

JOURNAL OF THE SENATE

WEDNESDAY, APRIL 8, 1931

The Senate convened at 10:30 o'clock a. m., pursuant to adjournment.

The President was in the chair.

The roll was called and the following Senators answered to their names:

Mr. President, Senators Adams, Anderson, Andrews, Bell, Bradshaw, Butler, Caro, Chowning, Clarke, Council, Dell, English, Futch, Gary, Getzen, Gomez, Harris, Harrison, Hilburn, Hinely, Hodges, Howell, Irby, Johns, King, Knabb, Lewis, Neel, Parker, Parrish, Stewart, Swearingen, Taylor, Turner, Wagg, Watson, Young—38.

A quorum was present.

Prayer by the Chaplain.

The reading of the Journal was dispensed with.

The daily Journal of April 7th was corrected as follows:

On page 1, column 1, line 18, strike the following:

Hon. S. D. Harris, 11th District.

On page 1, column 1, between lines 44 and 45, insert the following:

Hon. S. D. Harris, 11th District.

INTRODUCTION OF RESOLUTIONS

By Senator Parrish—

Senate Resolution No. 2:

WHEREAS, The ladies of Tallahassee have followed the age-old custom of sending flowers to deck the desks of the Senators on the opening day of the session and in that way have typified not only the beauty of their city but the hospitality of their people,

THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE OF FLORIDA:

THAT the Senate is grateful for their kind remembrance and hold them and the people of Tallahassee generally in loving esteem.

Which was read.

Senator Parrish moved the adoption of the Resolution.

Which was agreed to.

And the Resolution was adopted.

INTRODUCTION OF CONCURRENT RESOLUTIONS

By Senator Hodges—

Senate Concurrent Resolution No. 3:

WHEREAS, the people of the State of Florida are vitally interested in the tax situation of this State and are looking to this Legislature for some relief from the burden of taxation now not uniformly imposed.

THEREFORE BE IT RESOLVED by the Senate of Florida, the House of Representatives concurring, that in order that the members of the House of Representatives and the Senate of Florida may be able to intelligently understand and discuss proposed tax measures, the Senate of the State of Florida hereby invites the Honorable Perry G. Wall, Chairman of the Citizens Tax Investigation Committee, appointed by the Honorable Doyle E. Carlton, Governor of the State, and request that he discuss the report and findings of his Committee before a joint meeting of the Senate and House of Representatives on the 16th day of April, 1931, at eight o'clock p. m. in the Chamber of the House of Representatives.

Which was read the first time.

Senator Hodges moved that the rules be waived and that Senate Concurrent Resolution No. 3 be read the second time in full.

Which was agreed to by a two-thirds vote.

And Senate Concurrent Resolution No. 3 was read the second time in full.

Senator Hodges moved the adoption of the Resolution.

Which was agreed to and Senate Concurrent Resolution No. 3 was adopted.

And the same was ordered to be certified to the House of Representatives immediately, the rule having been waived.

By Senator Howell—

Senate Concurrent Resolution No. 4:

WHEREAS, there is a demand for a more convenient drink

stand and a miniature cigar and candy stand, etc., and

WHEREAS, such privilege has been granted heretofore by the Legislature,

THEREFORE, BE IT RESOLVED BY THE SENATE OF FLORIDA, THE HOUSE OF REPRESENTATIVES CONCURRING:

That the President of the Senate appoint a committee of two and the Speaker of the House of Representatives appoint a committee of three to procure the right from the Secretary of State for space in the Lobby of the Capitol for the purpose of establishing same

Which was read the first time.

Senator Howell moved that the rules be waived and that Senate Concurrent Resolution No. 4 be read the second time in full.

Which was agreed to by a two-thirds vote.

And Senate Concurrent Resolution No. 4 was read the second time in full.

Senator Howell moved the adoption of the Resolution.

Which was agreed to and Senate Concurrent Resolution No. 3 was adopted.

And the same was ordered to be certified to the House of Representatives immediately, the rule having been waived.

