Marvin Vance, Pastor of the First Methodist Church of Austin, Texas.

The Benediction was offered by Dr. Marvin Vance, as follows:

"The Lord bless you and keep you; the Lord make his face to shine upon you and be gracious unto you. The Lord lift up his countenance upon you and give you peace; both now and forevermore.—Amen."

ADJOURNMENT

The House, in accordance with the motion made by Mr. Dewey, adjourned at the conclusion of the Joint Session, until 10:00 o'clock a.m. tomorrow.

SIXTH DAY

(Wednesday, January 18, 1961)

The House met at 10:00 o'clock a.m., pursuant to adjournment, and was called to order by the Speaker.

The roll of the House was called and the following Members were present:

Mr. Speaker—Cowles
Adams of Lubbock—Crain
Aleas—Crew
Allen—Carrington
Andrews de la Garza—Duff, Mue
Baisley—Dungan
Ballman—Ehrhardt
Banfield, Mrs. Ehrle
Barlow—Farechild
Barrows—Fletcher
Bartram—Floyd
Bass—Foreman
Bell—Garrison
Berry—Gibbons
Blaine—Giddens
Boyce—Gladding
Bridges—Glass
Buchanan—Gladding
Burgess—Green
Butler—Grove
Caldwell—Hale
Cannon—Hardin
Carriker—Haring
Chapman—Harrington
Cole of Harris—Haynes
Collins—Heath
Coulson—Hisston
Cook—Huebner
Cory—Hughes
Cotten—Hughes of Grayson
Cowen—Hughes of Dallas

Isaacks, Miss Price
James Quilliam
Jenkins Rapp
Jarvis Ratchiff
Johnson of Dallas, Richard Read
Johnson of Bell, Richard Richardson
Jones of Bexar, Richard Roberts of Bell
Jones of Travis, Richard Roberts of Dallas
Kennard Ross
Koliba Ross
Kortch Sandahl
Lary Schram
Leyton Stimson
La Valle Shipley
Leaverston Slack
Lewis of Bexar Smith
Longoria of Bexar Smith of Jefferson
McCoppin Saeson
McGregor Spears
McGregor of El Paso Springer
McGregor of McLennan Stewart
McGregor of Wichita
Markgraf Strow
Martin Thurman
Miller Thurmond
Mullen Townsend
Murray Trevino
Mutscher Turnell
Niemeyer Walker
Nguyen Ward
Oliver Watson
Osburn Wells
Parsons Wheatley
Peacor Whittle
Peeler Wilson of Trinity
Petty Wilson of Tuttler
Pierat Woods
Pipkin Yenk
Preston

Stewart of Galveston

Absent

Stewart—Excused

Adams of Titus Hollowell
Cole of Hunt Kilpatrick
Dawson Moore

A quorum of the House was announced present.

The Invocation was offered by the Reverend Clinton Kersey, Chaplain, as follows:

"Heavenly Father, on this the Sixth Legislative Day of the Fifty-seventh Legislature, when the plans of this administration are presented by the Governor, we pray for understanding and wisdom. Give us the courage of
our convictions. Remove all malice from our hearts. Father, help the Members of this House to fulfill the needs of this government that the results of our labors might be pleasing unto Thee. Bless the people of this State. Help us to have the love that we should toward each other. In Christ's Name we pray—Amen.”

LEAVES OF ABSENCE GRANTED

The following Members were granted leaves of absence on account of important business:

Mr. Dewey, for Wednesday and Thursday of this week to attend the inauguration of the President and Vice-President of the United States in Washington, D.C., on motion of Miss Duff.

Mr. Cole of Hunt temporarily for today on motion of Mr. Boysen.

Mr. Kilpatrick for today on motion of Mr. Harrington.

Mr. Adams of Titus for today on motion of Mr. Allen.

The following Members were granted leaves of absence on account of illness:

Mr. Hollowell for today on motion of Mr. Petty.

Mr. Moore for today on account of illness in his family, on motion of Mr. Collins.

CONGRATULATORY RESOLUTION ADOPTED

H. S. R. No. 25, By Mr. Stewart of Wichita and Mr. Connell: Commending the Choir of Midwestern University.

CONCERNING INTRODUCTION OF HOUSE BILLS

The Speaker asked if there was objection to extending the time for the use of the numbers drawn by the Members for the introduction of House Bills until 5:00 o'clock p.m. next Wednesday, January 26.

There was no objection offered and it was so ordered.

MESSAGE FROM THE SENATE

Austin, Texas, January 18, 1961

Honorable James A. Turman, Speaker of the House of Representatives.

Str: I am directed by the Senate to inform the House that the Senate has passed the following:

H. C. R. No. 6, Providing for a Joint Session.

H. C. R. No. 1, In memory of Uncle Henry Blair.

S. C. R. No. 6, In memory of Herbert C. White.

S. C. R. No. 7, Allocating vacated offices of the Supreme Court, the Court of Criminal Appeals and the Attorney General to the Legislature.

H. C. R. No. 4, Providing for payment of inaugural expenses of 57th Legislature.

Respectfully,

CHARLES A. SCHNABEL,
Secretary of the Senate.

RESOLUTIONS SIGNED BY THE SPEAKER

The Speaker signed in the presence of the House, after giving due notice thereof and their captions had been read severally, the following enrolled resolutions:

S. C. R. No. 4, Relating to Public Schools Week.

S. C. R. No. 5, Providing for a Joint Session to hear an address by Governor Price Daniel.

S. C. R. No. 2, Providing for a Joint Session to canvass the votes cast for the Governor and Lieutenant Governor.

COMMITTEE APPOINTED TO ESCORT GOVERNOR PRICE DANIEL

The Speaker announced the appointment of the following Committee to escort the Governor and party to the Speaker's Rostrum:


ADDRESS BY GOVERNOR PRICE DANIEL

(The Senate and the House of Representatives in Joint Session.)

In accordance with the provisions of Senate Concurrent Resolution No. 6, and H. C. R. No. 6, providing for
January 18, 1961  HOUSE JOURNAL  63

a. Joint Session of the Senate and the House at 10:15 o'clock a.m., today, for the purpose of hearing an address by the Honorable Price Daniel, Governor of Texas, the Honorable Senators were admitted to the Hall of the House and occupied seats arranged for them.

Lieutenant Governor Ben Ramsey was escorted to a seat on the Speaker's Rostrum.

At 10:29 o'clock a.m., Governor Price Daniel, accompanied by Mrs. Price Daniel, Miss Ellen Daniel and other members of the Governor's party, escorted by Senators Patman, Creighton, Calhoun, Martin and Schwartz, Committee on the part of the Senate, and Messrs. Cannon, Spears, Ward, Wheatley, Hinson, Kilpatrick and Trevino, Committee on the part of the House, were announced at the bar of the House and being admitted, were escorted to seats on the Speaker's Rostrum.

