

Inaugural address
of
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As it appears in the
Journal
of the
JOINT ASSEMBLY
BIENNIAL SESSION
1945

Thursday, January 4, 1945.

Inaugural Address

Members of the General Assembly:

This is the 130th Legislature to meet in history of Vermont. The first met in Windsor, March 3, 1778. Our Legislative history provides a notable record of honest, thorough constructive effort. It is a challenge to us gathered here today as well as to those who will meet in this h through the years to come.

It is a distinct pleasure for me to find that I have served in previous legislatures with at least 118 of the members of this Joint Assembly. I hope I may soon become acquainted with the rest of you. You will always be welcome in the governor's office.

The two-year period for which we are to legislate will witness the decisive fighting of World War II. The greater part of the administration therefore, may be subject to continued war-time conditions affecting income, taxation and government controls.

Yet one of these days the final shot will be fired and our boys will begin to come home. That will be a critical hour in the life of this nation – one in which we must not let the sudden transition from war to peace make us forgetful of the horrors of the battlefronts. Civilization must not be asked to undertake the risk of another conflict. Public opinion must insist on an international arrangement which will insure a just and durable peace.

It is my hope and purpose that we may further strengthen and vitalize Vermont during this administration. Our legislation should improve our economic situation, provide high standards in education, modernize our care of the unfortunate, broaden the scope of our health program, and provide greater opportunity and security. By so doing, we can bring vigor to our people and progress to the State. These are highly competitive days both for the individual and for State Government. We must enable Vermont and Vermonters to play their part well in the forward march of civilization.

VETERANS

Any legislative program for the next two years should first of all make provision for our men and women returning from war service. The Federal Government has a generous and comprehensive program for their welfare—a program in which Vermont must cooperate to the fullest extent. In addition to its previous provision for compensation, the State has initiated other efforts in their behalf as listed in a booklet just issued by the Department of Veterans' Affairs.

I recommend that the Legislature give legal status to this department, recently created by Governor Wills, and make an appropriation therefor. More than 30,000 Vermonters are now in the service. Already discharged veterans are finding it bewildering to obtain information concerning the many benefits available. One of the duties of the Department of Veterans' Affairs will be to act as a clearing house for this program, which will include the establishment of local committees to assist veterans in all their problems.

The preservation of the records of our servicemen is important both to the State and to the serviceman himself. Therefore, I urge the Legislature to consider legislation authorizing some authority in the State to receive and record s certificates of discharge and to issue certified copies free of charge or for a nominal fee. In the designation of such an authority, consideration should be given to the matters of convenience to the veterans, fireproof protect of the records and the facility for issuing the certified copies. This protects the servicemen and women in case of the loss of the original certificate and provides a convenient method for having certified copies issued.

INCREASING INCOME

During the past 40 years the cost of government has increased to an astounding degree in the light of our comparatively static population and yet despite this increase only a small fraction of the State's outlay has been devoted to the development of its natural resources, to which we must look for much of the revenue we need for

our manifold endeavors. In shaping our budget we give slight thought to strengthening our productive enterprises. At present less than 3% of our expenditures are for this purpose.

Our per capita income at present is low in with other commonwealths. If Vermonters are to have a greater share of the enjoyments of life and if the State is to have taxable wealth sufficient to provide this services now being asked of government we must increase our income and resources. I believe the hope of such accomplishment lies in carefully planned at energetically sustained program of development of agriculture industry, forestry and recreation as well as of our mineral wealth, much of which is still untouched.

AGRICULTURE

It would be difficult to imagine a prosperous Vermont without a prosperous agriculture. If we can increase the rewards that come from its pursuit and thereby add to the enrichment of rural living, we shall have erected a bulwark against the tendency to expect from government what we should earn ourselves.

We should strive for disease-free and high quality livestock of whatever kind it may be. We should continue our present system of testing for TB in order to keep our herds clean.

In the case of Bang's disease, we should continue the present method of testing and calf vaccination. For mastitis, no specific cure or treatment seems to be effective, and for the time being our efforts must be along educational lines. The State should have a pathologist for the study and prevention of disease in all kinds of livestock.

The State should do its share in encouraging dairy herd improvement. Artificial insemination has become an accepted method in improving the quality of cattle. It has developed rapidly and to a point where we should take stock of the results in order to plan carefully for future progress.

Marketing Commission

Marketing is a vital factor in any productive enterprise. Our agriculture should have the advantage of modern marketing methods. I urge this Legislature to provide for an agricultural marketing commission to develop ways and means of enabling a greater diversity of agricultural products to reach the most profitable markets.

Reference to the development of the College of Agriculture will be found under the heading of University of Vermont.

FORESTS

Our forest land comprises one of our chief natural resources. About three-fifths of the area of the State is better adapted to the growing of timber than for any other purpose. We are not sufficiently conscious of the significance of our forests. If three-fifths of the area of every farm in the State were better adapted for the growing of one certain crop than for any other purpose, we would provide for it very carefully. That is just the situation with our forest land, viewing the State as a whole.

This great natural resource furnishes raw materials for the main industry in many Vermont communities. We have over 400 industries which depend upon wood; give employment in whole or in part to approximately 30,000 people; and have an annual payroll amounting to nearly \$14,500,000. Nearly 20% of our gainfully occupied people owe their employment to our forests. The economy of Vermont in part depends upon an ample supply of high-quality timber and a good thrifty sugar orchard on each farm.