By Senator Hinely—

Senate Concurrent Resolution No. 5:

WHEREAS, the State of Florida today faces the most serious tax problem it has ever faced in its history, due in large measure to the breaking down of its present worn out and obsolete tax system, thereby impairing the revenue needed by the State, and seriously threatening the financial stability of many of the counties of the State by failure to provide necessary revenue, and

WHEREAS, our public school system, by reason of lack of uniformity, fails to give to the youth of the State equal opportunity in the public schools of the State, the public school term varying in the several counties of the State from three months to nine months in the year, thereby demonstrating the injustice, inequality and unfairness of the operation of the present system, and

WHEREAS, the aforesaid conditions are universally conceded to be true; they were recognized by the Governor of the State, who appointed a statewide committee to study the tax and finance situation of the State and recommend measures of relief; it was also recognized by the last Legislature and a Legislative Committee, was appointed for the study of these vital questions: the league of municipalities of this State have for years recognized the importance of tax reform and the result of the study of these all important questions has resulted in the unanimous conclusion that relief from excessive ad valorem taxes is imperative, and

WHEREAS, the people of the State of Florida are rightfully demanding and expecting relief in respect to this system at the hand of this Legislature, and

WHEREAS, further it is the sense of this Legislature that the relief measures and remedies herein indicated is the prime and most important question before this Legislature and all other questions should be subordinate to the subject matter contained in this resolution by this Legislature in its deliberations; therefore,

BE IT RESOLVED BY THE SENATE OF FLORIDA, THE HOUSE OF REPRESENTATIVES CONCURRING:

That we, the duly authorized representatives of the people of this State, recognizing the gravity of the situation facing the people of the State, and realizing what is expected by them of their representatives, hereby pledge ourselves to turn immediately to the careful study of the tax and finance situation of the State and keep it constantly before us, using due diligence until a measure, or measures, may be found for relief, and these enacted into law,

BE IT FURTHER RESOLVED. That we hereby pledge ourselves to use our utmost endeavor to place our public school systems on a more uniform basis, thereby giving to the youth of each county of the State equal opportunity to acquire an elementary education by vesting all necessary and proper authority in the State or in Boards and Agencies acting under the State and operating the public schools of the State; provided this can be done without increasing ad valorem taxes.

RESOLVED FURTHER, That this Resolution be spread upon the Journals of the Senate and House of Representatives.

Which was read the first time and went over under the rule.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The following message from the House of Representatives was received and read:

House of Representatives,
Tallahassee, Florida, April 8th, 1931.

Hon. Pat Whitaker,
President of the Senate.

Sir:

I am directed by the House of Representatives to inform the Senate that the House of Representatives has adopted Senate Concurrent Resolution No. 1.

Senate Concurrent Resolution No. 1.
By Senator Getzen, of the 38th District.

BE IT RESOLVED BY THE SENATE OF THE STATE OF FLORIDA IN SESSION ASSEMBLED, THE HOUSE OF REPRESENTATIVES CONCURRING:

That the Senate respectfully advises and concurs with the House of Representatives in advising the Governor that the Legislature by his request assembled in the hall of the House of Representatives at 11:00 o'clock, A. M., April 8, A. D. 1931, for the purpose of receiving his Excellency's Message.

Very respectfully,

FRANK WEBB,

Chief Clerk, House of Representatives.

And Senate Concurrent Resolution No. 1, contained in the above message, was read the first time by its title and referred to the Committee on Enrolled Bills.

Senator Parrish moved that no bills be introduced until such time as the committees are announced.

Which was agreed to and so ordered.

A committee from the House of Representatives appeared at the bar of the Senate and announced that the House of Representatives was ready to receive the Senate in joint session to receive the message of the Governor who would deliver the message orally.

Senator Futch moved that the Senate do now repair to the Hall of the House of Representatives to unite with that body for the purpose of receiving the Governor of the State.

Which was agreed to.

The Senate formed in processional order and marched to the House of Representatives as a body.

The House of Representatives received the Senate with due courtesy, and the President of the Senate took his seat as presiding officer of the joint assembly.

The President of the Senate in the Chair.

By direction, the Secretary called the roll of the Senate and the following Senators answered to their names:

Mr. President; Senators Adams, Anderson, Andrews, Bell, Bradshaw, Butler, Caro, Chowning, Clarke, Council, Dell, English, Futch, Gary, Getzen, Gomez, Harris, Harrison, Hilburn, Hinely, Hodges, Howell, Irby, Johns, King, Knabb, Lewis, Neel, Parker, Parrish, Stewart, Swearingen, Taylor, Turner, Wagg, Watson, Young—38.

A quorum of the Senate present.

