

Journal of the House of Representatives

OF THE

Territory of Alaska

TENTH SESSION

BEGUN AND HELD AT

JUNEAU, THE TERRITORIAL CAPITAL

MARCH 2, 1931

Adjourned Sine Die, April 30, 1931

GROVER C. WINN
Speaker

LAWRENCE KERR
Chief Clerk

DAILY ALASKA EMPIRE PRESS---JUNEAU, ALASKA

that the rules be suspended, the resolution be read, which reading shall be considered as the second and third reading and be immediately put on its final passage. The motion carried unanimously.

Thereupon, Senate Concurrent Resolution No. 1, providing for a Joint Session of the Senate and House of Representatives, to be held in the Hall of the House at the Capital at Juneau, Alaska, at the hour of 2 o'clock in the afternoon Wednesday, March 4, 1931, for the purpose of receiving the biennial message of the Governor of the Territory of Alaska, was read, and the question being, "Shall the Resolution pass?" It was passed by the unanimous vote of the House.

The Speaker announced that he was about to sign the Resolution and it was ordered returned to the Senate.

Mr. Foster moved, seconded by Mr. Hellerich, that the House adjourn until 1 o'clock P. M., March 4, 1931.

LAWRENCE KERR,
Clerk of the House,

Approved, March 4, 1931.

GROVER C. WINN,
Speaker of the House,

THIRD DAY.

House of Representatives,

Juneau, Alaska, March 4, 1931.

Pursuant to adjournment the House was called to order at 1 o'clock P. M., by Grover C. Winn, Speaker.

Roll call showed all members present.

Prayer was offered by the Chaplain.

The Journal of the proceedings of the Second Day was read and was approved.

COMMUNICATIONS AND REPORTS FROM TERRITORIAL OFFICIALS.

A communication from the Supervising Mining Engineer, B. D. Stewart of Alaska, transmitting copies of a report on cooperation between the Territory of Alaska and the United States in making mining investigation, was received and read.

OTHER BUSINESS TO BE CONSIDERED.

An invitation from the Juneau Chamber of Commerce requesting that the members of the House be its guests at luncheons held each Thursday at the Arcade Cafe at noon, was read and the Clerk was instructed to thank the Chamber for its kind invitation.

OTHER BUSINESS.

It was moved by Mr. Boyle, seconded by Mr. Ziegler, that the report of the Committee on Committees be amended by naming Mr. Ziegler as Chairman of the Fisheries Committee in place of Mr. Johnson.

Mr. Murray moved, seconded by Mr. McDonald, that the motion be amended, that action on the Committee report be deferred until Saturday, to be taken up as a special order of business.

Mr. Ziegler stated that the amendment was agreeable and the motion as amended was unanimously carried.

The Speaker notified the Sergeant-at-Arms to notify the Senate that the House was ready to receive the Senate in joint session of the Legislature to receive the Governor's message.

Thereupon recess was declared until 2 o'clock P. M.

JOINT SESSION.

The Sergeant-at-Arms announced the President and members of the Senate, who were received at the bar

of the House and seated with the members of the House.

The Speaker called the Joint Session to order and appointed Mr. Johnston of the Fourth Division, and Mr. McCutcheon of the Third Division, to escort the President of the Senate to the chair.

The Secretary of the Senate then called the roll, all members of the Senate being present.

Prayer was offered by Chaplain of the House, Rev. C. E. Rice.

The President of the Senate assumed the chair, announced that the purpose of the joint session was to hear the message of the Honorable Geo. A. Parks, Governor of the Territory of Alaska, and appointed Messrs. Shattuck, of the Senate, and Nerland, of the House, to escort the Governor to the rostrum.

His Excellency, Governor Geo. A. Parks, escorted by the members of the committee for that purpose arrived at the rostrum of the House and was seated with the President of the Senate and Speaker of the House.

Thereupon the Governor delivered the following message:

Mr. President, Mr. Speaker, Members of the Legislature:

Efficient administration of Territorial affairs cannot be achieved unless there is sincere cooperation between the Legislative and Executive branches of the Government. Desiring to promote this cooperation your predecessors adopted the custom of extending to the Governor an invitation to appear before them and present a report on conditions in the Territory. I esteem it a privilege to address your Honorable Body at this, the opening of the Tenth Biennial Session.

Heretofore the sessions of the Legislature have been held in improvised quarters and under conditions which, to say the least, were not satisfactory. Nearly all of you have served in one or more legislative sessions and it is not necessary for me to remind you of the inadequate facilities with which you had to contend. It is even less

incumbent on me to invite your attention to the splendid quarters which are available in this new structure. In the same degree that other Legislatures have been depressed by temporary makeshifts you will be inspired by your surroundings. To you is given the honor of convening in Alaska's first capitol building and in keeping with this privilege you are confronted with a very great responsibility, perhaps the greatest that has been faced by any Territorial Legislature. Those who are charged with the administration of the Territorial Government have observed with deep apprehension the increasing demands on our treasury. We know they cannot continue without distressing consequences and you alone can control them. Appropriations must be carefully considered and the strictest economy observed.