Forest Policy

Although it must be started on a moderate basis and prefaced by a campaign of education to make its long-range advantages understood by private land owners, Vermont must have a forest policy that will eventually provide for handling our timber as a crop—not as the output of an inexhaustible mine. Experience of other countries proves beyond doubt that regulation of forest practices brings lasting benefits to the people as a whole as well as to individual owners. Our forest policy should recognize national state, municipal and private woodlands, provide for proper cutting and planting, establish equitable methods of taxation and insure protection against fire and disease. I recommend the initiation of such a policy.

In this connection I believe the State should take the lead in preserving certain primitive wilderness areas free from mechanized civilization with its noise, congestion and restlessness. There are many today who will appreciate the peace, inspiration and health to be found in roadless areas. We should attempt to satisfy the tastes of all types of, people. In Vermont We still have some fairly sizeable roadless tracts. Once lost, they will never be regained.

INDUSTRY

Industry is a far larger factor in the economic welfare of Vermont than is generally realized. About 87% of our towns have industrial payrolls. Before the war there were some 28,000 wage earners, who with their families accounted for about one-third of our population.

Over 50% of our industries have less than 25 employees. Our industrial laws should be sufficiently flexible to protect such small businesses.

Our greatest opportunity to expend industrial activity probably lies in the field of industrial utilization of our natural products from farm, forest, mine and quarry. This frequently requires research, which today spells life or death for many industries. The Bureau of Industrial Research at Norwich University, established, to aid small industries unable to carry on research programs of their own should be strengthened. The same is true of the Vermont Industrial-Agricultural Products Commission which is carrying on experimental work with our natural products.

Industrial Agent

The Office of Industrial Agent was established by the Legislature of 1941, but its work has, been suspended due to the war. I propose to reestablish it at the earliest moment and recommend that an appropriation be made to carry out its purposes.

RECREATION

Percentagewise, recreation probably offers opportunity for the largest measure of actual state development. Nature endowed Vermont with the requisites for a vacation paradise. Its hills, valleys, lakes, streams and forests contain unlimited possibilities. It is or us to make use of them, but in so doing we must preserve and perpetuate Vermont's natural atmosphere, her traditions and her way of life. If we do, the profits from the recreational field can be shared by thousands of Vermonters either on a full-time or part-time basis.

Recreation embraces a wide variety of activities. Its development should include further use of our state forests, parks and scenic drives; expansion of facilities for enjoyment of our lakes and mountains, including air expansion; encouragement of the further purchase of summer homes and the sale of Vermont-made products. Roadside beautification is an important factor in this program.

The State Board of Conservation is responsible for a large part of these activities and recommend it develop a program based on the intelligent utilization of all of them.

Publicity

Publicity is an essential factor in recreational development, and I believe our publicity policy should be modernized. I have recommended an increase in the appropriation. Study should be given to the establishment of a state promotional office in New York City with a view to determining its value to agriculture and industry as well as to recreation.

Stream Pollution

One of the chief factors in our recreational program is the problem of stream pollution. Even though the Government is exercising increasing control in this direction, that is no reason why the state should not take apart in it.

I recommend that this Legislature, with the aid of the State Planning Board, make a start in the formulation of policy to preserve the streams which are now clear and also for the gradual clearing of some of the streams

now polluted. It might be well to select some stream or watershed and study ways and means of clearing it, this to serve as a model for future work.

I know that such a program cannot be undertaken without financial hardships. Federal funds might share in such work as post-war projects.

FISH AND GAME

Over the years Vermont's fish and game have provided business for the merchant the farmer, the resort-owner, the hotel man and many others, in addition to the enjoyment given the fishermen and hunters themselves. We might as well face the fact, however, that changing conditions have made it impossible for Nature to renew the supply unaided. If we are to retain this source of pleasure and profit, we shall have to place larger reliance on a program of replenishment, into which enter a variety of factors such as stocking, stream pollution and reforestation. At best we can only expect that any plan we devise will require increased expenditures.

Long – Range Plan

If the sportsman of the State could be convinced that a long-range plan for restocking our streams, lakes and covers would be undertaken and maintained, there is little doubt that they would be willing to increase their contributions to our self-supporting Fish and Game service, and this also would be the best approach for obtaining an appropriation from the State.

I recommend a realistic approach to our fish and game problem, based on finding the facts in advance of proposing a remedy. A fundamental feature of any such study should include recognition of the vital necessity for a long-range program for the propagation and conservation of wildlife.

GEOLOGY

Vermont normally produces more mineral wealth than all of the remaining New England states. There is every probability that we have many deposits still unknown. Heretofore private capital has searched them out and developed them. We cannot hope this will always be so, and we should not neglect their economic importance any longer. If Vermont is to maintain her standing among the states, an up-to-date, systematic geological survey of her unexplored regions should be begun. Mineral deposits yet undiscovered might add considerably to our employment and to our income.

For this reason I have recommended an increase in the appropriation for the State Geologist for the second year of this biennium in the hope that men may be obtained to start such a survey.

LAND USE

In connection with the strengthening of our productive resources, we are undergoing one severe loss to the State toward which we have become somewhat calloused, and the extent of which we do not appreciate. I refer to our failure to make the best use of our so-called submarginal land. Vermont's future is dependent very largely upon the use which is made of its land.