The Chief Clerk of the House was directed to call the roll of the House of Representatives and the following members answered to their names:

Mr. Speaker; Messrs. Albury, Anderson, Andrews, Barrow, Bass, Beasley, Black, Bledsoe, Bloodworth, Booth, Blount, Brock, Brown, Bullard, Burnett, Caldwell, Chapman, Chappell, Coffee, Collier, Dann, Davis, Douglas, Durrance, Elliott, Finlayson, Fuller, Goff, Hagan, Harrell, Holmes, Horne (Jackson), Horne (Madison), Kanner, Keen, Kehoe, Kelly, Kendrick, Kennedy, Larson, Lee (Highlands), Lea (Manatee), Lewis (Palm Beach), Lindler, Lowe, Madison, Mason, Mathews (Duval), Matheus (Gilchrist), Mitchel, Moon (Citrus), Moon (Marion), Morton, McKenzie, McRory, Nordman, Page, Parker, Peeples, Poppell, Prine, Roberts, Robineau, Rowe, Rogers, Sapp, Shackelford, Sledge, Smith, Steed, Stewart, Strickland, Stone, Strom, Sturkie, Taylor, Teague, Tomasello, Trammell (Brevard), Trammell (Calhoun), Wainwright, Walker, Ward, Warner, Watson, Wentworth, Westbrook, Wester, West, Whitman, Wicker, Wood, Yearty, Zim—95.

A quorum of the House of Representatives present.

The President declared a quorum of the joint assembly present and the joint assembly was duly organized and ready

to receive the Governor.

Senator Hodges moved that a committee of three be appointed to wait upon the Governor and notify him that the joint assembly was organized and awaited his pleasure, and to escort Governor and Mrs. Carlton to the rostrum of the House of Representatives.

Which was agreed to.

The President appointed Senator Hodges and Messrs. Harrell of Hamilton County and Keene of Sarasota County as such committee.

The committee withdrew.

The committee re-appeared escorting the Governor who was received by the joint assembly standing; and Governor Doyle E. Carlton was duly escorted to the platform.

The President introduced the Governor to the joint body and the Governor delivered to the joint assembly his biennial message to the Legislature.

The Senate then withdrew and returned to the Senate Chamber to resume its session.

The Senate resumed its session at 12:03 o'clock P. M.

The roll was called and the following Senators answered to their names:

Mr. President; Senators Adams, Anderson, Andrews, Bell, Bradshaw, Butler, Caro, Chowning, Clarke, Council, Dell, English, Futch, Gary, Getzen, Gomez, Harris, Harrison, Hilburn, Hinely, Hodges, Howell, Irby, Johns, King, Knabb, Lewis, Neel, Parker, Parrish, Stewart, Swearingen, Taylor, Turner, Wagg, Watson, Young—38.

A quorum present.

Senator Johns moved that the Governor's message be spread upon the Journal of the Senate.

Which was agreed to.

And it was so ordered.

MESSAGE OF DOYLE E. CARLTON, GOVERNOR OF FLORIDA TO THE FLORIDA LEGISLATURE SESSION OF 1931

The paramount issue before this body is clear. In my message to the Legislature of 1929 you will find these words:

"The uppermost problem is finance and taxation. Every endeavor of the State, whether in behalf of education, the public health, conservation of our natural resources, or governmental organization, our whole economic future hinges upon a sane fiscal and sound financial policy." These words, true then are true now and present the issue which transcends all others, commanding first thought and first action on the part of the body to which the people are looking anxiously for relief.

We have the advantage of much valuable information accumulated by the Governor's Tax Committee, the Legislative Committee and the Committee representing our Municipalities. I would express the gratitude of the State for the contributions of these Committees and commend their suggestions to your serious, impartial and unprejudiced consideration.

OUR TASK

Certain facts must be accepted as fundamental and met in a practical way. Our cost of government must be met; our State Institutions must be maintained; our schools must carry on; our obligations must be paid; and at the same time our General Property Tax must be reduced. This is accepted as a difficult task and calls for wise and courageous action which puts service to the State above the fear of selfish or misguided criticism.

OUR PROGRAM

Our program is plain and is substantially the same as outlined heretofore.

1. Economy in public expenditures which calls for the elimination of all unnecessary burdens and involves the organization of governmental activities on an efficient business basis.