Lieutenant Governor Ramsey called the Senate to order.

A quorum of the Senate was announced present.

Honorable James A. Turman, Speaker, called the House of Representatives to order.

Speaker Turman directed the Clerk to call the roll of the House.

The roll of the House was called and the following Members were present:

Mr. Speaker Burgess
Adams of Lubbock Butler
Alams Caldwell
Allen Cannon
Andrews Carricker
Atwell Chapman
Bailey Cole of Harris
Ballman Cole of Hunt
Barnfield, Mrs. Collins
Barlow Collins
Barnes Cook
Bartram Cory
Bass Cotten
Bell Cowan
Berry Cowles
Blaine Crain
Boysen Crews
Bridges Curington
Buchanan de la Garza
Dungan Mollen
Eckhardt Murray
Ehrle Neufelder
Fairchild Niemeier
Fletcher Nagy
Floyd Oliver
Foreman Osborn
Garrison Parsons
Gibbons Peary
Gladden Potter
Glass Pierart
Gunning Pickens
Green Preston
Grove Price
Hale Quillian
Halsey Rapp
Haring Ratcliff
Harrington Read
Harrington Richards
Harms Richardson
Hinshaw Roberts of Hill
Huie Roberts of Dawson
Hughes Ross
Hughes of Dallas Ross
Hughes of San Antonio Russell
Hunziker Sandahl
James Schram
Jamison Shannon
Jarvis Slack
Johnson of Dallas Smith of Bexar
Johnson of Bexar Smith of Bexar
Johnson of Dallas Smith of Jefferson
Jones of Dallas Snelson
Jones of Travis Spears
Kanard Spilman
Kolhs Springer
Korcho Struve
Lack Thurmond
Lary Thurmond
Latimer Townsend
LaValle Trevino
Leawerton Tunnell
Lewis Walker
Longoria Ward
McCoppin Watson
McGregor Wells
McGregor of McLennan Wheatley
McGregor of El Paso Whitley
McIntyre Wilson of Trinity
McNally Wilson of Potter
Markgraf Woods
Martin Yezak
Miller Absent

Duft, Miss Stewart
Stellers and Excluded

Absent—Excused
Adams of Titus Kilpatrick
Dowey Moore
Hollowell
A quorum of the House was announced present.

Speaker Turman stated that the two Houses were in Joint Session for the purpose of hearing an address by His Excellency, Price Daniel, Governor of Texas.

Speaker Turman then presented the Honorable C. W. Pearcy, Jr. of Bell County, who introduced Governor Price Daniel to the Joint Session.

Governor Daniel then addressed the Joint Session, speaking as follows:

TO THE MEMBERS OF THE FIFTY-SEVENTH LEGISLATURE:

I begin this message by repeating again my pledge of cooperation to you, Governor Ramsey, Speaker Turman, and the members of the Legislature. Although we serve separate branches of the government, the problems of the State are of equal concern to us. They can be solved by our working and reasoning together. It is in this spirit that I shall make recommendations to you, and in the same spirit I shall welcome your suggestions at all times.

Condition of the State

Article IV, Section 9, of the Texas Constitution provides: "The Governor shall at the commencement of each session of the Legislature . . . give to the Legislature information, by message, of the condition of the State; and he shall recommend to the Legislature such measures as he may deem expedient."

The general condition of our State is much better than the condition of our General Revenue Fund. In fact, the phenomenal growth of our State is largely responsible for our need of additional State revenue.

Our population growth has been far above the national average. Our population increased 23%—to 9.5 million—during the past ten years, and experts predict a population of 12 million by 1975. Over 9,000 additional school children enter the doors of our public schools each year. Business and industry continue to expand. Even with a slight recession, our industrial output increased in 1969. During the past two years, 475 new industrial plants were established in Texas, 472 existing plants were expanded, and 375 new plant locations were announced. It is because of this rapid growth and constantly increasing population, plus continued inflation and restriction of oil production, that our State is faced with the need for more money to operate its governmental functions.

Condition of State Finances

On the financial condition of the State government, the total balance in all funds is approximately $1 billion in cash and securities. Unfortunately, the one fund with a deficit, the General Revenue Fund, is the one which must bear most of the increase in cost of State services. The State Comptroller estimates that by the end of this fiscal year, the deficit in this fund will amount to $43 million.

Although deficits have been the rule rather than the exception during many years of Texas history, they can become critical and costly. Today, the special funds of our State are losing interest on the money which is being deposited with the banks until the General Revenue deficit warrants are paid. About $85 million in each warrant are now being held by Texas banks. To compensate the banks as much as possible, the State Treasurer places on deposit $85 million in cash from other funds on which no interest is drawn. Otherwise, the $85 million from special funds could be drawing at least 2½% interest on time deposit. This General Revenue Fund deficit has averaged $67 million during the past twelve months, which means that State funds have lost at least $1.5 million in interest during the year.

The State has suffered even greater loss from the publicity about its deficit. This information reaches people in other States through financial journals and other publications. It leaves a bad impression concerning State government, not only upon our own people, but upon those who are thinking of moving here with their industries and families. Some refer to these deficiency warrants as "hot
checks." Individual citizens are proscribed for writing checks without having funds available to cover them.

For all of these reasons, the "pay-as-you-go" amendment to the Texas Constitution was adopted in an attempt to prevent deficit financing. When the procedure fails and a deficit occurs, the spirit and purpose of that provision of our Constitution require that the deficit be retired at the earliest possible time. Accordingly, under the powers of the Governor outlined in Section 5 of Article III of the Constitution, I hereby submit to you as an emergency matter the enactment of measures which will provide sufficient funds to retire the deficit before the end of the next fiscal year.

I shall make specific recommendations as to how this can be accomplished. First, however, it may be helpful to review how this deficit occurred and why it should be handled as an emergency separate from other revenue measures.

Two years ago, the 56th Legislature passed a substantial tax bill in an effort to retire the deficit and provide sufficient additional revenues to continue essential services of State government. I had recommended then, as I recommend to you today, that the deficit be retired separately from a new and permanent tax program. That recommendation did not prevail in the Legislature. Deficit financing was delayed, and finally it was jumped together with the continuing and recurring needs of the next biennium. The tax bill did not prove to be adequate, due in large measure to the decrease in oil production and the loss of revenue from the Severance Beneficiary Tax on natural gas as the result of the lawsuits filed by the gas pipeline companies.