Demonstration Areas

I urge the State Board of Conservation to assemble and coordinate the information various groups studying this problem and then make plans for the selection of one or more towns as demonstration areas. A detailed survey should be made to reveal the potentials of each area. Property owners should then be encouraged to apply this information toward improvement of their land by reforestation, recreational efforts, or the raising of some sort of livestock, etc. I recommend that the Legislature initiate action toward this end.

Vermonters are too thrifty and resourceful to permit the present great loss to the State to continue. Our motto should be, "Not An Idle Acre In Vermont"

EDUCATION

Maintenance of high educational standards is one of the chief duties of government Perhaps the problem of greatest interest in this held pertains to increased State Aid to the towns.

The purpose of the so-called minimum program is to equalize at some level the cost of education to the towns. Since 1935 the level has increased from \$15 to \$20 per equated pupil, and the amount of State Aid from \$550,000 to \$838,000.

State Aid

We should strive for a higher and a more uniform standard of education, and to accomplish this I believe the State should bear the brunt of the burden. To this end, I recommend that the Legislature appropriate sufficient money to equalize the cost of education at a level higher than \$20. To do so at \$25 would require about \$1,090,000, or an, increase of about \$250,000 a year. I recommend that this be appropriated to the towns on the existing basis.

Minimum Salary

I also recommend that this Legislature establish a minimum salary of \$1000 per year for any teacher in the State. At present we have 238 teachers in two-room rural schools with an average salary of \$903. We have 685 teachers in one-room rural schools with an average salary of \$967. These salaries reflect the increase in State Aid provided by the Special Session in 1944. We still have 689 teachers in grade and rural schools receiving less than \$1000 per year. The total deficiency of such salaries below the \$1000 minimum is about \$56,613.94.

Consolidation

Consolidation of rural schools in some cases is desirable, but this should be undertaken only after careful consideration by the Department of Education, the municipality involved, and those living in the area affected.

Standardization

I recommend encouragement of the standardization program which has done much to improve the environment of rural schools.

Vocational Program

The State should enlarge as rapidly as possible its vocational program to further student training in the important matter of earning a living.

High School Enabling Act

I recommend that this Legislature pass an enabling act to permit adjacent towns, if they so vote, to combine into one high school district in order to provide more adequate high school facilities.

The, matter of a more extensive health and hygiene program in the schools is important.

Transportation

The problem of transportation in elementary and high schools has been troublesome, I see no reason why we should not amend the law which provides that transportation for high school students must be voted at a town district meeting, to the end that such transportation may be provided by the school directors with the use of State Aid funds.

It is highly important that we enlighten our youth on the true meaning of Democracy and arouse their enthusiasm for our form of government. We should likewise give them a better understanding of Vermont's resources and opportunities.

PUBLIC WELFARE

During many administrations the Public Welfare Department, especially the institutional work, has been a perplexing problem. For this Legislature it is second to no other in importance.

Work of the department has been growing rapidly, and in the past fiscal year expenditures were the largest of any department of State government. Before the war they were exceeded only by the Highway Department. Funds used by the department in 1934 totaled \$887,000 compared with \$1,500,000 in 1944.

Administrative Changes

I believe certain administrative changes should be made. The Supervisors of the Insane could be consolidated with the Advisory Board for Problems Relating to Mentally Defective Persons and become an advisory board of the department. This advisory board would continue to have the duties of these two boards. This would simplify and unify various phases of work in this department. An advisory board for the department would be of great assistance to the commissioner in improving and strengthening the administration of the entire department.

Work of the department has grown to such an extent that it should be divided more definitely into subdivisions with a director over each. The new director most needed is one for the institutions.

I believe that Old Age Assistance could to advantage become a subdivision of Public Welfare. This would help unify welfare services and permit field workers to be used more economically and efficiently. The Old Age, Assistance Department has been operated very successfully and its operations should be disturbed as little as possible in changing over its administration to Public Welfare.

Brandon Parole System

I also recommend a parole system for Brandon State School. By returning to their homes those who no longer need the full supervision of the school, many now on the waiting list could enter the institution.

Aid to Blind

In connection with Aid to the Blind, I recommend that a shorter residence in the State be required than the present term of five years.

Settlement Laws

The problem of settlement laws respecting aid to indigent persons is now very much to the front. The legislature of 1943 took a forward step when it provided that towns upon whom the burden of support of a transient pauper falls should be reimbursed by the state for one half the amount spent in the care of such person. However, no appropriation was provided by that Legislature and this should be done.

I believe the Legislature should consider a change in the law to provide that when a dependent or delinquent child is committed to the Department of Public Welfare, such department after sufficient study could place the child in a foster home if such seemed suited to his needs, or if institutional care was more advisable, could commit the child without further order of the court.

MENTAL DEFECTIVES

The problem of our feeble minded is one phase of our welfare work which deserves more attention than we have given it thus far. The Legislature of 1941 set up an Advisory Board for Problems Relating to Mentally Defective Persons but provided no funds for it. We should make an appropriation for this purpose and the work of the Board should then be energetically pursued. The feeble minded are greatly increasing the population at Waterbury and Brandon School. It results in great suffering as well as in rapidly growing expense.

STATE INSTITUTIONS

The population and cost of our state institutions are increasing. At the same time the institutions have been rather consistently short of funds for the proper type of administration.

The Perkins committee, which has recently completed an investigation at the Weeks School, has done an excellent job and its efforts, I feel sure, will bring about more satisfactory administration of that school. The McCormack study of the state prison at Windsor in 1944 gave the prison a clean bill of health, but found that entirely new buildings would provide much more modern treatment of the inmates.

