

STATE NEWS
CAPITAL NEWS

- Lost Millions
- Martin and King
- Welfare Cost

By A. L. LINDBECK

SALEM.—Inability of the state and its numerous political subdivisions to take advantage of present low interest rates by refunding outstanding bonds is costing the taxpayers of Oregon millions of dollars, according to State Treasurer Holman.

Holman blames this situation on the policy of issuing non-callable bonds and will attempt to correct this situation by sponsoring a measure before the forthcoming legislature authorizing all bonding units to issue callable bonds in the future.

Not only is it impossible to refund bond issues at lower interest rates under the present policy but it is also impossible to call in these bonds for retirement by cities, counties and school districts which are in position to reduce their debt burden. Many of these subdivisions, Holman points out, find themselves in somewhat the same position as the state with substantial cash balances lying idle in local banks drawing little or no interest.

Holman calls attention to an addition in that "accumulated funds for bond retirement may be diverted or lost or injudiciously invested, with the result that the taxpayers again may have to provide the funds with which to liquidate the indebtedness."

Accession of Duke and Duchess of York to the British throne last week recalled to Governor Martin the fact that he had entertained the royal pair on their visit to the Panama canal zone ten years ago. The governor at that time was in command of the American troops in Panama and the Duke and Duchess were on their way from England to Australia to open the new parliament house at Canberra. The governor describes the royal pair as "most charming English young people entirely lacking in any of the haughtiness or restraint generally ascribed to the aristocracy." Governor Martin predicts that George VI will make an excellent king while Queen Elizabeth has already won a place in the hearts of her subjects.

Compulsory arbitration of labor disputes is favored by Governor Martin who is expected to sponsor a measure before the forthcoming legislature looking to this end. Appearance of the measure, however, can be expected to draw the vigorous opposition of labor representatives in the House and Senate although it will probably receive the support of members from agricultural and horticultural communities whose constituents are now feeling the pinch of the long drawn out maritime strike.

A "material improvement" in the state's financial condition is noted by State Treasurer Holman in his biennial report, just off the press. On December 31, 1932, the general fund had a deficit of \$3,924,011, the report points out. By March 28, 1934, the fund was back on a cash basis and on June 30, 1936, the fund showed a credit balance of \$1,697,390. On June 30, 1936, cash in the treasury department to the credit of all state funds amounted to \$10,811,600.20. Checking accounts totalling \$1,449,852.52, not allocable to any particular fund brought the state's cash total as of June 30 up to \$12,261,452.73.

Social and welfare activities financed by the state account for 53 percent of the budgeted total which will be presented to the legislature for appropriations out of the general fund. That is of the \$13,868,177 in budget requests which Budget Director Wharton has approved \$7,462,041 represents expenditures for maintenance of the 11 penal and eleemosinary institutions, old age pensions, care of orphans, foundlings and wayward girls, etc. The comparison, however, takes into consideration only those state activities financed out of the general fund which, after all, constitute only a

small part of the state's total budget. The highway department, for instance, expects to spend nearly \$26,000,000 of state money during the next biennium. That is nearly double the combined budgets of all general-fund-financed activities and more than three times the amount allocated to social and welfare activities. But that money will come out of the pockets of motor vehicle operators through gasoline taxes, registration fees and fees and licenses paid by operators of trucks and busses. Motor vehicle operators will also finance seven-tenths of the nearly \$1,000,000 necessary to the maintenance of the state police during the next biennium. Then there is the public utilities commission, supported by fees paid by the utilities, the motor transport division, supported by bus and truck fees; the banking department, supported by the banks; the insurance department, supported by insurance fees; the corporation department, the bureau of labor, the liquor control board, the milk control board, and a score or more of other so-called self-sustaining activities. All of which adds up to a grand total of more than \$70,000,000, the big end of which will be paid through fees and licenses rather than through taxes.

