

# MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Eighty-eighth and Eighty-ninth  
Legislatures

OF THE

STATE OF MAINE

From April 24, 1937 to April 21, 1939

AND

MISCELLANEOUS STATE PAPERS

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GOVERNOR BARROWS'  
INAUGURAL ADDRESS

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# INAUGURAL ADDRESS OF GOVERNOR LEWIS O. BARROWS

JANUARY 5, 1939

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*Mr. President and Members of the 89th Legislature:*

In compliance with the provisions of the Constitution and the expressed will of our citizens, we assemble here today to review the governmental record of the past two years in Maine and then to give consideration to matters designed to promote the public peace, health and safety of our people. Mindful of the constitutional division of powers, it is your duty to make and establish all laws. As Executive, it is my prescribed duty, and likewise a pleasure, to report upon the condition of the State and also to recommend for your consideration such measures as seem expedient. In all of your deliberations you are assured that the Executive Department is ready to assist you whenever possible, if such assistance is desired.

Two years ago it seemed necessary to say to the Eighty-eighth Legislature, "You are faced with serious problems and our financial situation can only be described as desperate." Today, as you assemble, you are faced with many of the same serious problems and they are certain to require the most diligent deliberation if we are to reach a solution.

It is most pleasing to report that during the past two years the finances of the State have been restored. Instead of deficiencies, balanced budgets have resulted, activities have expanded and the sinking fund reserve has been improved in the last fiscal period to the extent of \$386,744. Also during this later period it has been possible to meet our obligations when due without resorting to the right of the State to borrow through a temporary loan in anticipation of taxes. One half of the present fiscal year has elapsed. It now seems perfectly safe to predict that the year can be concluded and this record maintained. In other words, it means that the borrowing capacity of the State has not been used and that the credit of the State has been fully preserved. To insure the preservation of this enviable situation under present national conditions will require your co-operation and the necessity for such action will become increasingly apparent.

## Cash Position

The Eighty-eighth Legislature upon convening was confronted with the necessity of meeting an operating deficiency amounting to \$2,038,000.

Your deliberations will not be handicapped by any such requirement.

Your study of the last financial report will disclose that the sinking fund

reserve shows a substantial credit balance. This item is actually a profit or loss account and is the only true reflection of our financial standing.

The bonded indebtedness of the State at the present time amounts to \$28,972,500, a decrease of \$2,471,000 from two years ago.

For the calendar year of 1939 we must provide \$1,966,000 for the retirement of bonds that come due, and interest charges of \$1,042,050. For the calendar year of 1940, we must provide \$2,028,000 for the retirement of bonds and interest charges of \$971,160.

In compliance with the joint order of the last Legislature, a full and complete explanation of the analysis of the cash position of the State, as compiled by the State Controller, was published on August 17, 1938. The report was most comprehensive, fully itemized as required, and it proved most informative to all our citizens. While the expense of this publication was \$19,644, it provided reliable and worthwhile information to all our taxpayers.

Instead of your re-adoption of a similar legislative order, I suggest that you consider the enactment of a bill requiring the annual publication of a balance sheet at the end of each fiscal year. In order to conserve our finances, such a report should be accompanied with only such explanatory information as is deemed essential to afford a knowledge of the true condition of the State finances. Further supporting detail, such as function activity, detailed receipts or contracts, are all carefully compiled and filed by the Controller, audited by the State Auditor and always available for the inspection of any citizen if interested.

### Taxation

The ease and abandon of the Federal government expenditures in the past few years have pyramided our debt obligations for generations to come. No system has yet been devised by which government, either Federal or State, can secure revenue except what it borrows or what accrues through taxation of some sort. For that reason, we must face squarely the fact that increased appropriations inevitably mean increased revenues—taxes or debts.

This Legislature will shortly receive the report of the Budget Committee. Its members are conscientious, able legislators who have spent weeks in its preparation. I shall make some observations at the time the report is transmitted to you; however, it is appropriate to report certain conclusions at this time.

Should the present requests be granted for what appears to be desirable and in many cases necessary expenditures, it is certain that the expenditures of the next two years would be very substantially increased over those of the present two-year period.