2. The equalization of our tax burden. This calls for an improvement of our assessment and collection methods so the tax will rest more evenly on the property now touched and make certain collection at the least possible cost. It also calls for new sources of revenue, not for the purpose of increasing our load, but for equalizing that which is already upon us and which we can not escape.

ECONOMY IN PUBLIC BUSINESS

Economy is fundamental and should be applied in every branch of our governmental activity. Little economies aggre-

gate big savings. Useless offices should be abolished and our government organized, not on a political but on a business basis, solely with reference to the service required. Your attention is respectfully called to the following savings which should be employed:

1. Our Circuit Judges within four years increased from twenty to forty, while the budget for these courts jumped from \$479,850.00 to \$752,450.00. This is without justification. Some Circuits should be abolished, others should be consolidated, even where more than one judge is used. This would avoid the necessity of assigning outside judges where one is disqualified and save the expense of an additional State Attorney and other incidental costs. It would be better to use the judges eliminated by redistricting to aid the Supreme Court than to maintain the present system.

2. Many courts of inferior jurisdiction should be abolished; the number of Justices of the Peace greatly reduced; and the office of Constable completely done away with.

3. By Constitutional Amendment the Grand Jury should be abolished or its services limited to capital cases or when called into action by the presiding judge.

4. An adjustment of the compensation of County Officers is imperative. This compensation should be fixed on some fair basis, population, assessed valuation of the county, income to the office or otherwise. At the same time provision should be made to control the number of employees as well as their salaries. All offices should be subject to a budget approved by some disinterested body and all salaries and other expenses paid from a central fund. It is an anomaly that State Officials with smaller salaries are controlled entirely by a budget approved by the Legislature, while local officers spending larger sums are laws unto themselves.

5. The office of Bond Trustee should be abolished and our scattered financial control centralized in some County or State authority.

6. The assessment and collecting agencies for Counties and Municipalities should be consolidated. This will avoid duplication of effort as well as save confusion and unnecessary expenses to the tax payers. I am not convinced that the office of assessor and collector should be consolidated but along with this suggestion made by the tax committees, I would suggest that you consider the abolition of the Board of County Commissioners as well as the School Board and the substitution therefor of one Board to discharge the duties heretofore handled by the two. Business concerns do not have two boards of directors discharging duties so closely related as those performed by the School Board and the Board of County Commissioners.

UNIFORM RECORDS AND ACCOUNTS

A modern uniform system of records and accounts, including cost accounting, should be established throughout the State, with an auditing system that would insure at least an annual audit of the different subdivisions of the State, the purpose being not only to prevent defaults but to establish efficiency in governmental operations. Thousands of dollars are lost each year not only through defaults but by waste resulting from loose business methods. A rigid budgeting should be required. Shifting and intermingling of various funds, merging current expenses into future obligations should be prohibited and records so kept that the people easily may see how, and for what, their moneys are expended.

PURCHASING DEPARTMENT

All purchases of the State, except those of a minor nature should be centralized in one department. We thus substitute expert service for indiscriminate and irresponsible buying, secure lower prices by larger purchases, centralize the point of contact between the bidder and the State, fix the responsibility for determining prices, establish standard specifications and assure all discounts. We have already accomplished much but a complete consolidation of all purchasing agencies would accomplish as much more.

TAXATION

This problem may be summed up in one word, "Equalization," which means a fair distribution of the tax burden. The remedy must begin with our assessments which now vary from 8 per cent to 100 per cent of the property valuation. This condition is so strikingly unjust and violates so flagrantly the rule of uniformity as to endanger the entire tax levy. Some machinery, preferably a Tax Commission, the method approved by most tax authorities, should be provided to see that prop-

erty which escapes carries its part of the cost of government.

1. The collection of taxes could and should be simplified and the cost greatly reduced. The present premium for early payment should be reduced. The penalty for non-payment of all taxes, general as well as license, should be emphasized so as to make the law, as nearly as possible, self executing.

2. The validity of Tax Certificates should be made certain so that they will stand as good collateral anywhere. Some have the mistaken idea that a loose collection system shot through with technicalities that make it ineffective is a kindness to the honest tax payer. It is the reverse and is usually employed by the professional tax dodger. To the extent that the tax payers obligation is doubtful, the State's financial structure is weakened and its service to the citizen impaired.

