

# MAINE STATE LEGISLATURE

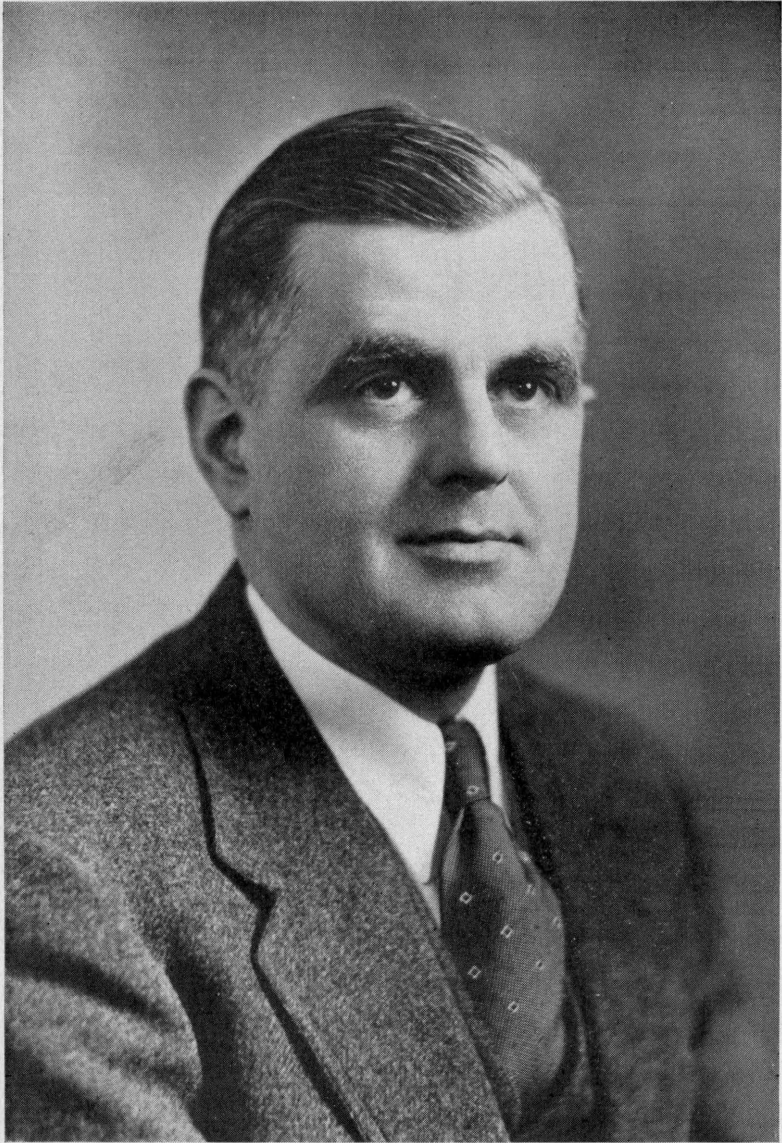
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MAINE PUBLIC DOCUMENTS

July 1, 1936 - June 30, 1938



LEWIS O. BARROWS

GOVERNOR OF MAINE  
INAUGURAL

JANUARY 7, 1937

*Inaugural Address*

of

*Lewis O. Barrows*

Governor of Maine

to the

*Eighty-eighth Legislature*

of the

*State of Maine*



January seventh

1937



# The Address

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*Mr. President and Members of the Eighty-eighth  
Legislature:*

In accordance with the requirements of the Constitution and the expressed will of the people, we are assembled here today to review the condition of the State and then to adopt such measures as are calculated to promote the public welfare.

The people of Maine have entrusted to us tasks that we have severally taken our oaths to perform. Some of those tasks are bound to be difficult. Resolute and determined action is essential from each of us.

It is not necessary to remind you that tremendous issues confront us. Seldom, if ever, has a legislature faced a greater complexity of problems in various fields of legislation than does yours. Your solution of some of them may determine the policy of the State for years to come. It is not MUCH legislation, but WISE legislation that we need. A fearless regard for the rights of the people is required of each of us.

On a similar occasion, exactly one hundred years ago, Governor Kent addressed the legislature as follows:

“The provisions for the distribution of powers between the distinct departments of the Government of Maine, and the definitions of the functions of the same would restrain me from attempting to dictate or direct the subjects or the course of legislation, but the Constitution of Maine also makes it the duty of the Governor to give the Legislature information as to the condition of our state, and to recommend to its consideration such measures as he may judge expedient.

In fulfilling this direction, I wish to be regarded as performing a duty strictly enjoined upon me by my guide and directory in the discharge of my duty, and I ask and desire for my views no other weight of influence but such as they may be entitled to upon full and sober consideration. In my opinion, the great characteristic feature of our government is to be found in this careful and jealous distribution of power and this solemn and decisive admonition to each department to keep strictly within its own limit and to beware

of infringing upon or assuming the power rightfully belonging to another. With an undoubting assurance that the rights, powers and responsibilities conferred on the Executive will not upon your part be interfered with or assailed, I can assure you that it will be my pleasure, as it is my duty, to leave the Legislature and other departments to the free, full and uninterrupted performance of the duties enjoined upon them."

How fittingly appropriate this sounds after one hundred years of existence!

It is my paramount duty to suggest to you for your consideration such subjects of legislation as seem important and to make such recommendations as seem to me advisable. While some of these suggestions may be briefly stated, let me assure you that every facility will be afforded you for such additional information as you desire. Yours is the chief responsibility for legislation, but you are entitled to executive aid.

In order that you may wisely determine what shall be done, it is essential that you have before you the facts as to what has been done in the past, as well as an outline of present conditions.

## THE CASH POSITION

I feel that it is my first duty to report to you the cash position of the State. Never before in the history of Maine have an incoming executive and legislature been faced with such serious problems. In my opinion we face a financial situation which can only be described as desperate. Conditions, policies, and practices which have been followed have created problems which make your position unenviable and without parallel in this state.

