

JOURNAL
OF THE
House of Representatives
OF THE
THIRD CALLED SESSION
OF THE
Forty-fourth Legislature

BEGUN AND HELD AT
THE CITY OF AUSTIN
SEPTEMBER 28, 1936



employ a mail clerk to assort and take care of the mail.

The resolution was read second time, and was adopted.

ADDRESS BY GOVERNOR JAMES V. ALLRED

(IN JOINT SESSION)

In accordance with the provisions of House Concurrent Resolution No. 1, Providing for a joint session of the House and Senate for the purpose of hearing an address by Governor James V. Allred, the Hon. Senators appeared at the Bar of the House and, being duly admitted, were escorted to seats.

Lieutenant-Governor Walter F. Woodul occupied a seat on the Speaker's stand.

Governor James V. Allred and party, escorted by Senators Collie, Hill, Regan, Nelson, and Cotton, committee on the part of the Senate, and Messrs. McKinney, Ford, Morse, Walker, Calvert, and Leonard, committee on the part of the House, were announced at the Bar of the House and, being duly admitted, occupied seats on the Speaker's stand.

Speaker Stevenson called the House to order and stated that the two Houses were in joint session for the purpose of hearing an address by Governor James V. Allred.

Lieutenant-Governor Walter F. Woodul called the Senate to order.

Speaker Stevenson presented Governor James V. Allred, who addressed the joint session as follows:

To the Members of the Forty-fourth Legislature:

The proclamation assembling this Legislature into extraordinary session for a third time sets out the following purposes:

1. To provide further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill No. 26 as passed by the Second Called Session of the Forty-fourth Legislature.

2. To consider and act on such other subjects of public importance as I may,

from time to time during the session, submit by message.

PART ONE

House Bill 26, Acts, Forty-fourth Legislature, Second Called Session, commonly known as the Old Age Assistance Law, was passed by majority vote of the Legislature in November, 1935. It became effective February 14, 1936, at which time the Old Age Assistance Commission, created by the law, officially organized and entered upon its duties. Thereafter, more than 200,000 applications (out of an estimated 300,000 citizens over the age of 65) were filed for old age assistance.

At this time, according to the Executive Director of the Old Age Assistance Commission, 80,718 applications have been approved, 12,339 applications have been denied, and 111,598 applications are still pending. The Commission estimates that ultimately a total of 147,676 aged citizens will probably qualify for assistance under the present law even though no new applications are received.

A detailed report as made to me by Hon. Orville S. Carpenter, Executive Director of the Old Age Assistance Commission, has been mimeographed and placed at the disposal of each member of this Legislature. I suggest that it be printed in the Journals of each House.

According to this report the average grant per person in Texas is \$16.00 per month. This, together with the cost of administration, will require an annual pension bill in Texas of approximately thirty million dollars.

The only funds as yet allocated to the payment of old age assistance is that received from liquor licenses and taxes. Of course, under the Constitution, 1/4th of the amount collected was allocated to the available school fund. Thereafter, 15%, or a total of \$430,383.00 was set aside, as provided by House Bill 26, for the permanent old age pension fund.

The Executive Director reports the following amounts received after such deductions:

Received from liquor licenses and taxes.....	\$2,871,907.00
Received from the Federal Government.....	2,088,450.00
Depository interest	794.00
TOTAL	\$4,530,768.00

He makes the following deductions:

Old age assistance paid to August 31, 1936.....	\$2,033,233.00
Administrative—Comptroller and Treasurer.....	30,000.00
Expenses this Commission—Furniture, Fix- tures, Equipment	31,582.00
Expenses this Commission—General.....	517,772.00
TOTAL	\$2,612,587.00
Balance, August 31, 1936.....	\$1,918,181.00

September payments for old age assistance amounted to a total of \$1,326,294.00, leaving a present balance of \$591,887.00, which includes the permanent old age pension fund of \$430,383.00.

Your particular attention is directed to the figures and estimates of the Executive Director on page 8 of his report. You will note that these estimates include amounts of money for "retroactive" grants due to the fact that the old age assistance law provides that when a grant is made upon an application filed prior to July 1, 1936, the applicant should be entitled to back payments from July 1st. The Executive Director estimates that a minimum of \$4,277,745.00 state money will be necessary if we are to carry out the provisions of the present law to January 1, 1937.

These figures are astounding! Indeed, investigations made by the Commission, and I am sure your own experience with our aged citizens, reveal the most challenging needs any Texas Legislature has ever faced. The need for funds to meet these obligations far exceeds estimates heretofore made of what would be required under the present law.

You will recall that during the Second Called Session of the Legislature in 1935, the State Auditor estimated a maximum of sixty thousand people (out of the 300,000 citizens over 65 in Texas) would probably qualify under the state old age assistance law. This was based upon the not too revealing experience of other states which had old age assistance laws; and upon advice from the Federal Social Security Board. Texas' experience in administering the present law has already clearly demonstrated that ours is the most liberal law in the Union; and that a far greater number of people out of each one thousand inhabitants are qualifying and will continue to qualify than in any other state. This

is due to the several differences between the Texas law and the laws of other states, pointed out in the Executive Director's report.

In addition to this, the present acute condition of the old age assistance fund is due to the fact that the taxes and licenses imposed under the state liquor law have failed to yield the amount estimated and hoped for by its proponents. This is particularly true since September 1, 1936, the date for renewal of permits.

I am sure every member of this Legislature realizes we are here to face the facts. Those facts are:

First: We are confronted with an absolute emergency need to meet demands for continued payment of old age assistance warrants beginning November 1st; and to finance the program until additional taxes levied by this Legislature can be collected.

This will have to be done promptly so that the Board can certify to the Federal Government that Texas has money in the treasury to meet its one-half of the total monthly payments beginning November 1st.

Second: We should permanently finance the old age assistance program.

In order to meet the emergency, I recommend the following:

A

The \$430,383.00 now set aside in the permanent old age assistance fund, out of the 15% of the total collected, should be transferred to the available old age assistance fund. You will recall that this 15% allocation was made in House Bill 26, passed before the liquor regulation law. Thereafter, the liquor bill allocated all funds collected thereunder, exclusive of the one-fourth going to the available school fund under the Constitution, to the old age assistance fund without specifying that 15% of same should go to the permanent old age assistance fund. It is quite possible that the present

law could be construed so as to place this \$430,383.00 in the available pension fund, but the Commission feels, of course, that it should be done with clear legislative authority. In addition, I am advised by the Attorney General that there is a serious question as to whether the Legislature could set up such a special fund under the Constitution. It seems to me in view of the urgent necessities with which the State is confronted, the best interests of the people would be served by transferring this sum of money to the available fund.

B

The general fund still operates under a tremendous deficit. The old age assistance fund is confronted with a similar deficit, and we cannot afford to issue so-called "hot checks" to our needy old people, since such warrants would have to be discounted; and it is the duty of the State to see that they are paid in cash.

I recommend the transfer of three million dollars from the cash surplus of the highway fund to the available old age assistance fund.

This Legislature last year appropriated three million dollars out of the general fund for the Texas Centennial; and that Centennial, more than any other factor, has contributed to the cash balance which the highway fund now enjoys. I am advised by the Comptroller that at the close of the fiscal year, there was a net increase in gasoline tax collections over the preceding twelve months of \$4,040,234.00. In my judgment, it is no more than fair that the highway fund, greatly increased by added Centennial attractions, should now in turn contribute to the urgent need of the aged citizens of our State.

This Legislature, or any future Legislature, may well provide for a return of the highway funds so used when the old age assistance program has been adequately and permanently financed.

This recommendation I make as a matter of emergency and not as a matter of permanent policy. Under normal circumstances, I am opposed to the diversion of highway revenues for other purposes, but in the face of the crisis which now exists in old age assistance, I am firmly convinced that the general welfare, and particularly that of our aged citizens during the coming winter months, is of greater importance to the State than any highway

program which might necessitate the immediate expenditure of the funds before they could be replenished.

We now approach the second problem, that of financing by taxation payment of old age assistance to all persons entitled to same under the provisions of existing law. Again, we must face the facts. The people voted the old age assistance amendment. The Legislature passed the present law under direct mandate of the people. Each candidate for the governorship and practically every candidate for the Legislature publicly pledged himself in the recent primaries to a program of adequately financing this old age assistance.

The only way to do it is by taxation, the most painful subject with which governments have dealt from their beginning. We cannot escape the fact, however, that it is our solemn duty. We may differ as to the means of raising revenue; but all of us must concede that together we face this necessary task.

In adequately financing the permanent old age assistance program in Texas, industry, public utilities, natural resource producers and individuals must all be ready to pay their proportionate share of a substantial increase in tax levies necessitated by these unusually heavy demands. It is not my prerogative as Governor of this State to determine which group shall assume the tax burden necessitated by old age assistance, or in what proportion. It is my obligation, however, as Chief Executive to make suggestions to the Legislature for their consideration. These I make in an effort to be helpful.

The platform of the Democratic Party adopted at the recent State Convention at Fort Worth pledges us to certain specific taxation policies. Some of them are of such nature as to require a complete overhauling of the tax structure, possibly constitutional amendments, which cannot be attempted at a special session. I shall not, therefore, refer to them in this message, but do direct your attention to the following specific planks in the Democratic platform:

1. A substantial increase in the tax on natural resources, including oil, gas and sulphur.
2. Increased franchise taxes on oil and gas pipe line companies.
3. Luxury taxes.

4. Substantial increase in inheritance tax.

5. General increase in franchise tax laws.

6. Revision of tax laws to prevent evasion.

7. Stricter provisions for collection of delinquent taxes.

8. Restoring the tax imposed on breweries and beer dealers to the amount imposed by law prior to the amendment adopted by the Legislature at its last session.

I commend the foregoing tax recommendations of the Democratic Party for your careful consideration.

Of course, the imposition of new taxes of any kind will be unpopular. As yet, I have not heard a single tax suggested to which there was not an immediate objection made by the class or industry affected. Most of them are able to make convincing arguments against new or additional taxes. All of them suggest the burden be placed somewhere else; and our experience tells us that such arguments usually leave us where we started; that is, we know the job has to be done, the money has to be raised, and the only way to raise it is by taxation.

The party platform commits us to a substantial increase in the tax on all natural resources including particularly oil, gas and sulphur. Already a great deal has been said in the press as to whether such tax should be "reasonable" or "substantial". I think it should be both!

With particular reference to oil, in my message to the regular session of this Legislature in February, 1935, I suggested that any increase in the tax on oil should be reasonable so as not to place our Texas oil or petroleum products in unfair competition with other states or countries. That recommendation still stands; but at the same time I respectfully remind you that we are faced with a crisis, the like of which the State has never known before; an obligation voted by the people, the payment of which was pledged by practically every candidate for public office; and the vast majority of us favored substantial, yet reasonable, increases on all natural resources.

I am reliably informed that our sister states of Louisiana and Oklahoma will in all probability have to increase their tax on oil in order to meet their own pressing security problems. Both

states have entered upon social security programs coordinated with the National Government just as we have. The fact remains that some state must take the lead; and so long as we allow one state to be maneuvered against the other, just that long will we be confronted with this problem which must be solved.

My views as to a substantial increase in the tax on sulphur are well known to this Legislature. They are a matter of public record. Again, I recommend a substantial increase in this tax.

Heretofore when efforts have been made to increase the tax on sulphur, we have been met with the threat, express or implied, that the sulphur companies would move to Louisiana where the tax was 60c per ton. Now Louisiana has taken the lead and increased her tax to two dollars per ton. Ours is 75c. Press accounts recently carried the statement that sulphur interests were threatening Louisiana with a move to Texas on account of our tax being less. Of course, we want to secure all industries possible in Texas, but there is no occasion for either Texas or Louisiana to be "jockeyed" in such fashion.

Claim has been made that the two dollar tax in Louisiana is the only tax paid by the sulphur companies. I have investigated this, however; and find that in Louisiana, as in Texas, the sulphur companies pay state and local ad valorem taxes as well as a franchise tax of two dollars per one thousand on capital employed in that state.

It is perhaps a matter of opinion, but, in my judgment, the records before this and previous Legislatures clearly disclose that the sulphur interests, which supply most of the world market demands from Texas, have too long escaped adequate taxation both at the hands of the State and in some of the counties where their properties are located.

I further recommend to you that all other natural resources, including natural gas, should be called upon to pay their share of the tax burden.

My views as to a general sales tax are well known to this Legislature and to the general public. The platform of the Democratic Party has again definitely committed us against such tax.

I recommend a tax on luxuries. This tax, however, should be levied only upon those articles which fall strictly in the class of luxuries and are

not classed as necessities constituting a normal part of the average family budget.

For instance: we have no state tax upon amusements in general. Particularly I call attention to the well known fact that there is no state tax whatever upon moving picture shows, theatres, athletic contests and similar forms of amusement. There is a Federal tax upon admissions above 50c. In order to meet the pressing needs of our aged citizens, in order to meet this problem of the State, I think it only fair that we should levy a tax equivalent to one cent upon each 10c, or portion thereof, of the admission price on these amusements.

True, they will be called "nuisance" taxes; but all taxes are "nuisances" to those who have to pay them! We are confronted with conditions, not theories; with a problem, not a desire; with a duty, not an option. In my judgment, the average patron of these amusements will not begrudge his small contribution to our aged needy citizens. Those of us who can afford amusements can well afford this limited contribution to those who are struggling to live.

Other luxuries should be similarly treated.

I recommend an increase in the general level of industrial and utility taxes.

In addition to these specific recommendations, there is a great field for corrective tax legislation that would facilitate and increase tax collections from existing laws. The State Tax Commissioner and other state officials charged with the responsibility of administering and collecting taxes, stand ready and willing to helpfully assist the Legislature, whether in committee or individually, in effectuating your program.

These recommendations are not meant to be exclusive, but I trust they may be helpful in pointing out some among the many tax considerations which must necessarily receive your attention.

In submitting the matter of "financing old age assistance," I expressly limited the call in my proclamation, and in this message, to the matter of providing "further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill 26, as passed by the Second Called Session of the Forty-fourth Legislature."

PART TWO

As a second subject for consideration and action by this Legislature, I submit the matter of providing a system of state unemployment compensation in connection with Titles 3 and 9 of the National Social Security Act passed by the Seventy-fourth Congress.

Anticipating the necessity for such action, in August of this year I appointed a committee with Hon. R. B. Anderson, State Tax Commissioner, as active chairman, and composed of representatives of the Attorney General, State Auditor, the Banking Commissioner, the Secretary of State, the Commissioner of Labor, one member of the House and one member of the Senate. This committee was requested to make a careful study of every phase of unemployment compensation as it applies to Texas under the provisions of Titles 3 and 9 of the National Social Security Act. They have held hearings and made an exhaustive and intelligible report to me. Copies of this report have been prepared and placed upon the desk of each member of the Legislature.

The committee recommended earnest and serious consideration at this called session of the matter of unemployment compensation. Since under the National Social Security law, the Federal Government has already levied a tax upon Texas employers which will be collected if the National law is upheld, and in view of the fact that employers are entitled to a credit upon their Federal tax of 90% of any tax they may pay under a state system, it behooves us, in my opinion, to set up such state system.

The subject is therefore submitted to you.

CONCLUSION

My friends, great men of Texas have been measured by their character and sincerity of purpose, their devotional service to a republic and to a state; but they have been immortalized, not by the constancy of their affections, but by rare opportunities to perform a public service so great and so outstanding as to overshadow the normal efforts of ordinary man. This Centennial year of 1936 is one of those rare moments in the cycles of history which will mark us as either big or little men in public office. We are here to write our records as men, as

Texans and as patriots—not as politicians.

No Legislature and no Governor has ever faced a greater task. No Legislature and no Governor has ever had a more golden opportunity to render patriotic service. The demand for Texas patriots is fully as meaningful and momentous as it was a hundred years ago. I believe that deep in our hearts each one of us is prayerfully consecrated to the welfare of six million people. The fires of patriotism may grow dim, but they never die in Texas hearts. In the hope that I might arouse this smoldering flame, I have sought inspiration from the past. I have reviewed the utterances of former governors. I have been stirred by the challenging eloquence of former Governor Pat M. Neff in his second inaugural address. In appealing to you and to the best that is in me, I feel that I can do no better than to quote and paraphrase the words of my distinguished predecessor:

"About us, and looking down upon us from these legislative walls, are the portraits hung in sacred memory of our revered immortals: Stephen F. Austin, who carved from the wilderness the Texas Empire and gave it to civilization; Sam Houston, who rode like a god of war across the field of San Jacinto and with his martial hand flung into the blue sky above him the glittering star of the Texas Republic; Edward Burleson, whose illustrious record has enriched the annals of Texas history; Frank Lubbock, whose sword was ever unsheathed in humanity's name; A. W. Terrell, who, conceived more constructive legislation than any other citizen of his day; and amidst these inspiring portraits hangs the colossal likeness of that sleepless watchman on the walls who never forgot the cause of his people, James S. Hogg. With these faces, hallowed by a heroic and honored past, looking down upon us, we cannot be untrue to lofty ideals of patriotic and unselfish service.

"... You are the distinguished representatives of the State. Your presence here as law makers signifies the presence of all the people of Texas. Deposited in your hands is the collective power of the State. The six million people of this splendid commonwealth can only be heard and can only be represented by the voice and by the vote of our legislative servants

who gather here in their name. To be the representatives of a State like Texas and the spokesman for a people like ours is an opportunity that comes to but few in this world. Whether these opportunities for honor to you and to me shall ripen into real renown, or shrivel into lasting reproach, depends upon whether we shall comprehend the duties that are always the correlative of opportunity, and shall undertake to perform them with courage, charity, and humility, obliterating personal interests and rising to the heights of patriotic effort in behalf of a great commonwealth.

"... Politics is a broad field for noble endeavor. In it are won or lost at last those worthwhile things which not only affect the conduct of the living, but also help shape the destiny of generations yet to be. Therefore, my friends and co-workers, with mutual confidence, with enlarged vision, with quickened zeal, and with high ideals, let us keep step with the onward march of progress.

"... We are the trusted servants of the people. We should not forget them. We should have no ambition not in keeping with the growth and glory of the State. Nothing short of wholehearted allegiance on our part to the people of Texas will suffice. Many grave and serious problems confront us... The eyes of Texas are upon us as we legislate for six million people. Let us not place over against the interests of Texas, selfish consideration, personal animosities, or immaterial issues. Let us forget discords and differences and begin our work with the one thought of serving faithfully and efficiently the best interests of Texas. For this noble purpose I pledge to you my best efforts. I earnestly solicit your cordial cooperation. You and I together have a big, constructive legislative program... As we work together may charity characterize our thoughts, may tolerance temper our tongues, may moderation mark our conduct, may intelligence inspire our councils, and may justice jealously guide every legislative act. All for Texas and Texas for all should be the consuming thought and the constant slogan both of you and of me as we think and work together in an effort to make this commonwealth the best place in all the world in which to live..."

Members of the Forty-fourth Legislature,

"We have set our faces eastward
Toward the rising of the sun
That shall light a greater Texas
And there's big work to be done!"

Respectfully submitted,

JAMES V. ALLRED,
Governor of Texas

Austin, Texas
September 21, 1936

Honorable James V. Allred
Governor of Texas
Austin, Texas

Dear Sir:

There is transmitted herewith the first report of the Texas Old Age Assistance Commission covering the operations of the Commission from the date of its inception, February 14, 1936, to August 31, 1936. Contained therein is an estimate of the probable cost of old age assistance, and an estimate of the amount of money that will be required to adequately support the program in addition to that already being produced from liquor licenses and taxes.

These estimates are based upon the results developed to date under the present law, and are based upon the assumption that the qualifying conditions of eligibility will be no more liberal than those found in the present law.

Respectfully submitted,

ORVILLE S. CARPENTER
Executive Director

PROBABLE COST

The total annual cost for old age assistance and cost of administration, under the present law, is estimated to be approximately \$30,000,000. It is estimated that a total of 147,676 persons will be able to qualify for old age assistance under this law and that the average grant per person will be \$16 per month. Five per cent of this amount has been added for administrative expense.

ADDITIONAL FUNDS NECESSARY

Liquor licenses and taxes accruing to the Old Age Assistance Fund at the present rates have averaged \$3,000,000 per year. This leaves a balance of \$27,000,000 annually to be provided from other sources. Assuming that the Federal Government will pay one-half of the total cost, then the additional financing required for the State's part is \$12,000,000 annually.

ELIGIBILITY FACTORS

Any estimate of probable cost must be based upon certain definite known or assumed factors. The total cost of the program is determined by the number of people who are able to qualify for assistance multiplied by the average payment per person.

The number of people who are able to qualify depends upon the liberality of the law respecting those people who may be eligible. Estimates have been heretofore made of the number of people who might be able to qualify for old age assistance in Texas but these estimates were based upon the assumption that the restrictive features of the Texas Law would very largely conform to those features in the laws of other states where similar plans have been in operation for some time. It is well known that the Texas Law is more liberal in this respect than the laws of most of the other states but there has not been available, up to this time, any accurate data from which there could be determined the effect of these liberal features upon the total number who would be able to qualify for assistance. Therefore, such estimates as have heretofore been made have failed to include a large number of applicants who are eligible for assistance under the Texas Law and who would not be eligible for assistance in other states.

We refer particularly to the fact that the Texas law permits an applicant to qualify for old age assistance and own equity in real estate not to exceed \$5000, if single, and \$7500, if married; to qualify for old age assistance and have \$500 in cash, if single, and \$1000, if married; to qualify and have an annual income of \$360, if single, and \$720, if married. We refer further to the fact that under this law an applicant may own property not exceeding the above limits and receive assistance from the State of Texas without any provision whatever being made for reimbursement to the State out of such property for amounts paid to him, or for the creation of any lien in favor of the State against such property.

In other states such as California an applicant may not receive assistance if he owns property which has a gross value of more than \$3000. Nevada, Wisconsin, Minnesota, New Jersey and Oregon likewise have a \$3000 property limitation. Kentucky has a \$2,500

property limitation, New Hampshire a \$2,000 property limitation, Indiana a \$1,000 property limitation, and Michigan a \$3500 property limitation.

In the states of Montana, Nevada, Wisconsin, Colorado, California, Wyoming, Idaho, New Hampshire, New Jersey, Indiana, Ohio, Michigan, North Dakota, Oregon, Nebraska, and Iowa, a provision is made whereby the state may secure reimbursement from the estate of the recipient for all assistance paid. This is done either by the applicant deeding such property to the State or creating a lien against it in favor of the State. Experience has shown that this provision of the law acts as a strong deterrent against such applicants attempting to receive assistance when it is probably not needed.

The laws of many other states contain a provision against the granting of assistance to any applicant having relatives financially able to support him. The Texas law contains no such provision, except that an applicant having a spouse able to support him may not receive assistance, with the result that thousands of applicants who have been adequately supported in the past by one or more relatives are now eligible for assistance.

The second determining factor in the estimate of probable cost is the average amount paid per person per month. The present law provides that the amount of old age assistance that may be paid to any applicant "shall not exceed \$30 per month and shall be granted in such amounts as will provide a reasonable subsistence in keeping with the accustomed standard of living of the applicant." The law also provides in Section 1 that assistance may be paid to aged individuals "if in need." Under the investigation procedure that is being followed by the Commission, the amount of assistance granted to any individual is the amount found to be necessary to supply his particular needs. The law assumes, and this procedure contemplates, that the amounts of the grants made shall vary according to the needs of the applicant. In other words, each applicant is not granted the same amount of money. The average grant per person per month is now approximately \$16 and it is estimated that an average grant per person per month of from \$16 to \$20 will adequately provide for the needs of eligible applicants. The figures may be compared

with the following average amounts that are being paid in other states:

Alabama	\$10.71
Arkansas	5.54
Connecticut	19.07
Indiana	8.00
Iowa	14.54
Maine	19.75
Maryland	12.75
Michigan	16.39
Minnesota	18.53
Nebraska	15.33
New Jersey	15.88
New Mexico	14.48
Ohio	15.10
Wisconsin	17.74

An average of \$16.02 per person was paid by thirty-four states reporting to the Social Security Board for the month of June, 1936.

NUMBER ELIGIBLES

As of September 1, 1936, a total of 204,655 applications for assistance have been filed. The number filed by months is as follows:

February 14 through March	136,844
April	27,836
May	17,971
June	10,415
July	6,532
August	5,057
Total	204,655

To date, 12,339 have been denied, 80,718 have been approved, and there are still 111,598 applications pending.

The high percentage of eligibility shown in the number of applications that have been acted upon up to this time is due to the fact that we have handled over 40,000 applications from people who were formerly on the relief rolls. These cases, together with other needy cases that have been specifically referred to us, have received first attention. Out of investigations being currently made, approximately sixty per cent of the applicants are eligible. It is therefore estimated that of the applications now pending sixty per cent, or 66,958, will be eligible for assistance. This makes a grand total of 147,676 people who will probably be eligible for assistance under this law out of the present number who have applied.

Estimates based on the population of Texas indicate that there are approximately 300,000 people in Texas aged sixty-five. This being true, there

are still approximately 96,000 persons 65 years old who have not filed applications. There is no way of determining how many of these people may, in the future, file applications and, if so, how many of such persons may be eligible. It may be assumed from the fact that they have not already made application that they either do not consider themselves eligible or do not care to ask for assistance. The estimates made herein do not take into consideration any of such persons who may later apply, nor do they reflect the natural increase in longevity of the total population, which is calculated to continue until 1960. In other words, the cost of any program dealing with the aged will tend to

increase each year. Mortality statistics indicate that in Texas the number of people attaining the age of sixty-five each year exceeds, by approximately 10,000, the deaths in the same age bracket.

If 147,676 people are paid an average of \$16 per month per person, then the monthly cost of old age assistance will be \$2,362,816. Five per cent of this amount added for administrative expense gives a total cost per month of \$2,480,956, and an annual cost of \$29,771,472. If one-half of this amount is paid by the Federal Government the annual cost to the State of Texas will be approximately \$15,000,000.

PRESENT FINANCIAL STATUS

The following is a summary of the revenues available and the expenditures to August 31, 1936:

Amount received from liquor licenses and taxes.....	\$2,871,907
Less:—15% to Permanent Old Age Pension Fund.....	430,383
Net available from Liquor Revenues.....	2,441,524
Amount received from Federal Government.....	2,088,450
Depository Interest	794
Total Funds Available.....	\$4,530,768
Deduct:—	
Old Age Assistance paid to August 31.....	\$2,033,233
Administrative expense—Comptroller and Treasurer	30,000
Expenses this Commission—Furniture, Fixtures and Equipment	31,582
Expenses this Commission—General.....	517,772
	\$2,612,587
Balance August 31	\$1,918,181
Deduct September payments for Old Age Assistance.....	1,326,294
Present Balance	\$ 591,887

Requirements to January 1, 1937

Requirements for 80,718 cases now on rolls—for months of October, November, December and January 1.....	Current Grants	Retroactive Grants	Total Amount
	\$5,165,952	\$ 368,000	\$5,533,952
New Cases			
6,958 cases to be approved in Sept.....	111,328	333,984	445,312
20,000 cases to be approved in Oct.....	320,000	1,280,000	1,600,000

20,000 cases to be approved in Nov.....	320,000	1,600,000	1,920,000
20,000 cases to be approved in Dec.....	320,000	1,920,000	2,240,000
Totals on New Cases.....	<u>\$1,071,328</u>	<u>\$5,133,984</u>	<u>\$6,205,312</u>
Grand Total Requirements to January 1, 1937.....	\$6,237,280	\$5,501,984	\$11,739,264
Less one-half to be paid by Federal Government	3,118,640	2,750,992	5,869,632
Balance—State's one-half	<u>\$3,118,640</u>	<u>\$2,750,992</u>	<u>\$5,869,632</u>
Deduct:—			
Present Funds Available—above.....		\$ 591,887	
Estimated Liquor Revenues to January 1.....		1,000,000	1,591,887
Balance—State Money Needed to January 1, 1937.....			<u>\$4,277,745</u>

RETROACTIVE PAYMENTS

Under Section 11 (b) of the Act, all assistance grants, regardless of when made, are payable for each month commencing July 1, 1936, in all cases where the application was filed prior to that date; if the application was filed after that date the grant is payable for each month subsequent to the filing date. Under the present law funds will therefore be required to make such payments to all of the 66,958 people who are estimated will become eligible. At the present rate of progress action will have been taken upon all of the pending applications by December 31 of this year. Therefore, fiscal plans for the remainder of the year 1936 must include the payment of not only such grants as shall be currently made, but also the payment of the amount of such grants dating from July 1, 1936.

It will be noted that the estimate of State funds needed to January 1, 1937 includes \$2,750,992 to be used for making retroactive payments.

CONCLUSION

In the work that has been done thus far the Commission has tried to lay the foundation for and establish a basis of a fair, sane and conservative program of Old Age Assistance within the limits of the law that is being administered. This law is quite workable, and the administrative problems presented have been dif-

ficult only because they were new and few guiding precedents existed, and because of the volume of detail occasioned by the fact that we have been dealing with thousands of people. The problem was pressing and required immediate action. The distress of thousands of people was acute. The Texas Relief Commission ceased relief payments in June and upwards of 40,000 aged people who had been on relief turned to us for assistance.

That the emergency was met is shown by the fact that checks were mailed on July 1st to 40,000 people; by August 1st, 20,000 more had been cared for; and at this time a total of 80,000 people have been assisted. That the results have been satisfactory is shown by the facts that the number of appeals filed is 538 and the per cent of requests for reconsideration is about 5% of the total number of cases acted upon. However, the needy aged people of this state can be adequately provided for at a cost much less than the estimate contained herein if the law is amended so as to restrict the eligibility requirements.

This can be done without placing any undue hardship upon those persons who are actually in need and without lowering the scale of payments now in effect. The fact that Texas will, under this law, pay a larger per cent of her aged people than any other state in the Union when there is no reason to believe that her people are in any greater distress than those of other states,

would seem to show conclusively that this is true. Therefore, the conclusion is inescapable that Texas has embarked upon a program of old age assistance that will very shortly reach proportions never before attained in this country. However commendable may be this concern of the State for its aged, it carries a resulting tax burden that may not be lightly considered. The ability of the State to care for these people is measured finally by the taxes that can be borne by its citizens.

If in these concluding remarks the writer has assumed advisory prerogatives, he has done so because he feels that the entire future of old age assistance should not be jeopardized by undertaking a program so broad and costly that it cannot be adequately and reasonably financed, and that if these benefits are to be permanently secured to the aged people of this State due consideration must be given not only to the persons to be benefitted but also to those who will pay the bill.

Respectfully,
ORVILLE S. CARPENTER,
Executive Director.

SENATE RETIRES

At the conclusion of the address, the Senate retired to its chamber.

TO PROVIDE FOR CERTAIN INVESTIGATING COMMITTEE

Mr. Petsch offered the following resolution:

Whereas, At the last Called Session of this Legislature an Act was passed regulating the manufacture, sale and transportation of alcoholic liquors, and such Act, since the 15th day of November, 1935, has been a law of the State of Texas; and

Whereas, Such Act defines an "Open Saloon" as a place where hard liquors are sold by the drink for beverage purposes, and makes such institution unlawful, and prescribes various punishments and procedures for the violations of such Act, in order to enable the law to be enforced; and

Whereas, Under the terms of said Act the Texas Liquor Control Board, consisting of three members, is made responsible for the enforcement of the law and the operation of the statute regulating the manufacture, transportation and sale of intoxicating liquors; and

Whereas, There are at this time, and have been for more than six months, operating throughout every large city and many of the smaller cities of Texas a great many places—some mere "holes in the wall," some "dives," others pretentious, exquisitely furnished and colorfully attractive establishments—dispensing hard liquor by the drink—in open view of the public and the officers of the law, and with the positive knowledge of the Liquor Board; and

Whereas, It is further the fundamental principle of the liquor law that the business of selling non-distilled liquor by the drink and distilled liquor in unbroken packages should not be permitted by the same party, but nevertheless, the Liquor Board has in a great many instances, with at least implied knowledge of the facts, issued both of such licenses to the same identical persons—all in direct violation of the statute; and

Whereas, It has been rumored extensively that a large number of liquor dealers have become greatly indebted to the State of Texas for their liquor taxes, and such dealers are nevertheless permitted to continue to operate the same as though their taxes had been paid; while on the other hand it has been frequently charged by persons in position to know that the various indebtednesses of liquor dealers to the State of Texas, in large amounts, have heretofore been frequently compromised and settled for small sums of money and without prejudice on the part of such defaulted liquor dealer to continue his operations as a licensed dealer—all constituting at least an implied violation of the statutes of this State; and

Whereas, It is reported that retailers in the cities of Galveston, Ft. Worth and San Antonio are being permitted to operate in violation of the law by virtue of the fact that such dealers are members of so-called "associations" collecting dues from their members in order to secure protection for them for violation of the law; and

Whereas, It is reported generally throughout the State of Texas that the only persons who are prosecuted are the poor and uninfluential, and that persons of influence and racketeers are permitted to go unmolested in the open violation of the law; and

Satin Spar, Alabaster, Rock Gypsum, or Gypsite, fifteen (15) cents per short ton."

Mr. Moffett moved to table the amendment.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

Yeas—77

Alexander	Hill
Alsup	Hofheinz
Ash	Hoskins
Atchison	Howard
Bergman	Jackson
Bourne	James
Bradbury	Jones of Falls
Bradford	King
Broadfoot	Lanning
Broyles	Leath
Butler of Brazos	Lindsey
Butler of Karnes	Lucas
Cagle	McConnell
Caldwell	McKinney
Calvert	Moffett
Canon	Moore
Celaya	Morrison
Collins	Nicholson
Colson	Patterson
Cooper	Pope
Cowley	Quinn
Crossley	Reed of Dallas
Davison of Fisher	Roane
Davison	Roark
of Eastland	Rogers
Dunlap of Kleberg	Russell
Dwyer	Rutta
England	Scarborough
Fain	Settle
Fisher	Stinson
Fox	Tennyson
Frazer	Thornton
Gibson	Venable
Good	Walker
Hanna	Wells
Harper	Westfall
Harris of Archer	Wood of Harrison
Hartzog	Worley
Herzik	Youngblood

Nays—47

Adamson	Glass
Aikin	Graves
Bridgers	Gray
Burton	Greathouse
Colquitt	Hankamer
Craddock	Hardin
Daniel	Harris of Dallas
Dunlap of Hays	Head
Duvall	Hodges
Farmer	Holland

Huddleston	Newton
Hunter	Olsen
Hyder	Palmer
Jefferson	Payne
Jones of Wise	Reader
Keefe	Reed of Bowie
Knetsch	Roach of Hunt
Lemens	Smith
Lotief	Spears
Luker	Steward
Mauritz	Stovall
McCalla	Tillery
McFarland	Waggoner
Morris	

Present—Not Voting

Davis

Absent

Adkins	Petsch
Dickison	Riddle
Dunagan	Roach of Angelina
Hunt	Roberts
Jones of Shelby	Tarwater
Latham	Wood of Montague
Morse	Young

Absent—Excused

Ford	McKee
Fuchs	Padgett
Jones of Atascosa	Sessions
Lange	Shofner
Leonard	Stanfield

Mr. Hartzog offered the following amendment to Section I of the bill:

Amend House Bill No. 8, by Mr. Frazer and Mr. James, by striking out all of line No. 33 on page No. 2, in Section No. I (a).

HARTZOG,
THORNTON.

Mr. Frazer moved to table the amendment.

The motion to table was lost.

Question recurring on the amendment, it was adopted.

Question—Shall House Bill No. 8 pass to engrossment?

MESSAGE FROM THE GOVERNOR

The Chair laid before the House and had read the following message from the Governor:

Austin, Texas, October 7, 1936.

To the Members of the Forty-fourth Legislature:

With further reference to the subject matter heretofore submitted to you:

"1. To provide further necessary revenue for old age assistance to

persons entitled to same under the provisions of said House Bill No. 26 as passed by the 2nd Called Session of the 44th Legislature."

As you are perhaps aware, since Hon. Frank Bane, executive director of the National Social Security Board appeared before this Legislature, the Federal Government has granted the state's application for matching funds so that the warrants already prepared for October payments by the Old Age Assistance Commission may now go out.

When this Legislature passed House Bill 26 (the Old Age Assistance bill), it made an appropriation of twenty-five million dollars, but, of course, sufficient moneys have not yet been placed in the fund to take care of this appropriation.

It has been pointed out that unless additional cash money is made available immediately, the old age assistance fund will go upon a partial deficit on November 1st, and on a complete deficit for succeeding payments until additional revenues are provided.

It has likewise been pointed out that even if this Legislature passes a revenue bill providing for additional taxes to go into the old age assistance fund, it will be at least ninety days after the close of the session before tax collections will begin to materialize; and if the revenue bill should not receive a two-thirds vote, it will be six months before these tax payments accrue. In the meantime, as stated in my message on the opening day of this session, we cannot afford to issue "hot checks" or warrants to those entitled to old age assistance. Indeed, Mr. Bane, executive director of the National Social Security Board, testified that the Federal Government would not match us unless the cash was actually in the treasury to match Federal funds.

After his testimony I conferred with Mr. Bane and asked him if the Federal Government would match us provided the State authorized payment of interest on its warrants so that the social security board could be assured that applicants would not have to discount their warrants. He told me he felt sure they would do so.

I have heretofore recommended the transfer of other funds to the pension fund to meet the emergency. Whether this will be done remains highly problematical, but, in any event, I recom-

mend as a means "to provide further necessary revenue for old age assistance," the passage of a bill to authorize the Old Age Assistance Commission to pay interest not exceeding five per cent per annum on these warrants; the rate of interest to be fixed by the State Banking Board, which is composed of the Attorney General, the Treasurer and the State Banking Commissioner.

With this in mind, I called a conference with a number of leading bankers from over the state and presented the matter to them. They stated that the checks would be in such small amounts it would not be a paying proposition to the banks; that it would be more trouble than it could possibly be worth to them; but, as a matter of public pride and good citizenship, they were willing to recommend to their respective institutions to cooperate in the matter, provided: first, that they were convinced the plan was legal; and, second, that this Legislature passes revenue bills sufficient to show that the warrants would ultimately be paid. I am thoroughly convinced of the constitutionality of the plan; and, likewise, feel confident this Legislature will pass a revenue bill. I urge you to immediately pass a bill authorizing the payment of interest on these old age assistance warrants.

I am of the opinion that this matter falls within the subject matter already submitted, to-wit:

"To provide further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill No. 26 as passed by the 2nd Called Session of the 44th Legislature",

and I, therefore, make this recommendation without submitting any additional subject matter to the Legislature.

Respectfully submitted,
JAMES V. ALLRED,
Governor of Texas.

TO GRANT PERMISSION TO SUE THE STATE

Mr. Lanning offered the following resolution:

H. C. R. No. 12, To grant Odis Wade permission to sue the State of Texas.

Whereas, About or in the month of April, 1935, Odis Wade owned a stone

MESSAGE FROM THE SENATE

Austin, Texas, October 21, 1936.

Hon. Coke Stevenson, Speaker of the House of Representatives.

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

H. C. R. No. 19, Authorizing the Secretary of State to dispose of surplus copies of the House and Senate Journals.

Respectfully,

BOB BARKER,
Secretary of the Senate.

ADDRESS BY HON. WILLIAM C. REPASS

Mr. Moffett offered the following resolution:

Whereas, The House of Representatives is honored this afternoon by the presence of the Honorable William C. Repass of Harris County, Texas; and

Whereas, Mr. Repass is not only a distinguished Journalist and Managing Editor of the Houston Chronicle, but has also been a life-long Democrat and has rendered worthy and distinguished service to the Democratic party in many ways, and delivered the key-note address to the recent Democratic State Convention at Fort Worth, Texas, and is a gentleman of outstanding ability as a speaker; therefore, be it

Resolved, That the House of Representatives extend an invitation to the Honorable William C. Repass to address this Honorable Body this afternoon for a few minutes on a subject of his own choosing.

MOFFETT,
MORSE,
McCALLA,
HOFHEINZ,
HOWARD,
HOLLAND.

The resolution was read second time, and was adopted.

In accordance with the above action, Hon. William C. Repass was escorted to the Speaker's stand by Mr. Moffett, and Mr. Morse. Speaker Stevenson presented Mr. Moffett, who in turn introduced Hon. William C. Repass.

Mr. Repass then addressed the House.

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:

H. C. R. No. 20, Commending the State Highway Department.

H. C. R. No. 17, Granting G. C. Kent permission to sue the State.

LEAVE OF ABSENCE GRANTED

(By unanimous consent.)

Mr. Knetsch was granted leave of absence for this afternoon, on account of important business, on motion of Mr. Latham.

MESSAGE FROM THE SENATE

Austin, Texas, October 21, 1936.

Hon. Coke Stevenson, Speaker of the House of Representatives.

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

S. B. No. 19, A bill to be entitled "An Act making it lawful to hunt wounded wild deer with one dog in the counties of Liberty and Hardin, Texas."

S. B. No. 15, A bill to be entitled "An Act to create Road District No. 1-A in Cass County, Texas, etc."

S. C. R. No. 12, Resolution relating to, and providing for, the payment of warrants and vouchers issued by towns and cities in the State of Texas, etc.

Respectfully,

BOB BARKER,
Secretary of the Senate.

MESSAGE FROM THE GOVERNOR

Hon. James V. Allred, Governor, was announced at the Bar of the House, and being admitted and escorted to the Speaker's stand, presented the following message:

Austin, Texas, October 21, 1936

To the Members of the Forty-fourth Legislature:

When this Legislature was convened in Extraordinary Session I submitted to you the subject of providing "further necessary revenue for Old Age Assistance to persons entitled to same under the provisions of said House Bill No. 26 as passed by the Second Called Session of the Forty-fourth Legislature." Up to this time a so-called "Omnibus" Tax Bill has passed the House and, after certain amendments, has likewise

passed the Senate. One of these amendments, introduced by Senator Small, in effect revamps the entire Old Age Assistance Law and has the effect of "deliberalizing" same. It is intended, as I understand, to limit Old Age Assistance to those persons over sixty-five who are actually in need.

The tax bill with this amendment has now been returned to the House; and a point of order was sustained upon the ground, among others, that the Small amendment did not come within the Governor's call. Only five working days are left in this Session; and if anything is to be done, it must be quickly.

I am sure you were appalled, as I have been, with the facts and figures presented by the director of the Old Age Assistance Commission showing indisputably that ours is the most liberal Old Age Assistance Law in the Nation. Under it more people are qualifying, and will continue to qualify, to each one thousand inhabitants than any other State in the Union. I think the estimate of 150,000 who will be eligible to qualify for Old Age Assistance benefits under the present law is conservative indeed. Unquestionably, in order for the State to pay one-half of the probable cost of Old Age Assistance to these 150,000 people, even on an average of \$8.00 per month to the State's part, Fifteen Million Dollars will be required. I am certain in my own mind that the Federal Government will not match us for any such huge sum of money. Common sense tells us, and I have been so informed by Federal officials, that necessarily there is a limit to the amount which any state can reasonably expect to receive from the Federal Government.

The present tax bill as it passed either House cannot possibly take care of the demands of the 150,000 people who are eligible under the present law. We are up against the most stupendous money raising program any Legislature has ever had. Frankly, unless the law is changed so as to cut down the number of applicants, and thereby the demands upon the public treasury, the taxpayers of this State are faced with a picture so dark it can hardly be painted in words.

You are familiar with my views upon taxation, in which I have here-

tofore recommended substantial increases in natural resource and industry taxes. As a practical matter, however, it now appears utterly impossible to raise from these sources the amounts of money necessary to adequately finance present and future demands. We want to take care of our needy aged; but it is another thing when it comes to the matter of taking money from industrious and thrifty people to give to people who do not need it. Frankly, unless the present law is deliberalized, I fear the ultimate outcome will be not only increased natural resource and industry taxes but a general sales tax as well. This we cannot afford!

A great deal has been said in the past about what the people intended when they voted this amendment. May I remind you of the record? The first candidate for Governor to advocate old age assistance in 1934, Mr. McDonald, urged not exceeding \$15.00 per month for our aged citizens "who are without sufficient income or relatives to support them." He further said he wanted to see the day come when the road that leads over the hill to the poorhouse will be closed forever.

In the run off campaign I urged the submission of a constitutional amendment to authorize the State to coordinate its program for old age assistance with that of the Federal Government.

Now, the program of the Federal Government does not call for "pensions." It calls for "assistance" to the aged needy. Our constitutional amendment nowhere mentions "pensions." It likewise provides for "assistance" to the needy. In my humble judgment, the people of this State did not intend to authorize payment of public moneys to people who are not actually in need.

In all sincerity, members of the Legislature, I tell you that I am beset with gravest fears for the welfare of our State if the present trend continues. I think it is destructive of human character to give pensions to people who are not in need. I think we will destroy the American spirit and encourage children to be unmindful of the Biblical admonition to honor our fathers and our mothers. I am told that the records of the Old Age Assistance Commission disclose many instances of sons and daughters who ask that the State assume the burden

of supporting their parents. Instances of property transfers from parents to children are being uncovered from day to day. This is wrong in principle; and the State ought not to be a party to a program that encourages it.

One of the principal difficulties with the present law is the fact that applicants are entitled to own property of stipulated values and have incomes up to a certain amount per year, and yet be eligible for old age assistance if in need. This has created the impression among the people that even though they have the amount of property or the income specified in the statute, yet they are entitled to aid even though they may not be in actual need. These provisions should be stricken out of the law.

It seems to me the time has come for us as patriots to do our duty irrespective of political consequences. It has always been my experience that in the long run doing the right thing was the best politics. We have a golden opportunity to stem the tide of State paternalism. Unless it is done, the tendency will in time develop into a settled policy and, in my judgment, bankrupt the State.

I, therefore, recommend to you deliberalization of the present law under which applicants are entitled to qualify for old age assistance. In general, I favor and would approve the policies of the amendment adopted in the State Senate. I have not submitted this subject to you heretofore because I feared it might jam the machinery and prevent the passage of any kind of tax legislation. I make this recommendation with the fervent hope that during the remaining days of the session we will put our shoulders to the wheel and do this big job for Texas.

Respectfully submitted,

JAMES V. ALLRED,
Governor of Texas.

MESSAGE FROM THE SENATE

Austin, Texas, October 21, 1936.

Hon. Coke Stevenson, Speaker of the House of Representatives.

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

S. B. No. 20, A bill to be entitled "An Act validating all proceedings heretofore had by the governing bodies of all counties, cities and towns in

connection with the issuance of bonds, etc."

S. B. No. 14, A bill to be entitled "An Act amending Section I of Chapter 4 of the Acts of the Second Called Session of the Forty-third Legislature, 1934; and declaring an emergency."

S. B. No. 13, A bill to be entitled "An Act to validate, ratify, approve, confirm and declare enforceable all levies and assessments of ad valorem taxes, etc., and declaring an emergency."

Respectfully,

BOB BARKER,
Secretary of the Senate.

HOUSE BILLS ON FIRST READING

The following House bills, introduced today, (by unanimous consent) were laid before the House, read severally first time, and referred to the appropriate committees, as follows:

By Mrs. Moore:

H. B. No. 63, A bill to be entitled "An Act amending Article 3188 of the Revised Civil Statutes of Texas, 1925, designating State Hospitals to which insane, epileptic, and feeble-minded persons may be committed for care or treatment and providing for the transfer of patients from one institution to another, and providing for the commitment and transfer of such patients to the United States Veterans' Administration or such other agency or department of the United States as will accept such patients for care or treatment, and declaring an emergency."

Referred to the Committee on Eleemosynary and Reformatory Institutions.

By Mr. Hardin:

H. B. No. 64, A bill to be entitled "An Act to amend House Bill No. 423, Acts of the Forty-fourth Legislature, Regular Session, by providing that Limestone County be excepted from the provisions of said bill, and declaring an emergency."

Referred to the Committee on Game and Fisheries.

By Mr. Alsop:

H. B. No. 65, A bill to be entitled "An Act providing for the amount that may be allowed by County