REVENUE REQUIREMENTS

In considering the requirements for revenue, it is well to analyze the expenditures of the State; see where further savings can be employed and whether these alone will bring relief. Some are of the opinion that economy alone is sufficient. This seems to be predicated upon the belief that extravagance is rampant. It is erroneously said that the State's cost of government is more than \$42,000,000.00 per year and that the operating expenses of the schools are \$30,000,000.00; whereas the operating cost of the common schools was a little more than \$13,000,000.00 while the total disbursements of the State for all purposes was \$29,714,792.50.

FUNDS FOR WHICH THE STATE ACTS AS DISBURSING AGENT ONLY

Of this twenty-nine and a fraction million, almost nine million represents funds for which the state government acts as disbursing agent only.

\$1,525,380.06 represents money collected from and paid out for the Everglades Drainage District.

\$992,000.00 Federal Funds disbursed by the State for Highways, schools, etc.

\$5,525,000.00 amount collected by the State but returned to the Counties for the operation of the common schools.

Furthermore, the State carries County burdens in the way of costs of courts, grand juries, etc., to the amount of almost three quarters of a million dollars.

HIGHWAY EXPENDITURES

Of the remaining twenty million (I am speaking in round numbers) approximately ten million dollars were spent for Road Construction and Maintenance in 1930. Much less State moneys will be spent this year. It is immaterial to the present issue whether this should be considered as a cost of government or a public improvement. It is interesting to observe, however, that our road system as an investment yields an annual revenue by way of gasoline and motor tax equal to 5 per cent on \$300,000,000.00,—this, too, without oppression to the motorists for the portion of the gasoline tax and motor tax applied to roads costs the traveler about four-tenths of one cent per mile, while the gasoline and motor tax used for all purposes amounts to less than one cent per mile; on the other hand it is estimated that one can travel on our modern highways five cents per mile cheaper than he could travel the mud and dirt roads of old.

In working out our program in its relation to the Road Department, certain facts must be considered.

1. The State Road Department now gets for road construction and maintenance 2c of the 6c gas tax and 70 per cent of the automobile license tax.

2. The incomplete connecting links of our main stem highways and some others of equal importance.

3. The wisdom of matching Federal aid by which we get \$2.00 worth of roads for every \$1.00 expended.

4. The convict burden now carried by the Road Department amounting to about 1,250 prisoners, which should not be shoved back on the State.

5. The present program of extending road maintenance into the Counties by which local burdens are greatly relieved. More than four thousand miles of highways are being maintained now.

6. The problem of unemployment—many families today have meat and bread by virtue of road construction. Public employment is better by far than private charity or a public charge.

INSTITUTIONS OF HIGHER LEARNING

We spent last year \$2,870,000.00 for the Institutions of High-

er Learning. We can hardly hope for less in the future. Dormitory facilities are now inadequate, class rooms are crowded, while the enrollment mounts each year. We must economize, hold down expenditures to the uttermost, cut off all unnecessary frills and yet when this is done, the normal increase will quickly absorb every saving.

PENSIONS

\$1,212,766.55 were paid for Pensions. The number of Pensioners, strange to say, shows little decrease. Will you reduce this amount? Many voted last session for an increase of 25 per cent and by special acts added numerous pensions. We find on the roll by special act, many apparently too young for service and some born after the close of the war. We also recognize applicants where the State from which they come refused such pension. I mention these facts as a caution against the danger of special pensions, especially where the act precludes investigation as to service. No one entitled should be denied a pension but all of merit should be protected against the undeserving.

HOSPITAL FOR THE INSANE AND FARM COLONY FOR THE PEEBLE MINDED

We spent last year for these two institutions \$1,225,126.92. I would for the sake of the tax payers and humanity as well that this burden might be lightened. The inmates represent the most delicate charge, inviting the tenderest sympathy of any trust imposed on the State. 1,300 new patients were admitted to the Hospital last year. The burden will continue to grow. We cannot close the doors against these unfortunates nor fail in our care when they are brought to us. 86 cents per day was the cost of maintenance at the hospital last year, including improvements to take care of the increase.

PENAL INSTITUTIONS

The State Prison Farm cost \$612,366.87, while the Boys School and the Girls School added \$174,463.59. We would be glad to have you visit all these institutions and make your criticism and recommendations. These latter are more than penal institutions. It is worth while to restore the prisoner as a useful member of society and it is better by far to build of a possible youthful human wreck, manhood and womanhood now, than support a criminal charge in the days that are to come. By the development of industry, the extension of farm operations and the employment of business methods we are seeking to make these institutions more nearly self sustaining. We cannot, however, with the normal increase, look immediately for a material reduction in the aggregate cost.