I regret that under present conditions it is necessary for me to come before you and recommend such drastic reductions in appropriations. It is not because I do not favor many of the meritorious projects that are suggested but I am aware of no other method whereby we can provide for an efficient administration of the necessary functions of our Territorial Government and not exceed our revenues during the next two years.

Fortunately we are certain that the present adverse conditions are only temporary. We know that our industries are organized on a sound basis and a return to prosperity is not questioned but our plans must be made now for the next two years and for this purpose we must assume that there will not be any change during that period.

Throughout this biennium I have received the highest degree of cooperation from all Territorial officials and to this cordial support is due whatever degree of efficiency and success that may have been attained. I wish to express my sincere appreciation to the Attorney General, Auditor, Treasurer, Commissioner of Education and all other Territorial officers and employees for their assistance and I desire to commend them for the efficient administration of their respective offices.

GENERAL CONDITIONS.

The last census discloses, contrary to general expectation, an increase of 7.7% in our population. This is gratifying and indicates that we have passed the period of decline that began with the exodus during the war.

Proposed industrial developments will attract new residents and we may expect an increase in population from this source during the next biennium. According to the statistics of the United States Geological Survey the mines of the Territory produced minerals valued at \$16,066,000 in 1929, an increase of about \$2,000,000 over 1928. Estimates for 1930 show a decrease of approximately \$2,500,000, accounted for by the prevailing low prices of copper, silver and lead. There is every reason to assume that the gold production will increase during the next two years although there may, in fact probably will, be a decline in the production of copper and other base metals. Territorial revenues from mines and mining declined 8% during the biennium.

In 1929 the balance of trade in favor of Alaska was \$37,406,950. This is approximately \$5,000,000 less than in 1928 and is accounted for by the decrease in the fisheries products. In 1930 the balance of trade in favor of the Territory was \$24,141,879.

Fishing continues to be the major industry. In 1929, 29,283 people were employed and the total value of the products is estimated to be \$50,795,819 or about \$3,750,000 less than in 1928. The statistics for 1930 are not yet available. The salmon production is the most important to the Territory because of the revenue derived from this source. In 1929, 5,370,159 cases were packed and from these the Territory received \$710,659.20. In 1930, 5,030,847 cases were packed.

The outlook for 1931 is not at all encouraging. Approximately 2,000,000 cases of last year's salmon pack are unsold and the present market price, except for red salmon, is most discouraging. Unless conditions change materially we must anticipate a sharp decline in the revenues from this industry. Last year the pack in the entire Bristol Bay District was a failure and there was an unexpected decline in the Karluk area on Kodiak Island. These failures were compensated for to some extent by an increase in other districts, notably in Southeastern Alaska.

Conditions insofar as the salmon industry is concerned are very similar to those of 1921. Available reports indicate that there will be a reduction of approximately 25% in the number of canneries that will be operated. Probably the pack of red salmon will increase over that of

last year but it is not probable that the total pack of all grades will exceed 3,900,000 cases. If normal market conditions are restored by 1932 the pack should be about 5,000,000 cases.

The value of the furs, exclusive of seals, shipped from the Territory in 1929 was \$4,513,863.76, an increase of about 5% over 1928. Early in 1930 reports were received which indicated a scarcity of fur bearing animals and steps were taken to provide additional open seasons in certain districts. Statistics compiled by the United States Biological Survey indicate that the trappers in Alaska received approximately 50% less for their catch of furs in 1930 than they did in 1929.

The value of forest products for 1929 and 1930 is estimated to be \$192,823. This is a decrease of \$64,669.

Late in 1930 the Federal Power Commission granted licenses for power development to two companies and construction of pulp manufacturing plants will begin during the next biennium.

The combined resources of the Territorial and National banks on June 30, 1930 were capital \$915,000; surplus and net undivided profits \$935,300; deposits \$12,252,300. The total assessed valuation of incorporated towns is \$25,512,663.

We are all too familiar with the present world-wide depression and it is to be expected that Alaska will respond to some degree but I believe that we are less affected than most of the other parts of the United States. There are a number of unemployed people in some of the larger communities but most of them are recent arrivals in the Territory. Steps have been taken to meet this situation by providing work on several projects, roads and rivers and harbor improvements. The funds for these projects have been appropriated by the Federal Government. The fisheries probably will absorb the most of the surplus labor this summer.

I see no reason why, if we are prudent in our expenditures for the next two years, we should not emerge from this period of adverse conditions in excellent shape and without having experienced unnecessary suffering or placed added burdens on industry or individuals.

BUILDINGS.

Two years ago I called attention to the necessity for a public building program and urged that a careful investigation should be made to determine the probable needs of the Territory. Each year the problems involved in caring for dependent children, the aged and unfortunate, and incorrigibles become more acute. The time is not far distant when institutions will be an absolute necessity. Unless we anticipate these demands we will be confronted with a situation which we cannot meet. Our financial resources are limited and will be for many years to come. We cannot now, or for a long time in the future, provide funds for new institutions in a lump sum, but we can, by careful planning, so distribute the costs over a period of years, perhaps ten, that we will be able to provide for all necessary institutions of this character. This year we cannot appropriate large sums but we can and should study the problem and adopt an adequate program.