The State has not been free of deficit for any month during the past two years. It will not be free of deficit at the end of any month in the next two years unless the Legislature promptly enacts special emergency revenue measures on which collections can begin during this fiscal year. If you wait until the needs of the next biennium are known and settled, the delay itself will lose millions of potential revenue. If the debt is handled separately, the permanent tax bill for the next biennium can be set at much lower figures. Above all, the deficit should be treated and disposed of separately from the needs of the next biennium because it is a debt already incurred. We should not incur new obligations until arrangements have been made to retire the commitments already made.

My proposals for emergency legislation to retire the deficit are as follows:

1. Enactment for a period of twelve months of an additional 3% tax on the value of natural gas produced in this State, with a credit of such payments on the presently contested Severance Beneficiary Tax in the case of the few persons or companies who are liable for both taxes. This would prevent double taxation and would permit the State to receive $22.5 million to apply on the deficit while the Severance Beneficiary Tax is tied up in court. I have been convinced that most of this production tax increase would be passed on to pipeline companies, whose purchase contracts call for payment of from one half to seven eighths of any increase in gas production taxes.

This plan has worked very well in Louisiana, where the natural gas tax is much higher than ours. When the Louisiana pipeline tax of 2¢ per MCF (1000 cubic feet) was contested in court, the Governor called the Legislature into session, and it promptly placed the 2¢ tax on production instead of pipelines. The average gas production tax of 2.3¢ per MCF in Louisiana today is much more than twice as much as our present 7¢ per MCF, and is nearly twice as much as the total of 10% of value which I have recommended for a period of one year. At the Louisiana rate, Texas would have collected an additional $50 million on natural gas during the past year.

Since 1951, Texas Governors and Legislatures have insisted that natural gas should bear a larger portion of the State's tax burden. The plan which I have suggested is one sure way to accomplish this purpose while the Severance Beneficiary Tax is being litigated. Indeed, we have precedent
here in Texas for this procedure. In 1955, our gas production tax was raised to 9% for one year and to 8% the second year. This was upon recommendation of Governor Shivers at a time when State finances were not in as serious condition as they are today.

2. Enactment of a two-factor formula (property and receipts) for figuring the base of the corporation franchise tax on companies engaged in interstate business. This would yield an additional $10 million during the first year. This is a long overdue change in order to eliminate the discrimination which now exists in favor of foreign and interstate corporations (which engage in interstate sales) and against wholly domestic companies which engage only in Texas business.

Corporations wholly engaged in business within this State pay the corporation franchise tax on 100% of their capital, long term debt, etc., at the rate of $3.75 per $1,000 of capital. There are about $2,000 of these domestic companies, most of them chartered under the laws of Texas, which pay on this 100% rate. They would not be affected at all by this proposal.

The proposal would affect only the 7,000 corporations engaged in interstate business and sales, which pay only on that percentage of their capital, debt, etc., that their receipts from sales in Texas bear to their receipts from outside the State. It matters not how much property, operations, or activity the interstate company has in Texas; its franchise tax base is determined solely by its sales in Texas. Thus, under the present law some foreign corporations have property and operations in this State 100 times as large as some of your home towns wholly-domestic companies, and still pay less in corporate franchise tax than your own local companies. That is because they sell outside the State most of the products from their Texas capital and business. They have a tax haven here and a discrimination in their favor which exists in no other State except Washington.

For instance, one interstate gas pipeline company which has $7 million of capital operating in this State pays no corporate franchise tax because it does not and will not sell any of its products in this State. Another interstate corporation has $1,787,000 of capital operating in the State and pays only $315 in corporate franchise tax. That is less than 1/4,000 of what Texas corporations engaged wholly in Texas business would pay on the same amount of capital.

All of the states, except Texas and Washington, have awakened to this discrimination and have applied tax formulas on both their franchise and corporate income taxes, based more nearly upon the actual capital and business operations of interstate companies within the borders of their States.

3. Enactment of legislation providing for financing the Colson-Briscoe farm-to-market road program out of gasoline taxes rather than the General Revenue Fund, thereby relieving this fund of an annual payment of $15 million. This special farm-to-market road program has been of great benefit to our State, and it should be continued. However, the reasons for originally financing this program out of the General Revenue Fund no longer exist. The program was established in 1949 when there was a surplus of $76 million in the General Revenue Fund and when there was only $6 million for farm-to-market roads in the Highway Department funds. Today, there is no money in the General Revenue Fund, and there is $25 million per year in Highway Department funds (the bond assumption surplus earmarked and available for farm-to-market roads). The $15 million program financed in the future from the highway fund, plus $10 million General funds, would provide $25 million in construction funds and build more than 1,800 miles of farm-to-market roads per year, and this would leave a balance in present highway funds of $20 million per year for additional construction, improvement, and maintenance of farm-to-market roads. With over 3,000 miles of roads already constructed under the present program, it is obvious that this amount would sufficiently finance future construction at a rate far in excess of that which was possible when the Colson-Briscoe program was enacted.
There is an alternative way in which this transfer of financing can be made with even more money available for farm-to-market roads and all other road construction, as well as $14 million in additional funds for public schools during the next biennium.

This alternative is a 1¢ increase in the gasoline tax in accordance with the proposal outlined in detail in the report of the State Finance Advisory Commission, pages 49-51. Our gasoline tax today is next to the lowest in the Nation. It is from one to two cents below our adjoining States. The new Federal one cent tax automatically expires on July 1 unless extended by Congress. If Texas and other States show their need for this tax, I believe that extension of the Federal tax can be defeated. If we indicate by our actions that we do not need or will not use this tax, then the Congress is sure to extend the Federal levy. It will be another case of State inaction abdicating a tax source to the Federal government. At the last Governors' Conference, it was voted that the States need this additional one cent tax, and that the Governors should oppose re-enactment of the Federal tax. The result may well depend upon what this and other State Legislatures decide to do on this subject.

Regardless of the method followed to accomplish the purpose, it should be evident to all that a broke and indebted General Revenue Fund should no longer carry the load of money rightfully belonging to the State. I think its defeat was due principally to misunderstanding and misrepresentation of what the bill contains, because it has been enacted in other States with little or no opposition. This year the bill which I shall submit will be so clearly limited to enforcement of the present escheat law and reporting and collection of money which properly belongs to the State that it is inconceivable that persons or companies holding such funds could in good conscience oppose this measure. It is conservative-ly estimated that this law would enable the State to collect $17 million now held by various persons and companies subject to the present escheat law on account of there being no other owners of the property. This estimate is $3 million below that which was estimated two years ago on account of reports that sizable amounts of these funds have been charged off or reported to rightful owners during the past two years. Legislation of this type is recommended by the Council of State Governments, the American Bar Association, and the Commission on Uniform State Laws. (See general explanation, page 53, State Finance Advisory Commission Report.)

