluntarily given much time and labor to a solution of our fiscal problems. It has prepared for your consideration a code of laws, involving imperatively needed changes and additions to those now in operation, and will be presented by them through those of its members who are also members of this assembly. Its report has not reached me in time to examine its details, but I desire to express my gratitude to those composing the commission for the earnestness and thoroughness with which they have discharged their voluntarily assumed duties, and to

express the hope that their arduous and unremitting labors in behalf of the common weal may not go unrequited.

I may be pardoned for suggesting to you that fiscal legislation should be your first duty. Measures of that character should be given precedence upon your calendars, and kept there until they shall have been disposed of. Such a course is an earnest to the public of your purpose to redeem our pledges to them.

Measures of legislation other than those suggested may address themselves to your wisdom. They will doubtless receive the approval of the executive if they meet yours. The object to be subserved is more important than the means for its accomplishment, provided they are just and salutary.

The administration of public affairs has been rigidly economical. It could not have been otherwise. Parsimony has been an enforced policy with all our institutions. Every department has kept within its allotment, some of them having a small balance to their credit. Extra assistance has occasionally been necessary for the land board, but without added cost to the treasury.

While expenditure in the public service must necessarily increase with our growth and progress, retrenchment may be practiced in many directions, and this should be done wherever compatible with sound administration. Economy is not only enjoined upon us by the principles of free government, but it is essential to the prevention of recurring deficiencies. Government is established to subserve the welfare of society, to secure the rights of the individual, and to protect life and property. To effectuate these objects, and as an essential to the transaction of public busi-

ness, official positions are established. These should be created or continued for no other purpose. Every office or position that is not essential to the proper administration of public affairs should be eliminated; and every expenditure not necessary for good administration should be avoided.

To the end that retrenchment can be practically effectuated, I would again urge the general assembly to abolish the several boards heretofore created for the management of the various penal, correctional and charitable institutions, and establish one board of control of not less than three and not more than five members, no two of whom shall reside in the same judicial district, with headquarters at the state capitol. Full control and custody of the several institutions referred to should be committed to the board. Its members should be required to devote their exclusive time and attention to their official duties, appoint all needed subordinates, provide rules and regulations for management, conduct and discipline of inmates and employes, purchase all needed supplies, and, on vouchers duly approved, disburse through the auditor and treasurer all moneys devoted or appropriated to institutional care and maintenance. This plan of management is both frugal and sensible. It has been adopted by a number of states, and has everywhere proved efficient. Reports from Washington, Wisconsin and Iowa establish its economic features beyond cavil. A saving of from \$75,000 to \$200,000 per annum over the expenditures of the existing system can easily be effected. "It concentrates responsibility, applies modern business methods to the operation of public institutions, produces efficiency among subor-

dinates; establishes system, thrift, frugality and needed discipline with economic management. A majority of the board should be required to personally visit and inspect each of the institutions under its control at least every other quarter, and complaints by the inmates of any of them should be transmitted to it without the interference of any appointee. I can conceive of no measure more conducive to a wise economy or more thoroughly in accord with sound business principles than this. Under the existing system supplies are necessarily more expensive, much of general routine and of direct management must be left to appointees in charge, and abuses may and have become prevalent and long continued without detection through the absence of some responsible head charged with the duty of constant vigilance and supervision."

I realize that this measure arouses the apprehension of some localities lest its enactment should deprive them of institutional patronage, and concentrate the expenditures with their management at the capitol. If this was its object, or could be its result, I would be among the first to condemn it. The first consideration is the welfare of all, and that subserved, the end of legislation is attained. The board must be located somewhere. Its natural headquarters is the state capitol, where room can be secured without cost, and where intercourse with the other departments is easy. The selection of one member only from a particular judicial district secures general representation upon the board, and all communities will receive impartial consideration. The bureau of mines is not inimical to the San Juan because of its location. The cattle interests of the Western slope are not subor-

dinated to those of the plains, because the board of inspection has its habitation there. Under the present system the three penitentiary commissioners may be, and in fact are, selected from territory south and west of Denver, and those of the Insane Asylum may come from some section equally distant from Pueblo. It is as reasonable to assume that boards thus selected would be hostile to the interests of Canon or Pueblo as to maintain that a board of control, impartially chosen from different sections, would conspire to promote or degrade any community or any interest. The present system is not satisfactory, and can not be made so. We should legislate for the management of public affairs, as we would provide for that of our own, and aim for a maximum of results with a minimum of cost.

To the last assembly I urged the abolition of the Thirteenth judicial district, the business of which can easily be transacted during two months of the year. I also urged the consolidation of the remaining districts, and a reduction of the number of our judges. This could then have been done with an annual saving of thirty thousand dollars, without impairing the efficiency of our judicial system. It can not be effected now without a change in our Constitution.

I also urged the abolition of the court of appeals, and repeat the recommendation, coupled with the suggestion that the membership of the supreme court be increased to five by constitutional amendment, which shall extend the judicial term of office to fifteen years. The repeal of the court of appeals act should not become effective until the adoption of the proposed amendment. The reasons heretofore urged for this change need not be repeated here. They have met

with general approval by the bar, whose association memorialized the last assembly upon the subject. It is in accord with the views of my predecessor, and will naturally reduce the expense of maintaining the judicial department.

A consolidation of health and veterinary boards with the office of dairy commissioner is both practical and economical. The veterinary board deals with many diseases that are intertransmissible between animals and man. The work to some extent, therefore, duplicates that of the health board. The work of the dairy commissioner involves the detection of adulterations and imitations of dairy products, which directly affect the public health. The scope of this work should be broadened to include all food supplies, and placed under one department, having power to control and prevent the adulteration of all forms of food supply. A chemical laboratory is essential to the discovery of adulterations, as well as to the general work of the health and veterinary boards. They can be thrown together with a consequent saving to the state.

The absorption of the coal mine and boiler inspection departments by the bureau of mines is likewise desirable. A considerable deduction in the clerical force now necessary can be thus effectuated.

I would also provide for a material reduction in the rate of interest on state warrants, which now draw six per cent. per annum after presentation. They command a consequent premium of from one to two per cent. This makes them unavailable for investment in the school fund, which can only receive them at par, and suggests the policy of a reduction in the rate to four per cent., which can be done without any

possible impairment to our credit, which will save us more than \$10,000 per year on the one hand, and enable us to utilize the interest paid on the other, by cashing the warrants in the school fund. Many of the considerations just outlined require a reduction in the present rate of eight per cent. on county and city warrants to six per cent.

I have not attempted to enumerate the sole channels whereby the reduction of expenditures can be effected. Others will suggest themselves in connection with general and contingent appropriations. The Twelfth Assembly made provision against mileage and traveling expenses by officials enjoying the benefit of free transportation, a privilege liberally extended by our railway companies to, and as readily accepted by, practically all those engaged in the public service. I am sure you will re-apply its requirements.

Our zeal for retrenchment must not, however, reach the limit of parsimony, for this in the end is not economy. Administration necessarily involves liability, and its discharge must come from sources entirely within your control. The means essential to a proper and beneficial exercise of public requirements must be adequate to the purpose, or the best results are wholly impossible.

Students of our financial history will observe that the general revenue fund has been required to meet continued and increasing obligations, until permanent tax levies for various purposes have reduced the power of the state to one and one-half mills for general purposes, and that, to my mind, makes impracticable the suggestion of providing for the payment of outstanding warrants by the establishment of a sinking fund.

OUTSTANDING WARRANTS.

By the decision of the supreme court more than eleven years ago, warrants amounting in round numbers to \$785,000 were invalidated because revenue applicable to the payment of most of them had been used in liquidation of warrants issued in excess of appropriations prior to that time. Of these about \$445,000 had been invested in the public school fund, and approximately \$55,000 in other state funds, leaving a balance of more than \$280,000 in the hands of individuals. More than \$620,000 of these warrants were issued for the maintenance of the penitentiary, industrial school, insane asylum and salaries of state officers, and for which the state had received full value. This sum total, with accumulated interest, now aggregates approximately \$1,500,000.

In addition, there is an outstanding warrant indebtedness growing out of the construction of the capitol building amounting to \$573,077.00, to which some interest at six per cent. must be added. If we assume that the state should pay the so-called excess warrants to their holders, then it follows that the floating debt of the state, for the payment of which some provision should be made, amounts in the aggregate at the present time to \$2,073,077.00.

During the incumbency of the office of governor, I have, with some care, examined the status of the so-called excess warrants, and have no hesitation in declaring that the bulk of them are legal and the state is bound by every obligation of law, honor and morality to recognize and provide for their liquidation. In addition to these considerations, the constitution imposes, in so far as the warrants in question relate to

the school fund, an imperative command upon us to pay them. The amount of money invested in the warrants is lost to that fund as matters now stand, but the Constitution declares that the school fund shall forever remain inviolate, and that the state shall supply all losses that may in any manner occur. Thus it is that a duty solemnly imposed by the Constitution upon the assembly with reference to the school fund has been unperformed up to the present time. Thousands of dollars have been invested by innocent purchasers in these evidences of indebtedness issued by state officials and apparently upon state authority. A commonwealth which repudiates its honest debts by taking advantage of a constitutional defect supposed to be absent when the debt was created, is as dishonest and disreputable as an individual who evades a fair and honest obligation by a colorable transfer of his property. The purpose for which every one of these warrants was issued is set forth in the report of the Lowell committee to the Tenth General Assembly, copies of which can be secured from the auditor; and I am sure that no fair minded man can read that report without feeling a sense of humiliation that so fair and honest a claim should have remained so long unliquidated. Justice nevertheless requires the reminder that a constitutional amendment for the funding of these warrants has been submitted to the people and twice rejected. The action of the electorate, however, I am sure was the result of a misunderstanding of the general facts. In my inaugural address, I recommended the appointment of a committee to examine into and carefully investigate the character of these warrants and report the result thereof to this assembly, thereby enabling you to give more intelli-

gent consideration to their merits, and legislate concerning them for the best interests of all. The object of that recommendation was to supplement the Lowell report in so far as it might be found insufficient as to details.

In the case of Kephart, State Treasurer, vs. The People, at the relation of the American Savings Bank, which was a proceeding in mandamus to compel the state treasurer to pay thirteen state warrants issued in the year 1889, the supreme court, reversing the decision of the court below, recognized the validity of the warrants involved in the controversy, and declared that "clearly they should be paid." It also declared, "That it has not been paid long ago is a reflection on the financial integrity of the state, or its dilatoriness in paying its debts. Some such outstanding warrants may be illegal, because in excess of the Constitutional limit, but it would seem some legal ones are unpaid. An adequate method of ascertaining which are legal, and which void, should be adopted by our general assembly, if none such now exists."

The duty thus outlined is too clear to admit of argument. I would therefore recommend the enactment and submission of a proper constitutional amendment to the electors of the state at the next general election providing for a bond issue running over a series of years, at a rate of interest not to exceed four per cent., for the funding of the entire outstanding warrant indebtedness of the state, including the so-called excess and all other warrants and accumulated interest thereon, and the exchange of as many of said bonds as may be necessary to take up and cancel all of said warrants heretofore invested in the public school fund.

The action of the supreme court just adverted to is one of several brought to compel the treasurer to apply the sum of \$80,000, being a part of the income and revenue of the state for the year 1889, to a payment of a part of the warrant indebtedness for that year. These suits were brought a number of years ago, since which time the sum of \$89,376.16 has been tied up in the hands of the treasurer and earning two and one-half per cent. per annum as a deposit, while the warrants to which the money should have been applied have been drawing six per cent. per annum for twelve years. This condition of affairs is far from creditable, and should no longer continue. A committee should at once be appointed to examine the warrant issue of 1889, and provide for the cancellation of as many valid ones as shall equal the amount of revenues in the treasury for that year. No measure that can be enacted by this assembly would redound more greatly to its credit than one which disposes of outstanding state obligations, and provides for their future payment at easy rates of interest.

FIRST REGIMENT COLORADO VOLUNTEERS.

After more than a year of absence in the Philippines in the military service of the United States, the First Regiment of Colorado Volunteers was returned to San Francisco on the 16th day of August, 1899, and shortly after honorably mustered out of service. Through the generosity of our citizens a fund was contributed for free passage from San Francisco to their homes in Colorado. The same generosity enabled the state to present to every soldier enlisting from the state of Colorado in the service of the United States during the American-Spanish war with a certificate,

and medal of bronze commemorative of their patriotism and of the gratitude of the commonwealth. Legislation prohibiting the counterfeit or imitation of these medals should be enacted. The percentage of disease and mortality in the First Colorado regiment was less than that of any other doing service for the government abroad, an eloquent testimonial to the conduct and character of both officers and men. A monument commemorative of our volunteers will soon be erected in the capitol grounds, with the permission of the State Board of Capitol Managers, through the efforts and under the auspices of the Sons of the Revolution.

Our volunteer soldiers having done their duty with credit and glory to themselves and their commonwealth, have with characteristic energy devoted themselves to the usual pursuits of peace, and become absorbed in the mass of our people.

The expense of mobilizing our contribution to the volunteer forces of the Spanish-American war was met at the time by advancements from patriotic citizens, and the sum thus utilized has, by act of the Twelfth General Assembly, been levied, collected and in large part returned.

NATIONAL GUARD.

The work of reorganizing the National Guard under the statutes, begun in the administration of Governor Adams, has been vigorously prosecuted by the present one. This has necessarily entailed some additional expense upon that department, but the work under the vigilant and effective supervision of the adjutant general has been accomplished, and the guard is, therefore, in good condition.

From the report of the adjutant general, it appears that the guard now consists of two regiments of infantry, of 476 and 421 men respectively, with a total enlistment of 897. In addition to this are three troops of cavalry, consisting of 155 men, a battery of artillery, consisting of 61 men, and a medical department and signal corps of 26 and 11 men respectively. Five hundred Winchester rifles of modern type have been purchased, while the government has returned 912 Springfield rifles in the place of those taken by the First Regiment of Volunteers. The government has also returned a large amount of other stores and property, besides paying \$18,912.00 in cash for other military stores and expenses furnished and paid for mobilization.

This work of reorganization has been zealously and constantly carried on, and with the co-operation of all connected with the department.