Building Program

Recommendations for a building program are contained in a report you will receive from the State Institutional Committee which has just completed its study. The changes recommended would considerably improve conditions at the institutions, and should be carried out.

I recommend that the Legislature provide for a committee to manage and supervise this building program. I shall refer to the funds for carrying out this program under State Finances.

Over-All Survey

In recent years various deficiencies in our State institutions have been corrected. The time has come, however, when a complete over-all survey should be made of our Public Welfare Department. This should include building; adequate classification of patients, the matter of foster-home placement and colony plans, and the general modernization not only of our facilities but also of our methods and laws. I recommend that the Legislature authorize such a survey this year.

OLD AGE ASSISTANCE

Old Age Assistance grants in 10 years have increased from \$250,000 to \$675,000 annually. The department is requesting a further increase of \$285,000 a year. I am recommending part of this increase in my budget message.

This is one of the most worthy purposes of state aid, and a cause to which we want to give as much as we can afford. In determining the amount, we must view it realistically as well as idealistically. This appropriation, as with others, must be kept in line with our ability to pay.

It has been expected by many that the needs of Old Age Assistance would tend to decrease with the growth of Old Age and Survivors Insurance, and especially with the bulge in war-time pay rolls.

A study of this problem makes us aware of the present philosophy of many that it is right to spend all of one's earnings believing the government will provide for old age. I do not believe this is a realistic doctrine. I doubt very much if our State or Federal treasury could support the people of this country to that extent.

If we are to retain the principles long believed in this country and which have made this country strong and prosperous, we as individuals must still save for the rainy day and for old age; friends and relatives must share in this responsibility. At the same time, it is just and right that the government, subject to conditions now in our law, provide for all those who have met with misfortune beyond their own control. This is a vital part of the system of free enterprise and democracy.

HEALTH

We are face to face with the need of improving physical and mental health in Vermont. Evidence of this is found in the physical examinations for World War I in which Vermont had the second highest rejection rate for both mental and physical defects of any state in the Union. I understand results of examinations for this war indicate about the same results.

Our Department of Health is doing a better job in health matters than many of us realize. We simply need more of it.

Our efforts should be directed first of all to the schools; where we should emphasize such matters as physical examinations, preventive measures, and health education. Physical fitness is surely just as important as any course in the curriculum. A nurse-teacher established in every school district would be of invaluable assistance in bringing parents and teachers to a better understanding of the health needs of the pupils, and in aiding the local public in developing a proper mental attitude toward adult health problems.

In examinations for the last war it was proven that Vermont had the highest rate of any state for dental defects. This indicates the real need for dental clinics.

We have now in the State nine nursing units or districts comprising seventy towns, directed by the Department of Health. These are financed by federal, state and local funds. They should be increased to include the entire State.

The American Health Association is promoting a plan to divide the State into health districts for the administration and supervision of better health practices. All phases of health work would be headed up in these districts. I believe this may be an answer to the proper organization in the State for the improvement of health.

The Vermont State Medical Society proposes with the aid of other organizations to establish a union of all medical facilities in the State to be called the Vermont Medical Council. This might well in time become the official advisory council of the governor in medical matters. It is a most encouraging and constructive proposal.

We should look forward to group health insurance in Vermont for all who desire it. I believe we can have this without endangering patient and doctor relationships.

LABOR

Labor is a vital member of our industrial family in Vermont. Before the war there were over 30,000 employed in industry.

If we are to have the sensible, balanced labor relations we want and must have if the American System is to survive, there must be recognition by labor and management alike of mutual interest and of both individual and group responsibilities.

The chief function of government in dealing with employee-employer relationships should be to promote good will, to encourage cooperation and, where resort is made to invention, to be impartial and just, demanding obedience to all law by both parties concerned.

We must be alert to the changing needs of unemployment and workmen's compensation laws, old age assistance, general health and safety standards and liberalize them as conditions require.

Though we legislate to the end of time, there will never be industrial peace and harmony without good faith, integrity, a high degree of responsibility, and a real desire to cooperate on the part of all parties concerned.

INDUSTRIAL RELATIONS

Vermont management and labor have done an outstanding job in the production of hundreds of millions of dollars worth of articles needed in the prosecution of the war. Due to their patriotism and public spiritedness, not a single hour of production for war has been lost by strikes or walkouts, with but one slight exception. Harmonious industrial relations have made this a truly remarkable accomplishment, and every Vermonter can be justly proud that this is another product of our way of life.

Improvements in the Workmen's Compensation Law and the laws relating to the employment of women and children have been important factors in our industrial life.

I recommend the following: Elimination of the waiting period in Workmen's Compensation when disability continues three weeks or more; increase in the maximum limit of weekly compensation payments; a study of a minimum wage law for women and children in intra-state industries; giving legal status to the Vermont Apprenticeship Council.

UNEMPLOYMENT COMPENSATION

Increase in manufacturing in Vermont in recent years has intensified the importance of the unemployment compensation program. The dislocations in industry caused by business cycles are more strongly felt now than in the days when our economy was essentially agricultural.

Business has not yet devised measures for providing full employment at all times. Therefore, ways and means must be made available whereby individuals out of work through no fault of their own, and who are able and willing to work, shall receive reasonable assistance during these periods. This can best be accomplished through our present system of unemployment compensation.