The four measures which I have recommended (see summary on Exhibit I attached hereto) would net $64,500,000 and retire the deficit within 12 months after their enactment.

If you prefer, there are other emergency measures which could be substituted for some of those, including a one-year 10% increase in all state taxes which were not increased last year. This would provide $30 million. I would welcome any other suggestions. Whether you agree or not on the exact proposals recommended, I do sincerely hope that this Legislature will agree on the principle of financing the deficit on an emergency basis rather than allowing it to continue by spreading it out over the next two and a half years.

1961-1962 Biennium Budget

With respect to appropriations for the next biennium under programs presently authorized, my budget recommendations were submitted to you on December 15, 1960, for a total of $373,440,734 of general revenue funds as compared with the $273 million which the Comptroller has estimated as income during the next biennium from present tax sources. Thus, it is evident that considerable
new revenue is necessary to continue existing services with the minimum increases necessary for improvement of those services. In this connection, practically all of the increases are in the five programs most affected by the increase in population—public schools and colleges, public welfare, highways, hospitals, and correctional institutions. These five programs now take 96 cents of every tax dollar. (See Exhibit 4 attached hereto). My recommended increases are 49% less than the requested increases made by the various State agencies concerned. Therefore, I feel that every possible economy has been applied although I would be pleased if the Legislature could find other reductions possible without decreasing the efficiency and adequacy of the services rendered by these agencies.

The Executive Budget includes substantial increases for our hospitals, special schools and correctional institutions, including funds for a paid juvenile parole system. It includes an approximate $25 million increase in funds for higher education, including substantial increases in teaching salaries. This was recommended by both the Commission on Higher Education and the State Finance Advisory Commission. In this connection, and as a part of their recommendations, both commissions proposed an increase in college tuition, the former recommending a $25 per semester increase for a total of $10 million during the biennium and the latter recommending a $50 increase per semester for a total of $20 million during the biennium.

After carefully studying the need for this tremendous increase in the cost of higher education as compared with our present low college tuition, I recommend the $50 per semester increase, provided that the Legislature continues the present scholarship provisions which make tuition scholarship available to any students who do not have the funds with which to pay tuition charges. Under this system, no student will be denied an education because of the tuition fee, and the great majority who are able to pay a reasonable fee will help pay approximately 16% of the revenue needed by our State-supported colleges and universities. Sixteen percent of the State's cost for a student's education would not appear to be an unreasonable amount for those who are able to pay it. This proposed tuition rate of $100.00 a semester, or $200.00 a year, will still keep Texas with one of the lowest tuition rates in the Nation for State-supported institutions, and with less than half of the rate charged by private and church-supported schools in this State. These comparisons and a complete discussion of the needs for higher education are contained in the report of the State Finance Advisory Commission, pages 10-16.

Additional Recommendations

In addition to the spending recommendations contained in the printed budget document, there are at least two other programs which demand our attention:

First, the people of Texas by constitutional amendment authorized a medical aid program for recipients of aid-age assistance, and I recommend its implementation. The estimated cost is $18,922,000 for the biennium. In this connection, a study is being made by the Texas Research League which may offer new suggestions for a successful program in this field and at a possible decrease in cost.

Second, the people of our State have indicated on many occasions during the past two years their support for improvements in our public schools, including teacher salary increases. I urge your consideration of the Hale-Aikin report, with enactment of as much of this program as can be accomplished at this session.

In this connection, I recommend the enactment of the proposals suggested by the State Finance Advisory Commission contained on pages 1-8 of its report, with the exception that I recommend a $200 per year salary increase instead of the $400 recommended by the Commission, and that I also recommend enactment of a driver education program. A summary of these recommendations is contained in Exhibit 2 attached hereto.

The $200 per year salary increase is in accordance with the recommendations of the Hale-Aikin Committee for a State minimum salary of $3800. It is the most important item in the
January 18, 1961  HOUSE JOURNAL 69

entire Hale-Alkin program because, in spite of the fact that we have increased teachers' salaries nearly 30% in the last ten years, other States have done better. Texas now ranks thirty-second among the fifty States in average classroom teaching salaries. Our present minimum salary of $2100 is not sufficient to compete with other States and with other employers for the services of trained school personnel. While our total population increased 23% during the last ten years, the number of school teachers increased more than 50%.

We will need 10,000 new teachers a year to properly care for our new students and to replace those teachers who leave the profession.

Public education is one of the most important responsibilities of State and local government. Operation of our public schools is the last bulwark of local self-government. Those who desire continuation of our present system, with all of its rights and responsibilities, should be willing to provide necessary financing from State and local funds rather than from the general Federal aid which is now proposed in Washington.

Summary of Appropriations Recommended

A summary of total budget recommendations plus these additional expenditures from the General Revenue Fund is attached hereto as Exhibit 3.

If the college tuition increase is adopted as recommended, this would leave a total of $475,964,734 to be paid in the next biennium from General Revenue or General Revenue affected funds. Deducting from this the Comptroller's estimate of revenue for the next biennium in the sum of $273,420,396 leaves the total needed for college revenue at $206,344,339, or an annual need for new revenue of $103,172,169. I hasten to add that this does not include the estimated deficit of $63 million. It means that even if the deficit is financed as a separate emergency matter, that an additional $108 million would be necessary for the General Revenue Fund to supply these recommended appropriations.

Sources of New Revenue

Although it does not lessen the magnitude of our own problem, it is of interest to note that other comparable States have been faced and are now faced with even greater needs for new revenue. Only the States which are losing population have escaped fiscal problems comparable to ours. Our over-all fiscal situation is better than comparable States, because we have not previously been called upon to resort to the broad-based tax potentials which most of them have employed for many years. For years they have been spending and taxing more than Texas on a per capita basis. Only eight States in the Nation have lower total general expenditures per capita than Texas. Only ten States have lower per capita State taxes. It has been estimated that Texas has a potential of $500 million per year in additional taxes if we used all the sources now being employed by a majority of the States.

As indicated, none of this makes our task of levying more than $100 million in taxes any less difficult. It simply shows that even after this is done, Texas will have lower per capita taxes and a better fiscal structure than most of the other comparable States in the Union.

The only thing that I know of which makes our task any easier than it was two years ago is the fact that the people of Texas are better acquainted today with the financial needs of our State. Few of them will be advocating new taxes except on the other fellow, but I sincerely believe that more of our people are conscious of the need and the challenge with which we are faced and that they will strongly support our disposition of the problem without the costly delays and bitter wrangling which occurred two years ago.