In the month of March, A. D. 1899, and during the session of the Twelfth General Assembly, a call under the forms of the statute was made upon me for troops to aid the peace officers of Hinsdale county in suppressing violence and preserving life and property by reason of a strike, said to have been inaugurated and continued by a large body of Italian miners. The inspector general, then upon the ground, confirmed the necessity for interference, and a detachment of the national guard, consisting of 326 men, under the command of Colonel Macarey, was sent to Lake City. The necessity for this demand was found to have been exaggerated. Order was soon restored, and the troops were consequently returned without delay.

The state armory at Lake City, prior to the arrival of Colonel Macarey's detachment, was entered,

and the guns belonging to the company then existing at that point were stolen and removed. Every effort to recover them has since that time been made without success. A sum of money amounting to about \$300 was paid into the hands of the county authorities by or for some of the alleged strikers arrested during the presence of the militia in Lake City, which was afterwards paid into a local bank. This sum has since been claimed by the officers of the Miners' union as belonging to them. It is also claimed by the Italian consul as the property of the men then under arrest, but no disposition has been made thereof. It should be restored to its owners, but I think no legal proceedings have been instituted by any claimant for its recovery.

The expense attendant upon this episode was \$8,761.57. This sum has been paid through advances made by citizens interested in the suppression of the disorders, and an act should be passed providing for the levy of a special tax for its payment.

PENITENTIARY.

There has been no considerable increase in the number of inmates of this institution, 590 having been reported on November 30, 1898, and 514 on the same date for 1900. To this should be added 83 who have been paroled, and 23 pardoned, making a total of 620. The management of this institution has necessarily been careful and economical. The estimated expense for the fiscal period just ended was \$200,000. The amount given by the last general assembly was \$170,000, and was insufficient. It was therefore necessary to provide for the issuance of \$25,000 of emer-

gency vouchers in order to carry the institution through the fiscal period. That sum, together with the earnings of the prison, has sufficed for the purpose.

The general sentiment against convict labor, coupled with the boycott against prison material, has reduced the earning capacity of the prison to a minimum, and has made the matter of prison income extremely precarious. Estimates for maintenance and support of the pending fiscal period are \$225,000, every cent of which is necessary if a deficit is to be avoided. A new cell house, heating, lighting and washing machinery, baths, improvements and repairs amounting to \$50,000 must be provided for. There are only 440 cells available, in consequence of which two prisoners to a cell is largely the apportionment. This condition is a bad one from every point of view, and should be remedied as soon as possible. A penitentiary with an equipment for 450 prisoners can not be made a receptacle for 500 to 600, without enlargement of both room and expense. The heating and lighting apparatus is in a deplorable condition. It is worn out and liable to result in a serious casualty at any time. It has been made available during the last two years by dint of constant attention and repair, but the days of its usefulness are over. A new plant, located outside of the walls and beyond the reach of prisoners in case of outbreak, is imperatively necessary.

I shall not enter into argument upon the subject of convict labor. The statute makes it imperative, and so do the principles of thrift, morality, economy and discipline. The organized opposition to prison labor, wherever it conflicts with free labor, manifestly

renders it impossible to utilize convicts within only the narrowest limits. There are now confined to burning of lime, cutting stone and cultivation of the soil. It is difficult to say wherein human labor can be employed in any capacity without violating the rule of competition, but it is possible to direct such labor along the lines of least resistance. The remarkable success attending the employment of convicts during the last year in the raising of farm products, the demand for which can not be sensibly affected by so small an addition to the supply, coupled with the recent introduction of the sugar beet raising industry, have determined me to recommend that the inmates of the State Penitentiary be employed as largely as possible in that pursuit. The cultivation of the sugar beet is a profitable pursuit, especially in Colorado, but its success is said to depend largely upon the employment of the cheapest forms of labor. This work in the older countries is carried on by a class which are willing or obliged to work for a bare subsistence, and which might not constitute a desirable addition to our laboring population. The demand for sugar is always ahead of or equal to the supply, and increases as rapidly as the product. If convicts can be utilized by the beet raisers of the Arkansas valley, in the vicinity of the penitentiary, in such wise as to confine their employment exclusively to that pursuit, their competition with free labor would be imperceptible, their time would be well occupied, and the state would derive a revenue sufficiently large to make the institution self-supporting. I am aware that the suggestion has but few elements of novelty, yet I venture to make it, in the hope that it may tend toward the solution of this vexed problem.

The last general assembly passed an act whereby convict labor was employed to some extent upon the public highway connecting the cities of Leadville and Pueblo. Apart from the insufficient appropriation for supplies and stockades, the experiment has proven satisfactory, and its continuance may be desirable. The fact that appropriations for these purposes can be made from the internal improvement fund would suggest that resort be had to it as one method of relieving our burdened treasury.

The so-called indeterminate sentence act went into operation in August, 1899. It was approved with some reluctance, but an effort has been made to give it a fair trial. The rules adopted under its provisions confine its operations to those serving for a first offense, and require that recommendations shall be made by the warden to the commissioners, and by them to the governor. Eighty-three men have been given their liberty in consequence up to the first of December last, only five of whom have violated their agreements. It is difficult to pass judgment upon this act after so short a period of experiment. Nevertheless, I am not satisfied that it is wholly desirable, or that it has tended to a decrease of crime. On the contrary, I think that crimes are lessened in proportion as the certainty of punishment for their commission is increased. The privilege of parole, added to the power of pardon, largely extends the probability of relief, and I think necessarily emboldens the criminal. The provisions of the act should certainly be restricted by statute instead of by rule to first offenders. To carry it further would be to indirectly sanction the repetition of offenses.

A cell house for insane prisoners, whether at the penitentiary or the insane asylum, is absolutely necessary. Insane prisoners are required to be removed to Pueblo and there incarcerated. This is impossible, first because there is no room for them, and also because escape is inevitable. It is morally wrong to associate the convict insane with others in the same institution. They should be securely confined elsewhere.

Twenty-three prisoners were granted pardons up to the first of December, 1900, and two since that time. During the same period thirteen commutations have been made. A transcript of these proceedings and the reasons therefor are included in the fourth biennial report of the state board of pardons. The record for the biennial periods since 1882 is as follows :

Governor Grant	43
Governor Eaton	40
Governor Adams	20
Governor Cooper	66
Governor Routt	56
Governor Waite	72
Governor McIntire	46
Governor Adams	22
Governor Thomas	25

STATE REFORMATORY.

With a capacity of 108, the population of the State Reformatory is 115. This institution has managed to live within its appropriation, but the credit vouchers of the last administration remain unpaid, while the appropriations for improvements by the last

general assembly were unavailable. When the institution was founded, plans were adopted for all necessary buildings. Sufficient money has been available to build one cell house, and one other brick building. Temporary structures have supplemented the needs of the institution, but it is essential that additional permanent buildings be erected. There is no heating apparatus for this institution, although provision has been made for the purchase and installment of one two years ago.

A number of the inmates of the reformatory are prisoners who have served previous terms in some other penal institution. The presence of such offenders among the other inmates of the reformatory is obviously demoralizing, and must tend to defeat or impair the objects for which it was established. The reformatory should not be a place for second offenders or old time criminals, and the act creating it should be amended so as to exclude from its walls all offenders who have been theretofore convicted and punished for previous crimes.

INSANE ASYLUM.

Under the act of the last general assembly, a new board of lunacy was appointed, which has exclusive charge and control of the State Insane Asylum. That board selected Dr. A. P. Busey for superintendent, and Jos. H. Loor for steward. The management has been in every respect efficient and satisfactory; nevertheless, it has been crippled for lack of funds with which to meet its necessary expenses. The fixed levy of one-fifth of a mill was supplemented by an appropriation of \$50,000 for the fiscal period, making an

available total of about \$130,000, an amount wholly inadequate to the requirements of the institution. Its facilities have been constantly encroached upon, the population growing from 274 on the first of December, 1890, to 507 on the first of December, 1900. The space is appropriate to scarcely more than half the number last mentioned. As a consequence, these poor creatures are crowded into the institution far beyond its capacity, while more than 250 lunatics are in the state outside of the institution and not provided for. The buildings are comfortable but not fire-proof. They are lighted with gas, and consequently subject to constant danger from fire at the hands of the inmates. The building for males is in a bad state of repair, with walls cracked and crumbling, rendering immediate attention necessary. Additions must either be made to them, and made at once, or a new institution established elsewhere, an expedient involving an added expenditure both for site and structure.

The institution was necessarily authorized to issue emergency vouchers amounting to \$25,000, an amount which has been exhausted, leaving an additional deficiency for the last quarter of 1900. It is manifest that an appropriation much larger than the last must be made for this institution if due regard be had for its present demands and for those of the future. The duty of caring for the unfortunate lunatics of the commonwealth is enjoined upon us by law and by nature. We cannot and should not evade it.

The superintendent suggests the adoption of a plan, for the relief of the asylum, now in operation in many of the eastern states, requiring the various counties to pay into the treasury of the asylum \$2.50

per week, together with clothing for every indigent insane person committed. He declares that the effect of such a law would be to furnish abundant means, together with the permanent levy, for the support of the institution, and it would also serve to deter local authorities from sending patients to it in cases of doubt. His report clamors for a new laundry plant, new steam plant, electric light, cold storage plant, and other minor improvements for present needs; \$200,000 for the maintenance of the insane now on hand and to be cared for during the biennial period, and \$120,000 for additions sufficiently large to accommodate 250 inmates. I commend these requests to your intelligent consideration, believing that the necessities of this institution will effectively appeal to you as they do to myself.

The title of the state to a strip of land included within the asylum grounds on the north, and partially occupied by the building for males, is, in my judgment, vested in private parties. The general assembly of 1891 made a small appropriation for a survey to determine the fact, but no action was ever taken thereunder. I have personally investigated the claim, and believe it to be well founded. Due measures should be taken by this assembly to secure title to the ground in question before its settlement becomes a matter of much expense and difficulty.

The floods of the past season diverted the channel of the Arkansas river northward at a point which caused it to seriously encroach upon the asylum grounds, a damage which will doubtless be aggravated during the coming summer if due provision is not made to confine the river to its former channel.

HOME FOR THE FEEBLE MINDED.

Two years ago I recommended the establishment of a state home for the feeble minded. The exigency which then existed for such an institution has and will remain with us until its requirements are heeded. Your predecessors have given legal custody and asylum for the insane, the violent and the criminal, but the duty to the poor unfortunates who are harmless and peaceable, but without full mental capacity and vigor, is yet unperformed. Many of them are curable if subjected to special treatment or discipline which they can only obtain through the agency of the commonwealth. Distributed among our population are many of these unhappy creatures without capacity to look after themselves, and seldom possessed of friends willing or able to assist them. The impulses of humanity and the requirements of a sound public policy unite in suggesting that such a public burden be cheerfully borne. If your provisions for revenue shall prove insufficient to justify the present establishment of a separate institution or home for the feeble minded, some temporary arrangement should be made for their accommodation pending the erection of a state home.

INDUSTRIAL SCHOOL FOR BOYS.

The report of the board of control of the state industrial school for boys shows a population on the 30th day of November, 1900, of 182, being an increase of 64 for the biennial period. The appropriation for its maintenance was \$60,000, and for improvements and repairs \$10,000, upon which the institution has managed to survive, notwithstanding the large per-

centage of increase. Here, too, the dormitories, chapel, dining room and training department are very crowded. More room must be had, and more money for general support. The total estimates of its needs, including additional buildings and apparatus, is \$112,000. The facilities for mental and manual education, and discipline of the school are admirable, and there is every probability that with our expanding population its capacity will continue to be below the demands made upon it.

INDUSTRIAL SCHOOL FOR GIRLS.

The last general assembly made provision for securing a permanent home for the industrial school for girls. This institution has been migratory ever since its establishment, and the experience of its board of control more picturesque than agreeable. The lease taken by the state upon certain buildings in Aurora expired early in 1900, and the authorities were given notice to quit, a mandate which could not be immediately obeyed, the appropriation for securing other quarters being unavailable. On the other hand, efforts to lease other quarters were unsuccessful. Finally, by the joint efforts of the board, the auditor and the governor, a contract for a permanent abode for this institution, through the payment of rent down to the meeting of this assembly, the payments thus made to be credited as a part of the purchase price upon being able to effect its completion through legislative aid. The school was thereupon removed to its present quarters, and the condition of its tenancy is fully explained in the annual report. Like all other state establishments, its inmates are increasing with a consequent necessity for additional and enlarged appropriations for maintenance.

STATE UNIVERSITY.

“Our educational institutions are essential to the uplifting and progress of our race, and therefore justly regarded as the especial objects of public solicitude. The moral and material worth and excellence of an American commonwealth is justly measured by its educational system, the percentage of its illiteracy, and the general standard of its intelligence. If its school system be well established, and liberally supported, its benefits are incalculable, not only in the improvement it imparts to our youth, but in the repute it gives and the influence it extends throughout the land. The general government displayed its liberality to us in its appropriation of public lands for educational purposes, and in view of the condition of the revenues, past general assemblies may be said to have devoted such means as were at their disposal for the use of the university and other state educational institutions. But the painful fact remains that the state university, which stands at the head and is an essential component of our general public school system, has been crippled and its efficiency seriously impaired on account of its meager support, and that unless it can receive the assistance it deserves, it must either be discontinued or exist as the shadowy and emasculated semblance of an establishment designed by its founders as a great institution for the higher education of our youth. It can be and should be made one of the great universities of the nation, supplying our sons and daughters with the best possible educational facilities, and diverting to itself the current now flowing to the better equipped and more highly favored establishments in

the east. I therefore urge upon your serious and favorable consideration the necessity which exists for larger appropriations for the state university, which has grown in importance, and the number of whose students has increased under the most adverse and depressing circumstances. It has urgent problems for the consideration of this assembly. Reports of the institution show, in 1891-1892, three departments—college, medical school and preparatory school; thirty instructors and lecturers, sixty-six university students and one hundred and three preparatory students; seven buildings. There are now six departments—college, graduate school, school of applied science, school of medicine, school of law, and preparatory school; eighty instructors and lecturers, four hundred and seventy-five university students, three hundred and seventy-five preparatory students; twelve buildings. Not less noteworthy has been its progress in all that pertains to the efficiency and standing of a real university.