Subject to the provision of the Federal Unemployment Compensation Law and the regulations thereunder, it seems desirable that the present scale of weekly benefits be adjusted upward and consideration be given to the extension of the duration of benefits, at least for the period of reconversion from wartime to peacetime. I suggest that you give serious consideration to the advisability of extending this law to cover more individuals than are now protected from the hazards of unemployment.

POST-WAR EMPLOYMENT

Employment of all those who are able to work is one of our chief concerns. There cannot be contentment, prosperity or progress unless unemployment is kept at an absolute minimum. In 1940 the total employed in Vermont was about 131,000. In the first quarter of 1944 there were about 125,000.

A careful survey by the State Planning Board indicates that about 27,000 will be seeking employment in Vermont in the First peace-time year. Aside from industry there will be employment possibilities for about 22,500. The possibilities of employment by industry in the post-war period depend in large measure upon the encouragement and favorable conditions provided by government for free enterprise.

Depending upon such conditions in industry, the survey finds that unemployment might range some between zero and 18,000. In anticipation of this uncertainty, the State should lay aside surplus funds or appropriate new money to be used in needed public works and should direct agencies of the State government to prepare necessary working plans for authorized projects. The State should likewise encourage the towns and cities to adopt a similar course of action. The construction of authorized projects and those recommended in this message, such as the institutional building program, the additions to the State Library and the State Office Building, will contribute in part to the State's program for post-war employment.

Enabling Act

With the State and towns bending every effort to set up plans for public works to provide employment during the early post-war period, I believe the State should provide enabling legislation, limited in duration, which will permit municipalities to set up reserves for post-war construction. Such an act has already been adopted as special emergency legislation in many states.

UNIVERSITY OF VERMONT

The crisis in the affairs of the University of Vermont and State Agricultural College became apparent to the Legislature in 1941 and resulted in a direction by the Legislature to the governor to make a complete study of both the financial and educational situation and report to the Legislature. This report developed such a serious condition that a special session was held in August, 1941, and a comprehensive rehabilitation program was approved. The plan then adopted and continued by the legislative session of 1943 requires contributions by the State of approximately \$150,000 annually in excess of previous contributions.

At the time of the adoption of this rehabilitation plan the State necessarily decided as a matter of principle that there were services performed by the University the continuance of which were essential in the interest of the people of the State. It was recognized by our people generally, that, the, State needs the functioning of a first-class college of medicine, that we need extensive scientific and educational work in the field of agriculture, with trained men to educate our farmers in the most advanced methods of agriculture, it also was recognized that a useful function is being performed by the University in training teachers for our schools. Although the Legislature approved the general plan of rehabilitation, as recommended by the governor and by the special advisory committee, and at that time proved certain broad principles, nevertheless the State has neither a legal nor a moral obligation to continue the assistance to the University in the exact form then approved.

I believe the time has come for a re-appraisal of both the administrative and financial relationships of the State to the University. Whereas four years ago the State was confronted by a financial emergency at the University, we now are faced with a situation which because of certain emergency features as requires immediate decision as to the future relationship of State and University,

Special Message

This matter is sufficiently complicated and of such importance that I propose to deliver to you a special message, covering in detail the proposal which I recommend for your consideration.

SHARING COST OF GOVERNMENT

The whole problem of financial relationships between the State and the towns needs careful review, These relationships have grown up over a long, period of years in a rather haphazard manner and with little consideration of what a fair distribution of the burden of government should be.

I urge this, Legislature to give the problem consideration. Following that, I shall request the Planning Board to carry on your findings to the end that we have a clearer picture of the extent to which this burden is now shared between town and state, and also if possible, some basis for indicating how further burdens should be shared. It is especially important to us who believe in the town form of government.

INDEX OF WEALTH

We need in Vermont a comparative index of wealth for all our towns—a yardstick to indicate the actual comparative wealth of each town.

The Grand List was intended to provide such an index and it would if we complied strictly with the laws. Sec. 634 of Public Laws requires real property to be appraised at its “just value in money.” Actually, it is appraised in most cases at varying percentages less than full value, from 30 to 100% of full value.

The Grand List is resorted to for various financial purposes, other than local taxation. It is the basis for computing the town’s share of State Aid funds. It is the basis of figuring the town’s share of a state tax. It is the basis for determining a town limit of indebtedness. And there are many others.

Let me say right here that in the discussion of this problem there is no desire to alter the present practice of appraisals, so far, as they pertain to establishing the Grand List for the purpose of local taxation. The towns should continue to handle their Grand List for local taxation just as they do now.

The present discussion concerns only instances where there is financing involving several or all the towns. For this we need something in addition to the present Grand List. We need something which will indicate a true comparison of the wealth of all towns so that all towns may be treated alike.

One instance will illustrate the serious unfairness existing now. State Aid for education is distributed on the basis of wealth per equated pupil. Actually, two towns might have about equal wealth per pupil. Yet if Town A bases its Grand List on 30%, of full valuation and Town B on 90%, Town A would receive three, times its rightful share of State Aid compared to B.

There are at least 17 Vermont statutes in which the Grand List is made the basis for a tax, distribution of funds or other financing, and which, therefore, provide the basis for unfair use of funds insofar as the Grand List varies from a uniform appraisal basis. This injustice is due to the fact that we have no accurate comparative wealth index for all towns in the State.