We have taken our solemn oaths to perform our duties to the best of our abilities, but the intricate financial problems which come to us unsolved from the preceding administration seem at times bewildering. We assemble today with an exhausted contingent fund, although enacted by the last legislature for the fiscal year ending June 30, 1937. No legislature has ever faced this problem before.

It is necessary to immediately lay before you a deficiency bill amounting to \$2,238,000 and to further advise you that there are no available funds in the treasury by which this deficiency can be absorbed. You will, therefore, be required

to provide new revenue for the first time to meet this situation, probably considering emergency legislation advisable.

On December 1, 1936 the State Treasury showed a cash balance of \$5,671,341.67, but, of this amount \$5,259,372.67 is definitely allocated by statute for specific purposes. Further analysis of this figure shows \$1,392,019.28 to have been specifically assessed and collected for such items as a variety of specially designated accounts, and \$3,867,353.39 of highway funds which have not yet been segregated and deposited separately from other funds, although the initiated bill on October 24, 1936 was declared a law by proclamation of the Governor.

This leaves a cash balance on December 1, 1936 of \$411,969.00 for general use. However it must be remembered that every cent of this amount is part of the temporary loan of \$2,000,000, which was made on November 6, 1936, in anticipation of taxes due from the cities and towns. This loan will become due and payable on June 4, 1937.

At the rate that tax payments are coming in, and considering known required expenditures in the next sixty days, it will require drastic measures to prevent a collapse and to continue to pay even institutional operating expenses. I cannot describe this condition too plainly, or too emphatically. In view of this analysis, consider what the condition would be if any unforeseen event, such as a conflagration, should occur at any of our various institutions! Our entire credit and borrowing capacity had been exhausted before we assumed our present positions.

The bonded indebtedness of the State at the present time amounts to \$31,443,500—an increase of \$1,422,000 over two years ago.

For the calendar year of 1937 we must provide \$2,180,000 for the retirement of bonds that come due, and interest charges of \$1,163,110.

For the calendar year of 1938 we must provide \$1,766,000 for the retirement of bonds and interest charges of \$1,089,940.

Members of the Eighty-eighth Legislature, again I say, we are confronted with an extremely serious situation!



## DEFICIENCY BILL

In order that you may have further information as to the nature of the items that must be met in the Deficiency Bill, the following itemized summary is offered:

Overdraft—Pauper Support, fiscal year, 1935 .....	\$843,000
Overdraft—Pauper Support, fiscal year, 1936 (estimated) .....	1,100,000
Contingent Fund, balance fiscal year .....	150,000
Department of Agriculture—Bang's Disease Institutions .....	40,000
Special Session of Legislature, 1936 .....	70,000
Unemployment Insurance Commission .....	10,000
	25,000
	<hr/>
	\$2,238,000

This amount can possibly be reduced to \$2,000,000 by revision of expenditures for pauper support.

You should also realize that this is the largest deficiency bill ever to be presented in this State to the legislature of an incoming administration. There are no funds in the treasury which can be transferred to meet deficiency appropriations. This overdraft must be met by emergency taxation measures which will produce this amount of revenue in six months' time.

In relation to the above item of "Institutions," it would be well to point out that besides increased commodity costs, there are at five of our state institutions much needed additions, virtually completed, which were authorized by the last legislature, which cannot be utilized until funds are available to add the staff personnel and necessary maintenance.

At Pownal State School there are two new dormitories which will be completed this month. These buildings should not remain idle, with more than four hundred feeble-minded waiting to be admitted.

### OVERDRAFTS THAT MUST BE MET BY EMERGENCY LEGISLATION

The expenditures in the Health and Welfare Department over and above the appropriations of the Eighty-seventh Legislature for the fiscal year ending June 30, 1936 were

\$842,992.41. The expenditures from July 1, 1936 to December 1, 1936 were \$442,671.26; the estimate for the month of December is \$80,000. This makes a total for the six months' period of July, 1936, to January, 1937, of \$522,671.26.

In this connection it might be helpful to point out that in meeting pauper support the State is three months in arrears in making payments to towns. The towns pay the bills in the first instance and every three months file receipted bills for reimbursement. Furthermore, the payments by the State are generally less during the first six months of the year than during the second. The estimate for the next six months varies from \$700,000 to \$750,000, or \$1,225,000 for the year.

The Eighty-seventh Legislature enacted chapter one of the public laws of 1935 as emergency legislation—aid to unemployables. Under this act \$50,000 was appropriated, the assumption being that it was the amount that the legislature deemed sufficient for this purpose.

During the year 1936 a total of \$388,000 was expended from the Health and Welfare Department without any specific appropriation. From July, 1936 to January 1, 1937, expenditures will be \$260,000, with an estimated requirement of \$200,000 for the next six months.

The entire appropriation for the Department of Health and Welfare for the present fiscal year is \$1,000,000. Of this amount, \$672,000 is provided for pauper support. At the end of the first six months there had been expended for pauper support and emergency aid \$782,000, which makes an overdraft at the present time of \$110,000. If the present rate of expenditures continues, there will be an overdraft at the end of the fiscal year of approximately \$1,100,000. All other funds in the department are obligated for other activities, such as support and education of blind, soldiers' pensions, etc.

In view of the situation which confronts us, you should carefully consider the advisability of continuing emergency aid to unemployables. This would reduce the overdraft by \$200,000, and further investigation of pauper cases might reduce this figure another \$100,000.

From a humanitarian viewpoint, the taxpayers' responsi-

bility to our unfortunates knows no bounds, but from a cold, practical viewpoint, our responsibility must somewhat be limited by our ability to pay the bill.

## TAXATION

The rapidly increasing wave of governmental expenditures is threatening the prosperity of the citizens of this State. We have been passing through an era of spending and now the inevitable "pay-day" is upon us. It is an old axiom that government has no way of securing any revenue except what it borrows or assesses through taxation of some sort.