Quite naturally there are several instances where increases would appear to be essential to maintain or expand activities which doubtless have already resulted in much good. To fail to approve such requests is certainly not pleasing to me or to you, yet we must be guided to a great degree by available revenue and the probability that there will be no new taxes. Remember that both Party platforms—the Party promises, if you please—upon which every one of us was elected, pledged without equivocation no new taxes. It, therefore, appears to be more necessary than ever to practice the strictest economy.

Many states throughout the nation have found it necessary during the more recent years to broaden the tax base, affording some relief to real estate in many instances, and producing greater revenues for the purpose of financing greater demands which are made upon the state government. Thus far, the people of Maine have taken the position that there should be no broadening of the tax base, and attempts to procure new revenue by a broader base have been defeated by the electorate.

Many of us have hoped, with sincerity, that economic conditions might improve to such an extent as would give greater tax-paying ability to all of us; that as prosperity returned, less personal service would be necessary, as the majority of individuals would find themselves in a position where they were able to take care of their own affairs without material assistance from any agency. However, that condition has not yet arrived and consequently some provision must still be made to finance the various activities upon which the State has embarked.

Equalization of the tax load among property owners throughout the State is and always has been desirable. It is undoubtedly true that a marked improvement has been made recently, and with the cooperation of citizens, municipal and State officials, it is perfectly within the scope of reason to believe that greater equalization will result as we progress in the program upon which we have now embarked. Those who are taxed out of proportion to others have a just cause for complaint, and this administration will attempt to equalize the distribution of taxes in a manner which, it is hoped, will meet the approval of all. But it must be borne in mind that in this process, desirable as it may be, we are constantly faced with an unparalleled economic situation. Furthermore, we face positive and substantial additional burdens of taxation from the Federal government during the present session of Congress.

Let me repeat that the denial of expansion of services of such worthwhile character is an unpleasant assignment for those of us who may be or are highly sympathetic with plans presented. However, we must not fail to recognize the situation as it exists at the present time.

The citizens of Maine well know that a very substantial reduction in the valuation of property has occurred in recent years, which means a reduc-

tion in revenue of approximately \$1,300,000 for the two-year period. This, coupled with a great reduction in the amount available from the railroad taxes (a reduction of about \$2,000,000 for the two-year period as compared with the peak), from the tax on banks, from inheritance taxes because of low market valuation of securities, combined with a general shrinkage in various other items, due for the most part to an economic condition over which we have no control, in the final figures result in a tremendous reduction in available revenue.

We all may be alarmed at this ever-receding revenue situation. During this time of economic stress, however, the State tax rate of seven and a quarter mills has not been increased, and consistently we have been avoiding the undesirable procedure of borrowing to pay deficits, preferring to live within the revenue available.

It is possible that the electorate of this State will be given an opportunity to express themselves upon an income tax measure within a few months, and it seems proper at this time to call to your attention the fact that if this measure is adopted, it furnishes no increased revenue to the State Treasury, the income from the proposed measure being allocated entirely to the various municipalities within our borders.

Therefore, for reasons already outlined, I am convinced that it is increasingly necessary to adhere to the provisions of our respective Party platforms—render all possible service to our people within the limit of our present resources. If, however, we are to render one hundred per cent., efficiency in the personal service procedure adopted in more recent years, then we may well realize the necessity of one hundred per cent. revenue system to balance the one hundred per cent., spending system.

### Education

That "good citizenship and the continuous advancement of our civilization" depend on education, there can be no argument. For that reason the appropriation of \$200,000 for each of the past two fiscal years for purposes of educational equalization was most commendable.

The distribution of this fund by the Department of Education has been reflected in improved educational facilities in approximately one hundred and sixty-five towns by lengthening the school year; by slightly increasing the salaries of teachers and by the purchase of supplies and equipment. Nevertheless, it does not guarantee the minimum educational program, for the reason that the amount is insufficient without the limitation of an excessively high tax rate on the part of the town before the town can share in equalization.

The need for additional financial aid is still acute in many towns in order to attract teachers with competent training and to maintain the desired minimum program.

I am entirely in sympathy with this program and desire to see it consummated as rapidly as possible.

While I am reluctant to say that you may find it impossible to complete the necessary appropriations this year, I do recommend as liberal an amount as possible in addition to the enactment of two years ago.

### Department of Health and Welfare

This phase of the State's activity has expanded so rapidly in recent years that it now deserves your most careful analysis and consideration.