The method employed by New York to correct this situation is perhaps the soundest and produces the best results. In general, the Tax Commission of New York satisfies itself as to what basis of appraisal each town is using, whether it is 25% or 100%. From the appraisal based on such a percentage, the state can easily determine what the 100% valuation would be.

Such valuation establishes a comparative index of wealth for all towns and provides a basis for treating them fairly whenever there is financing involving several or all, but is not used for local taxation purposes.

I recommend that the Legislature study this problem and adopt some method which will establish a comparative index of wealth for all towns.

RURAL ELECTRIFICATION

The State should give its support to plans for rural electrification which is making a sharp up-swing both through the public utilities and the cooperatives. From a two-year survey by the Public Service Commission we learn that 68.8% of our 21,772 farms are now electrified and another 6.3% are so located as to be available for electrification. On the basis of its study, another 4,000 farms in the State should be electrified soon after the man-power and material restrictions imposed by the war are removed. Ninety-three percent will then be electrified or electricity available. Rapid building of rural telephone lines after the war is planned by the telephone companies and a state-wide survey of rural lines will be undertaken in the near future by the Public Service Commission.

SALARIES

Due to the increase in the cost of living and the general level of salaries today, I believe the salaries of all State officials regulated by statute should be reviewed. Vermont has been fortunate indeed to have officials of such quality and general ability for the modest salaries paid. State government today, however, demands in many departments unusual ability and personality. We are a state of moderate means and our level of salaries must be regulated accordingly. However, we must be fair and should pay as generously as we can for the work required.

I recommend that the Legislature provide for the appointment of a committee to study these salaries and recommend to this Legislature such adjustments as it deems best.

HIGHWAYS

We may well be proud of our Vermont highways. During the past 20 years great progress has been made. Our highways of all classes compare favorably with those of other states. There is much to be done, however, on our total highway mileage of over 14,000 miles for all systems.

The improvements to complete the state highway system of 1800 miles will require about 19 years. About 21 years will be needed to bring our 2700 miles of state aid roads up to standard. Of 9700 miles of town roads, 3600 are now of gravel. Of the remainder, only about 2800 directly serve any farms and, therefore, need gravel. Sixty percent of the towns in the State can complete their back roads in 10 years on the basis of pre-war State appropriations. This program in itself is sufficient reason for making certain that use of funds from gasoline tax and automobile registrations are restricted at present.

The location and improvement of our highway system in Vermont is of great importance to the State. Instead of large cities and concentrated populations, our people are scattered throughout the hills and valleys, and all groups are constantly using the roads. Development of our State depends in large measure on the proper type of highways reaching the desired destinations.

A healthy agriculture requires good farm-to-market roads and such it system should be worked out as rapidly as our resources will permit. The matter of the improvement of our so-called back roads, serving productive farming areas, should be given careful consideration by this Legislature, together with the ever-recurring problem of snow removal, which excessively burdens many of our small towns. As soon as conditions will permit, the maximum appropriations for the improvement of our back roads reached in 1941 should be restored. The ten year program which was interrupted by the war must be continued with all speed as soon as men and equipment are available.

The pay-as-you-go policy has proved to be a wise one. We must maintain it, as well as establish a forward and alert program of highway improvements in the years ahead.

AVIATION

That there will be a tremendous expansion of civil aviation as soon as peace has been attained is not questioned.

There are now four Class 3 airports in the State. In my opinion these are sufficient for the needs of the State at the present time. We also have several smaller Class 2 fields.

I do not believe we have enough of the smaller fields, Class 2 and 1, either to meet the needs of our own people after the war or to permit out of state recreational visitors to come here in the volume expected. I urge the Legislature to continue an appropriation to permit the State to assist towns to acquire land for airports.

Under our law providing for a tax on gasoline, the receipts from a tax on aviation gas do not go directly to benefit those who pay the tax. This is a cause for irritation and probably results in some loss of revenue. I suggest that this Legislature consider both the justice and advantage that may accrue from appropriating all receipts from taxes on aviation gas directly to the service of aviation.

The benefits that come from an airport are not confined to the city or town owning it. The facilities are available to all and yet under the present laws the municipality owning the port must pay all the cost of maintaining it and its facilities. The largest items of cost are the removal of snow from, and the repair of, runways. The highway department of the State has an equipped organization well trained and capable of handling both of these problems. I recommend that the Legislature consider the advisability of providing authority to the Highway Department to take care of one or both of these needs at airports where there are scheduled stops and line operations or where there is contract flying serving a sufficient number of persons to warrant such expenditure, payment of costs for such work to be divided between the State, the owner of the port, and adjacent towns as the Legislature deems proper.

There has been no adequate method in law for dealing with, man-made obstacles built in the approach zones to runways after a port has been established. The Council of State Governments has drawn up an act for airport zoning. I recommend that the Legislature give careful thought to this suggested legislation and decide whether it or some modification of it should be enacted at this session.

PUBLIC RECORDS COMMISSION

Addition to State Library

Study by the State Building Commission, its architect and the Public Records Commission led all of them to the unanimous opinion that the archives and non-current records of the different departments of the State Government should be provided for in an addition to the State Library Building and not in the proposed State Office Building.

Such an addition would also meet the need of the State Library for additional stack room for the proper shelving of its book collection. This need has been urgent for several years and cannot be delayed any longer without impairing the usefulness of the service.