THE JUDICIARY

For the Judiciary we spent \$818,680.94 in 1930. My views on this matter have already been given.

LEGISLATIVE EXPENSE

For the last Legislature, the expense of which was carried over to 1930, was paid \$269,595.98. This is more than \$3,300.00 per day, more than \$560.00 per hour, almost \$10.00 per minute. These facts carry their own message and make their own suggestions.

AUDITING DEPARTMENT AND BANK EXAMINERS

\$154,207.21 was paid out during the last two years for the Auditing Department which brought back to the people \$460,564.26. For bank examiners we paid out \$59,408.50.

AGRICULTURE AND LIVE STOCK EXPENDITURES

\$509,552.56 was paid out by the State Plant Board, most of which went for the extermination of the Mediterranean Fly. The Federal Government spent \$2,000,000.00 every time the State spent \$100,000.00. The wisdom of the plant board cannot be overlooked.

\$377,198.47 was paid out by the State Live Stock Sanitary Board, mostly for tick eradication. We are more than half through with this program and more than half way to the foundation for America's greatest live stock and dairy State.

FORESTRY BOARD

The Forestry Board spent \$51,784.71, a paltry sum for the re-establishment of a great resource. In fact, we are rapidly depleting what has been and is yet the State's greatest money producer without adequate effort to replenish it.

PUBLIC HEALTH

\$318,367.74 was spent by the State Health Department. We can hardly expect to spend less for the extermination of malaria, hookworm, pellagra and other preventable diseases than you do to eradicate cattle ticks. These diseases levy a ghastly toll on the economic, social and even moral life of the State. Our present health program constitutes one of the most constructive efforts on the part of the State.

DEPARTMENTS THAT ARE SELF SUSTAINING

I shall not enumerate all of the State's expenditures but invite your attention to the Comptroller's Report and would now ask you to consider some of the Departments supported by licenses from the interests represented and not by the general taxes of the State.

1. The Hotel Department operating cost in 1930 was \$76,643.33 and shows a saving of \$85,920.15 over the two years prior to the reorganization. It is supported entirely by the hotels and apartment houses in the State and designed to protect a great business against shysters in the trade and the public against inadequate and unsafe accommodations.

2. The Game Department cost \$185,836.25, and shows a total saving of \$308,648.84 over the cost of operation for the two years prior to the reorganization. It is supported by the sportsmen of the State and seeks to conserve and develop one of the State's chief attractions, one of its greatest natural resources.

3. The Shell Fish Department is sustained by the fish and oyster industry which yields \$15,000,000.00 per year.

4. The Motor Vehicle Department, not supported by general revenue, cost last year \$274,165.69 and shows a saving since its reorganization two years ago of \$372,400.70.

ADMINISTRATIVE COST OF GOVERNMENT

Many people think that most of the money is spent by the Governor and his Cabinet and their respective office forces. Their total expenditure is \$239,369.57, all but about \$1,100.00 of which is paid by licenses or fees coming into the offices. Suppose you wipe out all salaries above mentioned. This affects the general tax but a small fraction of a mill. I am not opposing a reduction in salaries but will simply remind you that Cabinet Officials with statewide responsibilities draw 20 per cent less than the officers of the larger counties while the scale of salaries for clerks is much below that of many counties.

SAVINGS EFFECTED

We have saved and cut at every possible turn. Five Departments will show a saving in operation cost for the past two years of between \$1,500,000.00 and \$2,000,000.00. Most of this, however, does not reach the General Fund, but is a saving to the tax payers nevertheless. We are holding down public expenditures for the present biennium \$1,500,000.00 below Legislative appropriation. In spite of increased burden through these distressing times we have managed to live within our income.

NO LOSS OF MONEY BY THE STATE

Furthermore, while our Counties and Municipalities and some of the neighboring States show the loss of millions in closed banks, the State administration as yet has not developed the loss of one dollar. Losses at most will be insignificant.

From these facts it is evident that State money has not been wasted, squandered or lost and, save as we will and must, this alone will not provide the necessary relief. When we turn to the Counties where most of the money is spent, we find our chief burdens are fixed. The two big items in the tax payers burden are debts and schools. One is reduced by the process of payment and the other grows with our rapid increase of students.