Approximately one quarter of all expenditures of State government for the fiscal year of 1938 were made for welfare and relief purposes. Stated another way, of all general funds available for legislative appropriation, fifty per cent goes to the Department of Health and Welfare. To be exact, \$6,906,658.73 was expended to meet the demands of this department for the fiscal year ending June 30, 1938. For the current year this amount will be increased by one and one half million dollars, which already has been budgeted.

As members of the Eighty-ninth Legislature, it is your duty to provide for the ensuing two years and should you approve of only the requests that will be presented to expand the service we are now rendering to our citizens in this one department, it will require an increase in appropriations of four million dollars—entirely of State funds.

To render maximum service at a minimum cost is unquestionably the goal of any administration, but it is also axiomatic that additional service necessitates additional revenue from our already overburdened taxpayers.

This then, as I view it, constitutes your major problem for the present legislative session.

### Old Age Assistance

You and I, as members of the majority party have repeatedly subscribed to the principle of old age assistance on a "pay as you go" basis. We furthermore believe that the diversion of Social Security funds should not be countenanced in any way.

Not only have we consistently subscribed to that principle but we have enacted it into law and we have now progressed to the point in this State where assistance is being rendered each month to over twelve thousand of our citizens. From December 1937 to December 1938 a total of \$1,958,750 has been disbursed for old age assistance. The administration of this division has required \$310,339.86, an amount which should be materially reduced as progress continues.

The Federal government, by its approval of our law, contributes one half of the assistance paid up to \$30 per month, and in addition assumes five per cent., of the amount of the Federal assistance for purposes of administra-

tion. Thus far any amount granted for burial expenses is entirely assumed by the State.

From the nature of countless inquiries received there appears to be the mistaken conception that old age assistance and old age pensions are synonymous. That, of course, is an erroneous impression. Old age assistance is merely the granting of public funds to persons on a basis of their budgetary deficiency under such terms as are prescribed by our law and approved by the Federal government, as will allow those persons to maintain a standard of living compatible with decency and health. The theory and the language of both the Federal Social Security law as well as our own law clearly establishes that fact. Because it is not a "pension" uniformly granted, explains, in a measure, the variation in the monthly allowance and why the factual data of each application must be individually considered.

It should also be understood that the Federal government will not contribute its share in those cases where other available sources of income are apparent. Federal auditors require documentary proof that the person receiving old age assistance has a budgetary deficiency and is in need of public assistance of this character.

With the established principles thus outlined and with a record of accomplishment of the year completed, we are now faced with problems of the future.

It seems necessary to advise you that in addition to the number being assisted each month it has been necessary to establish a "waiting list," so-called. This list comprises over four thousand applications that have been examined and accepted as eligible when and if funds are available. Furthermore, at the rate new applications are being received, by the time the present session of the Legislature finally adjourns this number will be considerably more than doubled.

In your consideration of this accepted function, it is possible to reasonably estimate the necessary revenue that you must annually appropriate from the following schedule:

Possible	Number	Burial	Assistance	Administration
15,000	Federal	None	\$1,860,300	\$ 93,015
	State	\$100,000	1,860,300	170,000
17,000	Federal	None	2,108,340	105,417
	State	130,000	2,108,340	150,000
20,000	Federal	None	2,480,000	124,000
	State	150,000	2,480,000	125,000

Naturally, as the activity is expanded, the amount of the annual appropriation is proportionately increased.

Increased assistance payments should result in substantial decreased

burdens which towns in many instances would otherwise be required to assume. Considering that fact, you may well give some thought to the wisdom of the town assuming greater responsibility in the payment of assistance and likewise the investigation and approval of applications.

There has been a very marked tendency or desire in recent years to concentrate additional phases of government in either Washington or Augusta. I regard this as an exceedingly questionable theory. In my opinion, greater economy would certainly result, and likely increased efficiency, if much of the welfare work were decentralized.

If we are able in any degree to anticipate the probable future action of the Federal government, I believe it indicates the tendency to enlarge and accelerate the payments of old age benefits or insurance, instead of old age assistance. That, however, is a Federal activity of a contributory character, and will not afford any relief for the next two years at least.

Reduced, therefore, to its simplest terms, your problem is to determine what proportion of public funds should be appropriated for this division for the next two years and at the same time adequately discharge our other obligations.