We can all proceed on the premise that no one likes to pay taxes—especially new and increased taxes—but at the same time we must have become reconciled to the fact that increased appropriations and decreased expenditures (which means less taxes) are incompatible.

While it is easily possible to effect economies to some considerable extent, and it will ever be the endeavor of this administration to exercise the strictest economy consistent with efficiency, our problems cannot be solved by economy alone. Although not greatly emphasized, it is nevertheless important to remember that there has been a constant decrease in the valuation of property in the State for the past five years. During this short period of time there has been a shrinkage of approximately one hundred million dollars in valuation, which indicates a resulting decline in yearly revenue for State purposes. Using the average rate of taxation during the time this has occurred, it would amount to seven hundred and fifty thousand dollars (\$750,000) annually.

For the ensuing two years we are faced with a still further decrease in the State's valuation of about one and one-half million dollars from our real estate and personal property tax assessment. This condition, plus depreciation in certain other sources of revenue, coupled with certain expenditures to which the State has apparently committed itself, forces our attention immediately upon problems of taxation. Should you decree that the demands upon the public treasury be met and no new sources of revenue be devised by you, it is evident that the State property tax will be nearly doubled. This condition must not obtain.

Real estate and certain personal property are already carrying an excessive burden. No increase should be made in this direction and it would be highly desirable if some relief could be granted this type of property. No greater boom to real estate activities could be inaugurated by this, or any succeeding legislature, than to give convincing evidence to the property owners of this State that those who own homes, farms, and other types of real estate, need have no fear that their taxes on such will be materially increased. Our sincere desire to relieve real estate, if possible, probably meets with the complete approval of our citizens.

Regardless of how you and I may have felt in years past, or now feel, in relation to a broader tax base, we must squarely face the conditions which have arisen.

The desire to expand governmental services has not abated and until such time as first the electorate and then the legislature is willing to give up, or go without, the present substantial functions of its government, we shall find ourselves in a position where we must obtain more revenue to render the explicit service which our people demand, as indicated by legislation of recent years.

It is not my purpose at this particular point in our session to go into specific detail in the matter of new sources of revenue. That is primarily your responsibility.

However, some of the other states, faced with problems similar to ours, have broadened the tax base to take in certain sales—in many instances including not only retail sales, but utility service, amusement, financial service, barber services, contractors, etc. Other states have imposed a so-called luxury tax, which in many instances has included tobacco, soft drinks, liquors and various other items. Still other states have felt it necessary to pass a tax on so-called intangibles, while the income tax has been resorted to by many legislatures which have met under circumstances similar to ours today.

Many are of the opinion that certain types of personal property owned within the borders of this State are not bearing a proper and just share of the tax burden. Serious consideration should be given to a more equal distribution of the tax load and if you find, after investigation, that any type of taxable property is escaping, then you are justified in amending the law to make for greater equality.

In any new taxation plan that might be adopted, ability to pay should be an important factor in determining the desirability of imposing the tax. Cost of administration should also be a very considerable factor in arriving at a definite conclusion.

If we are to emerge successfully from our present situation, it would seem not only desirable, but essential, that we should substitute for our present tax system a well-constructed, broad-based structure which should include reasonable machinery for equalization of taxable values.

When such inequality exists there is just cause for complaint, but if each individual is bearing his proper and equitable share of the cost of government, it would seem that we might meet upon common ground.

Let me remind you that in your deliberations you may encounter strong and organized opposition to any change. Every citizen is entitled to the expression of his views and should receive courteous consideration. However, we are faced with cold, statistical facts and not mere theories.

Many of our citizens, including among others the Chambers of Commerce, State Grange and Maine Tax Conference, have given unsparingly of their talents to assist you in the solution of this most important problem. We are indebted to them for their contribution in this regard.

## EDUCATION

Article XV of the Republican Platform of 1936 reads as follows:

“Believing that good citizenship and the continuous advancement of our civilization depend upon education, we recommend broader and more equitable educational opportunities for all the children of Maine.”

Due to economic reasons many of our present schools are far below minimum standards and hardly worthy of the name. Teachers are often obliged to accept very meagre salaries, and in some instances have received no salary for several months at a time. Such a condition constitutes a challenge to every thinking citizen. Certain it is that the surest guarantee of the future citizens of this State—the youth of today—is the best educational opportunity that we are able to maintain.

The proposed educational bill which will be presented to

you provides that all types of aid for education, such as teaching positions, census, etc., shall be abolished, except aid for subsidies of superintendents of schools, aid for academies, aid for vocational education and evening schools.

The aid, as proposed in the bill, would be granted to each municipality on the basis of guaranteeing to such municipality one-half the cost of a minimum program of educational opportunity on the condition that the municipality appropriate and expend a like amount. Provided further that if an eleven-mill tax upon the assessed valuation of the town, according to the valuation by the State Tax Assessor, would fail to produce a sufficient amount to maintain this minimum standard, then the State would supplement the regular aid through an equalization fund. This would enable any municipality to comply with the proposed minimum program on an eleven-mill tax rate.

The above mentioned minimum program would be on the basis of one-half of \$783 for each elementary teaching unit; one-half of \$1305 for each secondary teaching unit; one-half the cost of transportation, not to exceed \$15 per pupil per year on the part of the State; one-half the cost of board of pupils in secondary schools—provided it was approved by vote of the town—not to exceed \$75 per pupil per year on the part of the State; and reimbursement for tuition to towns not maintaining secondary schools, prorated on the same basis of aid as though the town actually maintained such a school.

The proposed bill would involve an increase in the State school fund beyond its present figure of approximately \$1,750,000, which is suggested to be derived from sources other than property tax. The bill would guarantee additional funds to every city and town in the State. Inasmuch as there are many of the cities and towns that are already maintaining a minimum program, approximately \$1,200,000 might be utilized for either expansion of their educational program, or for a reduction of the local property tax, or for such other purposes as the municipality might desire.