Anticipating the great need for additional revenue, last April I appointed a State Finance Advisory Commission of thirty-six members, with former Senator John Redditt of Lufkin serving as chairman. The Commission had representatives from business, labor, schools, and practically all phases of the economy. It was asked to study our fiscal affairs and needs and to recommend a tax solution that would avoid enactment of a general retail sales tax or a state income tax since the Governor, the Lieutenant Governor, and a majority of the candidates for the Legislature...
had expressed opposition to these two taxes. The Commission and its subcommittees spent many days of last year working on this problem. Its report has been delivered to you. I adopt and recommend to you its proposal of a payroll-earnings tax as the best solution for new revenue. As stated by the Commission (Report, pages 37-45), this tax would be easier to collect, less expensive, and less burdensome on both individuals and business than either a general retail sales tax or graduated state income tax.

As an alternative, in case the Legislature does not approve the payroll-earnings tax, the Commission suggested a broadened excise tax which would increase some of the present selective levies and add many other items to the present selective sales or excise taxes. I adopt and recommend this as an alternative.

I realize that neither of these proposals will be welcomed with any widespread enthusiasm. I have not yet found any tax which has been so received. Usually it is a case of centering on the lesser of the evils, but centering on one of them we must, if we are to discharge our responsibilities to our State and our people.

The time has come when we must face the fact that a broader based growth tax is necessary to meet the present and future needs of Texas. Advocates of a state income tax and a general sales tax have faced this fact long ago. At least, the AFL-CIO, which advocates a state income tax, and the Texas Manufacturers Association and regional Chambers of Commerce, which advocate a general sales tax, have centered their support on plans which are tied with the growth of our State sufficiently to provide adequate State revenue. The burden is now upon those of us who oppose these two measures, and I believe we are definitely in the minority, to center affirmatively on an alternative growth tax which will likewise meet our present and future needs.

The State Finance Advisory Commission has presented at least two plans which would do the job. I have recommended them to you in the order of their presentation by the Commission. I will support and work for either of them that receives the widest acceptance in the Legislature. If any of you has a plan which receives wider acceptance, short of a general sales tax or an income tax, I will work for and support that plan.

The remainder of my recommendations are just as important but do not involve revenues in addition to what I have already mentioned.

Law Enforcement

First, in the field of law enforcement there is a need for further improvements in the Criminal Code and Code of Criminal Procedure. The Texas Law Enforcement Study Commission in 1959 recommended 27 specific proposals, only three of which were enacted. I recommend the enactment of the remaining 24 proposals of this Commission.

I urge that the Legislature increase the minimum penalty for selling narcotics to five years from the present two years, and further strengthen our laws against the narcotics traffic.

Crime in our State is increasing four times more rapidly than population growth. Even more tragic is the fact that 99% of the major crimes are committed by boys and girls 17 years of age and under.

As heretofore stated, in addition to an increase in the number of adult parole officers, I have recommended the establishment of a similar paid parole system for juveniles. We have greatly improved our correctional schools since the Texas Youth Council was created in 1957. Now we should provide adequate supervision for those paroled from the schools.

An average of 1,850 children are on parole at any given time, and 25% of them are eventually returned for parole violations. Even though charged with the responsibility of supervision of these parolees, the Youth Council does not have funds for a single staff member to carry out this task. Supervision is now being done by persons or agencies on a volunteer basis. The small cost of a paid parole system will be more than offset by better rehabilitation of juvenile offenders.

Highway Safety

In another area of law enforcement—improved safety on our streets and
January 18, 1961


highways—great progress has been made during the past four years, but
much more is necessary. When I be­
came Governor in 1957, the most
tragic statistics I saw was the record
number of 2,611 people killed, and
over 109,900 injured, in traffic acci­
dents in the previous year of 1956.

With the assistance of the Legisla­
ture, I initiated a highway safety
program from the Governor's Office
in an effort to help reduce this slaugh­
ter. More intensive public education,
closer cooperation with local law en­
forcement authorities, and efforts to
reduce highway hazards have resulted
in the saving of many lives. In 1957
there were 72 fewer deaths than in
1956; in 1958, there were 269 fewer
deaths than in 1954; in 1959, there
were 158 less; and in 1960, prelimin­
ary figures show there were 328 few­
er deaths than in 1956.

In four years we have used public
education and public agencies to help
reduce the death rate down to 5.3
fatalities for every 100 million miles
traveled, the lowest rate in our State's
history. However, this death toll can
be reduced even more—even below
2,000 per year—if these additional
steps which I recommend are enacted:

1. Complete revision of the driver
licensing law to remove from the
highway those drivers whose own
records prove they cannot or will not
drive safely and legally. This law has
had no major improvements since its
enactment in 1941.

2. A medically-accepted chemical
test law for use in cases of driving
while intoxicated.

3. A new system of traffic courts.

4. Approval of 100 additional high­
way patrolmen for each year of the
next biennium and needed salary in­
creases, both previously recommended
in my budget.

Water Planning and Development

In the field of water planning, de­
velopment, and conservation, we have
every right to be proud of the pro­
gress made in recent years. To con­
tinue this progress, I recommend:

1. Enactment of proposals made by
the State Board of Water Develop­
ment to remove the present limitation
on State financial assistance of one­
third of project cost; raise the pres­
cently authorized ceiling on loans for
water supply projects from $5 million
to $15 million; strengthen the re­
quirement that applicants for loans
shall show inability to obtain financ­
ing elsewhere; and liberalize the in­
vestment procedures of the Board.

2. Submission of a Constitutional
Amendment to provide acquisition of
conservation storage in reservoirs un­
der taken by Federal or State agencies
or others, with the Water Develop­
ment Board authorized to purchase
such storage out of its present $290
million bond program.

3. Increased appropriations to the
Board of Water Engineers to
strengthen its research and planning
functions, as recommended in my
budget document.

4. Adoption of a reorganization
plan for the Board of Water Engi­
neers, separating the engineering ser­
dices under a Chief Engineer from
the quasijudicial and discretionary
functions under a fulltime, three­
member Board. The present Board
recently adopted this type of opera­
tion, but it should be fixed by statute
so that future boards cannot depart
from it. I also recommend that the
name of this Board be changed to the
Texas Water Commission to reflect
more adequately its true responsibil­
ities.

5. Establishment of a Special Com­
mittee on Abating Water Pollution to
study all aspects of pollution of
surface and underground water re­
sources, with the object of recom­
ending legislation on the subject at
this session of the Legislature.

6. A study of the feasibility of en­
acting a system of water use fees to
assist in the financing of water plan­
ing and administration.

Other Subjects

I also recommend for your consid­
eration the following matters:

—that loan legislation to carry out
the intent of the recent constitu­
tional amendment, including strict
supervision and regulation of those
who engage in this business.
- Restoration of full-time salaries for the State Board of Insurance.

- Expansion of our program for the mentally ill and the mentally retarded, as detailed in my budget.