Important as the preceding statement really is, we must not overlook other relief expenditures, including that for State paupers and emergency aid.

State pauper aid is that form of aid given to persons who are in need, but who cannot establish a residence in any city or town for a period of five years. This required an expenditure of \$2,131,000 for the past two years and is steadily increasing.

I am inclined to concur in the belief that it is advisable for you to consider the reduction of the five-year settlement period to one year and I very much doubt if it would cause any prohibitive shift of relief burden from the State to the towns, or vice versa. It certainly would eliminate long drawn out investigations, promote cooperative effort and would assist generally in distributing the relief burden more fairly, more sensibly and at less expense.

Emergency Aid is that form of aid which, in essence, is given to persons living in towns which are financially unable to care for their own citizens. From a modest amount of \$50,000 this has expanded in five years to \$606,000 in the last two-year period.

The demand for all forms of such aid continues unabated and has reached the point where careful consideration and coordinated effort is essential if we are able to continue.

Realizing that at the time of the adoption of the Administrative Code the provisions of the law relating to this department were not fully complied with, and that since that time much additional activity has been undertaken, it seemed appropriate to again seek an evaluation, so to speak, of our

efforts. To that end the Institute of Public Administration was again requested to analyze the Health and Welfare Department. The report of their study indicates a very substantial opportunity to amplify the service to the people and at the same time to reduce the administrative cost of such service. However, it does not yet appear that legislation is necessary to inaugurate the suggestions contained in the report.

### **Institutional Service**

Maine has a total of thirteen institutions for the care of patients or inmates, with a total population last year of 5,353.

New construction at Bangor, Augusta and Pownal, which was authorized by legislative action, resulted last year in an increased population of 247. At the same time it has necessitated an added fixed maintenance cost of approximately \$70,000 per year.

Constant increase in the commitments at the State Prison at Thomaston has created a situation whereby almost one hundred men are required to sleep either in corridors or in a large room inside the enclosure. I do not consider this conducive to proper discipline or prison management and have taken steps to temporarily correct the situation. Construction is now underway for the erection of a seventy-two cell block within the present enclosure. You should be advised that at the present rate of admissions or commitments, the same overcrowded conditions will result at many of our institutions within the next two years.

### **State Highway Commission**

During the last fiscal year we have expended \$15,593,892 for all the activities in the Highway Department. Such an annual expenditure merits your careful consideration.

There are in Maine approximately 22,460 miles of highways. Of this total mileage, the designated state highway system includes 2,746 miles which includes the Federal Aid system, so-called, of 1,617 miles; the State Aid highway system of 5,884 miles; the designated third class roads include 1,985 miles and the balance of 11,845 miles are unclassified.

With our large mileage and comparatively small population, not only the construction but also the maintenance costs present a financial problem. Yet everyone admits good roads are a distinct asset.

### **State Highways and Bridges**

State funds for the construction of state highways are provided through highway bonds and Federal Aid, supplemented by general highway funds. Under the authorization of 1935, for a highway bond issue of \$5,000,000, it is provided that \$1,000,000 of bonds may be sold each year and only for the

purpose of matching Federal Aid. Bonds in the amount of \$2,500,000 have already been sold for this purpose.

Taking into consideration the obligations made by the State Highway Commission to match Federal funds apportioned under the act of 1936 and funds required to match Federal funds to be apportioned under the Federal Highway Act of 1938, it is believed that the present provisions for state funds will be sufficient to match Federal Aid and continue our present program for the ensuing two fiscal years.

However, if State and Federal Aid highway construction is to be carried on after June 30, 1941, it is apparent that additional provisions for financing will be required and should be provided during this session.

Interest charges and retirement of highway and bridge bonds will amount to \$2,540,805 for 1940 and to \$2,529,775 for 1941. These are very substantial charges against income from the gas tax and motor vehicle registration fees, and are first obligations against the income.

All State funds for the construction of state highways under present laws can be used only to match Federal Aid, which means, of course, that such construction must be limited to the Federal Aid highway system. It is probably true that some sections of state highways, not included in the Federal system, should be reconstructed. It is a matter for your consideration, but I strongly feel that any funds for such work should come through readjustment of highway activities and income, and without additional taxes of any kind.