“Since 1893, with a state valuation constantly diminishing, the fixed income of the university has steadily decreased, and it has long been inadequate to maintain its work even on the original basis, to say nothing of its growth and constantly increasing demands. These conditions should have been recognized years ago, and wise provision made to meet them. Yet, in spite of its insufficient income and its enforced economy, it has secured an enviable name abroad, and is of immeasurable value to the state. Indeed, to the honor of its governing board be it said that the amount and quality of its work on a limited income is almost without precedent.”

In the biennial period ending December 1, 1898, the regular expenditure exceeded the income by about \$20,000. That deficit was balanced by changing the end of the university fiscal period back from March to December to correspond with that of the state. On its own showing, the university needs at that time were \$40,000 in excess of the estimated income for the period, together with the aggregate special appropriation of \$80,000. The Twelfth General Assembly responded to the urgent demand of the institution by enacting an appropriation of \$110,000, but the small public revenue made that appropriation worthless. I have heretofore told you how it has managed to survive. The estimate of its pending needs, in addition to the \$70,000 for the payment of its emergency vouchers, is \$167,000, \$50,000 of which is for a library building, \$37,000 to restore to permanent land fund for money taken therefrom, and \$80,000 for support. The suggestion of increasing the mill rate from one-fifth to two-fifths cannot be considered without seriously diminishing the rate for general revenue purposes. The amount so badly needed for this great institution bears eloquent testimony to the growth of the state on one hand and the need of support on the other. The demands of the regents are more than reasonable, and admit of no middle course. Its income must be increased, or much that it has heretofore accomplished will be lost. This university should be an essential part of the best life and support of the state, and the growing center of ideal influence. It should be fostered in every way by public support, and generous private gifts. When we realize what the universities of Wisconsin, Michigan and California mean to those commonwealths and note the unanimity with which

generous appropriations are made for their support, and when we see here the opportunity for the development of a great university in a beneficent climate, amid grand scenic surroundings, in a state blessed with such favorable conditions and great possibilities, we may well ask what are our immediate responsibilities, and whether posterity will acquit us of having failed to solve at once the problem of our own university. If it is possible to provide it with some permanent source of income in addition to its receipts from the sale of land and the one-fifth of a mill levy, such provisions should be made. To be a biennial mendicant pleading for crumbs for sustenance is inconsistent with its dignity and usefulness. It should, if possible, be placed in a position of absolute independence. If by special constitutional enactment a third of a mill upon our general valuations could be levied especially for the support of the university, and a permanent means of support cannot otherwise be extended, I would strongly advise it. The amplest facilities for a broad and liberal education can thus be brought within the reach of the children of the poor and of the well to do, and the possibilities of their future usefulness given opportunity for full development. Those who rise to prominence and exalted positions not infrequently come from the ranks of the lowly, the sons and daughters of the common people. The American school and university give them the only opportunity for education they possess, and if they can ever find needed facilities for mental development their addition to the ranks of broad and enlightened citizenship returns an hundred fold the value of the equipment by which that end is attained.

I have heretofore recommended that all departments of the state government having for their object

scientific work should be connected with the university, thereby strengthening it and saving expense to the state. The board of health, fish commission, mining and geological department, and commissions and officials whose duties involve inquiry into the adulteration of food, drugs, etc., should have their home at the state university. Indeed, I would gladly see all institutions for technical training and education combined with the university, and become parts thereof, teaching all branches of learning, broadening the fields of research, extending the limits of science and knowledge, and carrying its beneficent influence to every heart and home within our borders.

STATE SCHOOL OF MINES

The School of Mines, like the University, is handicapped by its poverty. Its standing is, nevertheless, equal to that of any school of technical training in the Union. Its quarters are cramped and insufficient, its equipment slender, its teachers overworked, and its endowment wholly out of proportion to its constantly increasing needs. Applications for admission have abnormally increased, so much so that its board and faculty have been compelled to seriously consider the necessity of excluding non-resident students, with the needed revenue they bring to its treasury, in order that Colorado students may not be excluded from its walls. Its permanent revenue is insufficient for its support, and in consequence is encumbered with a debt of \$34,823.61, which, according to its report, can be gradually eliminated if the assessment of the state should steadily enlarge. The Twelfth General Assembly, by unanimous vote, appro-

priated \$20,000 toward paying off this debt, and \$40,000 for the erection and equipment of a hall of metallurgy. Not one cent of this has been available. The School of Mines has nevertheless been fortunate, for a good Samaritan last July came to its rescue. Honorable Winfield S. Stratton, president of its board of trustees, made a generous gift of \$25,000 toward the construction of an assay annex and hall of metallurgy, thereby doubling the capacity of the laboratory and affording ample facilities for the work of the school. This splendid benefaction by one of our most public-spirited citizens I hereby, in the name of the state, gratefully acknowledge, and trust that this assembly, inspired by his example, will give due heed to the prayer of the trustees for further needed assistance.

The present attendance is 234, being an increase of twenty-eight per cent. in the two-year period.

An additional appropriation of \$50,000 will enable the management to construct and equip its projected hall of metallurgy, and thereby make it one of the most complete of our educational institutions.

STATE NORMAL SCHOOL.

The State Normal School is now ten years of age. Since its creation about 1,800 students have been enrolled, 398 of whom have graduated, nearly all of whom are teaching in our schools. Its present scholarship comprises 546. These must be provided for as to room, equipment and teaching force. The last general assembly increased its endowment to one-fifth of a mill, which aided in liquidating the expense of maintenance, but gave no relief for additional build-

ings. A second wing added to the center is absolutely essential. The temporary heating plant now necessarily utilized and located in the main building is both inadequate and dangerous. The institution needs additional teachers and additions to the facilities for instruction. Until the second wing is constructed the basement rooms, which are dark and badly ventilated, must be utilized for school rooms. The general standard of the school, under the efficient management of the faculty, has been maintained and advanced. The board asks an appropriation of \$50,000 for building purposes, and should have it by all means.

BOARD OF AGRICULTURE.

The State Board of Agriculture reports the school to be in a flourishing condition. It enjoys the benefit of an income from the federal government, which, added to its state income, enables it to meet its expenses. Its attendance is 363, being an increase of thirteen and one-half per cent. This school, like the others, has outgrown its quarters, and must have larger ones; and, like the others, it has joined in the clamor for expansion. I refer the report to you, and endorse, from personal knowledge of its requirements, the estimates laid before you.

MUTE AND BLIND INSTITUTE.

The report of the trustees of the Colorado School for the Deaf and Blind calls attention to the deficit of 1896, continued up to this time and now amounting to \$8,047.34, due to a diminishing revenue, coupled

with an increasing attendance. The appropriation of \$22,569.00, made by the Twelfth Assembly for its payment and for needed repairs and improvements, was not available, but the board has nevertheless managed to continue the standard of the school, preserve the property, keep up the insurance, and care for the afflicted children availing themselves of its advantages. That can not be done much longer without relief. Unless it comes soon, the diminished income must result in a reduction of teaching force, the employment of less desirable instructors, and a shortening of the school sessions.

The estimate of the board for canceling the deficit, completing the unfinished buildings, repairing the old, purchasing and installing an electric plant, over and above the permanent income, is \$39,140.34, an estimate rather below than above the sum actually required. The state should purchase a piece of land adjoining the grounds of the school upon the east, which must be secured very soon, or it may not be obtainable at all. Fifteen thousand dollars are needed for the purpose.

The attendance has risen to 187, the largest in the history of the school. Like other state institutions it is overcrowded, and unless the general assembly makes needed provision its usefulness must be largely circumscribed. A visit to this school, giving personal knowledge of the wonderful good it accomplishes, compensating the blind for the loss of sight and the dumb for lack of speech, educating and elevating through the other senses, restoring faculties denied by nature, extending to the unfortunate little ones the blessings of mental culture and manual

training, a knowledge of history, mathematics, the arts, the sciences and the practical duties of life, would inspire an appreciation of its beneficent usefulness, and prompt you to extend it that sustenance which it so sorely needs.

STATE HOME FOR DEPENDENT CHILDREN.

The State Home for Dependent Children has been established since March, 1896. Temporary quarters were provided by the rental of a remodeled church building, and the home opened up with less than twenty children. The number has steadily increased until the present daily attendance is more than ninety. Eighty-three of the children are of school age. The quarters occupied by the home are very crowded. The school room has invaded and monopolized the play room. The reading room has also been monopolized for other purposes, and, in case of contagious disease, there is no hospital for its confinement. The children have no play ground, unless they trespass upon adjoining lots, for the use of which a rental of \$260.00 per year has been demanded. The institution needs a sufficient ground for farm and garden purposes, not less than one hundred acres, and buildings sufficient in number and size to equip the present and provide for future needs. As it now stands, it is a home which has no fixed habitation. The cost of maintenance could be largely reduced by the products of a farm and dairy, if located upon an available tract of ground. The last general assembly made an appropriation of \$30,000 for the erection of suitable buildings for its purposes, no part of which was available. The estimate of the superintendent for land and

buildings, including cottages for boys and girls, school house, hospital, boiler house, steam-heating apparatus, etc., is \$65,000, with a maintenance cost of \$35,000, making an available appropriation of \$100,000 essential.

The institution has been well conducted by the present management.

EDUCATION.

The report of the superintendent of public instruction is one of the most interesting of public documents. It is by far the most comprehensive report ever issued from the office, and its declarations should be a sources of pride to every citizen. The school census shows an increase of 10,676 in 1900 over 1899; 126 new buildings constructed during the biennial period, and the entire department of education has quickened and prospered under the watchful care and constant supervision of a most competent and admirable superintendent. The recommendations of Mrs. Grenfell should receive your earnest attention.

LAND BOARD.

The report of the state board of land commissioners is a most gratifying exhibit, and when it is remembered that no appropriation for expenses, except for the first four months of the fiscal period, was made, its work has been remarkable. The records of the board have been systematized, the indexes retranscribed and made intelligible, the plat books brought up to date, the lists of school lands prepared for the county superintendents of the respective counties of the state, to enable them to assist the board in

looking after and keeping account of the state lands. A new set of books, and a new system for the keeping of receipts of the office, was, on the recommendation of the examining committee, adopted, so that the condition of its receipts and expenditures can be readily ascertained. Several lists of indemnity selections made by previous administrations were rejected or canceled for the deficiencies found therein, all of which have been remedied and refiled. This entailed the necessity of a second payment of the fees required for entry, amounting in the aggregate to some \$3,000, a large part of which, however, will be refunded to the board. It employed a competent indemnity land clerk, who not only readjusted the lists, but discovered the right of the state to some 90,000 acres of land heretofore lost to it through mineral selections, and during the last two years made a total of indemnity selections of 260,332.81 acres, of which 71,532.05 acres have been approved. Other bases which have been overlooked will undoubtedly be discovered, and a still larger tract of land secured for the school fund. From the lists prepared, it may be said that the total school lands of the state still held and unsold aggregate 3,345,953.60 acres, of which 1,100,058.73 acres are now under lease, and being an increase of 391,819.77 acres in excess of leases made by any of the previous land boards.

The increase in the receipts of the office has been very gratifying, and is \$117,297.37 in excess of the preceding biennial period.

Many timber depredations have been reported to the board, but attempted prosecutions have failed for lack of evidence. Our efforts to protect the state timber from spoliation have been almost as fruitless as

those of the national government, which, with a multitude of so-called land agents, seems powerless to prevent wholesale depredations. We have had many applications to purchase timber, and in fully half the reports made by the state appraiser thereon, it appears that the tract examined has been to some extent denuded of its trees. As a consequence, it was the opinion of the board that timber should be sold on application, especially when situated near any considerable settlement.

The mineral lands of the state are leased to some extent, and lessees are required to make stated reports, and to perform a certain amount of development work. These leases are becoming quite numerous, and cover coal, stone and precious metal deposits. Reports are necessary in accordance with the stipulations of the leases, but periodical examinations of the premises, though very essential, have been impossible with the force at the board's command. At the commencement of our term of office, the present board deeming it for the best interests of the state, determined to sell no land, except when desired for homes for actual residents and needed for the immediate requirements and development of communities. It was impelled to this policy for the double reason that the lands are constantly increasing in value, and the fund is safer in that form than in money deposited with the treasurer, which is liable to be badly invested or not invested at all. I believe that if this policy is continued, the public lands of the state, long before the close of the next half century, will be worth from \$40,000,000 to \$50,000,000, and will yield an annual revenue to the school fund of from four to six per cent.

upon such value. While the board has leased much of its domain, its policy has been to carefully investigate conditions wherever large tracts have been applied for to the end that the rights of actual settlers and small stockgrowers in the neighborhood should be carefully guarded. The protection of the actual settler and the small stockgrower should be among the first considerations of the state, and as far as possible their rights have been conserved by the board. This policy has enabled us in most instances to effect leases of state lands with satisfaction to all concerned, and occasional instances of disagreement or dissatisfaction have been happily adjusted. Quite a number of applications for large tracts of land have been suspended for lack of complete information, and others have been rejected altogether.

This trust, constantly growing in value and importance, imposes a serious and constant burden upon those required to assume it, and every effort should be made to place its affairs upon a thorough business basis. Fortunately the fees received in the transaction of business have enabled us to secure a badly needed clerical force for the detail work of the office and pay it without burdening the taxpayer. It has not been sufficient to justify the employment of agents to look after outside interests. A timber agent, charged with the duty of guarding the forest lands of the state; approving what, if any, should be sold thereof, and enforcing to the letter the requirements of all contracts of sale; and a mineral land agent having direct supervision of all mining leases, and charged with the duty of monthly examinations and reports, are, in my judgment, indispensable to the proper administration of land board affairs. This,

with the clerical and appraisement force now provided for, can manage the work of the office for the next four or six years.

Under former administrations, an expense appropriation of \$4,000 to \$8,000 for the fiscal period has been made and utilized for the benefit of the trust. It may be that a smaller appropriation, coupled with the fees of the office, will suffice for future needs, but an expense fund is absolutely essential to the welfare of the schools. But for the existence of what is called the "unapplied fund," the board would have been unable to pay the government fees for filing lists of indemnity school lands. It ordered the register to pay the sum of \$1,410.00 out of said fund to the register and receiver at Glenwood Springs to insure the filing of some of these lists, and provision should be made for reimbursement to that fund.