Increased cost of supplies and the necessity for renting temporary quarters for the legislature may contribute to make the forthcoming session the most expensive in the state's history, according to Secretary of State Snell. So far the 1931 session has the record. That session cost the taxpayers \$134,811.30. The 1933 session cost \$102,172.05 and the 1935 session cost \$116,572.80. Clerks and stenographers on the House payroll at the '35 session drew \$38,278 while senate employees at the same session drew \$21,644.50. The printing bill for the 1935 session amounted to \$18,602.01, stationery and supplies, \$5152.41, and postage, \$3883.33.

A cloud was cast over Senator Delmore Lessard's title to his legislative seat this week when Attorney General Van Winkle ruled that attorneys for the World War Veterans' State Aid commission serving by "appointment" only cease to be a member of the legislature upon acceptance of such an appointment. The opinion was given to Thomas Graham, Jr., senator-elect from Multnomah county, who is also an attorney for the Bonus commission but applies with equal—and probably greater—force to Lessard's case. Graham who has just been elected to the senate can resign his bonus commission job before qualifying for the senate, it is believed, but Lessard's case presents a more complicated problem. Lessard is a hold-over senator. He qualified in the 1935 session and his employment with the Bonus commission has been subsequent to that time. According to Van Winkle's opinion he relinquished his right to the senate seat when he accepted "appointment under the state." In that event it may be necessary for Lessard to secure reappointment to the senate through the Multnomah county commissioners unless the senate, acting under its constitutional right to sit in judgment upon the qualifications of its own members, overrules the attorney general.

Little prospect is seen here for any substantial state aid for Bandon except through an outright appropriation from the general fund. Officials of the fire-ridden coast town this week told Governor Martin that they expect to ask the lawmakers to refund to the city all state taxes paid on property in that city for the next seven years. They cite the case of the city of Astoria as a precedent on which to base their claim. Astoria received refunds aggregating more than \$411,000 under a similar concession. But that was during a time in which a major portion of the state's revenue was realized from property taxes. Increased revenues from income taxes have now nearly wiped out the property tax for state purposes. As a result property owners of Bandon will pay very little toward the support of the state and there will be little to refund under the proposed program.

Charles A. Howard, state superintendent of public instruction, was honored this week by election as

vice-president of the National Council of State Superintendents and Commissioners of Education at their annual convention at Chattanooga, Tenn.

A conference on grade crossing accidents has been called by Public Utilities Commissioner McColloch for Friday in Salem. Chief engineers and signal engineers of all railroads operating in the state are expected to attend.

CHRISTMAS PLAY SET.

"The Kidnapping of Santa Claus" will be presented by pupils of the Lexington grade school in the Lexington high school auditorium next Tuesday evening, Dec. 22, at 7:30 p. m. No admission will be charged and the public is cordially invited. Miss Jean Crawford is coaching the production.

TEACHERS' EXAMINATIONS.

Notice is hereby given that the County School Superintendent of Morrow County, Oregon, will hold the regular examination of applicants for state teachers' certificates at her office at the Court House in Heppner as follows: Commencing Wednesday, December 16, 1936, at 9 o'clock A. M. and continuing until Friday, December 18, 1936, at 4 o'clock p. m.

Wednesday Forenoon—U. S. History, Writing, Geometry, Botany.

Wednesday Afternoon—Physiology, Reading, Composition, General History.

Thursday Forenoon—Arithmetic, History of Education, Psychology,

Geology.

Thursday Afternoon—Grammar, Geography, American Literature, Physics.

Friday Forenoon—Theory and Practice, Spelling, Physical Geography, English Literature.

Friday Afternoon—School Law, Algebra, Civil Government, Book-keeping.

No further teachers' examinations will be held in this state after the one given on the above mentioned dates. All teachers needing certification in this manner must take the examination at this time. Otherwise no certificate will be granted them except upon graduation from an accredited normal school, college or university, or teachers' college.

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