

FIRST MESSAGE OF GOV. PATTERSON

(Continued from First Page)

stitution and through the action of successive legislative assemblies, provided a body of laws which safeguarded the rights of its citizens and which provide an adequate and efficient organization for the conduct of the business of the state.

Experience has proved that those institutions and activities of the state now required to purchase their supplies through the Board of Control do so to the financial advantage of the state.

Realizing that a multitude of funds not only added to the complexity of the state's finances but permitted available moneys to lie idle, while, for the functioning of some of its activities the state was, in effect, compelled to pay interest on borrowed moneys, the 1915 session of the legislature enacted a law diverting into the general fund all moneys collected for state purposes by state and county officers, with the exception of such moneys as are paid into the state treasury for fiduciary purposes or required by law to be placed to the credit of certain trust funds.

While the operation of this law at various times has relieved the state of paying interest on general fund warrants, further benefit, I am convinced, may accrue to the state by directing that a proportion of the moneys so paid into the state treasury shall become a part of the general fund of the state and available for the payment of the general expenses of the state.

Careful consideration may prove that some amendments and additions to our present tax laws would operate beneficially, but I repeat my former assertion that the assessing officers of the state should, in no way, be released from their present duty fully and fairly to enforce the laws which now exist and which may be enacted, to the end that all personal property shall contribute to the public revenue on a basis proportionate to the demands imposed on real property.

In our national government, the President is the budget-making officer. Likewise, in many states of the Union the Governor is the budget-making official. Under the laws of Oregon, the Governor now has the power to veto any single item in any appropriation bill. I believe, therefore, that it is a logical delegation of responsibility to constitute the Governor the budget-making official for this state.

In the housing of the wards of the state and in the custody of delinquents and criminals, careful attention should be given to the visualization of these requirements for a definite future period. These anticipated needs should be ascertained and construction so timed and the cost thereof equitably distributed over the period that the burden may not fall heavily upon the taxpayers during any one year or biennium.

Budgets for all tax-paying bodies should be made with reference to a well considered program covering a period of years, and not as though all of the improvements required in the state should be provided for in a single year. Appropriations made at each biennial session of the legislature should be made only as a part of such general program.

In the interests of economy and efficiency, I ask that you place the state penitentiary under the direction of the Board of Control, which now has the management of other state institutions. I advocate this policy to the end that the management of the state penitentiary may be removed from politics; that the tenure of its administrative officers may depend solely on merit, and that efficiency may be the only consideration in the conduct of this institution.

The penitentiary is now so crowded that the prisoners can not be properly segregated, and, as a result, young men who have been committed for their first offense against the law are in close and constant contact with hardened and habitual offenders.

purchase all supplies for the state hospitals, the penitentiary, and a number of other state institutions. The institutions of higher learning, however, and a majority of the state officers, boards and commissions, purchase separately all supplies, furnishings and equipment. I am advised that a cursory examination of the prices paid for standard articles now used by the various state activities in many cases reveals a wide discrepancy.

Experience has proved that those institutions and activities of the state now required to purchase their supplies through the Board of Control do so to the financial advantage of the state. I, therefore, urge the enactment of a law which shall authorize the centralization of all such purchases within the existing Board of Control, already effectively functioning, or in a body to supplant that agency with broadened powers and duties. I believe such a policy will result in a material financial benefit to the state, through the application of the same wisdom in the conduct of state affairs as any private corporation accords to the conduct of its business.

Centralization, in this instance, will not embarrass or materially restrict any of the state functions now existing under the law, and will prove logical and desirable in the interests of efficiency and economy.

Self-Sustaining Activities. Realizing that a multitude of funds not only added to the complexity of the state's finances but permitted available moneys to lie idle, while, for the functioning of some of its activities the state was, in effect, compelled to pay interest on borrowed moneys, the 1915 session of the legislature enacted a law diverting into the general fund all moneys collected for state purposes by state and county officers, with the exception of such moneys as are paid into the state treasury for fiduciary purposes or required by law to be placed to the credit of certain trust funds.