The statutory method for the appraisement of state lands is practically inoperative. Generally speaking, county commissioners are willing to join the state appraiser in doing this work, provided they are compensated therefor, but as no fund exists for that purpose, the work is not performed. If this method shall continue it should be made effectual by adequate appropriation for the expenses thereof, and appraisements should be made at stated intervals of not to exceed five years. The better plan would be to require the appraiser to appraise state lands in every county every five years as a part of his statutory duty.

Provision should also be made for leases of longer period of state lands lying within the boundaries of cities. Their purposes for city property are undesirable, because the premises are unremunerative with-

out extensive improvements which nothing but a long term can justify.

I commend to your attention all the suggestions of the register, who has given unremitting time and attention to his duties, managing the affairs of the office capably and creditably, and leaving behind him an enviable record. Indeed, I cannot speak too highly of the entire force in the land department, but for whose efficiency and competency the slender resources at our command would have seriously crippled the efforts of the board to effectively dispose of its large volume of business.

The state is the owner of lots 1 to 6 inclusive, in block 20 of the town of Cortez, Montezuma county. This tract was conveyed to the state by deed of August 31, 1896, from the owners. An artesian well is located upon it, and lease for five years was executed by the board on the 10th day of July last. This deed was dated August 31, 1896, and was discovered in the office of the state engineer and recorded February 26, 1900. This land has a peculiar status, and belongs to none of the purposes for which lands have been donated to the state. It was presumably conveyed to the state because of the act of 1895, which provides for the sinking of an artesian well on state lands in Montezuma county. For some reason the well was sunk upon section 26, township 36, and conveyance made of the site thereof to the state. The subject is a trivial one, but the assembly should make some disposition of the property, as the land board has no power either to divert it to any particular purpose, or to devote the rental value in its hands to any particular fund.

The southern boundary of the Baca grant, in the San Luis valley, as patented by the government, lies considerably to the south of the point where it was established by the government sectional surveys. Before its ultimate designation, a special official survey of the grant was made. As a consequence it overlaps a number of fractional sections of land heretofore granted to the state and occupied by its lessees. The matter has been repeatedly called to the attention of the departments for adjustment, and is part of the unfinished business of the board.

Taken altogether, the affairs of the board were never in more satisfactory or prosperous condition, and I believe that within the next fifteen years its revenues will liquidate by far the greater part of our educational expenditures.

STATE FOREST, GAME AND FISH COMMISSION.

The officers of this commission have encountered considerable difficulty in the attempted enforcement of the statutes against sportsmen and Indians. The latter have made two incursions into the state from Utah, and have slaughtered vast quantities of elk and deer, returning with their plunder to their reservations. Their presence was on each occasion promptly reported to the interior department, which gave me the assurance of its speedy attention. Notwithstanding this, the Indians seem to have had their own way, both as to their incursion and departure, while Indian police sent to apprehend them united with them in the pastime of killing deer. The laxity with which the federal laws are enforced requiring Indians to be kept within their reservations justifies the complaint that

the authorities connive at their trespass for sinister reasons. The evil is a serious one, and unless it is remedied the large game remaining in the state will soon be exterminated. The capture of a band of white men who had followed the example of the Indians and had crossed into Colorado from Utah and slaughtered hundreds of deer, indicates that the red men are not alone in their disregard of the law. The establishment of a company of the national guard at Meeker, and authority to the commissioner to police the western boundary of Routt and Rio Blanco counties during the fall of the year, would, I think, prevent the repetition of this difficulty. On the other hand, every person desiring to hunt or fish in season should be required to secure a written license, and prohibited from either hunting or fishing without one. I would recommend the repeal of division "C" of the existing game law, and permit the private acquisition of lakes and preserves only after publishing due notice to the world of the intention of the claimant in every newspaper published in the county where the proposed reservation is situated, and also in one or more papers at the capital. Judicious laws for the protection of our game and fish will, if entrusted to competent hands for enforcement, preserve these valuable and attractive possessions indefinitely.

BUREAU OF MINES.

The report of the bureau of mines, prepared under the supervision of the commissioner, is replete with valuable information and statistics. It shows a most gratifying increase in the greatest of all our industries, and establishes our continued supremacy

as the greatest producer of gold and silver in the Union. The aggregate of our mineral yield for 1900 is \$55,000,000.00, by far the largest total in our history.

The number of accidents reported is discouraging. The reasons given for them are summarized by the commissioner, but the remedy is not so easy to suggest. One desirable preventive in my judgment would be the enactment of an efficient employers' liability act.

The bureau has enforced at all times the requirements of the statutes of 1900, and due attention has been paid to all the details of the department.

COAL MINE INSPECTOR.

The coal mine inspector reports the coal output of the state for 1900 at 5,495,734 tons, an increase of 668,795 tons over 1899, and of 1,321,700 tons over 1898. The rapid growth of this industry and the enormous coal area of the state justifies the prediction that Colorado will be in the early future one of the great manufacturing centers of the world.

BOILER INSPECTOR.

The boiler inspector reports a surplus of \$430.00 in excess of the expenses of his office, including salaries for the biennial period. Two thousand and seventy boilers were inspected, and but four explosions are reported for the period.

DAIRY COMMISSIONER.

The work of this valuable department is fully set forth in the biennial report, and the difficulties which

beset the effort to enforce the law against the sale of adulterations and of colored substitutes for butter, without a better financial equipment, are not exaggerated. If the national and state laws upon the manufacture and sale of dairy products could be harmonized in practically all their details, and federal and state courts given concurrent jurisdiction of all their violations, the abuses which are complained of could be suppressed. The suggestion of the commissioner concerning federal legislation on this subject and its adoption by the general assembly are fully endorsed.

THE SOLDIERS' AND SAILORS' HOME.

The committee appointed under resolution of the Twelfth General Assembly to investigate the expediency of removing the Soldiers' and Sailors' Home will make its report to you. It is desirable that you should take prompt and active measures to settle the question of permanent location of the home either upon its present site or elsewhere, to the end that the contributions made for the support of the deserving soldiers and sailors of the republic may be properly applied to their immediate comfort and pleasure.

The average population of the Soldiers' and Sailors' Home for the biennial period is 135, there being 139 inmates on the 30th of November, 1900. It is estimated that seventy-five or eighty eligible to the home and deserving of its benefits are in the state and can not be admitted for lack of accommodations, and it is probable that its benefits will be appealed to in the early future by veterans of the Spanish-American war.

For the proper accommodation of its inmates, the management recommends the building of cottages in the place of dormitories, a sufficient number of which can be provided at a cost of \$6,000. Hospital facilities, sewers, repairs, etc., costing about \$30,000, are asked for, while the estimate for the maintenance of the home for the biennial period is placed at \$45,000. As appropriations for this institution fall within the third class, they were not available during the present administration. The credit vouchers issued for its support should nevertheless be promptly cared for. This institution should certainly be supported in a manner befitting its purposes and objects, or it should be entirely abandoned. The general government makes a liberal contribution to its aid, upon the single condition that the commonwealth shall do its duty in the premises. I earnestly urge upon the assembly the full consideration of its needs, believing that the people carry no burden more cheerfully than that which the Soldiers' and Sailors' Home imposes upon them.

Two years ago, encouraged by the suggestion of the president of the United States that the time had come when the care of confederate graves should be assumed by the republic, I suggested that no more noble or generous deed could be placed to the credit of the last general assembly than to extend the benefits of this home to the needy and deserving ex-confederate soldier, who had passed the meridian of his usefulness and who could not find home or refuge elsewhere. I make the same appeal to you. Nothing would more greatly serve to unite the bond of brotherhood already strong between the veterans of the blue and the gray, spread a mantle of charity over the mistakes of the past, and invoke not only the benediction

of the boys in blue, but the unspeakable gratitude of deserving beneficiaries, whose long and despondent struggle for the means of existence would be thus ended forever.

STATE BOARD OF CATTLE INSPECTION.

The report of the state board of cattle inspection shows a largely increased business, not only as to stock inspected, but also as to receipts from sales of estrays. The balance on hand to the treasurer's account is \$5,614, and is known as the stray fund. This fund occupies a unique position in our state finances. It is in the custody of the treasurer of the board, who is elected from its members, and no provision of law exists either for its receipt or disbursement. It represents a sum of money derived from the sale of estrays, whose ownership can not be ascertained. It has been the subject of past investigation and scandal, and is either subject to the control of the board or can not in any manner be disposed of. It should have received legislative attention long since, and I recommend that you require it either to be paid into the general revenues or into a general inspection fund for the use of the board. It certainly should not be permitted to continue in its present condition.

The number of cattle inspectors which the board is authorized to employ can not exceed ten. This has been the law for twenty years, during which time their duties have multiplied many fold, and the number is wholly inadequate for a proper discharge of the functions. Of the ten, one is detailed as secretary, and two others are stationed in Kansas City and Omaha, re-

spectively. This leaves but seven to perform the active work of inspection. The number should be increased to not less than fifteen, and provision should be made for a secretary, exclusive of this number.

The state veterinary-sanitary board has been the subject of some criticism and complaint, owing to its insistence upon inspecting imported sheep already inspected by agents of the general government. The owners of these sheep insist that state inspection should be confined to animals uninspected by federal authorities, and that the fee for inspection exacted from them is onerous and unnecessary. There is much of justice in this complaint, while, on the other hand, the discrimination insisted upon would involve the department in endless trouble and difficulty. I think the authority given by statute to fix and exact fees for the inspection of sheep brought within the state borders is the real source of trouble, and I would recommend that the statute giving this authority be abolished, and the department equipped out of the general fund with a sufficient sum to enable it to properly discharge its duties. The inventory of live stock furnished by the veterinary surgeon shows gratifying increase of this class of property.

Much apprehension has been felt and expressed during the last year among stock growers of the state, that the general government would establish a policy of leasing the public arid domain in large areas to private persons and companies for grazing purposes, thereby enabling a few to monopolize the unoccupied domain to the injury, if not the total destruction, of the small stock owner. This apprehension was largely justified by the multiplication of so-called forest reserves, and their proposed lease to the highest bidder,

and also by the expressed purpose of the national association to procure such legislation.

It also finds support in the recently disclosed proposition of one of the land grant railway companies to secure permission from the government to exchange some of its lands for even sections of the public lands, so that it may consolidate large areas into a solid tract of many thousands of acres, and thereby made available for leasing purposes. A policy thus outlined and feared is inconsistent with the welfare if not the existence of a large, industrious and respectable class of our people, and therefore entirely opposed to the best interests of the state. The subject should receive your attention, and, although you may not legislate, you may memorialize the national congress against it.

STATE BOARD OF PARDONS.

I desire to express my obligations to the state board of pardons. This is one of the most useful and industrious of all the boards. It relieves the governor of an enormous amount of labor, makes rapid disposition of business before it, and effectuates full inquiry into the merits of every case. The unfinished business of an out-going administration, in states which have no pardon board, nearly always includes a large number of applications for pardon, many of which are doubtless meritorious, but which have not received attention, the executive being unable to devote any of his time to them. The able and efficient secretary of this board, who is also the secretary of the board of charities and correction, has at all times kept the executive fully informed of the details of his office, and little, if any, unfinished business remains for the consideration of my successor.

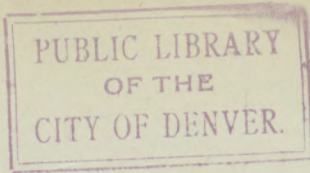
During the biennial period just ended the board considered 239 applications, of which 145 were refused, 23 were recommended for pardon, and 13 were recommended for commutation.

STATE BOARD OF CHARITIES AND CORRECTION.

The work of the board of charities and correction has been more than satisfactory. Its report will be read with interest. Its members, serving without pay, have constantly and conscientiously fulfilled their duties, visited the various state institutions, investigated complaints, and exercised their influence at all times for the improvement and progress of state interests and state affairs.

BOARD OF ARBITRATION.

I am glad to state that the board of arbitration has had comparatively little work upon its hands for the past two years. It attempted to arbitrate the trouble growing out of the operation of the eight-hour law, and has interposed its good offices in one or two other matters of smaller moment. Its existence exercises a moral influence in industrial affairs; its members have at all times been ready to mediate for the common good, and it should be continued and its powers enlarged wherever consonant with public interests. In this connection I would suggest the expediency of providing by law for the election of the labor commissioner for the biennial period. I believe that the department is of sufficient importance to justify the elevation of the office to an elective one, thereby enabling the people to choose their commissioner by direct vote.



STATE BOARD OF HEALTH.

The work of the state board of health has been far-reaching and exhaustive. Its voluminous report will give you an intimation of the many problems with which it has to deal, and of the importance of the bureau to the public. It requires for the proper exercise of its functions authority to determine from time to time and to enforce the standard of purity for water supplies. It should also be endowed with power to prevent the pollution of sources of water supply. This power, now vested in the local boards of limited territorial jurisdiction, can not be effectively enforced. It should also be authorized to collect vital statistics and to require reports from local authorities of births, marriages and deaths. Above all, it needs a fund for the purpose of making its authority and work effective. The last general assembly practically denied it any relief, and it has been compelled in consequence to depend upon the auditing board for sustenance, while its work has been greatly handicapped. Prior to the present biennial period the board had no headquarters at the capitol, no system to its work, and no particular prestige in the state. Since then its work has expanded, and its authority recognized and securely established. It needs a chemical laboratory, and if properly supported by the state it will be a most effective agency for the promotion of health and the prevention of diseases.

BOARD OF PHARMACY, DENTAL EXAMINERS AND MEDICAL BOARD.

The above three boards have furnished the governor with their usual biennial reports, showing a sat-

isfactory condition of affairs. As to the medical department, I would recommend that the fees collected by it under the statute and rules made in accordance therewith be paid into the hands of the treasurer, and by him diverted to a fund, out of which, upon vouchers duly executed by the president and secretary, all the expense of the board should be paid. It could thus be made self-sustaining, and the contingent fund relieved of a considerable expense, to say nothing of its convenience to the board.

HORTICULTURE.

The secretary of the State Board of Horticulture reports the industries coming under his department to be in a satisfactory condition. The board complains of the deficiencies of the law concerning the industry of horticulture, and will suggest desired changes during your session.