We all realize today both in governmental agencies and in private business that efficient service depends a great deal on past records, and these should not only be adequately protected from damage by fire, water, insects, etc., but should also be made readily available for study and use by interested persons. This requires that they be collected into one central place. I recommend the construction of an addition to the State Library Building which will accomplish this purpose and at the same time meet the needs of the State Library. Further reference is made to this in my budget message.

STATE GUARD

Since there are no Federal troops stationed in our State, and with the National Guard fighting valiantly on the various battlefronts overseas, the State guard as an organized military force stands ready to perform its mission of internal security and to assist in time of disaster and emergency.

For over three years the personnel of the State Guard has been making a voluntary and conspicuous contribution to our war effort.

By its loyalty, devotion of much time to training, and performance of many duties assigned to it, such as guarding vital installations as was the case at a critical time after Pearl Harbor assisting at the scene of crashes of airplanes in our State, searching for lost persons and fighting forest fires, the State Guard amply justifies its continued existence, within the limits of the act of this Assembly creating it, until the return of the National Guard to our State.

FIRE PROTECTION AND PUBLIC SAFETY

The rapid increase in loss of life and property by fire in Vermont is a subject to which I am sure you will want to give your careful consideration.

Over the five-year period in Vermont from 1939 to 1943 inclusive, fire took a toll of 54 lives and destroyed nearly \$8,000,000 in property, of which \$1,350,000 was not covered by insurance, leaving Vermont with a per capita loss three times that of the average for the United States.

These losses have a direct economic effect on the people of Vermont since in many cases property lost by fire is not restored or rebuilt, and this value is removed from the Grand List of towns and cities. This results in an increased tax rate to the residents of those towns and cities affected.

Some of the fire laws of Vermont are out-moded and inadequate, and do not cover modern hazards; also, our fire, prevention personnel is too limited in number to properly cope with this situation, and I am sure we want to do all possible to correct these conditions. I urge this Legislature to give careful consideration to proposals furthering this objective.

AUTOMOBILE ACCIDENT PREVENTION

In 1944 injuries and fatalities from automobile accidents exceeded those in the armed forces of this country. This situation deserves our attention.

After careful study and investigation the organization of motor vehicle administrators in this country concludes that education in our high schools will accomplish more to improve this condition than any extent of punishment after the accident has occurred. Several states have such a course in their schools. I believe that we should consider further instruction in automobile driver education.

WATER RESOURCES

At the present moment this broad subject is very acutely in the minds of our people in two distinct phases which are entirely different in purpose and arise from quite different sources.

First: further power development of the Connecticut River at Wilder, which is under the jurisdiction of the Federal Power Commission by reason of Acts of Congress which have been in effect for some time past. Only new or additional Acts of Congress can change this jurisdiction.

Second: flood control legislation affecting the Connecticut River basin, and particularly as to projects on the West River, has been in a formative stage during the last year or thereabouts.

I wish to review briefly the matter of flood control.

Vermont's traditional policy respecting flood control of the Connecticut River, established after the 1936 flood and since maintained, has been that we as an up-river state will sacrifice parts of our area to be used for flood control, knowing full well that the principal benefits from such sacrifice go to down-river states; that sacrifice of lands and rights for purposes other than flood control should not be asked of us, and that since a majority of the dams are to be in Vermont, the program should be so worked out as to give this State the least material damage and the maximum flood control benefit possible under the circumstances.

The difficulties which have beset Vermont and other states stem directly from the Barkley Amendments to the flood control bill of 1938 passed when Congress was on the eve of adjournment. These amendments, seriously jeopardizing the interests and the sovereignty of all but two states in the Union, were never submitted to hearing before a committee of Congress. The timing of their presentation to Congress was such that the states had no opportunity to protest their passage.

The effect of the Barkley amendments and a decision of the Supreme Court in a case arising under the 1938 flood control law of which they are now a part was to nationalize all the rivers of this country and all their tributaries likewise; to take, away by federal law from every state government, except Texas and Oklahoma, any authority to have a voice in determining what developments were to be made in the watersheds within their borders.

Vermont has consistently protested against this federal policy. Other states, both eastern and western, now understand the implication of the Barkley Amendments. They joined Vermont in protest against the law and in determination that the law must be changed to bring the states back into the picture. The so-called O'Mahoney – Millikin Amendment resulted from that determination.

So after more than six years during which all our valleys have been under threat of condemnation, we have come to an era of peace and cooperation.

As to the future, it is my belief that interstate, compacts dealing with interstate streams are the proper mode of approach in our republican form of federal union. However, with federal law as it is, we must recognize that the principles of the O'Mahoney – Millikin Amendment are probably about as far as we can hope to go. With this thought in mind, it is hoped that a similar principle be included by Congress in legislation dealing with the authority and jurisdiction of the federal power commission. If this were done, we would have some official standing in a matter such as redevelopment of the Wilder Dam.

In the spirit of the new flood control law I pledge my administration to cooperate wholeheartedly with the Federal Government and its agencies and with the down-river states to work out a program of flood control for the Connecticut River in which both the national interest and the state interest will be respected and which will be beneficial to both the down-river and to the up-river states. I make this pledge as freely and as sincerely as I would pledge myself to use the power of this State to resist the arbitrary taking of our valleys and our resources if the new policy of cooperation had not been established.

In the light of this brief resume; it seems apparent that the State should have some official body empowered to represent our interest in all problems and plans involving water resources of the State.

We have a Water Resources Board set up by Governor Wills in 1944 to take care of specific problems occurring under his administration, but it has no legal status.

State Water Resources Board

I recommend that the Legislature either extend the authority of some state department or establish a board with ample authority to handle these problems.

COURTS

We are fortunate to have for our guidance the very recent report of a special committee consisting of six outstanding lawyers in the State appointed by the Vermont Bar Association to make a study of the whole system of administration of justice in Vermont. With some slight exceptions the membership of the Bar Association accepted and approved the report at its annual meeting after it had been considered and debated at length.

The report represents a thorough and conscientious study of the problems involved and merits the attention of this Legislature. There are several important recommendations which would require for adoption action by the Legislature. Among others is a recommendation for the establishment of a Judicial Council. Such a council has worked extremely well in the great majority of states of the Union and its value is so well demonstrated that I do not hesitate to recommend that the Legislature adopt this proposal. There are other more far-reaching recommendations in the report which also should receive careful consideration by the Legislature.

ELECTIONS

There is one special matter which I think has never before been listed among our State problems. This has developed with the increase of governmental responsibilities.

There is not sufficient time between our State election date and the meeting of the Legislature for the incoming governor to properly attend to the various duties of that period. At this particular time he is confronted with certain duties of first importance. There is the budget which requires much detailed study—much more than can now be given it—in Order to present the Legislature with the carefully prepared document it should have. The inaugural message is another time-consuming document in its preparation. More and more state matters have to be accurately presented to the Legislature for its consideration. Again, there is not time to do this as it should be done.

While no action can be taken by this Legislature, I recommend that the next commission appointed to prepare and present Proposals of Amendment to our Constitution give this problem its consideration,

BANK TAX

Based upon official statements of Commissioners of Banking and Insurance, and upon the evidence contained in reports of the Legislative Tax Study Commissions of 1929 and 1935, the Vermont Bankers Association, through a banking commission, has conducted an exhaustive study of the inequities of the present tax on banks which taxes bank deposits rather than bank income, and of its unfair application as between classes of banks. Also included in the study were the methods and effects of taxation on banks in the other states, particularly those in the northeastern section of the country.

As result of this research, the Commission suggests that the State substitute a tax based upon bank earnings in place of the present four mill tax on deposits. The suggested method of assessment and collection has been designed to relieve the State of all details possible and place a tax burden on the banking industry of Vermont commensurate with its ability to pay and at a rate as high as that obtained from other types of industry.

In 1943 the bank deposit tax represented approximately a 25% tax on the net income of Vermont banks. Comparative studies of the same year show that the banking industry contributed proportionately 2 ½ times more revenue to the State Treasury than the average of six neighboring states. In addition, investigation shows that we are now the only remaining state depending on the deposit tax as the primary method of taxing banks.

The suggested tax plan is to assess a 2% tax rate on net earned income as defined in the corporate franchise tax and a 4% tax rate on interest paid to depositors.

I believe this plan merits the serious consideration of this Legislature.

FINANCES

The State's finances are in excellent condition.

According to the present program of debt reduction our bonded debt at the close of the fiscal year ending June 30, 1949, will have been reduced to \$393,000 excluding the perpetual debt which consists of Certificates of Indebtedness, held by the Permanent School Fund, and the Agricultural College Bonds, which total \$568,031.90.

On July 1, 1944, the unappropriated surplus in the Treasury was \$1,006,060.44 and this will probably be increased by the end of the present fiscal year, June 30, 1945. I believe that such surplus should be used for capital improvements and not for recurring expenditures. Therefore, I recommend the following appropriations from our unappropriated treasury surplus:

1. \$200,000 as additional appropriation for state pay for veterans of World War II. The Legislatures of 1941 and 1943 have already set aside \$2,500,000 for this purpose and it has been estimated that the sum of \$2,700,000 will be necessary to discharge our obligations to our servicemen and women.

2. \$150,000 additional appropriation for the state office building. The Legislature of 1941 appropriated the sum of \$600,000 for such a building. The additional appropriation is for the addition of another story and to provide for increased building costs.

3. \$750,000 for additional buildings at our state institutions in accordance with the recommendations of a special committee appointed in 1944 by Governor Wills to study our state institutions with special attention to their building needs. The report of this committee will be in your hands within a few days and deserves your careful study and attention.

CONCLUSION

Such are some of the problems we are to consider together during this Legislature. While the enactment of laws is your responsibility, I shall cooperate with you in every way possible.

A session of the legislature is like a journey—an exploring trip through unknown country. It is an interesting trip with ever-changing scenery and situations. We learn much about Vermont and about each other. I am personally looking forward to our trip with sincere pleasure.

Government today is a challenge—a challenge to aid our fellow men, especially those who have met with misfortune beyond their control—a challenge to steer a wise and just course between security and self-reliance—a challenge to increase opportunity for earning a living and supporting one's family—a challenge to strengthen moral fibre and character for these are what really count.

We must remember that America lives in simple homes. In Vermont and in America it is the rank and file, the great middle class, who comprise the substance of our people and the hope of a great tomorrow.

We must remember, too that government is for the welfare of all, that freedom of government has great responsibility and to meet our challenge successfully we must have faith in ourselves, in Vermont, and in the Eternal Spirit.

The strength of the hills is His also.

* * * * *

The Governor having concluded the reading of his message, was escorted to the Executive Chamber by the committee appointed by the Chair.

The Supreme Court was escorted from the hall by the Sergeant at Arms.

The Joint Assembly dissolved.

RAWSON C. MYRICK,
Secretary of State, Clerk