Income from the sale of bridge bonds for bridge construction under the general bridge act was exhausted over two years ago. Since that time funds for this work have been apportioned from the general highway fund—\$400,000 for each fiscal year.

I am mindful of the great need of reconstruction of bridges and that the amount provided is wholly inadequate for the very apparent needs. However, I feel that additional funds, if provided, must be made up through a readjustment of present income provision.

### Maintenance

Maintenance includes the upkeep and repair of improved State and State Aid roads, snow removal and maintenance of bridges on the State highway system. I am convinced that the upkeep of our large investment in highways and bridges should have priority over all other activities in connection with our highways.

During the past year 4,616 miles of highways received tar surface treatment—an increase of 390 miles over the preceding year. It is my opinion that maintenance of this character should be completed early in the season, for the convenience of traffic, and I requested the Highway Commission to make a special effort for the season of 1938. By providing additional

equipment this work was entirely completed by the first part of August. An attempt will be made to make a still better record next season.

### State Highway Planning Survey

Two years ago the State Highway Planning Survey was established as a division of the Highway Department upon the request, which was in essence a demand, of the Federal bureau. It is financed by State and Federal funds and created for the announced purpose of making a survey of traffic, physical inventory of the roads, a survey of financial facts of total monies expended on roads by different political divisions of the State, and the class of roads on which this money was expended.

That information has been secured sufficiently and is now being tabulated by a department that is competent. Indications are that efforts will be made to continue or perpetuate this activity and I recommend that you do not authorize further appropriations beyond the present project for this purpose. To do so would only mean a curtailment of our highway money for construction purposes and in my opinion it is more important to confine the expenditure of funds to our roads.

### Deer-Isle Sedgwick Bridge

Authorization for the construction of the Deer Isle-Sedgwick bridge is established in Chapter 88 of the Public Laws of 1935.

Inasmuch as the bond money and P. W. A. participation were insufficient to insure its completion, the State further expended the sum of \$145,000 from the contingent fund.

Under the terms of this special bridge act the State guarantees the maintenance charges in addition to the interest payments on the bonds. An exception has been noted in this act in that there is no provision for supervisory control after the bridge is completed by either the Highway Commission or the establishment of toll charges by the Public Utilities Commission. I would regard this as a proper amendment to the existing law and would even suggest the use of the emergency clause in its enactment.

### State Police

The duties of the Maine State Police have been extended during the past two years to embrace the Bureau of Identification and the Division of Highway Safety. Both divisions have demonstrated their value and truly merit continuation.

The funds for the support of highway safety are obtained by transfer from the motor vehicle inspection account. A direct appropriation would be a more definite method of financing and is recommended. A comprehensive plan is being formulated to correlate the safety program of various departments by the designation of a coordinating committee of depart-

mental heads to act in conjunction with county and community groups. The adoption of such a procedure is designed to give this State a uniform and well-defined program for further protection of life and property. The Bureau of Identification has been most helpful to the enforcement agencies of each county and is destined to be a most important adjunct to the entire police system of the State.

At the earliest possible opportunity I would approve the installation of radio in all police cars, believing it to be the greatest need of the Department at the present time in order to increase its efficiency.

### Labor

Without question Agriculture and Recreation are among the leading industries of our State, nevertheless the importance of the manufacturing industry is shown by the fact that the value of our products is over \$300,000,000 annually and one hundred thousand of our citizens thereby derive their livelihood.

The personnel of our Labor Department has been augmented during the year and, I believe, has been improved. While relations between employer and employee are harmonious in many industries, there needs to be a revision of some of our laws.

I favor the enactment of labor relations legislation which is adapted to the needs and protection of Maine labor and which insures the right of workers to organize and bargain collectively. At the same time, if we are to attain the degree of human relationships that we need for industrial security, there must be some protection for the employer against confiscation of plant properties and wanton sabotage.

If the Department of Labor and Industry had more clearly defined authorization to properly assist and conciliate in labor disputes, I feel that it would promote continued harmonious relations, eliminate temporary curtailment of production, with its consequent loss of wages and consuming power.

Much study and thought have been given during the past two years to labor relations and occupational diseases by able and competent recess committees. Their reports will shortly be available to you and I urge your most earnest consideration of their suggestions.

Maine labor cannot and should not be compelled to compete with cheap foreign labor and it is with regret that we note the Federal expansion of trade treaties with foreign countries, because of the adverse effect it will inevitably have on so many of our citizens.