The State Beekeepers' Association has petitioned me to urge the enactment of a measure for the protection of our forests, and the reforestation of the districts now made barren by the ax and by fire. Their complaints are well founded, and will, I trust, receive your serious consideration.

AGRICULTURE.

We have no bureau of agriculture, and consequently no official report of its condition. Nevertheless, we know the pursuit was never more prosperous. The state engineer reports the total area of lands under irrigation at 2,600,000 acres and the recent introduction of the sugar beet industry and the multiplica-

tion of factories for the treatment of the product, together with the general growth of the state industries, predicts a great future to the farmer.

I need not remind you of the dependence of this great industry upon irrigation. Vast sums of money have been expended upon this enterprise, although satisfactory returns, I regret to say, have not generally been reaped. No doubt many canals were prematurely or unwisely built. At the same time our laws are in some respects imperfectly adapted. The Seventh General Assembly created a special commission, named by Governor Cooper, to report a revision of our irrigation laws. A report was duly made, but nothing was done thereunder. If the great areas yet undeveloped and susceptible of irrigation within our borders are to be occupied and improved, much capital must be attracted and utilized. This is possible only through the prospect of reward. The state of Nebraska has adopted what is known as the irrigation district law, which is also in force in the states of Montana and Idaho. This law is founded upon the well known Wright law of California, and the result of its application in all these states has been more than satisfactory.

Under its provisions an arid area ascertained to be irrigable is incorporated into an irrigation district analogous to a school district. The people of the district are authorized to vote bonds for the purpose of constructing a canal according to approved plans, and the bonds are made a lien upon all irrigable land in the district. The interest, sinking fund and operating expenses are met by a water tax levied and collected in the manner of a general tax. This seems to be the only law applicable to the conditions mentioned, and

certainly the only one which thus far has produced practical results. The so-called Carey law has proven a disappointment. Although an elaborate statute was passed in 1895 for the purpose of applying its provisions, but one application has been made for the selection of lands thereunder, and that was abandoned. I recommend the adoption of the district law, and its application to the arid districts of the state.

I also direct your attention to the resolutions of the national irrigation congress, held at Chicago in November last, and to the recommendation of the state engineer, upon the subject of irrigation and the construction of reservoirs, etc., by the national government.

EXAMINING COMMITTEE.

The session laws of 1889, page 38, and section 1806, Mills' Annotated Statutes, require the governor to semi-annually appoint a committee of three persons, who shall examine and report to him the condition of accounts in the land board and the office of the state treasurer. This salutary provision should be extended so that the examination shall include the office of the secretary of state, superintendent of insurance, boiler inspector, game and fish commissioner, board of cattle inspection, state engineer and all other departments and institutes receiving fees or public moneys. Every principle that sustains the policy of examining the books of the treasurer and the land board applies with equal force to the others. I cast no imputation upon officials; no intimation that their affairs are not in good condition—I merely insist upon a regulation that is essential both to the welfare of the state and of its officials. During the last year

I directed an examination of the accounts of the board of inspection, the boiler inspector and the secretary of state, the latter being still in progress. In doing this I was cordially seconded by those in charge of the departments, the secretary of state personally urging me to do this before the expiration of his term of office.

SOUTHERN BOUNDARY.

That part of the boundary of the state lying south of Archuleta, La Plata and Montezuma counties has been for some time past the subject of much controversy. Its location affects matters of election, and taxation particularly, and the progressive settlement of these counties makes it more and more a matter of importance. I have had considerable correspondence concerning the subject with the commissioner of the general land office, who informed me last summer of an order for a government survey and observation whereby the actual locus of the thirty-seventh parallel of latitude, that being the boundary, would be fixed and permanently established by monuments. The work was actually begun and proceeded with until about the first of October last, when it was suddenly suspended, and so far as I know has not been renewed. Inquiry of the commissioner brought the tardy response that other and more important work had supervened, and this would be renewed when practicable. What the work was, I do not know. The question is one of immediate importance, and congress or the interior department should be memorialized for its settlement. If the general government does not do it, provision for the work should be made through the office of the state engineer.

ELECTION LAWS.

The last general assembly abolished the use of emblems upon official ballots, and made provision for casting straight tickets by writing the party name in blank space at the top. Its general operation has proven quite satisfactory, although it can not be said to have lessened complications growing out of the filing of rival tickets by petition. The last general election was attended by many controversies, beginning with the county clerks and the secretary of state, and ending with the supreme court. These unseemly and partisan contentions compel the leading political organizations to maintain a legal bureau, employ counsel and devote much time and expense to them. They increase as the day of election approaches, encourage the multiplication of bogus tickets, swell the public expense and result in a mass of irreconcilable and sometimes grotesque decisions, which unfortunately justify the reflection that courts are not exempt from the influences which prejudice and preference exert upon all classes and conditions of men. Party spirit, aroused by these contentions and inflamed by the occasional character of their disposition, protests that the politics of the trial judge constitutes his rule of action, and public sentiment I grieve to say largely confirms the view.

I do not condemn or commend this sentiment; I deplore its existence, and urge the removal of its cause. The courts do not care to be burdened with these disputes and I am sure will welcome any legislation that tends to relieve them from it. I would therefore restrict the number of tickets that may be filed by petition, and require petitioners to declare under

oath, each for himself, that they will not support or vote for any other ticket, that the same is filed without the collusion, connivance or in the direct or indirect interest of any other ticket or party. They should also be required to designate their tickets by a name so different from all preceding ones on the official ballot that they cannot mislead or deceive. A responsible committee, with designated headquarters, vouching for and supporting such ticket, should be named with the petition, and signed and verified by the members constituting it. The same name should not be allowed on more than one petition, and the candidates on such tickets should, in their written acceptance, make oath that their candidacy is *bona fide* and in collusion with no other ticket or candidate thereon, or with any committee or chairman supporting or representing any other ticket.

You should make the state conventions, and during their adjournments the state central committees, of the organizations whose membership entitled them to thus nominate candidates, the sole and exclusive tribunals for party disputes and their decision of the claims of rival county and municipal conventions, committees and organizations, to regularity or to official recognition, should be final, and admit of no appeal. This authority must be lodged somewhere. It belongs of right to and has always existed in the general conventions and committees. The only reason for a statutory declaration upon the subject lies in the fact that under the present election law, the courts assert it. Its transference from the parties themselves may result in their destruction.

Such an enactment will almost entirely remove political controversy from the judicial arena, invest

each party with sole control of its own organization, simplify the procedure of election, eliminate large and growing expenditure from political campaigns, deprive political ticket makers of a lucrative profession, and lift our courts above the atmosphere of a partisanship whose contact is injurious and destructive.

The registry law for cities for the first class needs revision. Under its operation the work of registration is both expensive and unsatisfactory. The opportunity for false registration is also presented by it, a practice of which each party accuses the other. A law requiring a representative of each party to canvass blocks or precincts in company, take and verify all names of legal voters, and jointly present their lists for registration, such lists to be approved by the county clerk, would be simple, inexpensive and effective. It would dispense with a burdensome personal registration save in cases of dispute where the voter in question could be required to personally appear and verify before the county clerk.

I would again urge the requirement that ballots should be printed on paper of a certain thickness. The light and sometimes the almost transparent quality of the paper used destroys the element of secrecy, and exposes the vote of the elector to others. His independent political action is thereby ended, and the aim of the law defeated.

I also urge the enactment of a section expressly requiring a public count of the vote. This it now does in effect, but a positive mandate would put an end to the occasional practice of counting and declaring the result in secret, and behind locked doors. Better provision should also be made for the appointment

and protection of watchers, and severe penalties should be enacted against exclusion from the polling booths.

Complaint has reached me that in some parts of the state judges of election have declined to register voters, expose polling lists or hold elections, thereby disfranchising citizens. Such conduct should be made a felony, punishable by fine and by a long term in the state penitentiary.

As an addition to the election laws, I beg to submit a copy of the resolution adopted by the legislature of Pennsylvania, providing for the appointment of a committee to confer with the legislatures of other states of the Union regarding an amendment to the Constitution of the United States, which provides for the election of United States senators by popular vote. This resolution was received from the chairman of the joint committee of that state to the end that some effective action may be taken upon this all important subject which will compel the senate to concede to the public demand and unite with the house of representatives in taking proper steps to submit an amendment to the Constitution in the regular order. Resolutions to that end have several times passed the house of representatives, and defeated in the senate.

Several states of the Union have provided a method of testing the public choice between candidates for the senate, and their choice has thus far been approved by the legislature. I recommend the enactment of a law upon this subject whereby future assemblies may ascertain the wishes of their constituency as to representation in the senate.

INSURANCE.

I have referred to the state's enormous insurance business. Over \$5,000,000 are paid annually to these companies, by far the greater part of which are foreign. This tribute constitutes a tremendous drain upon our industrial life, and should, if possible, be retained among our people. This can be effected by a much needed revision of our insurance laws. The auditor reminds you that time and again the department has pointed out the weakness and inefficiency of the statute, but without avail. A system can be easily devised that will encourage the formation and support of local joint stock and mutual companies, whereby a large proportion of our annual premiums will be kept at home. One step in the right direction would be a reduction of the required cash capital of joint stock fire companies to \$100,000.

Our laws relating to the mutual companies, both fire and life, are so defective that practically no inducement is offered to the honest mutual underwriter, while the adventurer finds an inviting field for his exploits. It is easy to so legislate that the interests of the insurer will in no wise be jeopardized when entrusted to the hands of a local company. The present law relating to domestic associations places but little restriction upon their managers. Mutual insurance is the logical weapon of the property holder against excessive rates fixed by combinations of underwriters from abroad, and should be thoroughly safeguarded, that the oppressed insurers may find relief through co-operation. A mutual obligation should be assumed by each member, that indemnity in case of heavy loss will be certain. A fair percentage of all moneys col-

lected or advanced on cash premiums should be set aside for the payment of losses, and needless or extravagant expenditure of company funds prevented, by penalty and by requiring frequent reports and examinations. Such business precautions will be approved, and local insurance prosper. Domestic companies will benefit the people only as they command the confidence of the property owner. Abundant precedents are offered you by the insurance codes of other states, and change is imperatively necessary if we would reduce the volume of our premiums to the great companies of the East, and at the same time provide against loss.

In this connection I would also urge legislation to enable cities of the first class to insure their people against loss by fire. By so doing you will enable them to pay from premiums all losses, all the expenses of fire department, including equipment, and accumulate large sums of money for other municipal uses. The reduction of municipal taxation that could be thus effected would be enormous. The estimated premiums on fire insurance paid by the citizens of Denver, from April, 1900, to December, 1900, is \$700,000; losses by fire, \$360,629.45; balance, \$339,370.55. If, during the last ten years, the city of Denver had done its own fire insurance, it would have its losses and its fire equipment, together with the operating expenses of the fire department, paid for out of its premiums, with a reserve fund of more than \$1,000,000 on hand. This would enable it to save to the local taxpayers fully \$200,000 per annum. I am informed that municipal insurance is done by a number of cities in other states, and with the greatest success.

The fullest encouragement should also be given to fraternal and benevolent associations, among whose objects is the payment of stipulated sums to the families of deceased members. These orders are of inestimable value to society, fulfil a most beneficent purpose, bring solace, comfort and sustenance to the bereaved and the dependent. They exemplify in noble and practical form the virtues of charity and fraternity, and make easier the pathway of the poor and the lowly. They unite insurance with brotherhood; a partnership that uplifts the citizen, develops his better nature, and exempts his children from dependence.

FRAUDULENT CONVEYANCES.

The laws for the protection of credit men against fraudulent conveyances of merchandise have been proven by experience to be incomplete, and a measure relating thereto has been prepared for your consideration. The Twelfth Assembly enacted a law concerning the subject, which was disapproved because some of its details were repugnant to some essential principles of the law merchant, and against public policy. These objections have been entirely eliminated from the proposed bill, the need for which is pressing, and I commend it to your favorable consideration.

LAND TRANSFERS.

The Torrens or Australian system of land transfers has been adopted in several of the states, and is very satisfactory. It settles titles, and so simplifies their transfer as to do away with the bulky records and abstracts of the old system. I would recommend

the appointment of a joint commission by this assembly to inquire into and report upon the merits of the system to the next legislature. Its adoption will remove a great burden from owners and dealers in real estate consequent upon the continuous preparation of abstracts, and the drawing and recording of conveyances.

COLORADO HUMANE SOCIETY.

The Colorado Humane Society is a private corporation. Its title largely expresses its purpose. As a private concern, its work has been seriously hampered. Its officers will petition that it be constituted a bureau for the protection of children and dumb animals by an enactment somewhat analogous to that establishing charitable and benevolent organizations. By giving it an official status, the area of its usefulness is increased, and the power to enforce its regulations amplified. I commend your attention to the bill it has prepared for the purpose.

CITY OF DENVER.

The fire and police board has administered its affairs economically and efficiently. Changes inaugurated have resulted in an annual saving of \$5,000. With a police force smaller than that of any other city of its size, quiet and order have been maintained. Nine thousand two hundred and sixty-eight arrests have been made. The detective department has recovered lost and stolen property amounting to over \$70,000, and the transfer of the license inspection to it has resulted in an increase of collections in 1900, over the previous year, of over \$40,000.

BOARD OF PUBLIC WORKS.

The board of public works reports an amount both of improvements completed and in contemplation so great as to justify its claim that it has accomplished more than twice the work of any preceding board. The establishment of this department by the general assembly of 1899, in obedience to an overwhelming popular demand, and the good work it has accomplished at all times, have more than justified the wisdom of the legislature in providing for the separate control and supervision of public municipal improvements.

CONSOLIDATION.

It is proposed by constitutional amendment to consolidate the city and county governments by organizing a county comprising only the territorial limits of the city, and dividing the remainder of the county among the several counties adjoining it, and giving to the people the power to revise, alter and amend their own charter. I commend this proposition to you, believing it to be the best possible solution of the problem of home rule, and am convinced that it will result in economy in public expenditures to the extent of at least \$250,000 per annum. This form of municipal government exists in San Francisco, St. Louis and Philadelphia. It is not in any sense an experiment. The dual government of city and county for a population almost entirely urban is incongruous, and the added expense is unwise and unnecessary.

TRUSTS.