There are approximately one hundred fifty towns in the State at the present time that are not maintaining at least the minimum standard. To obtain for these towns the proposed minimum program, based upon an eleven-mill tax rate

basis, it is estimated that only \$500,000 per year beyond the present State school fund would be required.

Under the proposed bill all cities and towns would contribute in the matter of payment of new taxes and all would share in the additional funds from such taxes, with a further amount payable to those cities and towns not able to meet the proposed minimum with an eleven-mill tax rate for school purposes.

The equalization feature of the bill taken alone would provide that all towns would contribute in the payment of new taxes, but no city or town would share in increased funds, unless it were apparent that it was unable to meet the minimum program with an eleven-mill tax rate.

### OLD AGE ASSISTANCE

Chapter 267 of the public laws of 1933 is "An Act to Provide for Old Age Pensions", in which the State proposed to reimburse the cities and towns to the extent of one-half the amounts paid out for pensions and funeral expenses. The concluding paragraph provided that "this act shall not become effective until the governor and council can find ways and means to raise or arrange for the finances necessary to carry out the provisions of this bill and to report thereon to the Eighty-seventh Legislature."

Although no report, as provided in chapter 267, was made, the Governor and Council made "arrangements" to finance the costs of a few pensions.

In 1935 Congress enacted a Social Security Law, although no appropriation of funds was made until a special session of Congress in 1936. In order to participate in the Federal law, the Governor and Council passed an order declaring that an emergency existed within the meaning of section 103 of chapter 2 of the revised statutes and directed the Department of Health and Welfare to establish plans satisfactory to the Federal Social Security Board, and at the same time directed the controller to make payments from the contingent fund, which is limited to \$300,000 for the entire fiscal year.

The plan thus devised was approved in Washington and in April, 1936, the first allotments of Federal funds, amounting to \$88,593, for old age assistance were received.

In my opinion, to comply with the Federal requirements in the first instance may have presented a situation that could be construed as an emergency, although obviously such compliance furnished only a temporary solution, because of the limited contingent fund. It would have been more proper and more equitable to have convened the legislature at that time in special session, not only to enact a law, but at the same time to have made provisions to finance this new State activity. The Constitution of Maine contains provisions which fully embrace matters of this nature.

From May 1, to December 17, 1936, inclusive, four thousand two (4,002) persons have received assistance from this fund, the average pension paid amounting to \$20.09 per month. A total of \$380,424 has been disbursed, of which \$190,212 was provided by the Federal government and a like amount by the State. The cost of administration of this act to December 31, 1936 was \$68,036.93, of which the Federal government paid only five per cent of its pension contribution, or \$9,510.60, the balance of \$58,526.33 being assumed by the State—all from the contingent fund.

Further analysis shows for the month of December an expenditure of \$80,000 for pensions—\$40,000 State, \$40,000 Federal—with administrative cost of approximately \$10,000 on the part of the State and \$2,000 on the part of the Federal government.

The last census indicated that there are 69,000 people in this State who are sixty-five years of age or over and approximately 24,000 applications for assistance have been received. Investigations thus far indicate the possibility of 20,000 eligible pensioners. Notwithstanding this information and the knowledge that limited funds made it impossible to aid worthy and distressed cases without undue delay, the legislature was not convened until December 16, 1936. At that point there had been transferred from the contingent fund of \$300,000 the amount of \$216,998.26 for the purpose of old age assistance. This with other contingent expenditures left a balance in the fund as of December 19, 1936, of only \$27,911.53.

It is an interesting commentary to note that in order to continue pension payments to January 1, 1937, all pension payments for the month of October were withheld, although administrative pay-rolls were met.



The message to the special session of the Eighty-seventh Legislature last December requested the appropriation of \$100,000 for old age assistance and the administration thereof until March 1, 1937. With the knowledge that there were no available funds in the treasury which could be transferred for this purpose, to enact legislation to meet this request and fail to provide the revenue at the same time was, of course, a mere gesture. The Republican legislature did pass an act, as requested, and at the same time made the necessary revenue provisions, which would have made it possible to continue old age pension payments without interruption. A veto, for reasons difficult to comprehend, which was sustained by a solid Democratic vote, nullified this effort and as a result no pension payments are now being made. It seems very desirable that the people of this State should clearly understand the responsibility for this present condition.

Continuing on the present basis and adding no new cases for a period of six months—January to July—would require \$300,000 of State funds.

The Department of Health and Welfare reported on December 23 that it had approved 2400 new applications which would be eligible for pensions as soon as a law became operative and the revenue was provided. Further estimates indicate the approval of one thousand new cases each month. If a law is enacted by this legislature during this present month, there will be sixty-four hundred cases approved for payment for which the State would pay one-half the pension, or \$10 each. This would total \$64,000 per month, plus the cost of administration of the present department of approximately \$10,000 on the part of the State, a total of \$74,000 per month of State funds being required.

A table showing the increase for a period of six months, with the cost of administration, reveals:

Jan.	6,400 at ½ rate or \$10, plus administration of \$10,000	\$74,000
Feb.	7,400 " " " " " " " " " "	84,000
Mar.	8,400 " " " " " " " " " "	94,000
Apr.	9,400 " " " " " " " " " "	104,000
May	10,400 " " " " " " " " " "	114,000
June	11,400 " " " " " " " " " "	124,000
Total for six months (State)		\$594,000

You and I of the majority party were both elected to our present places pledged to a platform which adopted the following statement:

“We believe in old age pensions commensurate with need. In the accomplishment of this end it must be remembered that what one receives another must pay. We favor the immediate putting into effect of such provisions for old age pensions as sound economic policy for the State of Maine will justify.”