### Agriculture

It is still somewhat of a basic fact that the success of Agriculture is essential for the general prosperity of our people.

It seems to me that the conditions in the rural sections of our State, while surely leaving much to be desired, compare rather favorably with conditions in other states. The program of our agriculturists is not one of blind dependence upon Federal grants, bonuses or relief. On the contrary, we are now definitely committed to and are embarked upon a course of our own—that of growing, packing and marketing products of superior quality. This is supported by adequate and truthful advertising, proclaiming the merits of "Maine grown" products. As a result, for the first time Maine potatoes, in consumer's sized packages, show a price position stronger than that returned from similar shipments from any other state.

It would seem that this program may well be continued, inasmuch as it definitely indicates that our growers have reached larger markets and received greater returns.

Other commodity groups have tentative plans for industry assessments, the proceeds to go toward informing the consuming public of the variety and merit of our Maine products. Improved merchandising methods are essential in this highly competitive era.

Milk control has been effective since 1935 and appears to have been helpful. Legislative clarification of certain phases of the act are needed and are worthy of your consideration.

In my opinion, the welfare of our farmers and of our recreational interests are closely allied and surely recreation offers a market for Maine farm products not yet fully recognized.

#### Department of Audit

The requests for audit and the installation of uniform accounting systems in cities and towns have resulted in considerable expansion in this department. At the same time the service has been an invaluable help to municipal officials.

Heretofore the legislative Committee on Counties has not had a uniform schedule by which comparisons of the cost of county government were made available. This analysis will, for the first time, be presented to your Committee on Counties, showing that in many cases expenditures have been underestimated, with the result that the fixed debt has been rapidly increasing.

#### Insurance

The increased service rendered by the Insurance Department during the past two years is deserving of the favorable comment it has received. Yet experience indicates further need of expansion of the fire prevention efforts. If fire losses are thereby lessened it will increase the public safety and undoubtedly result in a reduction in insurance rates. At the same time the

insurance companies, who will receive the most direct benefit, should be willing to assume a small assessment for this work.

Believing that our domestic companies serve a most useful purpose and that they are entitled to consideration not given to foreign companies I would suggest a reduction in the tax base for these companies, as is accorded in other states. Furthermore, I would suggest a readjustment in the tax base of foreign companies that are registered in this State, for better equalization purposes.

### **Unemployment Compensation**

The Unemployment Compensation Commission was created as a new commission under the terms of the Federal Social Security Act. Contrary to my belief, the Commission was considered as a Federal agency until November, 1937. Since that time purchase of materials and equipment have been made by our purchasing department and all benefit payments have been made through the Controller's office, the same as payments for all other departments.

In my opinion there should be less dictation by the Federal government and more control by the State. Several changes could be made in regulations that should promote speed and efficiency. The unemployed have been compelled to wait an unreasonable period for the benefit checks and too much time is required for compiling records.

The establishment of merit rating of employers is desirable and should be inaugurated as soon as possible.

### **Inland Fisheries and Game**

The Department of Inland Fisheries and Game is one of our most important departments for the continued development of our great recreational interests and is ably managed. To retain its maximum efficiency, adequate protection and propagation of fish and game must be maintained. It is nevertheless desirable to make this division self-supporting as rapidly as circumstances permit.

### **Sea and Shore Fisheries**

In the Sea and Shore Fisheries Department there remains a tremendous field for advancement. Yet, under its present administration, vast improvements have been made in a relatively short time and they will continue.

I recommend that you acquaint yourselves with the natural handicaps encountered by these hardy citizens whose livelihood depends upon products from the sea and then visualize the unjustifiable handicaps resulting from the trade treaties recently consummated with foreign countries. Your decision would then spell action.

At the present time a lobster rearing station is under construction at the Federal hatchery situated at Boothbay Harbor and it is felt that the production of lobsters from this hatchery, when planted along the sea coast, will constitute an annual program of great benefit to our lobster fishermen. At the same time plans for development of other shell fish are being formulated, as well as advancement of the promotional and marketing campaign of all sea and shore products.

#### Department of State

The activities of this department naturally increase as frequent amendments of laws are made to keep pace with the ever-growing motor vehicle industry.