In a special message to the Twelfth General Assembly, I called attention to the increasing number of

combinations known as trusts, and to the effect of their existence upon the producers and consumers of the state, asking for efficient legislation, whereby the hand of the executive could be strengthened in a way to control them. The senate passed a bill upon the subject, which died in the house for want of support. A number of huge combinations then pending were consummated, and have absorbed the various plants and establishments in the state devoted to the particular industry. These companies are organized in some Eastern state, conduct their property and pursuits here, and are prone to assert immunity from local requirements. No constraint is placed upon their power to fix prices, regulate output, or indulge in pursuits alien to their original purpose. They are rapidly becoming a controlling influence in commerce, mining, manufacturing and transportation, thereby subjecting all classes and conditions of men to their interests and purposes. I urge upon you the enactment of legislation relating to this serious situation, to the end that the welfare and independence of the small dealer, the tradesman, the laborer and the raw material man, as well as the consumer, may be fully protected. It was easier to do this two years ago than it is now; and much easier now than it will be two years hence. An enactment, whereby forfeiture and dissolution shall follow the direct or indirect merger of any home corporation into a general combination of kindred interests in other states, by whatever name such combination shall be known, is urgently demanded. No foreign corporation doing business in Colorado should be permitted to mortgage or encumber property within the state to the detri-

ment or postponement of a domestic creditor. They should not be permitted to increase their capital stock or enlarge the purposes of their creation without the permission of state authorities. They should be required to file with the secretary of state quarterly reports, showing the condition of their business within the state in detail. The right to regulate charges should be asserted and applied to them, and no foreign corporation should hereafter be permitted to file its articles and do business within the state until its credentials have been submitted to the governor and the attorney general, to be approved by them, their action to be final. They should be empowered to disapprove the papers of any corporation which, in their judgment, constitutes a trust or monopoly in the modern sense of the term. It may be that legislation is powerless to deal with this great industrial problem. That fact, however, should not be conceded until a reasonable effort has been made in the direction indicated. Every reason which supports the doctrine of separation of church and state applies with equal force to the necessity of complete divorce between great modern combinations and the commonwealth. Unless this separation takes place, the state must either cease to exist, or become unable to perform its normal functions. Many states now seem helpless in the presence of monopolies they have brought into being, but can no longer control. With their example before us, we should not hesitate to act.

PROCEDURE.

I renew my recommendations of two years ago concerning needed changes in our system of procedure

and particularly those relating to the issuance of *ex parte* writs of injunction. I would urge the enactment of an employers' liability law similar to that existing in Massachusetts and some other states. Such an act is required as much for the employer as for the employe, and if conservatively and wisely framed with due regard to the relative duties and obligations legally and naturally existing between the parties, it would be productive of great benefit. The law of master and servant has been reduced to a condition of chaos by conflicting decisions, and that condition is in a state of constant aggravation. The abstract propositions of the common law upon the subject are still recognized, but when applied to existing cases they no longer serve any useful purpose. Original principles have been explained and refined so many times that no standard now exists by which rights or responsibilities can be fairly determined. Each case must essentially stand upon its particular circumstances, and the judgment of the courts as to the soundness of precedents only adds to their confusion. In the absence of a statute defining the rights of employer and employe they depend largely upon the doctrine of chances calculated against an enormous array of authorities that are wholly irreconcilable. A judge of the United States circuit court a few years ago declared that the so-called modern law of master and servant was a disgrace to jurisprudence, and nothing but statutory enactments would reduce it to a system of either certainty or harmony. Employers naturally oppose and employes naturally urge the enactment of such a law. Experience shows, however, that by defining through positive law the duties and obligations of the relation events tend to a diminu-

tion both of accidents and litigation without seriously increasing the burdens of the one class or enlarging the rights of the other. They supply the elements of certainty to the relations of employer and employe, point out their respective rights and duties, and establish a rule for both.

The so-called eight-hour law passed by the Twelfth General Assembly became the subject of some conflict, and was adjudged unconstitutional by the supreme court. The growth of the demand for an eight-hour day is continuous and commendable. It should be crystallized and defined in the organic law by constitutional amendments, so that all classes and conditions of men will recognize and respect it.

ST. LOUIS WORLD'S FAIR.

The centennial anniversary of the Louisiana purchase will be commemorated by a world's exposition, to be held in the city of St. Louis. A conspicuous feature of this celebration will consist of the exhibit of the progress and development of the resources of the territory included in that purchase. The products of the various states now composing it, their pursuits and industries, are to be presented upon a scale commensurate with the magnitude of its extensive domain, its diversified climate and population. This exposition appeals with peculiar force to us, for the Centennial state embraces a part of the Louisiana purchase. It is therefore most proper that we should take part in this exposition, and provide for an exhibit worthy of our commonwealth and her people. I therefore recommend that provision be made for a commission and, if the revenues of the state justify, an equipment which will enable them to carry the purpose of their appointment into practical effect.

CONCLUSION.

The Colorado board for the promotion of uniformity of legislation hands in its report, makes suggestions that are entitled to your serious attention, and I am sure will meet with your approval. I desire also to repeat my former recommendations concerning the need of an efficient civil service law.

Numerous other subjects of legislation need special mention, but your patience has long since been exhausted.

I cannot close this message, however, without expressing my high appreciation of the constant, faithful and efficient services that every official and employe of the government has rendered the state during the past two years. To each official, to every assistant and clerk in the state house, I tender both thanks and gratitude for uniform kindness, courtesy and attention to duty. They have served to lighten many burdens, relieve many cares, and by faithful co-operation have given to this administration much of whatever credit the future may have in store for it.

But five days remain of the present biennial term, and my responsibility for state affairs is ended. I welcome its close with a feeling of relief somewhat akin to that of a prisoner about to regain his liberty, and I rejoice that the reins of authority are to pass into the hands of a man of the people. The long, large and ripe business experience of Governor Orman augurs well for the commonwealth, and I am sure that with your loyal support and assistance his administration will pass into history as one of its brightest and most progressive periods.

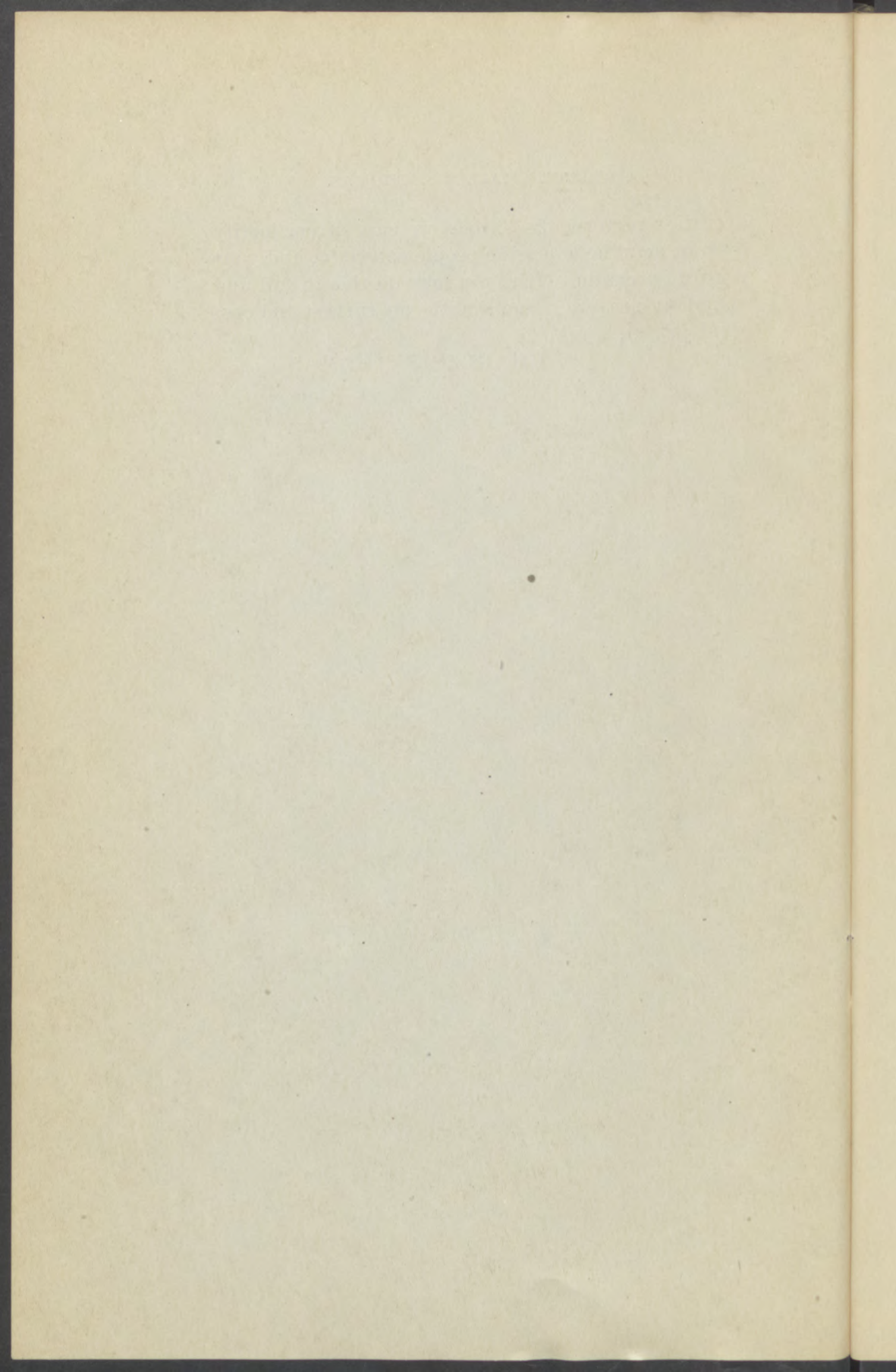
I have given practically every moment of the last two years to the public service. I have endeavored to subserve and fulfill all the manifold duties which constitution and statutes have placed upon the shoulders of the executive. I am not conscious of having shirked responsibility or evaded obligation. For the welfare of the commonwealth, I have devoted my best thought and most earnest effort, although embarrassed by unusual difficulties and surrounded by many adverse conditions, confronted with problems unusual and serious, and compelled to take the initiative in untried methods. I have possibly erred in some directions and been found wanting in others, yet I am comforted by the hope that as time shall pass and partisan feeling shall be modified, our common citizenship will assert itself and public opinion will recognize the good that has been accomplished, and grant some allowances for the errors that may have been committed.

In taking my leave I desire to impress upon you the great importance of meeting and mastering the problems which confront you. In your hands are the destiny and the future, not only of your state, but of your party. If you should prove equal to the task you assumed, and guide the commonwealth through the difficulties that menace its present and future, you will have rendered services to your party and your countrymen which neither will forget. If, on the other hand, you fail to measure up to the full stature of these requirements, no plea or extenuation can save you from the merited consequences of your failure. Do not ignore or underrate this great responsibility. If public opinion be severe, remember that in the end it is always just. By earnest effort and constant co-

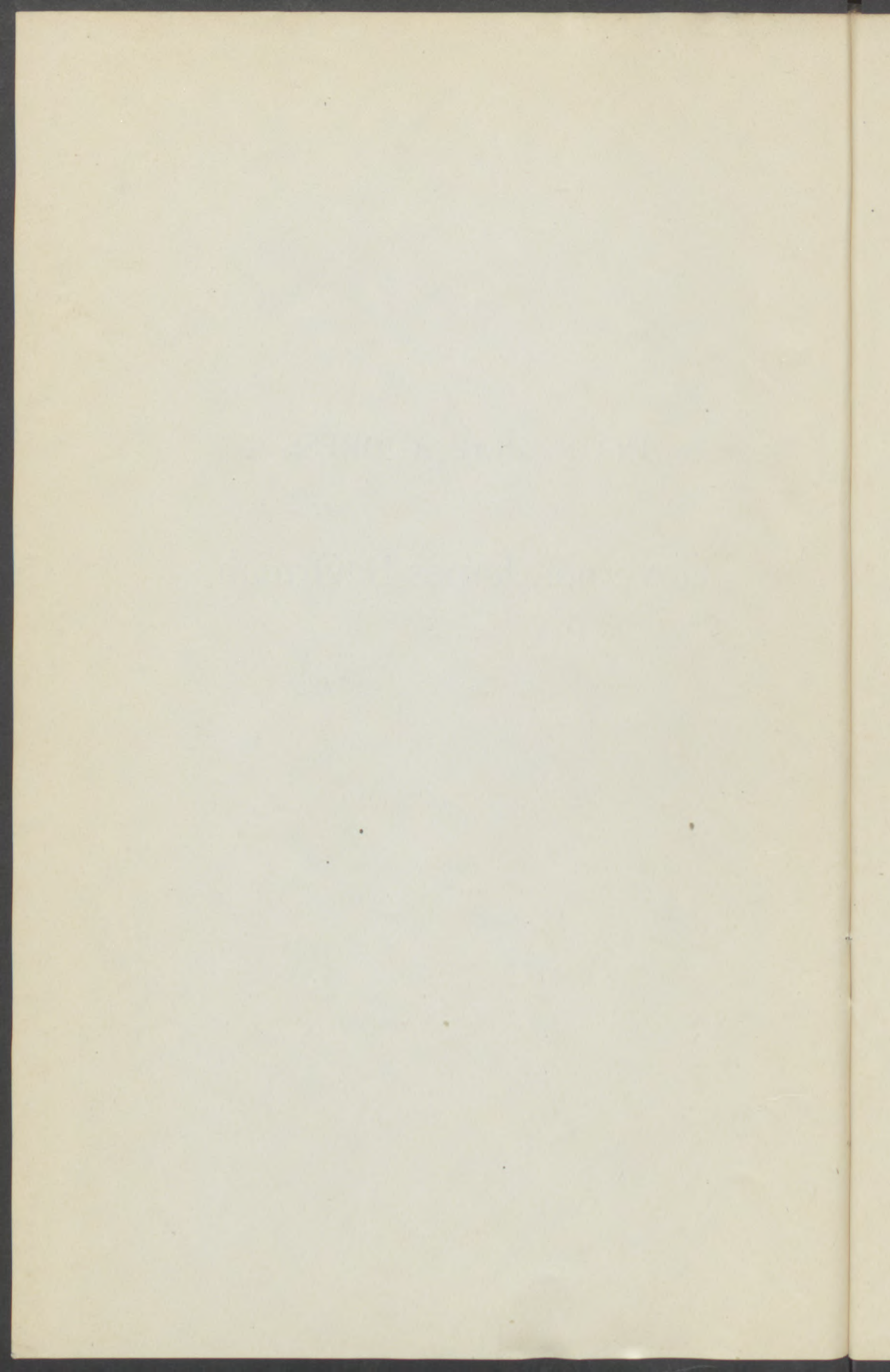
operation perform the pledges we have given, justify by your acts the hopes the people entertain, and your reward is certain. That you may do this in full and abundant measure is and shall be my earnest and constant prayer.