I still subscribe to that platform declaration and, inasmuch as the Democratic platform of 1936 also declared for old age pensions, it is now the opportunity for each of you to fulfill these declarations.

It is my hope that you appreciate the fact that it is of no avail to simply enact a law. You should not expect the Executive to approve of any bill calling for a major appropriation of money unless the bill at the same time carries its revenue provisions.

As Executive and as Legislators, we should not fail the thousands of deserving aged citizens of this State, as well as blind persons and dependent children. Admittedly, to enact this will mean new revenue and it may mean sacrifice on the part of each and every citizen of this State, but it is expected of us and it is earnestly hoped that it may be accomplished as quickly as possible.

## STATE LIQUOR COMMISSION

Chapter 268 of the public laws of 1933 created a State Licensing Board to control the regulation and sale of malt beverages. This act was amended by chapter 300 of the public laws of 1934 in which the State Liquor Commission was created. Under this law a state store system was inaugurated and there are now thirty-nine stores in operation.

The sale of liquor for the last fiscal year, ending June 30, 1936, was \$4,238,232. Estimates, based on the sales from July 1, 1936 to date, would indicate a gross sale of \$5,600,000. The net profit for the last fiscal year was \$853,647 and the estimated net profit this year is \$1,200,000. In my opinion there is an opportunity to decrease the net cost to the State by at least two hundred thousand dollars, because I believe the overhead expense is too high and the personnel is too large for efficient operation.

For an initial working capital the sum of \$250,000 was transferred from general funds in the treasury with a provision that this amount should be paid back out of store profits at the rate of \$50,000 per year. As the number of stores increased the law was subsequently amended to allow the profits from the sale of liquor up to June 30, 1935, which amounted to \$364,372, to be added to this loan. This gives a total working capital account of \$564,372, yet the records of the inventories show more than \$850,000 worth of liquor on hand. The explanation to me is that this was purchased in anticipation of business and to insure that a shortage would not occur during the holiday period.

In my judgment the method of purchasing liquor could be improved by utilization of the Bureau of Purchases, with the provision that the store managers requisition to the bureau the brands and amounts required. At the same time care should be exercised in the rapid expansion of the number of state stores.

The administration and sale of malt beverages are also under the same supervision. In 1935 there were two thousand four hundred fourteen (2,414) licenses issued, and in 1936 two thousand six hundred fourteen (2,614) licenses issued. The gross returns last year from this source amounted to \$546,649. The cost of administration was \$61,866, leaving a net balance of \$484,783.

In September of 1936 approximately two hundred sixty towns voted against the sale therein of wine and spirits to be consumed on the premises, which means that about four hundred sixty-one licenses were thus terminated January 1, 1937.

You may well consider the advisability of placing some different restrictions on the number of licenses that shall be issued. In my judgment if fewer licenses are issued it would at the same time be advisable to revise the license fees.

An analysis of the sales reports from December 7 to 12 inclusive, from the records compiled in the office of the controller, discloses interesting statistics.

The retail sales for that period of time amounted to \$103,-132.27 and represent collections upon the total number of 576 listed items. Fifty per cent of the above-mentioned sales total \$51,566.18, and is collected on sixty-six items only. Ninety per cent of the above sales total \$92,819.13 and

is collected on 255 listed items, while the balance of \$10,-313.24 is collected on a total of 354 listed items. Of this latter amount — \$10,313.24 — approximately \$7,000 represents cost of liquor sold and \$3,000 represents gross profits. The handling cost when applied to profit from these 354 listed items would not appear to be sufficiently profitable to continue to handle, except at a decided loss.

The above-mentioned 354 items, representing only ten per cent of the sales, had an inventory value on December 12, 1936 of \$233,932.33. That was twenty-seven per cent of the total inventory on that date of \$856,394.90, which would estimate a stock turnover of only one and one-half times per year.

So long as the State is in business, it would seem only logical to apply merchandising methods. If these slow moving items were discontinued, it would thereby eliminate a vast amount of work in the accounting division, as well as relieve the State of heavy financing obligations in the purchase of liquor.

Furthermore, it is my opinion that the various brands of liquor purchased should be subjected to a chemical analysis by our own department. This could be accomplished without any additional laboratory equipment, or increased personnel, and thereby assure the quality of the product purchased by the State.

## STATE HIGHWAY COMMISSION

The State of Maine expended \$12,126,294.72 during the last fiscal year on its highway system. It is interesting to relate that since the establishment of the commission in 1905 we have rapidly developed a program of road improvement.

We have in this State approximately 22,441 miles of highway. Of this mileage, the designated state highway system includes 2,575 miles; the state aid roads include 5,745 miles; the designated third class roads include 2,000 miles, and the general classification includes the balance. Probably we are all agreed that public opinion demands continuance of a good roads program as rapidly as we can afford.

## STATE HIGHWAYS

Looking toward the future we have now \$4,500,000 of highway bonds from the authorization of 1935 which have not been issued. These can be used to the extent of \$1,000,000 a year to match federal highway grants. Contrary to the situation of two years ago, there are no bridge bonds left to be issued. In my opinion, further increase of bond issues for highway and bridge construction in excess of this amount should be discouraged for the present.

Interest charges and retirement of these bonds will amount to \$2,414,385 for the first year, and \$2,442,075 for the second year of the coming biennium. This charge will be the highest in the history of the State.

It is estimated that \$500,000 a year will be required for bridge construction, but I feel that this should be taken from the general highway fund.

Federal aid highway funds, amounting to \$1,122,670, for construction of the federal aid highway system will be available this next fiscal year. This can only be used for actual construction. All preliminary engineering costs and land damage claims must be assumed by the State. Such costs will require \$153,000 a year for highways and \$75,000 for grade crossing eliminations.

While these expenditures are not new, they should be shown in the general highway fund distribution.