Noteworthy changes have been made in the form of registration certificates which have expedited the time required to mechanically complete the transaction. By one more amendment to existing statute which would change the form of the certificate, still greater progress can be made.

The most urgent need in the department is increased filing space and equipment to permit cross index filing by motor numbers.

On or about February 26, 1938 a robbery took place at the branch registration office in Auburn. The State Auditor reports the net shortage to have been \$34,968.74. Every resource at our command or knowledge has been employed to discover the person or persons responsible for this loss. A reward of \$2000 was promptly offered and still holds for information leading to the arrest and conviction of the guilty party or parties.

Frankly, we have not yet been successful, but the case is not and will not be a closed case so long as there is any possibility of a solution.

Administrative changes by the present Secretary have made possible the deposit of each day's receipts at the close of business so that no cash is held over either in the main office or at the branches which eliminates the possibility of future losses and will meet with your approval.

#### National Guard

Every citizen is proud of the military forces of our State. To insure even greater efficiency in administration, a new building is nearly ready for occupancy at Camp Keyes for the Department of the Adjutant General.

Construction of one armory each year clearly denotes progress, but there is still urgent need for a suitable artillery range which will enable all our regiments to stay in Maine for their training periods.

#### Maine Development Commission

A direct appropriation has been made each year for the purpose of advertising the natural resources and advantages of this State.

The persistent efforts of intensive State advertising without a question have produced desired returns to the people of the State during the past two years. Maine has definitely continued to hold its lead in this respect despite adverse conditions. Only by the continuance of this program can we expect to hold our position in competition with other states. Recreation and agriculture have been featured in past years and for the coming year industrial development will be given added emphasis.

By virtue of legislative authority, Maine will be properly represented by an exhibit at the New York World's Fair this coming summer. Our display will be an outstanding feature in the Court of States. The duration of the entire Fair has not been officially determined, but should additional appropriation appear essential, it is my belief that it should be secured by a reapportionment of funds already appropriated to the Development Commission.

### State Liquor Commission

During the past two years the State Liquor Commission has substantially reorganized its department and, for the most part, its system.

The reduction in inventory to the extent of one hundred and seventy items has conserved the working capital, increased turnover, which means increased net profit.

The gross revenue received from the sale of liquor for the fiscal year ending June 30, 1938 was \$5,891,704.70 with a net return to the State of \$1,823,844.07.

A comparison of the liquor taxes assessed in the various states discloses that the tax assessed in Maine is higher than in any other state. That would seem to preclude any thought of securing any additional revenue from this source.

The net return to the State for the sale of malt beverages, including licenses and tax was \$1,533,601.67 for the fiscal year ending June 30, 1938.

The tax on malt beverage amounts to sixteen cents per gallon at the present time. Of this amount twelve cents per gallon was assessed to retire the deficiency of the fiscal years of 1935 to 1937. This tax amounted to \$843,176.77 for the last fiscal year.

All revenue received from the sale of liquor and malt beverage is credited to general revenue of the State and not segregated for any specific purpose.

Under the present statutes the Liquor Commission has no discretionary power in the issuance of malt beverage licenses or the number that may be issued in any city or town.

In my opinion, you may well give consideration to providing the Commission with discretionary power over the issuance of malt beverage licenses as well as to placing some limitation upon the number to be issued in any one locality.

I believe the State of Maine is fortunate in the character of men who comprise the Liquor Commission and the influence they have exerted in the National Monopoly States Association has been most helpful.

### Conclusion

Members of the Eighty-ninth Legislature, you are about to begin your deliberations. With every desire to be helpful, I have endeavored to present to you in a manner that may aid you in your important duties, the paramount issues that will demand your attention.

The responsibility placed upon each of us is exceedingly great as we undertake the task severally assigned. You have been honored by your constituents by selection to membership in this legislative body, chosen as honest, competent and intelligent representatives of the people of our State.

I ask of you the conscientious effort and careful study of our joint problems that I am certain you are determined to give. Remember that we are servants—not rulers—and while we face extremely difficult and intricate questions of government, we must do our utmost to merit the confidence reposed in us.

Let us meet our problems resolutely, with the hope of Divine guidance, and the determination to act unreservedly for the benefit of the State of Maine and the welfare of all its people.

Respectfully submitted,

LEWIS O. BARROWS.