NEW SOURCES OF REVENUE INEVITABLE

It is, therefore, evident that new sources of revenue are inevitable. Real Estate cannot continue with its present load. From a revenue angle, we have reached the point of diminishing returns; from an income angle, the point of no return at all. A tax must have some relation to income, otherwise it kills the property and revenue as well. Already the taxes focused on Real Estate have driven from the tax books seven million acres of wild land and a corresponding amount of other unimproved real property. Data gathered within the past few days show that rental property is contributing all the way from 20 per cent to 100 per cent of its income, to the cost of government. Improved Real Estate, once readily salable is now ques-

tioned even as security because taxes absorb the income. We often find it cheaper to rent than to own a home. Without relief these conditions will grow worse. I submit that any tax system which makes the owning of improved property unprofitable, of unimproved property impossible, which penalizes the home owner and paralyzes the State's greatest asset is indefensible in sound business or good government.

OUR GOAL

We should find new sources of revenue that will first wipe out the State levy of thirteen mills and then give to the common schools the assurance of a minimum eight months term. Nearly one thousand schools closed their doors this year on or before the sixth month of the term. Hundreds of teachers have been working without full pay. This situation must be met. God pity a State that would risk its future upon any other than an educated citizenship.

SELECTION OF SOURCES

The selection of new sources of revenue is in your wisdom. You alone can provide the way. I would, however, respectfully call to your attention the Constitutional requirement of a tax on intangibles, the neglect of which may jeopardize our entire tax levy. The Constitutional amendment providing for an Inheritance Tax suggests the wisdom of early action on this measure.

GENERAL SALES TAX

I am loath to say, what not to tax, and yet to be true to my own convictions and fair to you, I must say that in my opinion a General Sales Tax is unwise, unsound and out of keeping with a sane program of relief. The tax ignores the ability to pay and the cost of collection is out of proportion to the income received. It is an inverted income tax. The income tax begins where necessities leave off while a sales tax falls chiefly on the necessities of life and upon the people who are least able to pay. Instead of reaching our aim—Tax Adjustment and Tax Settlement—it will result in tax chaos. This, however, does not preclude a special tax on certain items where the cost of collection is not unreasonable and the burden is not oppressive. Opposition to other sources of revenue are possible as a means of jamming the machinery and forcing a sales tax, while on the other hand it is possible for some to advocate a sales tax and thereby confuse the issue and prevent any relief.

OUR DEBT PROBLEM

No sound program for the State can overlook our debt problem, that is to say, the obligation of Counties, Districts and Municipalities. Defaults in these units of Government reflect on the credit of the entire State and affect the borrowing power of every citizen. Millions of assets which should be liquid are so frozen as to clog the wheels of all public as well as private enterprise. Direct aid by the State in absorbing these obligations with State Bonds is out of the question both from a Constitutional as well as an economic standpoint. Most effective aid, however, can and should be provided.

A. We should have a uniform but liberal procedure by which the various taxing units may refund their outstanding obligations.

B. It would be well to provide some central authority before whom debtors and creditors could meet and work out their problems on a just, sane and business like basis.

C. New sources of revenue that will eliminate the thirteen mill levy for State purposes and carry aid to the County schools will enable the local units of the Government—County or Municipalities—to carry more easily their debt obligations.

The debt plan passed by the last session of the Legislature which abolished the office of Road and Bridge Bond Trustee, provided for a central Board of Administration to act as Trustee for all such sinking funds and impounding a tax of 2c per gallon on gasoline for the discharge of Road and Bridge obligations, has done much to hold down the General Property Tax as well as preserve the credit structure of the State. Records from the Treasurer's office will show that in over three hundred cases this program has lifted or averted bond defaults. In other words, in as many instances it took the gas tax in order to meet the debt requirements. It may be truthfully said that some of these obligations would have been met in other ways and that in some instances the millage was lowered in anticipation of the aid from the Gas Tax. This, however, is not the rule. Without this aid, not only would the General Property Tax be higher, but bond defaults multiplied to an amazing degree.

BANKING

In the minds of many banking presents the major issue. We should approach this problem with caution, with due regard to the abnormal condition surrounding all business enterprise for the past few years. We must not overlook the unprecedented financial upheaval, the effects of which no statute could have averted and no Public Officer could have avoided. Furthermore, in our program we must take into account the laws passed by the last session of the Legislature, laws which came too late to have been effective in the present crisis but which laid the foundation for a very sound and substantial banking structure. As a matter of fact, a few states have laws as rigid as those passed by the session of 1929. Your attention is called to the following amendments which, of course, could not correct a condition which had developed for years prior.