CHARLES S. THOMAS,

Governor.



INAUGURAL ADDRESS
OF
Governor James B. Orman
BEFORE THE
THIRTEENTH GENERAL ASSEMBLY
OF THE
STATE OF COLORADO
1901



INAUGURAL ADDRESS

OF

Governor James B. Orman

To the Members of the Senate and House of Representatives, Composing the Thirteenth General Assembly of the State of Colorado:

By usage and custom, certain forms and ceremonies have been established for the induction into office of the executive officers of the state, and as a part of such ceremony, it becomes my duty, as well as privilege, to make an address to this honorable body in joint session.

In making this address, I do not understand that it is intended that I shall make extensive recommendations, or that I shall furnish this honorable body with a vast fund of information.

At the commencement of this session, my predecessor in office delivered to you a message in which he called attention to the condition of the various institutions of the state, as well as the financial condition in which this great state is placed. He has also made recommendations for your consideration upon such

subjects as, in his opinion, required legislation at your hands, and I am glad to say that in many, if not all, of those suggestions I am heartily in accord.

Before entering upon the discharge of the duties which the people of this state have selected me to perform, I desire now to express to them my sincere thanks for the honor they have conferred upon me, and having taken the oath of office in your presence, I desire to say that it shall ever be my greatest aim to discharge the duty of chief executive of this state in such a manner and with such a regard for the rights of the whole people, as shall merit their approval and commendation, and I will, so far as is within my power, uphold the laws of this commonwealth and see that they are maintained without fear or favor.

Upon you, members of the Thirteenth General Assembly, rests the great responsibility of making our laws. At this time we need wise legislation. The people look to you for the correction of any evils that may have crept into our legislation in times past. I sincerely trust that you may be guided in your deliberations and that your aim may be the welfare of the whole people, and it will ever be my greatest pleasure to co-operate with you to this end.

I shall endeavor, while occupying the position of chief executive of this state, to conduct the affairs of state on a strictly business principle. The interests of the people demand it. It is necessary, therefore, in order to overcome the financial position in which we are situated, that great economy be used in every department of government.

STATE FINANCES.

The most momentous question for your consideration is that of state finances. His Excellency, Govern-

nor Thomas, has dealt with this question in great detail, and has informed you of the great difficulties he encountered in the administration of the affairs of state to secure sufficient money with which to keep the state institutions in operation during the past biennial period. I believe he is to be congratulated upon the course he has pursued. We are all justly proud of our educational, penal and reformatory institutions. They rank among the best in the land.

On account of the appropriation made by the last legislature not being available for the use of the state university, insane asylum and other institutions, His Excellency was compelled to authorize the issuance of vouchers, aggregating nearly one hundred and fifty thousand dollars, for the payment of which it will be necessary for this legislature to make provision, and I trust that no delay will be countenanced until such provision has been made for their liquidation.

Colorado is the peer of any state in the Union in her natural resources. We are not dependent upon any one line of industry. We have a diversity of fields. Our agricultural wealth has greatly increased during the past few years; new gold mines have been discovered; new coal fields have been exploited, all lines of business have greatly increased, each adding in large measure to our aggregate wealth, but regardless of this great increase in our material wealth, the revenues of our state have not increased, but have rather diminished.

Several years ago the wealth of Colorado was estimated at considerably more than one billion dollars. We have had years of material prosperity since that time, and yet we find that the combined returns from all the county assessors and the state board of

equalization, amounts only to \$215,000,000 at the present time. It would appear from the figures given that someone is making a grievous mistake as to the value of the taxable property within our borders. The law requires that all property shall be assessed at its full cash value. If the law had been complied with heretofore, there would not now be a financial crisis. There would have been plenty of revenue at all times to properly maintain our state institutions, but with that we have not to deal, for the fact remains that it has not been done. We are not facing a new condition, but a state of affairs that has existed for a number of years, and has been constantly growing in extent. The supreme court of this state has repeatedly sent out its notes of warning, but they have not been heeded; former governors have urged that immediate action be taken to relieve the situation, but their pleadings have been in vain. Now there stands before us a task the solution of which can no longer be postponed. We are face to face with the problem, and heroic measures must be taken.

Several months ago His Excellency appointed a revenue commission whose duty it was to draft revenue measures to be presented to this honorable body, with the view of enacting such revenue laws as would relieve our embarrassment and place us upon a sound basis for the future. This commission was composed of well known men of this state, men of integrity and ability, who were not selected for their party affiliations, but with an eye single to the object to be accomplished.

Those men have labored for many months in preparing strictly revenue measures. They have sought out the laws in other states, and have observed their workings. The report of that commission and the

measures that have been drafted by it are before you for consideration. I believe the passage of these measures will greatly, if not entirely, relieve us from our present necessities. There may be some provisions in the various acts that some of you feel that you cannot concur in. It is a hard matter to enact taxation measures that are satisfactory to all. But I desire to express the hope that if any of you are opposed to any portion of the measures that this commission has framed, that you will lay aside whatever personal prejudice you may have, and will work in harmony and accord for the passage of these measures, and for the honor of the state.

All states have had their financial problems. We are not alone in our difficulty, but we have the advantage of knowing what remedies have been applied by our sister states, and know the efficacious result that has followed. We are enabled to see wherein they have made mistakes, and can avoid the wreckage. Great men have worked for a lifetime upon the problem of an equitable and just taxation that will fall upon all people alike, in accordance with their condition and circumstances of life. As yet the riddle has not been solved. Men are not perfect, and are liable to err in their judgment. But the fact remains that the levy and collection of taxes are necessary, not only for the preservation, but for the very existence of organized government. There can be no government without taxation.

The Constitution of the state contains the following provision: "The general assembly shall provide by law for an annual tax, sufficient, with other resources, to defray the estimated expenses of the state government for each fiscal year."

The supreme court has said in reference to the above section of the Constitution, that, "It is made the imperative duty of the legislature under this section to provide by law a tax sufficient to defray the estimated expenses of the state government for each fiscal year."

Your duty is plain, clear and explicit in the matter. For years the annual tax has not been sufficient to defray the estimated expenses of the state government, and large deficiencies have annually occurred. It has now become necessary that an increased amount of revenue shall be provided for, not only to pay the estimated expenses of the biennial period upon which we have entered, but to provide for this large indebtedness as well.

The last general assembly was firmly of the opinion that if a law was enacted limiting the county mill levies, that it would be the remedy for all our financial ills. However, in this act there was a loophole left which, if the counties desired to take advantage of it, would overcome all beneficial results to be derived from the act. It was provided that any county might levy such a rate as it might see fit for the erection, maintaining and repairing of county buildings, for roads and for many other purposes mentioned in the act. I have been reliably informed that it has been the practice of the county commissioners to levy the tax as required by the act, then make a large levy for the purposes enumerated above, and when the general revenue fund became exhausted, have transferred from the building and road funds to the general fund, thereby defeating the very purpose of the act.

I am heartily in sympathy with the purposes of this act and, unless this assembly can provide a better

method, believe it should remain upon our statute books, even though the remedy intended to be applied by its provisions was not so effective as hoped for.

There appears to be considerable acrimony upon the part of the various county assessors throughout the state to the effect that the members of the state board of equalization do not perform their duty in assessing the railways and other corporate property that comes under their assessing control, and that they are compelled, in order to relieve their constituents from heavy burdens, to place low valuations upon the property in the county coming under their jurisdiction.

Whether or not these accusations are well founded, I am not in a position to say, but I do know that such a feeling should not exist. There should be absolute harmony between all the assessing powers of the state. It should be the desire of all to comply with the law and to do their whole duty in accordance with their oath of office. The wrong doing of one official does not grant license to all to follow in his footsteps.

I recommend that you enact a law that shall bring about a more uniform and just equality of taxation, one by which the various classes, grades and kinds of property in the different counties may be assessed on the same scale of value. It does not stand to reason that cattle are only worth four dollars per head in one county, and perhaps in the adjoining county the same class of property may be assessed at nineteen dollars per head.

I am thoroughly convinced that a large portion of our tax falls upon those who are the least able to bear the burdens. The man who owns a small home

or a small tract of land pays more taxes in proportion to the property he owns, than does the man with large interests, while many of our great corporations pay an exceedingly small tax in proportion to the large interests which they control.

As an example of this unjust condition of affairs, I will cite the large express companies who are doing business within the confines of our state; the Standard Oil Trust, which lays tribute upon all our people, and many other large corporations which absorb vast sums of money yearly, yet pay no appreciable tax. One reason for this may be that the assessors are unable to find any tangible property upon which a valuation can be placed for assessment purposes. This is particularly true in the case of the express companies and that of the Standard Oil Trust. These corporations find it greatly to their profit to engage in business in this state, and as a result these large corporate interests should be required to bear their proportion of the expenses of the state government. They live under its protection; they enjoy the blessings to be derived from its government, yet they are not contributors to its maintenance.

Aside from the plan of general assessment, nearly every state in the Union has been compelled to resort to specific methods of taxation, in order to bring their incomes into commensurate comparison with their needs. This method of taxation is not new, neither is it burdensome. I will briefly call your attention to a few of the many modes of special taxation.

A most equitable plan for raising revenue, is that of laying duties on inheritances. This is not a new idea; it has been in operation in many of the older states for a great many years, where its operations

have proven eminently successful. This tax should be in the nature of a progressive measure, the rate increasing as the rate grows in amount. It has been said, in a general way, that every estate passes through the probate courts once in every thirty years. If this be true, which I doubt not, the source of income from this one measure would be considerable.

Another form of special imposition is that of taxing legal documents that are filed in our courts, and with the county clerks and recorders. In this state the salaries of all the district judges are paid out of the general revenue fund of the state, and I see no reason why litigants should not be compelled to contribute something to that fund. I believe it to be a righteous measure, and that a plan can be devised whereby both the plaintiffs and defendants in all our courts, from justice of the peace up, should be required to pay a fee of fifty cents each, this fee not to be taxed as costs and not to be recovered, but to be covered into the office of the state treasurer at the end of each month. Also there should be a fee charged for each writ issued, for each injunction, replevin, attachment or other paper of a like nature. From these various sources considerable revenue could be derived, and I respectfully submit these remarks to you upon this subject for your consideration.

Another source of income would be by increasing the present tax (two per cent.) on insurance companies, to three per cent. I am reliably informed that the average tax in other states upon this class of business amounts to at least this sum, and there is no good and sufficient reason why Colorado should not receive the same compensation as is given to other states for the same privilege.

I am a firm believer in the virtues of an income tax. I believe it to be just and fair to all. The burden does not fall upon the shoulders of those who are not able to bear it. I recommend this form of taxation to you for your most careful attention and consideration.

I do not believe that the fees charged in the office of the secretary of state are excessive; in fact, in many instances I do not believe they are sufficient to properly compensate the state for the privileges that are granted. In some instances the fees charged may be ample, and while I am not in favor of charging exorbitant fees, still I am convinced that a great many changes can be made in the existing schedule by which the state will be more advantageously compensated.

I believe it would be a wise plan for this session of the legislature to enact a law requiring all industrial corporations operating within our commonwealth to file an annual statement with the secretary of state, in which report they shall state their financial condition, names of their officers and directors, and the addresses of the same, and that a fee should be charged for the filing of this instrument. I will make no suggestion as to the fee that should be charged, but leave that to you, with the hope that you will make an early investigation of this subject and fix such a fee as is, in your judgment, just and fair to all.

There is one matter which appears to me to be of vast importance, and which I desire at this time to impress upon you. In the early days when Colorado was in her infancy, and when the mining industry was in its dawn, a statute was passed prescribing the method of procedure in fixing the valuation of a

mine for assessment purposes. I believe at the time of the enactment of that law it was just and fair in its principles, and that, in order to protect and foster this industry it was right and proper that a concession should be made that would add to its growth and development, but since that time we have made gigantic strides, and the annual production of the precious metals alone amounts to millions of dollars. I would recommend that a change be made in the existing law, and that instead of fixing the value of a mine for assessment purposes at one-fifth of the gross product for the preceding year, it be increased to three-fifths of the gross product for the preceding year. This is relatively fair. I know of no reason why the full value of a mine cannot be as readily ascertained as that of any other property, and I trust that you will use every legitimate effort to see that this apparent discrimination is discontinued.

You have before you the reports of the state treasurer and auditor of state, as well as those of the various institutions. I commend these reports to you for your studious consideration. The different reports for the several institutions show the immediate needs of that institution. Many of them need large sums of money in order that they may be properly operated in the future. Especially is this true of the insane asylum. This institution has long been short of funds, and those who have been active in the management of that institution have found themselves constantly embarrassed and greatly hampered in carrying on the work. This institution is under very efficient management. It has the care of over five hundred unfortunate inmates who should have our heartfelt sympathies. For the years 1899 and 1900, there was only \$50,000

appropriated for the care of this unfortunate class of people, and the marvel is that this institution has been enabled to perform the work it has. I sincerely hope that you will make early provision, and in a substantial manner, for the needs of this institution.

You will find in the auditor's report an estimate of the expenditures for the years 1901 and 1902. While it is a very difficult matter to correctly estimate the expenditures of the state for two years in advance, still it is possible to form a very close estimate. Some of the estimates may be a little too high while others may be too low, but the general average is, in my judgment, substantially correct. What has been said with reference to the difficulty in forming correct estimates of expenditures, may be equally said with reference to the receipts. The auditor has given you his estimate of what the receipts will be for the present biennial period. You will observe that the estimated expenditures greatly exceed that of the estimated revenue, and from this report it is clear to all that some very essential legislation will have to be had in order to bring our revenue within our actual needs and requirements.