- Constitutional revision for greater efficiency of State and local government, in line with the studies of the Texas Legislative Council and the citizens' committee established in 1967, and adoption of the amendment providing equal legal rights for women.

- Adequate financing of the Texas Industrial Commission and the tourist program of the Highway Department as recommended in the Executive Budget.

- An increase in the present $28 maximum payment under the Texas Unemployment Compensation Law.

- Adoption of a State Radiation Control Act and participation by Texas in the Southern Interstate Nuclear Compact.

- An appropriation of $177,000 per year for the operating expenses of Soil Conservation Districts.

- Legislative, Congressional, and Judicial re-districting.

- A complete study looking toward the reorganization of State government and its fiscal system.

I also urge your consideration of important Legislative Council proposals, including additional legislation for protection and development of our coastal beaches and submerged lands. With the fund requested of and provided by the 66th Legislature, we successfully defended our State's title under the 1963 Submerged Lands Act all the way out to our original three-league boundary in the Gulf of Mexico. We won a decision of the Supreme Court of the United States upholding this historic boundary and forever ending Federal claims to this property. It is now important that we bring our State laws up to date in this area.

These are my recommendations. I will be pleased to receive yours at any time. I conclude with only one further observation—the also of our task calls for prompt, courageous and constant work on the part of all of us. The earlier we arrive at a solution, especially with regard to taxes, the better they will be received by the people who elected us to do this job. The disputes and delays which occurred two years ago caused more criticism than the taxes which were finally enacted. As a distinguished official said last week, "A tax bill passed in April will be far more popular than the same bill passed in October."

With memory of the costly delays of 1959 and so many predictions of more delays and special sessions this year, I believe the people of Texas will welcome with hearty approval our diligent efforts to solve our problem within the time allotted for this Regular Session. To that end I pledge you my hope and faith and my complete and continuous co-operation.
EXHIBIT 1
REVENUE MEASURES TO RETIRE DEFICIT
1. Levy additional 3% natural gas production tax for one year...$22,500,000
2. Enact two-factor formula for interstate corporations in computing corporation franchise tax...10,000,000
3. Transfer Colom-Briscoe Farm to Market Road financing from General Fund to Highway Fund...15,000,000
4. Enact enforcement provisions for present escheat law...17,000,000
Total...$64,500,000

EXHIBIT 2
PUBLIC EDUCATION
Recommendations requiring increased expenditure:

<table>
<thead>
<tr>
<th>Description</th>
<th>Biennium Ending August 31, 1963</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Teacher Salary Increase ($600) as recommended by Hale-Aikin Committee (9 month school year)</td>
<td>$90,576,000</td>
<td></td>
</tr>
<tr>
<td>2. Increment Increase ($6 per mo.)</td>
<td>5,309,000</td>
<td></td>
</tr>
<tr>
<td>3. Transportation Formula Adjustment</td>
<td>4,574,000</td>
<td></td>
</tr>
<tr>
<td>4. Increase in Maintenance &amp; Operation Allowance (From $350-400 to $525 per professional unit)</td>
<td>14,864,000</td>
<td></td>
</tr>
<tr>
<td>5. Driver Education</td>
<td>4,300,000</td>
<td></td>
</tr>
<tr>
<td>6. Teacher's Retirement</td>
<td>7,321,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Increased Cost</strong></td>
<td><strong>$127,446,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Recommendations resulting in reduced expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Net Increase 1961-63 Biennium</th>
<th>Savings for 1961-63 Biennium</th>
<th>Total Saving for the Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Elimination of $100 Credit in Local Fund Assignment</td>
<td>$27,448,000</td>
<td></td>
<td>$24,523,000</td>
</tr>
<tr>
<td>8. Include Cost of Texas Education Agency in the Foundation School Program</td>
<td>566,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Finance County School Administration from Local Sources</td>
<td>5,246,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Redefine Scholastic as Pupil in Average Daily Attendance</td>
<td>139,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Re-allocate Revenue to the Foundation School Fund</td>
<td>1,124,000</td>
<td></td>
<td>1,124,000</td>
</tr>
<tr>
<td><strong>Total Saving for the Biennium</strong></td>
<td><strong>$ 24,523,000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Increase</strong></td>
<td><strong>$102,923,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*As recommended by State Finance Advisory Commission (Report, pp 1-8), except teachers salary increase set at $600 instead of $400, and driver education has been added.
### EXHIBIT 3

#### SUMMARY OF RECOMMENDED APPROPRIATIONS FROM GENERAL REVENUE OR GENERAL REVENUE AFFECTED FUNDS

**Biennium Ending August 31, 1963**

<table>
<thead>
<tr>
<th>Original Budget Document</th>
<th>Additions and Credits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Article I—Judiciary</td>
<td>$9,469,736</td>
<td>$9,469,736</td>
</tr>
<tr>
<td>2. Article II—Hospitals and Special Schools</td>
<td>$107,812,030</td>
<td>$107,812,030</td>
</tr>
<tr>
<td>3. Article III—Departments and Agencies</td>
<td>$74,226,132</td>
<td>$74,226,132</td>
</tr>
<tr>
<td>a. Medical Payments for Welfare Recipients</td>
<td>$15,892,000</td>
<td>$15,892,000</td>
</tr>
<tr>
<td>b. Soil Conservation Districts—Operating Expense</td>
<td>$354,000</td>
<td>$354,000</td>
</tr>
<tr>
<td>4. Article IV—Education—Colleges, Public Schools and Junior Colleges</td>
<td>$184,537,836</td>
<td>$184,537,836</td>
</tr>
<tr>
<td>a. Credit for College tuition increase of $50 per semester proposed in State Finance Advisory Commission Report (p. 11).</td>
<td>$(20,000,000)</td>
<td>$(20,000,000)</td>
</tr>
<tr>
<td>b. Public School Program proposed in State Finance Advisory Commission Report (p. 8), with teacher salary increase at $600 instead of $400, plus driver education. See Exhibit 2, attached hereto.</td>
<td>$102,923,000</td>
<td>$102,923,000</td>
</tr>
<tr>
<td>5. Legislative Expense</td>
<td>$4,750,000</td>
<td>$4,750,000</td>
</tr>
</tbody>
</table>

**Total: $378,945,734**

Less: Comptroller's Estimate of Revenue

| | Biennial Need From New Revenue |
|--------------------------|----------------------|----------------------|
| | $(273,620,395) | $206,344,339* |

**Annual Need From New Revenue**

| | $103,175,149* |

*This does not include estimated deficit of $63,116,954 (See Exhibit 1 for separate emergency plan to retire deficit)
EXHIBIT 4