While the operation of this law at various times has relieved the state of paying interest on general fund warrants, further benefit, I am convinced, may accrue to the state by directing that a proportion of the moneys so paid into the state treasury shall become a part of the general fund of the state and available for the payment of the general expenses of the state.

Careful consideration may prove that some amendments and additions to our present tax laws would operate beneficially, but I repeat my former assertion that the assessing officers of the state should, in no way, be released from their present duty fully and fairly to enforce the laws which now exist and which may be enacted, to the end that all personal property shall contribute to the public revenue on a basis proportionate to the demands imposed on real property.

In our national government, the President is the budget-making officer. Likewise, in many states of the Union the Governor is the budget-making official. Under the laws of Oregon, the Governor now has the power to veto any single item in any appropriation bill. I believe, therefore, that it is a logical delegation of responsibility to constitute the Governor the budget-making official for this state.

In the housing of the wards of the state and in the custody of delinquents and criminals, careful attention should be given to the visualization of these requirements for a definite future period. These anticipated needs should be ascertained and construction so timed and the cost thereof equitably distributed over the period that the burden may not fall heavily upon the taxpayers during any one year or biennium.

Budgets for all tax-paying bodies should be made with reference to a well considered program covering a period of years, and not as though all of the improvements required in the state should be provided for in a single year. Appropriations made at each biennial session of the legislature should be made only as a part of such general program.

In the interests of economy and efficiency, I ask that you place the state penitentiary under the direction of the Board of Control, which now has the management of other state institutions. I advocate this policy to the end that the management of the state penitentiary may be removed from politics; that the tenure of its administrative officers may depend solely on merit, and that efficiency may be the only consideration in the conduct of this institution.

The penitentiary is now so crowded that the prisoners can not be properly segregated, and, as a result, young men who have been committed for their first offense against the law are in close and constant contact with hardened and habitual offenders. When the boy's training school near Woodburn is finished and the present property near Salem now used by the training school is no longer needed for the purpose for which it was acquired, provision should be made, by legislative enactment, if necessary, for the use of this latter plant in connection with the state penitentiary. This would provide means whereby those who are not hardened criminals may be segregated and given opportunity and encouragement for such reform and training as will

tend to make them useful and law-abiding citizens on their release.

The parole board should be abolished and recommendations for the parole of prisoners should be made by the Board of Control.

Education. No aspect of the development of Oregon is more important than that which has to do with education. Here we invest not in our present prosperity but in our future welfare and stability. The state can not neglect its educational interests without immediate and apparent detriment to its well-being.

Oregon has invested generously in public schools. We have kept step with our neighboring states in steadily raising the standards of school equipment, scholastic requirements, and teacher training. We have in the last twenty-five years added to our elementary schools two hundred and sixty standard high schools. If the inculcation of a desire for further knowledge is a sound criterion of the success of elementary education, and I believe it is, then Oregon's educational efforts are bearing fruit, for Oregon ranks fourth among the states in the percentage of eighth-grade graduates who continue their education in the high schools. Oregon also stands high among the states in the number of high school graduates who enter college.

There should be no disposition to decrease this present hearty support of education in Oregon. In so far as is consistent with a policy of sound economy, educational support should be maintained and increased. The people of the state, themselves, demonstrated their approval of a progressive school policy when they added, through popular vote, a third normal school to the teacher training institutions of the state.

No retrenchment should be made which will interfere with the efficiency or retard the progress of our school system. Economy in education should be practiced only as it can be effected through a business-like and efficient treatment of the problems of school finances. The high standards of our public schools and institutions of higher learning must be maintained.

Recently the people have been informed as to the peculiarly distressing financial condition of the state. The legislature approaches its task with limited resources from which to make appropriations which are now heavily burdened by necessary obligations authorized by the emergency board and resultant from an insufficient tax levy. Many much needed appropriations must fail unless your body provides for new sources of revenue or for a temporary diversion of state funds.