## SNOW REMOVAL

The expense of keeping our roads open for winter automobile travel requires an increasing allotment of highway funds. At the present time snow is removed from 12,163 miles of our highways. The cost of plowing and sanding is divided equally between the State and cities or towns, and last year \$1,078,000 was required for this purpose. Of course this amount may vary, but the demand for "open roads" in winter is constantly increasing, as is the necessity for special equipment to accomplish the work.

## STATE AID AND THRID CLASS ROADS

The so-called "farm-to-market", or feeder type of road, is of great importance, yet it must be admitted that it is not possible to improve all roads at the same time. How-

ever, every effort should be made to assist in the construction or improvement of country roads as our financial condition permits.

The importance of our secondary highway system was recognized by Act of Congress on June 16, 1936 and \$224,534 will be allotted for the fiscal year 1937-38 from federal funds for such construction, to be matched by the State.

## MAINTENANCE

Because of rapid and continuous expansion of our highway system through new construction, maintenance has become our greatest problem. We now have two hundred fifty-two miles of cement surface; four hundred thirty-one miles of bituminous surface, and three thousand six hundred eighty-four miles of so-called "black top," or surface treated roads.

To my mind, the construction of highways without keeping them in proper repair, or providing protection to the surface, is often a distinct waste of money. The policy of allocating all highway requirements and leaving only the balance of receipts for maintenance has been a costly one.

I recommend, in the distribution of general highway funds, that a definite sum for maintenance be provided, sufficient for reasonable upkeep of roads that have been constructed and at the same time provide that any balance remaining after other allotments are made be likewise used for this same purpose.

## MILL TAX FOR HIGHWAYS

The tax on gasoline and the registration of motor vehicles provide revenues for highway purposes of about \$9,000,000 a year. This should be sufficient for general purposes.

Prior to the enactment of the gas tax, real estate—through the highway mill tax and a direct appropriation of \$300,000—provided a substantial part of highway funds. The mill tax and appropriation have been suspended and non-operative for four years.

I recommend that direct tax funds no longer be assessed for highways and that the laws providing the same be repealed.

## AGRICULTURE

Approximately one-half of the population of this State live on farms. Unquestionably, you should give all the help possible—consistent with our resources—because the success of agriculture is essential for general prosperity. This does not necessarily mean entirely new legislation.

The Agricultural Fair Law, in so far as the distribution of State stipends to agricultural societies is concerned, should be rewritten and clarified. We now have statutes legalizing pari-mutuel betting, as well as the sale of malt beverages. At the same time the regulations governing the distribution of State funds to such fairs explicitly provide that no society permitting such practices shall receive any State support.

In my judgment it should be possible to amend the present law in order that this appropriation will accomplish more for the agricultural interests than it does at the present time.

The consensus of opinion is that chapter 13 of the public laws of 1935—"Milk Control Act"—has undoubtedly helped to stabilize local markets and resulted in benefits to producers. Yet the constitutionality of this act has not been established.

The Board has met the threat on different occasions that, if strictly enforced, any action brought by the Board would be contested and carried to the Law Court. It would appear that better prices and regulations could be enforced, if a definite decision could be obtained; and amendments, if any were indicated, should be made during this session of legislature.

The plan of advertising Maine farm products has resulted in progress and should be continued. Stimulated by the State's interest, various groups have expressed a desire to tax shipments in their several lines on a per unit scale to aid in the program of the State. Legislation designed to legalize such action will undoubtedly be presented to you.

If these plans materialize, it would be desirable to coordinate all such efforts to make the publicity efforts collective instead of scattered.

In my opinion the "Potato Branding Law" can be strengthened by amendment clarifying the authority to

examine shipments in transit. Minor amendments to the corn borer law should be considered.

The department has carried out the provisions of chapter 297 of the public laws of 1934 to eradicate Bang's Disease in cattle with no funds having been appropriated in the original act and only a small addition to the regular animal industry appropriation in 1935. The result has been an overdraft, met in part by orders from the contingent fund, and the balance will appear in the deficiency bill which you will receive. While the percentage of reactors is on the decline, if the department is to continue to comply with existing statutes, sufficient funds should be provided to pay the indemnities required.

An act to regulate the labelling of fresh eggs for sale will be proposed by the poultry interests and appears to me to have merit.

It has been proposed to transfer to the State all the rights and interests now held by the Federal Department of Agriculture in certain lands, buildings and equipments formerly used as slaughtering establishments for western or "drought" cattle at Cherryfield and Presque Isle. These plants represent an approximate investment of from twenty-five to fifty thousand dollars and were only used a comparatively few days. But if this proposed transfer is accepted, it should be with legislative sanction.

I believe that if we emulate the policy of the last legislature in dealing with Maine agriculture by enactments that will insure quality and graded products, supported by coordinated advertising programs, very substantial progress will be made.

## INLAND FISHERIES AND GAME

There is ample evidence of the fact that the citizens of not only this state, but of many other states, are interested in our fishing and hunting. During the last fiscal year three thousand nine hundred eighteen (3,918) non-resident hunting licenses were issued, amounting to \$46,494; and thirty thousand forty-four (30,044) non-resident fishing licenses were issued, amounting to \$73,768.65. It may also be of interest to realize that nineteen thousand seven hundred twenty-six (19,726) deer were officially reported killed during the open season of 1935.



To retain this interest the department realized that adequate protection and propagation of fish and game were both essential. The Eighty-seventh Legislature provided the means to assist in both and the result of the referendum vote demonstrated the wisdom of its action in increasing the license fee.

It should now be possible to provide additional hatcheries in Aroostook and Washington counties and a large bass hatchery somewhere in the central part of the State.