WHERE YOUR STATE TAX DOLLAR GOES

(Based on 1958 figures)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>40.7%</td>
</tr>
<tr>
<td>Welfare</td>
<td>18.3%</td>
</tr>
<tr>
<td>Highways &amp; Roads</td>
<td>28.8%</td>
</tr>
<tr>
<td>Operational Costs, Executive, Judicial &amp; Legislative</td>
<td>1.7%</td>
</tr>
<tr>
<td>Hospitals, Health, Correctional Institutions, Law Enforcement</td>
<td>.2%</td>
</tr>
<tr>
<td>Regulation of Business &amp; Industry</td>
<td>.2%</td>
</tr>
<tr>
<td>Development &amp; Conservation of Natural Resources</td>
<td>.1%</td>
</tr>
<tr>
<td>Parks, Monuments &amp; Museums</td>
<td>.1%</td>
</tr>
<tr>
<td>Payment of Public Debt</td>
<td>.3%</td>
</tr>
<tr>
<td>State Employee Retirement - General Revenue Only</td>
<td>.3%</td>
</tr>
<tr>
<td>Miscellaneous &amp; General Revenue OASI</td>
<td>.4%</td>
</tr>
<tr>
<td>Total</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
## GOVERNOR'S OFFICE

### FINANCIAL STATEMENT AS OF DECEMBER 31, 1960

#### Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Governor</td>
<td></td>
<td></td>
<td>$ 25,000.00</td>
<td>$ 8,333.32</td>
<td>$ 16,666.68</td>
</tr>
<tr>
<td>2.</td>
<td>Lieutenant Governor, Acting</td>
<td></td>
<td></td>
<td>2,560.64</td>
<td>544.32</td>
<td>2,016.32</td>
</tr>
<tr>
<td>3.</td>
<td>Executive Assistant</td>
<td></td>
<td></td>
<td>15,000.00</td>
<td>5,000.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Administrative Assistants,</td>
<td></td>
<td></td>
<td>NTE $12,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NTE $12,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Administrative Assistant</td>
<td></td>
<td></td>
<td>7,500.00</td>
<td>2,500.00</td>
<td>5,000.00</td>
</tr>
<tr>
<td>6.</td>
<td>Clemency Assistant</td>
<td></td>
<td></td>
<td>6,150.00</td>
<td>1,600.00</td>
<td>4,550.00</td>
</tr>
<tr>
<td>7.</td>
<td>Executive Secretaries</td>
<td></td>
<td></td>
<td>NTE $4,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NTE $4,800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Personal Secretary to Governor</td>
<td></td>
<td></td>
<td>9,850.00</td>
<td>2,330.00</td>
<td>6,520.00</td>
</tr>
<tr>
<td>9.</td>
<td>Secretaries, NTE $3,690</td>
<td></td>
<td></td>
<td>37,640.00</td>
<td>12,233.13</td>
<td>25,406.88</td>
</tr>
<tr>
<td>10.</td>
<td>Capitol Receptionist</td>
<td></td>
<td></td>
<td>3,600.00</td>
<td>1,200.00</td>
<td>2,400.00</td>
</tr>
<tr>
<td>11.</td>
<td>Assistant to Capitol Receptionist</td>
<td></td>
<td></td>
<td>2,700.00</td>
<td>841.95</td>
<td>1,858.05</td>
</tr>
<tr>
<td>12.</td>
<td>Receptionist-Telephone Operator</td>
<td></td>
<td></td>
<td>3,108.00</td>
<td>1,036.00</td>
<td>2,072.00</td>
</tr>
<tr>
<td>13.</td>
<td>Chief of Files, Mall and General Services</td>
<td></td>
<td></td>
<td>4,380.00</td>
<td>1,460.00</td>
<td>2,920.00</td>
</tr>
<tr>
<td>14.</td>
<td>Assistant Chief of Files</td>
<td></td>
<td></td>
<td>3,180.00</td>
<td>1,005.00</td>
<td>2,175.00</td>
</tr>
<tr>
<td>15.</td>
<td>Clerks and Mailman, NTE $2,072</td>
<td></td>
<td></td>
<td>5,380.00</td>
<td>1,624.85</td>
<td>3,755.15</td>
</tr>
<tr>
<td>16.</td>
<td>Clerks, NTE $2,072</td>
<td></td>
<td></td>
<td>6,216.00</td>
<td>2,244.60</td>
<td>3,971.40</td>
</tr>
<tr>
<td>17.</td>
<td>Seasonal Help</td>
<td></td>
<td></td>
<td>4,800.00</td>
<td>4,584.98</td>
<td>215.02</td>
</tr>
</tbody>
</table>

Sub-Total, Salaries and Wages $165,924.64

#### For Other Expenses:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
<th>Amount of Appropriation</th>
<th>Spent (4 Months)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.</td>
<td>Texas Membership in Council of State Governments</td>
<td>31,500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Texas Membership in Governors' Conference</td>
<td>100.00</td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>20.</td>
<td>For receptionist supplies, equipment, amplifier, materials and descriptive leaflets on the State Capitol for school children and other visitors to the Capitol Building</td>
<td>1,500.00</td>
<td>94.65</td>
<td>1,405.35</td>
</tr>
<tr>
<td>21.</td>
<td>For books, stationery, supplies, office equipment, postage, freight, carpeting, furniture, repairs, telephone, telegraph, contingent expenses, payment of rewards and other expense necessary for law enforcement, traveling expense of Governor, Lt. Governor while Acting Governor, and of members of the Governor's staff</td>
<td>45,018.48</td>
<td>9,934.81</td>
<td>35,083.67</td>
</tr>
<tr>
<td>22.</td>
<td>Mansion furnishings, fixtures, equipment, supplies, chinaware, silver, furniture, lines, landscaping, repairs, utilities, telephone, telegraph, wages, salaries, labor and contingent for maintenance and upkeep of Governor's Mansion and grounds</td>
<td>32,453.92</td>
<td>5,303.75</td>
<td>27,148.17</td>
</tr>
</tbody>
</table>

For the Year Ending August 31, 1961
### GOVERNOR'S OFFICE

**FINANCIAL STATEMENT AS OF DECEMBER 31, 1960**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>For the Year Ending August 31, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.</td>
<td>$276,495.04 $104,021.35 $172,473.69</td>
</tr>
</tbody>
</table>

**Budget Division:**

23. For salaries, wages and necessary operating expenses required for the preparation of the executive budget recommendations, which amount is to be budgeted by the Governor

40,060.00 12,458.21 27,601.79

**Civil Defense and Disaster Relief Division:**

For Salaries and Wages:

- State Coordinator: 10,009.00 3,233.32 6,666.68
- Administrative Officer: 7,748.00 2,582.32 5,165.68
- Plans and Operations Officer: 6,400.00 2,200.00 4,200.00
- Training and Education Officer: 5,160.00 1,620.00 3,540.00
- Fiscal Officer: 5,160.00 1,720.00 3,440.00
- Administrative Secretary: 4,020.00 1,340.00 2,680.00
- Plans and Operations Secretary: 3,780.00 1,260.00 2,520.00
- Program Clerk: 3,780.00 1,200.00 2,580.00
- Receptionist-Secretary: 3,210.00 815.00 2,425.00
- Clerk: 2,940.00 900.00 1,960.00
- File Clerk-Typist: 2,580.00 520.00 2,060.00

Sub-Total, Salaries and Wages: 55,428.00 17,635.96 37,792.04

**For Other Expenses:**

35. Consumable Supplies and Materials, Current or Recurring Operation Expenses, and Capital Outlay: 28,600.00 8,298.50 20,301.50

Total, Civil Defense and Disaster Relief Division: 84,028.00 25,934.46 58,093.54

**Federal and Interstate Relations:**

36. To be expended by the Governor for salaries, travel and other expenses in conducting relations of the State with the United States Government and with other States, including defense of the property and rights of the State against encroachments and claims

17,980.00 4,693.32 13,286.68

**Deficiency Grants:**

37. For the payment of claims arising prior to the convening of the next Legislature under grants approved by the Governor in accordance with Article 4351, R. C. S., and for grants of aid in cases of drought, flood, disaster, catastrophe or calamity, the need
## GOVERNOR'S OFFICE (Continued)

**FINANCIAL STATEMENT AS OF DECEMBER 31, 1960**

<table>
<thead>
<tr>
<th>Budget Item No.</th>
<th>For the Year Ending August 31, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount of Appropriation (4 Months) Balance</td>
</tr>
<tr>
<td></td>
<td>$140,342.00 $ 65,000.00 $ 75,342.00</td>
</tr>
<tr>
<td></td>
<td>$588,905.04 $12,107.34 $346,797.70</td>
</tr>
<tr>
<td>38. Traffic Safety Director</td>
<td>12,000.00 4,000.00 8,000.00</td>
</tr>
<tr>
<td>39. Secretary</td>
<td>3,300.00 1,100.00 2,200.00</td>
</tr>
<tr>
<td></td>
<td>$15,300.00 $5,100.00 $10,200.00</td>
</tr>
<tr>
<td>Out of State Highway Fund</td>
<td>8,000.00 2,200.00 10,200.00</td>
</tr>
<tr>
<td>Out of Oil and Gas Enforcement Fund, No. 79: Interstate Oil Compact Commission</td>
<td>28,000.00 322.42 27,677.58</td>
</tr>
<tr>
<td>40. For the payment of Texas' share of expenses for the maintenance and operation of the Interstate Oil Compact Commission, and of expenses of the Governor's Office related to the program of that Commission, there is hereby appropriated</td>
<td>28,000.00 322.42 27,677.58</td>
</tr>
<tr>
<td>GRAND TOTAL, GOVERNOR'S OFFICE</td>
<td>$602,205.04 $217,529.76 $384,675.28</td>
</tr>
</tbody>
</table>

**NOTE:** Increases in salaries authorized by Art. V, Sec. 42, H. B. 4, 64th Legislature, 3rd Called Session, have been added where applicable.

Any unexpended balances in the appropriations for Item 21 in the Administrative Division, Item 36 in the Civil Defense and Disaster Division, and Item 33 in the Budget Division as of August 31, 1960, are respectively reappropriated for the same purposes for the fiscal year beginning September 1, 1960.

The Governor's Office may require agencies of the State of Texas appearing before Federal agencies or the agencies of other States to submit a written report of the purpose of such meetings and expression of the policies of the State agency concerning the subject matter of the meeting. After reviewing the policies, the Governor may require the State agency to conform to the policies of the State of Texas as outlined by the Governor and the Legislature before funds appropriated in this Act may be expended for necessary travel and other expenses connected with such appearances.

The Governor's office is authorized to make expenditures from Item 36 above, Federal and Interstate Relations, for expenses connected with nuclear development studies by the regional organization set up by the Southern Governors' Conference for which the Council of State Governments is the fiscal agent.
January 19, 1961  HOUSE JOURNAL  79

GOVERNOR'S OFFICE (Continued)

FINANCIAL STATEMENT AS OF DECEMBER 31, 1960

For the Year Ending August 31, 1961

Federal Funds:

The Government of the United States advances funds on a revolving basis to the Civil Defense and Disaster Relief Division of the Governor's Office. The Defense Division supervises the efforts and approves requests for reimbursement of funds expended by political subdivisions in case of emergencies within the State.

<table>
<thead>
<tr>
<th>Fund No.</th>
<th>Purpose</th>
<th>Amount Advanced</th>
<th>Spent or Returned</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>921</td>
<td>Flood and Tornado Disaster Relief Fund</td>
<td>$87,811.35</td>
<td>$24,642.63</td>
<td>$63,168.72</td>
</tr>
<tr>
<td>221.1</td>
<td>Civil Defense and/or Disaster Relief Fund</td>
<td>7,577.41</td>
<td>3,074.68</td>
<td>4,462.78</td>
</tr>
</tbody>
</table>

*Fund 221-1 is the only Federal Fund from which any administrative expenses of this office may be paid. Expenditures for the current year are:

Salaries $20,072.30
OSAI & Retirement Matching 162.30
Travel Expense 202

$22,437.63

After the conclusion of the Governor's address, Mr. Pearcy introduced Mrs. Price Daniel, wife of Governor Daniel, and Miss Ellen Daniel, sister of Governor Daniel, to the Joint Session.

SENATE RETIRES

At 11:32 o'clock a.m., Lieutenant Governor Ben Ramsey stated that the business of the Joint Session was concluded and that the Senate would retire.

The Senate then retired.

Speaker Turman announced that the House would stand at ease.

The Speaker called the House to order at 11:37 o'clock a.m.

MEMORIAL RESOLUTIONS ADOPTED

H. S. R. No. 34, By Mr. Koliba:
In memory of Mike Beard, Jr.


CONGRATULATORY RESOLUTION ADOPTED

H. S. R. No. 37, By Mr. Gibbens:
Congratulating Mrs. M. L. Johnson.

ADJOURNMENT

Mr. Collins moved that the House adjourn until 11:00 o'clock a.m. tomorrow.

The motion prevailed.

The Benediction was offered by the Reverend Clinton Keezy, Chaplain.

The House at 11:38 o'clock a.m., adjourned until 11:00 o'clock a.m. tomorrow.

SEVENTH DAY

(Thursday, January 19, 1961)

The House met at 11:00 o'clock a.m., pursuant to adjournment, and was called to order by the Speaker.

The roll of the House was called and the following Members were present: