

JOURNAL
OF THE
House of Representatives
OF THE
FIRST CALLED SESSION
OF THE
Sixtieth Legislature
OF THE
STATE OF TEXAS
BEGUN AND HELD AT
THE CITY OF AUSTIN
JUNE 4, 1968



ADDRESS BY GOVERNOR
JOHN CONNALLY

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

In accordance with the provisions of S. C. R. No. 1, the Senate and the House of Representatives met in Joint Session at 1:00 o'clock p.m., today, for the purpose of hearing an address by the Honorable John Connally, Governor of Texas.

At 1:00 o'clock p.m., Lieutenant Governor Preston Smith and Mrs. Smith, and the Honorable Senators, were announced at the Bar of the House and were admitted to the Hall of the House.

Lieutenant Governor Preston Smith occupied a seat on the Speaker's Rostrum.

The Honorable Senators occupied seats arranged for them.

At 1:05 o'clock p.m., Governor John Connally, accompanied by Mrs. John Connally, John Connally, Jr., and Mark Connally, and Senators Aikin,

Wade, Berry, Ratliff, and Harrington, Committee on the part of the Senate; and Representatives Hendryx of Brewster, Solomon, Jamison, Santiesteban, Allen of Harris, Crews of Montgomery, Parker, Price, Dickson and Barton, Committee on the part of the House, were announced at the Bar of the House and, being admitted, occupied seats on the Speaker's Rostrum.

Lieutenant Governor Preston Smith called the Senate to order.

A quorum of the Senate was announced present.

The Honorable Ben Barnes, Speaker of the House, called the House of Representatives to order.

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

The roll of the House was called.

A quorum of the House was announced present.

Speaker Barnes stated that the two Houses were in Joint Session for the purpose of hearing an address by His Excellency, John Connally, Governor of Texas.

Speaker Barnes then presented Governor Connally to the Joint Session.

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

TO THE MEMBERS OF THE 60TH LEGISLATURE, FIRST CALLED SESSION:

Thank you for inviting me to appear before you to outline my recommendations to finance the state government for fiscal 1969. It is with feelings mixed with pride and confidence—together with a certain amount of nostalgia—that I find myself standing here on this historic platform.

The pride and confidence is for what we, together, have accomplished here over the past five and a half years, and in what we will accomplish during these 30—or less—days immediately facing us. The feeling of nostalgia comes to me because I realize, that with the exception of my final address to the 61st Legislature next January, this is the last time I will appear before you to help you get a legislative session underway.

We can be proud of the accomplishments we have made over the past few years. Our state has come a long way, but there is still much to do. If we may pause here and reflect into the next year, I would hope that you make a special effort to work as closely with your new Governor as you have with me during these years we have toiled together.

Let me remind you that we have addressed ourselves to all the vital business to come before us during these years, and still during each session have finished our work in the prescribed time. The only other special session during my Administration—in February, 1966—was forced upon us because the federal court ruled the poll tax unconstitutional. And you took only 10 days to write a new registration law. The work of this session may take more than 10 days, but your leadership has taken a significant step toward a short session by holding most of the committee hearings on appropriation requests prior to the official opening of the session. You should all be able to be home with your work behind you in plenty of time for celebration of the day of independence of this great country.

I told you in my last speech to a Joint Session of this Legislature—on April 19, 1967—that we are living in an era unparalleled in human history. This is an era when we see evidence every day of whirlwinds of change blowing strong — through every structure of our society. It was because of these times of rapid change and of fast movement that I asked you last year to abandon the long-standing practice of biennial budgets and adopt a state budget for fiscal 1968 only. You did this, and I commend you for your forthright response.

I requested this method of funding our state departments and agencies because of our experiences with biennial budgets during the past few years. In the session of 1963 we had to pass a tax bill totalling \$33 million to balance the budget, yet at the end of that biennium in 1965 we had a cash surplus of nearly \$137 million. In 1965, the 59th Legislature passed a tax measure totalling \$82.5 million to balance the budget. At the end of the 1965-1967 biennium the

cash surplus was in excess of \$150 million.

Furthermore, the soundness of handling the state's budget annually is underscored when we look at the following facts and figures: Because you enacted only a one-year appropriation, we have gone through the last 12 months without the new taxes which would have been necessary had we made appropriations for two years. Not only have there been no new taxes during this year, but where it was estimated that \$193 million in new revenue would be required to meet our fiscal needs for the coming year, an expanding and dynamic economy has made it possible to reduce our requirements below those thought needed a year ago. Our new revenue demands, more accurately measured now than by earlier estimates, amount to only \$125 million.

The enactment of a tax measure of any size is a high responsibility of public office . . . a responsibility now facing this Legislature. It is neither an easy task nor one to be taken lightly.

Tax measures are never desirable. And under the current circumstances every effort must be made to keep the size of the new revenue measure as low as possible.

Local governments all over Texas are increasing their taxes to meet rising operating costs of public schools and city and county governments. The Congress is on the verge of passing an income tax surcharge to meet the cost of the war in Vietnam, and to head off the strong and dangerous inflationary pressures in the national economy. In these circumstances, the state's response to taxing and spending has become more critical than ever. The exercise of all possible economies consistent with adequate state services is imperative.

A summary of my budget recommendations . . . and the means of raising the necessary new revenue . . . will be distributed to you. This brochure will give you all the details of my proposals, and should answer questions you may have about them.

For the 1969 fiscal year, I am recommending the expenditure from all funds of \$2.6 billion. From general

revenue, I am recommending total expenditures of \$465 million.

My recommendation increases spending from general revenue—the major fund which affects taxes—by only \$20 million, less than 5 percent over the current year. In my judgment this increase, but no more, is necessary in order to finance the essential requirements of state programs and services in the 1969 fiscal year.

In the field of public education, I am proposing a budget from all funds of \$886 million. This will allow us to meet increasing enrollments in our public primary and secondary schools—provide automatic teacher pay raises for experience—continue the merit pay plan adopted by the 59th Legislature—and meet added commitments for teacher retirement.

Since I became Governor in 1963, direct expenditures for vocational and technical education have increased 400 percent. But even with these expansions, we have not been able to keep up with our manpower needs. It is my belief that the greatest results have been made in our junior colleges and technical institutes, and I am proposing \$3 million above current spending for these vital vocational and technical training programs.

To meet the 24 percent enrollment increases in our public junior colleges, and to finance two new junior colleges created this year, I am recommending an increase of \$2.8 million.

In the field of higher education, we must continue to provide funds to the Coordinating Board for research and development of the master plan for our institutions of higher learning and for administering the Texas Opportunity Plan. May I direct your attention to the fact that the 22 colleges and universities received during the present fiscal year an increase of 38 percent over 1967 spending. Faculty salaries have been increased from an average of \$9,653 to \$10,333 in the same period. Because full-time student enrollment has increased by more than 14,000 this past year, I am proposing an additional \$7.7 million to meet this increase in our colleges and universities. An increase of \$2.6 million is included to

begin operations of The University of Texas Medical School at San Antonio. I am recommending funds to construct and equip a veterinary medical diagnostic laboratory which you authorized in the regular session, and to develop a campus for the Texas Maritime Academy, both under the Texas A & M University System.

In the areas of health and welfare, I am recommending an increase of \$14 million to meet the needs of a number of vital programs. We must continue in the rewarding battle to eradicate tuberculosis in Texas. More funds must be provided to meet the costs of hospital services for crippled children. Continued emphasis must be placed on providing care and treatment, and rehabilitation of the mentally ill and mentally retarded in local communities. Additional beds for the mentally retarded should be provided at the Corpus Christi and Lubbock state schools. Services for neglected and mistreated children through the child welfare program must be significantly increased. In addition more funds are required for the "Medicaid" program for recipients of public assistance enacted last year.

Our natural resources are unmatched anywhere in this nation. The vast energies the state has engaged thus far to plan adequately to meet our water resource needs for the next 50 years cannot be slackened if we are to hold the initiative we have gained. We must, furthermore, increase our ability to see that our planning bears its full fruit and that our ability to manage matches our ability to plan. A \$4.9 million budget is recommended for the Water Development Board to meet these requirements.

A vital key to the full implementation of our water resource plans is timely adjudication of water rights in the state. The Water Rights Adjudication Act, passed last year, provides the legal means for this accomplishment. We must now provide the full administrative means required.

The Water Quality Act of 1967 marked a vital step in our progress to insure that our water, now and in the future, is sufficiently pure to be used as needed. Partial organizational development of the water quality agency established by the Act has

been accomplished. We should provide for the full organizational development of this agency next year. Sufficient funds should be provided to continue the orderly development of our parks and recreation areas.

One of my major concerns as your Governor has been to continue the fight against crime and to strengthen law enforcement.

There is loose in our land a philosophy alien to our way of life. Foreign to our traditions and to our concept of a free and democratic people. A philosophy of anarchy.

This is not a philosophy of freedom. It is not a philosophy of justice. It is not a philosophy of equality.

It is a philosophy of lawlessness, of violence, of destruction and chaos. And we have seen its consequences—in Watts, in Newark, in Detroit, in the nation's Capital.

Looting is not compensation for joblessness—it is robbery. Burning is not recompense for neglect—it is arson. And they must not be permitted.

There is no need for this violence and wantonness to occur in Texas—or anywhere else in this country. There is no place for it.

The troubles, the needs, the grievances some people have are real, and they must be attended. But they will never be served by lawlessness and destruction. They can only be served by the processes of free and democratic government where the rule of law prevails and not the violence and passions of misguided or deluded men.

The Adjutant General has requested of this Legislature funds for equipment and materials for the Texas National Guard to be used in the event of civil disorder in this State and unavailability of sufficient supplies from the Federal government. I urgently recommend that you respond to this request.

The provision of some of this equipment and materials, however, cannot be delayed until the money which you appropriate becomes available in September. As a precautionary measure, I have made available, under the authority given me in Senate Bill

15, money to purchase these items for the Texas National Guard.

Last year for the first time in this decade we witnessed a decrease in the incidence of fatal highway accidents, although the number of road miles traveled continued upwards. Even though this is an important change in the trend, it is not enough and I am recommending funds for an additional 200 state highway patrolmen, plus supervisory personnel. I strongly recommend, too, that you continue the allocation of \$2 million for a statewide driver education program established by this Legislature at Regular Session.

To enable the Liquor Control Board to more adequately enforce the liquor laws of this State, I am proposing an increase of \$1.2 million to expand the personnel, to provide more equipment and to meet operational expenses.

We have substantially reduced the turnover rate in employment in the departments and agencies of State government as a result of the pay raise granted by the Legislature last year. I urge that you provide funds for merit salary increases to reward outstanding service and job performance by our State employees.

These are most of the essential needs which I feel we must meet in the 1969 budget. We will need to raise some \$125 million to balance this budget. I believe we can obtain this revenue without unduly placing a burden on any citizen or any segment of our society.

This Legislature, in the Regular Session, adopted my recommendation to permit cities to levy a 1 percent permissive city sales tax. To date, 267 cities representing 65 percent of our population have approved a local sales tax. The revenue-raising program which I am proposing to you would, in part, call for the abolition of this tax.

This part of my revenue recommendation would:

1. increase the present 2 percent sales tax uniformly to 3 percent;
2. broaden the present sales tax base to include cigarette and tobacco products and to include services, such as laundry and dry cleaning, barber and beauty

services, repairs to tangible property, intrastate telephone and telegraph, and storage and repairs to motor vehicles;

3. abolish the permissive city sales tax and in lieu thereof distribute a portion of the 1 percent increase to all incorporated cities on a per capita basis according to the 1960 census.

This proposal will produce a net of over \$76 million for the State after the distribution is made to the cities. A completely detailed explanation of this proposal is contained in the brochure you will receive at the close of my address.

I am further recommending:

— A 1 percent increase in taxes on motor vehicle sales to bring this tax up to the same level as the general sales tax. This will produce \$30.6 million in State funds for the 1969 year.

— A realty transfer stamp tax, estimated to yield \$1 million annually.

— A one-time transfer of \$7.5 million from the operators' and chauffeurs' license fund because of the accumulated balance in that fund.

But, this will still leave us short \$14.5 million needed to balance the budget.

To obtain this additional necessary revenue, I strongly urge you to adopt a strict liquor reform act and authorize, through local option election, the sale of alcoholic beverages for on-premises consumption through the miniature bottle system.

But the liquor reform law which I am recommending is much more than a revenue measure. The primary purpose of this legislation is to put the sale of alcoholic beverage in its realistic and proper perspective in 20th Century Texas Society, and I am officially including in the call of this Special Session the reform of the liquor laws of this State.

In 1935, the 44th Legislature met in a similar special session for the purpose of enacting a liquor law for Texas. Coming in the wake of national prohibition as the legislation did, it reflected an attitude of abstinence characteristic of the times.

But prohibition became a minority point of view. It did not reflect the will or the ways of a majority of the American people. And because of that its evils were many until it was repealed.

So it is in Texas today. Many of the over 1,300 private clubs in Texas owe their very existence to the laws of this State which attempt to impose a moral code of nonconsumption upon citizens who do not subscribe to it.

For the period from July 1, 1966, through June 30, 1967, the total sales of liquor in Texas were over 11 million gallons.

As long as the people of Texas intend to consume alcoholic beverages, it is the responsibility of government to provide a realistic legal atmosphere in which consumption can be controlled and regulated and in which the law will be respected.

In urging you to pass a Liquor Reform Bill, I am asking you to create for the people of Texas the legal framework which will permit them to decide for themselves at the local level what system of liquor distribution, if any, they want as determined by a majority vote in the area.

I am asking you to enact tighter regulations and stronger penalty provisions within a legal atmosphere which will be more conducive to law enforcement.

Specifically, among other proposals made to strengthen the control and regulation of alcoholic beverages are those which:

- redefine the term "private club" to make it more difficult for an organization to qualify and operate under a Private Club Permit;

- require permits, issued by the Liquor Control Board under strict regulation, for all employees selling or serving alcoholic beverages for consumption on the premises;

- increase the fees for wine and beer retail licenses;

- provide strict regulation in the issuance of a permit for and operation of an establishment selling distilled spirits for on-premise consump-

tion, and require a fee which is large enough to discourage violation of the law at the risk of suspension or cancellation;

- increase significantly the criminal penalties on a person who sells or makes alcoholic beverages available to a minor, and for the first time make it an offense for a minor to misrepresent his age for purposes of obtaining alcoholic beverages, and provide for suspension of licenses and permits for sales to minors;

- for the first time make it a specific offense to sell beer to a minor;

- for the first time make it an offense not to demand proof of age;

- provide for arrest without a warrant when a violation of the liquor law is observed by a peace officer.

The legislation I am recommending to you would not legalize the sale of a drop of alcoholic beverage in an establishment where it is not already legal to consume such beverages.

Let me point out to you that a majority of Texans in the first primary just over a month ago approved the sale of mixed drinks on a local option basis. The change I am proposing is to permit the consumption of alcoholic beverages in small bottles in the same places where one now can consume such beverages in big bottles.

If you adopt this program which I have outlined, our state budget for the next year will be in balance. And, at the same time, we will continue to make improvements in all areas of government, which I have consistently advocated since I became your Governor in 1963.

You will be facing some crucial decisions in these next few weeks, but I know you are ready to join with me in rededication to the tasks immediately facing us.

Let me express my appreciation in advance for the dedication and hard work, for the cooperative spirit with which you will pursue this task during these weeks ahead.

Thank you very much.

EXECUTIVE DEPARTMENT

Condition of Appropriations

May 31, 1968

<u>Fund 1</u>	<u>Purpose</u>	<u>Amount of</u> <u>Approp.</u>	<u>Spent</u> <u>9 Months</u>	<u>Balance</u>
8-13132	Salary - Governor	\$ 40,000.00	\$ 29,999.97	\$ 10,000.03
8-13133	Lt. Gov., Acting	10,000.00	4,164.04	5,835.96
8-13134	Executive Assistant	22,500.00	16,875.00	5,625.00
8-13135	Adm. Assistants	106,500.00	58,622.35	47,877.65
8-13136	Classified Positions	<u>359,038.00</u>	<u>212,302.55</u>	<u>146,735.45</u>
	Sub-total, Salaries & Wages	<u>538,038.00</u>	<u>321,963.91</u>	<u>216,074.09</u>
8-13137	Operations			
	(Sales of Equip. \$32.48)	97,732.48	55,913.75	41,818.73
8-13138	Memberships	100,500.00	87,590.98	12,909.02
8-13139	Council of State Govts. - National Legislative Conf.	40,000.00	40,000.00	-0-
8-13140	Mansion Expenses	55,598.00	28,108.20	27,489.80
8-13141	Operation of Airplane	125,000.00	32,847.20	92,152.80
8-13142	Planning Division	250,000.00	164,493.00	85,507.00
8-13143	Deficiency Grants	200,000.00	12,254.00	187,746.00
8-13144	State Office of Economic Opportunity	84,000.00	50,470.83	33,529.17
8-13145	Federal-State Relations	59,934.00	27,528.88	32,405.12
8-13146	Committee on Aging	12,748.00	3,598.45	9,149.55
8-13147	Southern Interstate Nuclear Board	<u>10,000.00</u>	<u>10,000.00</u>	<u>-0-</u>
	Total - Main Office	<u>1,573,550.48</u>	<u>834,769.20</u>	<u>738,781.28</u>

MESSAGE FROM THE
GOVERNOR

The Speaker laid before the House
and had read the following Message
from the Governor:

June 21, 1968

To The Members Of The Sixtieth
Legislature, First Called Session:

In my message to the First Called
Session of the Sixtieth Legislature
on June 4, 1968, I officially included
in the Call the reform of the liquor
laws of this State. The purpose of
this communication is to affirm that
the business of the First Called Ses-
sion of the Sixtieth Legislature has
included, since June 4, and does in-
clude, the reform of the liquor laws
of the State of Texas.

Respectfully submitted,
JOHN CONNALLY
Governor of Texas

MESSAGE FROM THE GOVERNOR

The Speaker laid before the House and had read the following Message from the Governor:

(SEAL)

JOHN CONNALLY

Governor of Texas

July 3, 1968

Message from Governor John Connally to:

The Honorable Preston Smith, President Of The Senate And The Honorable Ben Barnes, Speaker Of The House.

I am informed that the House and the Senate have completed action on appropriations for fiscal 1969 and have passed a tax bill to assure a balanced budget. These are the essential items for which the Special Session was called.

Having received 109 requests for expansion of the Call from Members of the Legislature and others, I had hoped that there would be time after passage of the Appropriations Act and the necessary taxes to sustain it to consider other legislation during this Special Session.

Regrettably, but obviously, there is insufficient time remaining before the constitutional deadline to properly consider any additional subjects. I, therefore, will not expand the Call.

Sincerely,
JOHN CONNALLY