A practice was originated in 1934 whereby complimentary hunting and fishing licenses were made up and issued. In the first year one hundred seventy-five (175) were issued; in 1935, nine hundred twenty-six (926) were issued; and in 1936, one thousand two hundred sixty-one (1,261) were issued. This totals two thousand, three hundred sixty-two (2,362) licenses in three years. Probably only a few of these licenses were actually ever used and possibly there is some advertising value, but it is my opinion that if this custom is to be continued, you should enact a law to authorize it, with the conditions clearly outlined.

#### DEPARTMENT OF AUDIT

Under chapter 216 of the public laws of 1931 the State Auditor is directed to conduct a continuous post audit of accounts and transactions of departments and agencies of the State government. This provision of law has not been complied with because of lack of sufficient appropriation and personnel.

The pre-audit of payments is constantly maintained by the State Controller, but it would seem advisable to either provide the Auditor with the staff to perform the expressed duties as prescribed by law, or else amend the law. I do not believe the law should be amended in this respect.

The law, however, should be amended to provide to various cities and towns a closer audit than is now possible.

Your attention is invited to the seventeenth report of the Department of Audit, which is readily available.

#### DEPARTMENT OF STATE

Your attention is directed in this department to the fact that last year over thirty-one thousand more registration

transactions were handled than ever before. It is some index of the growth of the motor vehicle industry. To meet these changes various amendments to existing laws are necessary.

It will soon be advisable to consider the requirement of submitting evidence showing actual ownership of the motor vehicle as a pre-requisite of issuance of registration material. At the same time it would be a great advantage to police departments if it were possible to maintain a file by motor number to supplement the present numerical and alphabetical file. These things are very desirable, but our present financial condition may prevent immediate consideration.

It is my belief that a law should be enacted clearly defining motor vehicle inspections. The efforts along this line in the past have greatly increased the efficiency of all motor vehicles on the highways and increased the safety of all those who use the highways.

It would also seem advisable to surround the issuance of licenses to operate motor vehicles with greater restrictions. Minor amendments to the financial responsibility insurance law should also be considered.

The regulation and fees of so-called "house-trailers" is a matter that should receive your consideration during this present session.

## UNIVERSITY OF MAINE

Chapter 11 of the public laws of 1929 provides that a tax of one mill on a dollar shall annually be assessed upon the property in the State, according to the valuation thereof, for the support of the University of Maine. This fund was created and disbursed in lieu of all other State support except trust funds.

This act was designed to definitely establish the position of the University in the educational system of the State.

Based upon the valuation of the State when the law was enacted, one mill equalled \$743,685.75.

In 1933, in common with curtailments from other departments, the trustees voluntarily returned \$50,000 to the treasury of the State. For the fiscal period of 1933-1934 the legislature cut this appropriation to the extent of \$174,000 per year. The cut from the same source for the year

1935-1936 was \$110,000 per year, or a total of \$618,000 for a period of five years.

One mill upon the valuation of the State property this year would yield \$661,209.23. I recommend that the University of Maine be granted the full mill tax.

## SEA AND SHORE FISHERIES

Sea and shore fisheries furnish employment to thousands of our citizens and the general welfare of many of our coast towns depends on that single industry.

The capital required by the average fisherman who carries on this business is relatively small. His opportunity to live at home, to support his family by his own exertion is largely limited by the supply of the products of the sea, the abundance of which somewhat depends upon their protection from avoidable disaster and wilful destruction. In this way it is possible for men with somewhat meagre finances, and who can withstand this hardy existence, to earn an honest living when they might otherwise be dependent.

The requests of this department in the past have not been exorbitant, but you will discover that it has not been permitted to retain the revenues it has collected. There is urgent need of a systematic program of propagation and protection of seed lobsters, which includes a rearing station.

In order that we may maintain a parity with other states we must carry on a general promotional and marketing campaign in the large metropolitan business centres. Competition is very keen and we should not lessen our efforts in any way.

## THE NATIONAL GUARD

It is with pardonable pride that we point to the military forces of the State. The several organizations which comprise this branch are composed of one hundred eighty-five (185) officers and two thousand three hundred forty-four (2,344) enlisted men, all on the active list. In addition to this number there are twenty-five officers and eight hundred fifty-five (855) enlisted men on the inactive list, available for active duty should an emergency arise which required their services.

Their accomplishments and devotion to duty are too well

established to need any further praise from me. However, with troubled conditions and general unrest in other nations we cannot rest on the laurels so proudly won. The Adjutant General reports the armory situation in Maine to be in a deplorable condition and entirely inadequate for training purposes and housing equipment. An effort was made to relieve this situation by securing federal aid for construction purposes under W. P. A. Regulations were found to be of such a restrictive nature that further negotiations were abandoned.

I urge you to carefully consider the requests that will be presented to you to maintain this vital department as efficiently as our resources permit.

### DIVERSION OF HIGHWAY FUNDS

The people of this State, by referendum vote on September 14, 1936, adopted the direct initiated bill entitled, "An Act Relating to the Use of the General Highway Funds, and to Prevent Diversion Thereof."

The act provides that all revenue received by the State from the registration of motor vehicles, and the licensing of operators thereof, from the tax imposed on internal combustion engine fuel, from fines, forfeitures, and costs accruing to the State, under section 118 of chapter 29 of the revised statutes, as amended, etc. shall be SEGREGATED, allocated to and become a part of the general highway fund.

The act further provides that "neither the general highway fund, nor any fund derived from direct taxation imposed for highway construction, bridge construction, or the improvement and maintenance thereof, shall be diverted or expended, either temporarily or permanently, for any other purpose than set forth in this act, etc."

If any such funds had been permanently diverted there might be cause for alarm, but the Budget Officer and the Controller advise me that such is not the case.

Although the act has been proclaimed a law, the book-keeping entries have been made, but the actual segregation of the funds has not been made. To do that would cause the State actual financial embarrassment. However, I believe it is better to amend the law, if deemed advisable, rather than continue to ignore it.

As previously stated, the sum of three million, eight hun-

dred sixty-seven thousand, three hundred fifty-three dollars and thirty-nine cents (\$3,867,353.39) was the amount of highway funds as of December 1, 1936, but you will realize that this amount varies greatly during the year.

It does not seem to me to be good business practice to have this fund remain intact in the treasury, not available for even temporary use in times such as these, when the State is paying interest charges all the time on temporary loans.

I urge an amendment to this act as soon as possible, utilizing the emergency clause, making this fund available only for temporary use as the occasion arises.

To do this in face of the recent popular vote requires independent action on your part, but I am confident that those interested who sponsored this measure will assist the State, as they always have in the past when they fully appreciate the gravity of the present situation.

## UNIFORM CRIME LEGISLATION

The large scale organized crime, operating on an interstate basis, is a challenge to the people of the United States and their agencies of government to adopt effective methods of crime prevention and repression. Cooperation between agencies and coordination of their efforts is a vital need.

To meet this situation there has been formed the Interstate Commission on Crime, which consists of commissioners from all of the states, composed of persons who are equipped to deal with the problems relating to law enforcement. Maine is represented by its Attorney General.

While this Commission was only organized in 1934, it has commenced to function in a most constructive way. It is seeking to bring about a closer cooperation between one state and another, and between the State and the Federal government, and as its first step toward its ultimate objective, the Commission has prepared four model bills for introduction in the various state legislatures. The titles are as follows:

A Uniform Criminal Extradition Act.

A Uniform Act for the Attendance of Out-of-state Witnesses.

A Uniform Act on Fresh Pursuit of Criminals.

A Uniform Act for the Supervision of Out-of-state Parolees.

Three of these acts have already been enacted in many of the states and all of them will be presented to the various legislatures meeting this year.

The State of Maine has thus far adopted only the first two of the above-named acts. These proposed statutes are the result of careful study of the Interstate Commission on Crime and have been approved by the National Conference of Commissioners of Uniform State Laws, as well as the American Legion. I recommend these bills for your consideration, together with whatever other proper bills may be presented having as an objective the curbing of crime.

### MAINE STATE PLANNING BOARD

The Maine State Planning Board was originally created in January, 1934. In the first instance funds to support the technical staff were supplied by the E. R. A. The State provided the supplies, office space, and paid for incidental expenses. At that time the staff comprised forty-six people, and the sum of \$10,250 was transferred from State funds. During 1935 the staff was reduced to twenty employees.

The present Board was created by authority of chapter 191 of the public laws of 1935, with an average staff of thirty-six persons during the year 1936, nineteen of whom were paid from State funds.

You will be requested later to appropriate the sum of \$32,954 for each of the ensuing two fiscal periods. I do not feel that there is sufficient necessity for any further public funds for this purpose, or that this department should be continued as such.

### INTERSTATE BRIDGE AUTHORITY

You will be requested shortly to consider a compact with the State of New Hampshire to create an interstate bridge authority for the proposed Portsmouth-Kittery bridge, designed to relieve traffic conditions in the former city.

It is my understanding that no appropriation is required of either state, as it is proposed to construct this bridge from Federal funds and from bonds issued by the bridge authority to be paid for in tolls from the Boston and Maine Railroad and trucks which will be routed over it in Portsmouth.

The present bridge will remain for passenger vehicles.

Further advice is to the effect that the legislature of New Hampshire has already approved of this act, but it will not become operative unless jointly approved by the State of Maine.

### HIGHWAY SAFETY

For some time it has been a matter of great concern to all motor vehicle administrators to note the appalling increase in the fatal accidents on our highways.

A determined effort has been made, with very uncertain and limited funds, to carry on a campaign of education destined to instill a more safety-conscious attitude among motorists and pedestrians alike.

While the result in Maine for the past year, as compared to similar results in other states, is most encouraging, still there remains much to be desired.

It is my belief that you may well consider favorably the establishment of a division to coordinate both industrial and highway safety. A plan will be submitted to provide such a division and will not require State appropriation.

### RECESS COMMITTEES

Under the provisions of chapter 83 of the private and special laws of 1935 a commission was appointed on the revision of the laws relating to the protection of ground fish.

Chapter 125 of the resolves of 1935 provided for the creation of a committee on compulsory liability insurance for motor vehicles.

It is assumed that in due time you will have before you the reports of both committees, with their recommendations for such action as you feel is necessary.

### KNOX ARBORETUM

Since June 30, 1935 there has been expended from the contingent fund the sum of \$15,468.22 on the Knox Arboretum, situated in the town of Warren.

There is no record which indicates that this is a State institution and in my opinion further expenditures should await definite legislative authorization.

## CONCLUSION

And now, members of the Eighty-eighth Legislature, in your care these issues are placed. They are submitted not in a spirit of self-assertion, but as issues which I believe demand your attention. Thoughtful consideration and prompt action will receive the commendation of the citizens of Maine and stamp you as able and efficient legislators. The people may forgive our honest mistakes, but they cannot forgive wilful misrule from us. I plead for measures deep-laid in justice and right. It is not necessary to follow exactly MY way, but I urge you to follow SOME way which spells action and progress. Ever bear in mind that when you cast your vote you legislate great consequences, potent for good or for ill for Maine.

Maine is a grand state—more lovely than all the others, we think. To us is entrusted, temporarily, the task of keeping our heritage intact for future generations. Knowing you, I doubt not your sincerity and your determination to accomplish this.

Remember that we are servants—not rulers—and that the talents committed to our care must be protected for the day when our Master, who is the People, shall call upon us for an accounting. Maine, as a state, will go forward or go backward as a result of the contributions that we make here. I assure you of my earnest desire to cooperate with you at all times.

With the guidance of Him who holdeth the destiny of all of us in the hollow of His hand, let us resolutely and fearlessly determine to labor for the continued upbuilding of every interest of our beloved State and for the permanent welfare of all its people.

Respectfully submitted,

*Lewis O. Barrows*