If the legislature finds it impossible, with its limited resources, properly to furnish the financial requirements of our institutions of higher learning, it may be necessary to restrict, for a time at least, to an increase in the tuition fees charged by these institutions.

I quote from a statement which I made during the political campaign of last year: "The irrigation question in Oregon is not a political one, and the solution of the problem will require careful, intelligent and sincere study and action to the end that the farmers on the irrigation projects may not be penalized for their industry, confidence in the state and show of good faith."

"We should see that the farmers now on irrigated lands who have shown their good faith are fully protected. Those farmers who are making or have made good their obligations to the irrigation districts and who are contributing to the productivity of the state, should be given the benefit of every possible means of protection.

"In some of the irrigation districts many of the settlers have suffered undue hardships and dire misfortune, due to improper organization of districts and to the activities of unscrupulous speculators. The next Legislature should, in so far as possible, provide legislation for the reorganization and restoration of the unsuccessful districts. However, the taxpayers of the state, outside of the irrigation districts, are not responsible for the unfortunate conditions that exist, and must not be called upon to pay more interest on bonds, other than those for which the state is already obligated, or to make good the losses."

The constitutional amendment providing for the guarantee by the state of interest payments on irrigation district bonds should be repealed. I would welcome legislative action in keeping with the above-stated policy.

Reforestation. While the timber supply of Oregon will furnish lumber for the needs of the state and a large payroll for a number of years, yet immediate action should be taken to insure the reforestation of lands suitable for that purpose, that water supplies may be protected, that the timber supply of the state may be continuous, and that the labor may be employed, and that the tax rolls of the state may not suffer when the present mature timber is removed.

A committee to study the question of reforestation and report to you was provided for by the Thirty-third Legislative Assembly, and the report of this committee, like that of the committee on assessment and taxation, has not been in my hands for a sufficient length of time to warrant my discussing its recommendations at this time.

I submit to you that legislation should be enacted that will encourage and promote reforestation by private owners on lands from which the timber has already been removed, and which will insure continuing reforestation of logged-off areas.

the workmen's compensation law.

It seems apparent to the casual observer that the law as now administered has brought about an amicable relation between employers and employees; a relation which reflects improved industrial conditions.

The Thirty-third Legislative Assembly authorized the appointment of a committee composed of members of each house for the purpose of making a thorough investigation of workmen's compensation laws, with instructions to report a bill at this session containing such amendments or changes in the present act as it may deem essential.

At this time I am not familiar with the recommendations of this committee, but commend them to you for your careful consideration.

Salaries. I respectfully suggest that you submit to the people for their consideration at the next general election a constitutional amendment which will provide that no increase in the salary of any elective officer of the state or county shall be made effective during the term for which such officer is elected.

Highways. An efficient and well-considered highway program has a direct bearing upon the prosperity and progress of a state. Conservative road construction in Oregon should continue; the roads already built should be maintained, and the bonds be retired as they mature. There must be no hasty legislation which may interfere with this policy. In my opinion this program can be carried out with less present cost to the counties and eventually less cost to motorists. The increase in the number of cars and the resultant increase in revenue from this source should make it possible for the state to bear the full burden of acquiring rights of way and constructing all state roads without requiring the assistance of the counties. This plan, I submit, should be adopted, but should not be construed as to relieve any counties of obligations now due for past advances of money or work by the State Highway Commission, or to interfere with any existing contracts.

When relieved of the necessity of contributing to the expense of state highway construction, county courts will be able to give much needed attention to the more remote roads, to the end that rural residents may, at all times of the year, have easy access to market places.

State highway activities must always be supported by the state highway fund. There should never come a time when a property tax will be required to maintain our state highway program.

The construction of the proposed and partially completed Roosevelt Highway is of paramount importance to the coast counties and, indirectly, to the whole state. Its completion should be expedited as rapidly as funds can be made available for this purpose.