I believe that you have all given the study of our state's finances a very close study; that you fully realize the gravity of the situation in which we are placed, and that you are ready to enact heroic measures that will solve the problem in a satisfactory manner to all, and that the state will be relieved from its present financial necessities, and will be placed upon a sound and efficient basis for all time to come.

The total amounts of the outstanding warrants of this state amounts to a considerable sum. A large number of these warrants have been overdue for a

number of years, while no provision has been made for their payment. While it may be contended, with some show of reason, that some of these warrants are not what may be termed excess warrants, still I believe they were issued in payment of the just debts of the state, and in order to maintain its credit and its honor, it is under obligations to pay these outstanding warrants. I believe that this session of the legislature should make some provision for relieving the holders of these outstanding warrants. I believe a plan can be devised for funding the same into long time bonds of the state, bearing a low rate of interest, and I recommend that such a plan be carefully considered by this legislature. I believe that any other plan will result in great delay and would probably eventually end in failure and in the good name and credit of this state may be seriously jeopardized, if not entirely lost.

The state has undertaken to provide in a generous way for dependent and neglected children, juvenile delinquents, the insane, and to provide for the protection of society by reformatory and penal institutions. The finances at hand have not for a number of years been sufficient to meet the just needs of these various institutions, but the people of Colorado, with a generosity of heart, wish to provide for the best care and training possible within the resources at their command. So far as the financial resources will warrant, I recommend wise and judicious appropriations for these purposes.

The state board of charities and correction has given great personal attention and thought to this branch of our state government, and I would respectfully refer you to the report of this board as being

one of the best sources of information available regarding the needs and demands of these institutions. The demand for increased accommodations for proper hospital treatment for the insane is so urgent that I earnestly hope the present assembly will not adjourn until it has done its full duty to this unfortunate class.

There is another class of unfortunates, namely, those of feeble mind and the epileptic, who deserve special hospital treatment and custodial care and training, and some provision should be made for this at an early date.

For the class of morally defective sentenced to our reformatories and prison, training should be given that when they are discharged from our state institutions they may resume their places in society, to upbuild rather than destroy it.

The sentiment in the state for an effective employers' liability law has grown until the wisdom and necessity for such a law seems generally recognized. I believe the enactment of a proper employers' liability law will result in better safeguards for life and limb, greatly reduce the number and gravity of accidents by rail, in mines and in mills, besides securing for the family of the killed and of the maimed employe some provision for support commensurate with the necessities arising from accidents for which he is not responsible.

The law, as it now is, permits no recovery for the death or injury of an employe if the accident was the result of the negligence of a co-employe, though the injured employe was wholly blameless. This rule is wrong in principle; for the employe has no control whatever over the employment or discharge of his fel-

low workman, nor over the manner of his doing the work he is engaged in. The employe must suffer for the negligence of his co-employe, although there was no reasonable method by which he could have avoided it. In my judgment the employer should be held responsible for the negligence of his workmen, not only to strangers not in fault, but to his co-workmen. Of course this will not carry with it responsibility by the employer for injury to his workmen resulting from the negligence of the workman himself, nor where the negligence of the injured workman has materially contributed to the accident. Such a law will, in my opinion, result in employers taking much greater precautions for the protection of their own property, as well as for the lives and limbs of their employes. It must materially lessen the number and the severity of accidents, and in due time will, by imposing upon the employer the necessity of employing more competent and careful workmen, the using of more perfect machinery and the adoption of more efficient safeguards, not only materially lessen the number and gravity of accidents, but reduce the amounts which employers now annually pay for their own as well as for others' destroyed and injured property, and in damages to injured workmen.

The last legislature enacted a law making eight hours in each day a legal day's work in certain dangerous and unhealthy callings, and declaring penalties against both the employer and the employe that might disregard its provisions. I believe the law was wise and humane, and if it might have been enforced, would have added much to the public welfare as well as to the health and comfort of those engaged in the callings enumerated in the law. The supreme court

declared the law unconstitutional. Respecting the decision of the court, there is no redress for the evils the law intended to correct, except by an amendment to the Constitution. If the legislature will adopt an act for the submission of an amendment to the Constitution, which will avoid the barriers in the Constitution to that class of legislation, I will cheerfully approve the act.

The question of home rule for Denver has been a disturbing one ever since the enactment of the law under which the governor appoints the Denver board of public works and the fire and police board. It may occur that governors will be elected that have little or no knowledge of the governmental affairs of such a city as Denver, and there is a possibility of making serious errors in the selection of the members of such boards. The temptation may also be great to appoint such members as will seek to advance the ambitions of whoever has the appointive power, and to perpetuate the rule of that particular party. Such boards should be wholly administrative, and their sole purpose be to best and most economically serve the people of the city. This cannot be the outcome of any man's ambitions, or benefits to the party, rise superior to the public welfare. I do not know that the evils I have in mind will be avoided by transferring the power to appoint such boards from the governor to the people themselves; but I do believe that the responsibilities for all city employes should be cast upon the people who live in the cities. They attend to city business exclusively; they are paid from taxes levied exclusively upon city property, in the same manner as the elective officers of a city, and I do not know of a good and sufficient reason why the members of such

boards should not be elected by the people at a regular city election, in the same way as is prescribed for other city officers. By this method the members of the boards become personally responsible to the people, and if they turn out to be inefficient officers, the people will place the blame where it properly rests and will see that the wrong is remedied. So long as a governor is liable to err in his judgment, so long will there be great possibility of making mistakes in appointments of this character. Place the responsibility where it belongs—upon the voters of the city—and they will, in the end, take care that they are as well served as is possible under our political system.

I have read with great interest the report of the senatorial tax commission. I think the recommendations it contains should receive your gravest consideration. The information the report gives presents new problems to most of us, but the fact that the land tax system of which it treats is part of the permanent tax system of the Australasian countries, should secure for the recommendations of the report careful investigation and consideration; and if they commend themselves to your judgment, they should be submitted to the voters of the state in the way of amendments to the Constitution. Then the system advocated, after full public discussion, will be voted up or voted down as it commends itself to the sound judgment of the people.

One of the sections of the proposed amendments appeals to me with stronger force than the others. It is that which confers local option upon towns, cities and counties in the matter of exemption of personal property and improvements upon land from taxation. It can only be done by the legal voters of the town,

city or county, and they can vote upon the question but once in three years, at a general election, and the exemption can extend to taxation for local purposes alone. It is the claim of the advocates of the plan, and their claims seem reasonable, that it will give the opportunity to towns, cities and counties to encourage manufacturing and other great industrial enterprises, if they shall have the power, by vote of the people, to exempt the improvements on land, and the machinery, etc., necessary for conducting the enterprises, from local taxation. It may be well to emphasize that this proposed amendment does not affect taxation for state or general purposes, nor can it affect other than the localities that vote to adopt it, for local purposes, and that the right to adopt it is permissive only, and to adopt it is not incumbent upon any community.

The entire report is before you, and the details of the plans may be fully investigated.

I think the rate of interest assessed against delinquent taxes is too high. It is fifteen per cent., which, with the penalties for advertising, are too great a punishment and too grievous a burden to be inflicted upon a property holder for a failure to make prompt payment of his taxes. I think, in most of the states, the penalties for non-payment of taxes are considerably lower than in Colorado, and low penalties for such failures are in line, as I view the question, with the sensible and humane practices of the times. Since the adoption of the gold standard, rates of interest should be materially lessened, and in most of the states rates have lessened. With a lessened volume of sound money, money is harder to get; less speculation is indulged in, and the part paid as interest upon

loans, is, like the principal, or greater purchasing power, and therefore the rates of interest should be lessened. With lessened rates of interest, the penalties for default in payment of taxes should be lowered; in any event, in my judgment, fifteen per cent. penalty is not only now, but has been for a long time too high a rate to impose. An abundance of money may now be had in Colorado, with good security, at five per cent. It seems to me that a penalty of ten per cent. would be ample. I am satisfied that in ninety-nine out of every hundred cases, the man who doesn't pay his taxes is influenced, not by the fact that the penalty for non-payment is large or small, but rather by the cruel fact that he has not the necessary money in hand and cannot procure it by any reasonable sacrifice. I do not believe that by lessening the rate of the penalty one-third, there will be any substantial decrease in the amount of taxes paid; while it will remove from the shoulders of unfortunates burdens that are oppressive and which result simply in transferring from the pockets of the property owners to the pockets of tax sale speculators, an unreasonable interest upon the money they invest in property bought at tax sales. I would suggest, in addition, that all other penalties, if any, for non-payment of taxes, be carefully scrutinized, and if improvement can be made in them along the line of the foregoing suggestions, that they be made.

The last legislature enacted a law providing that in all civil cases in courts of record, which shall be tried by a jury, not less than three-fourths of the number of jurors sitting in a case might concur and return a verdict therein, and that such verdict should have the same force and effect as though found and returned by all the jurors sitting in the case.

The supreme court recently declared this law unconstitutional. It may be well to remark that although a law may in fact be unconstitutional, it in no wise necessarily follows that the law is unwise or unnecessary. When the Constitution was framed, it was made in the best light that at the time was shed upon the convention; but experience, often the very best school of statesmanship, is constantly disclosing both the shortcomings and insufficiencies of constitutions, with the result that they are constantly being amended, and are not infrequently replaced by new constitutions.

The jury law I have referred to was adopted with the general approval of the bar of the state. I fully concur with others in the virtue and necessity of trial by jury for the settlement of civil controversies; but conditions have, in my opinion, so changed that a law providing for verdicts by three-fourths of a jury in civil cases is fraught with no injustice, while it expedites the close of litigation, and in doing so cheapens it to those who must resort to the courts of redress. When the unanimous jury verdict was instituted in England and adopted in this country, the provocation to prevent a verdict or defeat justice by the factitious opposition of a single juror was not nearly so great; and then there was a much greater likelihood than there is now of justice being reached through a mandatory unanimous verdict. After full reflection and consideration, I feel constrained to advise that the necessary constitutional amendment be submitted, so that, if adopted, a law providing for verdicts by three-fourths of a jury in civil cases may be legally enacted by the legislature. Such a constitutional amendment will, in my opinion, advance the

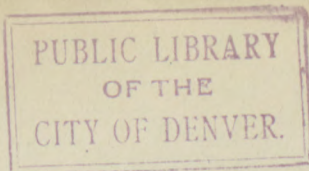
true interests of the great mass of the people of the state.

As the law now is, the calling of a grand jury is at the discretion of the courts. In no sense can the good intentions of courts be impugned, but I believe the administration of justice would be advanced by making the sitting of grand juries mandatory, at least once in each year. The growth of crime should admonish all good citizens to take every reasonable step to restrain it. There may be many crimes committed of which neither a judge nor district attorney is made cognizant, while several members of a grand jury, drawn from the body of a county, might have knowledge of them. Then again, favoritism to offenders cannot always be guarded against in public officers, and through favoritism district attorneys might fail to do their duty in dealing with criminals. To secure the fearless and impartial prosecution of all who violate the law, I recommend that a law be enacted which will provide for the sitting of a grand jury at every county seat in which a term of the district court is held, at least at one term of such court in each year.

It is true that the agricultural progress of Colorado is gratifying in the extreme. But it must be remembered in this connection that the water supply of the state is not inexhaustible, and that such progress will, sooner or later, be limited by the supply of water available for irrigation purposes. Already in our most progressive irrigation divisions, the demand for water is greater during the late summer months than the natural streams of such divisions can at such times supply. There are other periods, however, notably the winter months and the flood seasons, when these streams carry more water than is

needed for immediate use in the irrigation of lands. If the water which runs unutilized in our streams during the winter and during the flood times are stored in reservoirs, suitably located and constructed, then the waters of the streams and of the canals of the state can be supplemented during periods of scarcity, and thus the acreage in cultivation be safely and largely increased.

This subject of storage reservoirs for irrigation waters deserves, by reason of its importance, your most earnest consideration. The general assemblies of Colorado have, from time to time, enacted laws affecting rights in water and the distribution of water which are superior to the water laws of most western states, and which, though by no means perfect, reflect credit upon our state; but no efficiency of distribution can take the place of the actual storage of waters not needed for immediate use. Our state has also, by its executive water officials, collected much reliable information concerning the water supply of the state, and this has been supplemented by the investigation work of the general government through the geological survey, and through the office of experiment stations, department of agriculture. The topographical and hydrographical data and other pertinent information naturally preliminary to the actual construction of water storage works has been largely collected, and the time has now arrived for the utilization of this valuable knowledge. The question arises, by whom shall this knowledge be applied and these reservoirs constructed? Private capital has done something in this direction, and will doubtless do more. But there are many reasons why the more important sites for reservoirs—those which are adapted to the storage of



the surplus waters of the public streams and the re-enforcement of such streams during times of necessity—should be public reservoirs, constructed at public expense. Colorado has applied public money to this work of constructing public reservoirs almost, if not quite, to the limit of her ability. The ability of the state in this direction is limited, because so large a proportion of the state, much more than one-half in fact, is public land—land not subject to taxation and controlled by the federal government. Under these conditions, it seems but just that the general government should construct these public storage reservoirs, and thereby contribute immeasurably to the general welfare and to the further settlement and utilization of its western lands.

To this end, I suggest then, that you memorialize the congress of the United States, acknowledging in such memorial the value of the preliminary irrigation investigation work heretofore prosecuted and now being prosecuted by the federal government, and petitioning for congressional action which shall speedily culminate in the actual construction of these necessary water storage reservoirs.

In conclusion I desire to express the hope that we may not forget that we are the servants of the whole people of the state; that we have been chosen to represent them in the functions of government; that we have made solemn pledges to the people and should use every honest endeavor to see that they are faithfully performed.

I beg that I may also express the hope that this honorable body use great judgment in all its deliberations; that it may be just and fair to all; that the laws enacted may be wise and judicious. What the people desire is not too much law, but good laws that

will operate with equal justice upon all; that no one class of the people may be favored above another, but that all may receive the blessings to be derived from a just and generous government, and it will ever be my pleasure to co-operate with you to the end that the duties and responsibilities which have been imposed upon us may be righteously executed, and that our pledges to the people may be fulfilled to the largest extent.

JAMES B. ORMAN,
Governor.

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