Under the old law loans to officers, directors and employees could be as much as 40 per cent of the capital and surplus. Under the new law that amount is cut to 10 per cent.

Under the old law, loans to customers had no legal limit. Under the new law it is limited to 10 per cent unsecured or 25 per cent when secured.

Under the old law there was no limit as to the amount paid in dividends. Under the new law it is limited to 10 per cent.

Under the old law the surplus required was 20 per cent for banks and 50 per cent for stock companies. Under the new law the amount is fixed at 100 per cent.

Under the old law there was no extra liability on the part of the directors. Under the new law directors are made jointly and severally liable for losses caused by violations of the banking laws. Under the old law the Comptroller had no power to formulate rules and regulations while under the new, such authority is given.

The present law, however, should be further amended so as to better secure trust and saving deposits and to prohibit a bank from hypothecating assets except for public funds or a limited amount of bills payable.

SEPARATE BANKING DEPARTMENT

I am further of the opinion that because of the unusual development of our financial activities and the supreme importance of our banking system that the time has come when we should have a separate banking department whose energies are confined to the development, supervision, direction and control of all banks and trust activities.

AGRICULTURE

It is generally admitted that the 1929 Legislature gave agriculture the greatest impetus it has received in years by the establishment of a State Marketing Board and the Protection it gave our milk and egg production. This board has been responsible for the sale of several millions in farm products and is fast developing that co-operative effort which is essential to the farmer's success.

RESEARCH NEEDED

We should next provide for research to establish from a scientific standpoint the true value of Florida's fruits and vegetables. It is confidently believed these investigations lift these products above the level of competition. The Federal Government is now spending \$10,000.00 in the State for such research which should be supplemented with like efforts by the State.

CORRECT LABELING

Shippers and manufacturers should be required to label their products with the true point of origin. It is an interesting fact that grape fruit canned in Florida carries a California label.

GREEN FRUIT LAW

More vigorous steps must be taken to prohibit the violations of the green fruit law. In these days of heavy production, quality is our chief salvation. The man who sacrifices an industry by the shipment of fruit which ultimately paralyzes the market should be held to strict account with the most rigid regulations.

INDUSTRIAL DEVELOPMENT

Industrial development must be encouraged. This is a counterpart to our agricultural endeavor, in furnishing a home market for our produce and employment for labor. Agriculture, Industry and Labor all go hand in hand. Our aim must be to promote the welfare of our workers of all classes. We must safeguard their health and safety from industrial hazards and have reached the time when many industries should

carry in an orderly fashion the wreckage of men as well as of machinery. The well-being of the State is measured by the well-being of the average man.

RECLAMATION OF THE EVERGLADES

The reclamation of the Everglades has made substantial progress. In keeping with the program of the last Legislature looking toward Federal aid, we have obtained an appropriation of \$7,000,000.00 by Congress to be matched by \$2,000,000.00 from the District. Work under this program is already under way. Further amendments to the drainage-law as an aid to working out its problems will be submitted by the Drainage Board. I commend the recommendations of the Board to your favorable action.

In the discharge of the task to which we are called I pledge you every facility of this Administration, and a co-operation that is unreserved. Ours is a common task and involves the welfare of the people for years and years to come. It calls for constructive thought and constructive effort on the part of all who have been chosen to lead the State.

May Almighty God give us wisdom to see the way and unflinching courage to do our duty

DOYLE E. CARLTON,
Governor of Florida.

Senator Harris moved that the Senate furnish the Sergeant-at-Arms with a mailing list for the Senate Journals and that the Sergeant-at-Arms be instructed to order a sufficient number of Journals printed to meet the demand of the Senate.

Senator Futch moved as a substitute motion that each Senator be permitted to prepare a list to whom the Journals should be mailed and file same with the Committee on Legislative Expense at such time as such committee may be appointed, for their action and recommendation.

The question was put on the substitute motion.

Which was agreed to and it was so ordered.

Senator Anderson moved that the Senate do now adjourn.

Which was agreed to.

And the Senate stood adjourned at 12:13 o'clock p. m. till 11:00 o'clock a. m.. Thursday, April 9, 1931.