Administration of the Motor Vehicle Laws. Whenever any function of the state government associated with an existing department reaches those proportions which require the attention of the administrative officer to an extent that makes it impossible for him to give the necessary attention required to all of his duties, then division of the work is advisable. This policy was followed with respect to the regulation of insurance organizations and corporations.

The details in connection with the administration of the laws relating to the licensing and regulation of the operation of motor vehicles upon the highways of the state have now reached such proportions as to necessitate the separation of such duties from the present duties of the Secretary of State. The creation of a separate department appears desirable. The work is of such magnitude and importance as to require the entire time and attention of a separate administrative officer. The duties will not become less in the future; in fact, they will materially increase from year to year.

In the creation of a separate department for this important duty, full authority for the appointment of all officers deemed necessary for the proper patrol of the highways should be included with the administrative duties. Administration includes licensing and regulation; these two duties cannot well be separated without weakening one or the other side of the task. By vesting the administration and enforcement of the motor vehicle laws of this state in an official to be appointed by the Governor, control is retained of the enforcement officers that may be appointed so that in the event it may be desirable at times that they be assigned to other duties necessary in maintaining the peace of the state they may be readily and speedily assigned thereto.

The creation of a separate department should be so timed that the transfer may be made at a season in the administrative work that will permit this to be accomplished with the least interruption and inconvenience to the department affected.

I recommend the repeal of that provision of the existing motor vehicle laws imposing an additional license fee of 50 per cent on "motor vehicles not common carriers, * * * and used for commercial purposes" in the business of selling and/or delivering goods, wares, merchandise, materials, or any articles of commerce" under certain conditions, for the reason that such law includes within its scope motor vehicles of many of the residents of this state which it was not the intention of the originators of such law to include, and for the further reason that the difficulties of administration are such as to preclude a fair and equitable enforcement thereof.

Those existing laws having to do with certificates of title to motor vehicles and the regulation of headlight devices upon motor vehicles operated in this state, I am respectfully referring to you for such amendment or adjustments as, in your conclusion, shall best serve the interests and welfare of the people of Oregon, taking into due consideration the character of the vehicle, the clarity with which it is desired to transfer the ownership thereof, and the condition under which its operation on the highways of the state should be directed and restricted.

In a number of the states similar

laws have been enacted with the object of fully securing uniform laws in all the states relating to these subjects.

Municipal Obligations.

An expanding conception of the function of government has brought about, within the last twenty-five years, an enormous increase in the number and complexity of activities and institutions maintained for public benefit and supported by public revenue. To obtain the desired and necessary public improvements, whether they were highways, streets, bridges, or public buildings, the credit of the state, the county and the municipality has been largely employed, thus placing upon future years a portion of the cost of immediately obtaining desired or necessary public benefits.

Under the constitution of Oregon, the credit of the state may be pledged to the extent of 11 per cent of the assessed value of the total property thereof. In addition, the counties of the state may pledge their credit to an amount not in excess of six per cent of the assessed valuation of all property therein. There is no provision of the state constitution limiting the indebtedness or the extent to which a municipality may pledge its credit for the accomplishment of any of the purposes of such municipality authorized by its charter as adopted by the legal voters thereof.

Following the adoption of the home rule amendment by the people in 1910 granting power to cities and towns to enact and amend their municipal charters, there has resulted an era of "issuing bonds, not only on the part of the cities and towns of the state but of the state itself, the school districts and other municipalities existing under authority of law, until their total bonded obligations or pledges of credit aggregate well up to \$200,000,000.

We can turn, for example to a certain city of the state where, if the obligations of the state, the county, the port district and the school district were prorated in the proportion that the assessed value of the property of such city bears to the assessed value of the property of the state, the county, the port district and the school district within which it is situated, it would be found that every parcel of property therein would be carrying a bonded obligation of 22.15 per cent of its assessed valuation for the year 1925. In the case of another city, the residents thereof would be found to be carrying a bonded obligation of 63.27 per cent.

A condition such as outlined gives us cause for serious thought as to the ultimate result of our present system, which permits municipalities to pledge their credit, without regard to the fact that their overlapping obligations may also pledge their credit, which is based on the same property, to an unlimited extent. In addition, the county may pledge its credit for a sum not to exceed six per cent and the state another 11 per cent of the assessed value of the same property. I urge you to give careful consideration to the advisability of imposing some supervision over the bonding activities of the various agencies to which is extended the privilege of pledging the future credit of the property of the state. It appears to me most necessary that a program be formulated whereby the different bonding agencies shall guide their activities, not independently but with reference to other obligations which must in the future be safeguarded by the same property which they propose to utilize as a pledge of credit.

Financial Data Required. The financial affairs of the state, the counties, the municipalities, the school districts, the irrigation and drainage districts, and other civil divisions of the commonwealth are administered without any relation to each other. Under existing laws no financial or other data respecting the state and its political subdivisions are secured and compiled for public information. Consequently, no such data are available.

As an understanding of the finances supporting any activity or undertaking is imperative for its intelligent administration, I am impelled to the conclusion that the state may wisely and profitably, for the benefit of its citizens, as well as those entrusted with the administration of public affairs, authorize the placing of funds at the disposal of the executive for the purpose of securing such data and information respecting the state and its various civil divisions as, in his judgment, may be deemed advisable.

The importance of the finances of the commonwealth and its many subdivisions is not to be underestimated, and, unless there is available true information upon this subject which

may be applied in the conduct of the financial affairs of the state and its civil divisions, we may be inadvertently led into a more or less chaotic financial condition. The appropriation of a reasonable amount to be expended under the direction of the executive, will, I feel confident, result in large benefits, and my object in presenting this matter for your favorable consideration is that I may have correct information upon which more intelligently to base the discharge of my official duties.

In all that may tend to accomplish the ends I have touched upon in this message, and in any other legislation which promises to promote the stability and progress of Oregon and the well-being of her citizens, I tender to you my hearty cooperation. I stand ready, at all times, to advise with you and to work with you that the proper functions of the executive and legislative departments may operate together harmoniously and effectively in worthy service to the state.

L. L. PATTERSON.

Table with financial data: Charter No. 11007, Reserve District No. 12, REPORT OF CONDITION OF THE Farmers & Stockgrowers National Bank AT HEPPNER, IN THE STATE OF OREGON, AT THE CLOSE OF BUSINESS ON DECEMBER 31, 1926. Includes sections for RESOURCES and LIABILITIES.

Central Market advertisement featuring a cartoon of a man with a bottle. Text: C. W. McNAMER, Proprietor. FRESH AND CURED MEATS, FISH AND POULTRY. FOR A QUICK LUNCH. Have pure, rich whole milk. Fresh Every Day. Alfalfa Lawn Dairy. WIGHTMAN BROS., Props. Phone 30F3.

Pay Yourself A Profit advertisement. Text: YOU ARE YOUR BEST INVESTMENT. Does your best investment—yourself—pay you the profit that it should? It can—you can, by a plan that is remarkably simple and successful. You are investing in yourself in everything that you do. Why not make that investment pay profits? You can by saving a definite part of your income on a systematic plan. It's easy to save. You never miss the small regular payments. And all the while you are creating a fund—paying yourself profits, which bring you the better things of life today and in the days that are to come. Come in soon, and let us show you how to make the best investment in yourself. You'll find it a sensible plan and one you'll want to adopt for yourself. Farmers & Stockgrowers National Heppner Bank Oregon.

Mine's In! advertisement featuring a cartoon of a man with a sign that says 'NEXT WINTERS COAL'. Text: Is Yours? TUM-A-LUM LUMBER CO. Heppner, Lexington, Ione.