Under our present practice a part of each appropriation for public buildings is expended for supervision. This is unnecessary. The Territorial Road Board and Highway Engineer should be given authority and directed to prepare or approve plans and specifications for all buildings and supervise their construction.

TAXATION.

One problem that always confronts law making bodies, whether they be local, state or national, is that of providing sufficient revenues to meet expenditures. It is not a simple problem to devise a tax law that will assure an equal distribution of the costs of government on all those who should bear the burden, but an unequal distribution is unjust. The power to tax is wisely placed in the Legislature on the theory that they are fully informed about conditions in the Territory and on the further assumption that they will be prudent and just in the exercise of this power which, if wrongfully used, can bring ruin to our industries and our institutions.

Our Territorial tax system is peculiar in that we do not base our taxation on a more or less stable property valuation but on the uncertain and exceedingly variable production of our principal industries. In favorable years our tax receipts may exceed our requirements but

in those years when the production declines our revenues frequently are less than our expenses. Since it is impossible to anticipate these fluctuations we must adopt the only other alternative and maintain an adequate surplus in our treasury.

The past year our revenues were less than we expected because of the almost total failure of the red salmon pack in some districts. The present indications are that this year will witness a further decline in revenues because of market conditions, in fact, many of the canneries have announced that they will not operate. Moreover, the failure of the pack in Bristol Bay was so pronounced that it is practically certain that the district will be closed to fishing in 1935, consequently we must add a sufficient sum to our surplus in the next four years to meet that contingency. If we fail to do this, the Territory may be confronted with a very serious situation.

We may expect a reduction in our revenues from mines and mining under present market conditions.

Subsection six of Section 2, Chapter 96, Session Laws of 1929, which imposes a tax of \$250 on nonresident trollers was declared invalid by the Appellate Court. The Attorney General presented the case to the United States Supreme Court and they refused to review it therefore we will not derive any revenues from this schedule.

Under our present law it is possible for an operator with floating equipment, or one who may lease shore property, to engage in fishing in the Territory and ship his products out of Alaska before he has paid the accrued taxes. We have no recourse in cases of this kind and the situation should be corrected. A possible solution would be to require a sufficient bond from all operators who do not have shore property, and further, to place a penalty on transportation companies for transporting products not covered by such a bond.

We cannot hope for new industries which will be sources of revenue for some years, to come and an increase in taxes on our present industries under existing economic conditions would be most inadvisable. Many of them will be forced to curtail operations at least for this year and until the price of their products advance. We believe that the low point has been reached but we cannot hope for complete adjustment in the immediate future.

It may appear that I am depicting a pessimistic outlook but I desire to place emphasis on the fact that for the next two years we must observe the most rigid economy in apportioning our funds. The question of a balanced budget has been very carefully considered by the Territorial officers and we are certain that our present tax laws will supply sufficient revenue to carry us through this biennium without materially reducing our reserve if we will confine our appropriations to those sums actually necessary for the proper conduct of our institutions and the necessary functions of government.

Broadly speaking, we may classify our expenditures in two divisions, those that are for purposes essential to the welfare of our people, such as education, relief of destitution, care of dependent children and administrative offices, and those that are desirable, such as bounties on predatory animals, stocking public lands with game animals, publicity, and similar projects. It is not true economy to reduce the appropriations for the first to a point which will render them inefficient. In our capacities as public officials we are trustees of public monies and therefore we should exercise the same care in authorizing their expenditure as we would if they were our personal funds.

FINANCES.

The finances of the Territory are not as satisfactory as they were two years ago. December 31, 1930 the apparent cash balance in the treasury was \$552,820.31 as compared with \$602,570.46 on December 31, 1928. Outstanding obligations will reduce this balance to approximately \$500,000. In 1929 the disbursements were \$1,222,648.59 and the receipts were \$1,287,284.47 while in 1930 the expenditures were \$1,246,994.75 and the revenues \$1,132,608.72. These statistics show that for the biennium our disbursements exceeded our receipts \$49,750.15, in other words had it not been for our reserve we would have been about \$50,000 in debt. The net cash balance February 28 was \$595,233.67 or \$371,785 less than in 1929, but, less this be misunderstood, it should be stated that it includes a major part of all revenues that will be collected during the current year and out of it we must pay this year's expenses.

The following table shows the revenues that have been collected by the Territory from all sources during

the past ten years and will be of value for purposes of comparing receipts of previous years with those of the last biennium. Further, it may serve as a basis for allotments in the appropriations.

Year	Revenues
1921-22	\$1,188,949.71
1923-24	1,779,564.25
1925-26	2,239,050.52
1927-28	2,426,164.20
1929-30	2,415,893.19
1930-31*	1,890,390.00

*—Estimated by Treasurer.

The probable revenues for 1930-31 under the present tax schedule have been estimated by the Territorial Treasurer after a careful consideration of all available data. Assuming the estimates to be as nearly correct as it is possible to foresee at this time, it is apparent that there will be a decline of approximately \$500,000 in our receipts for this biennium as compared with 1929-30 and it is evident that if our appropriations equal in amount those of the last two years our entire reserve will be expended.

I have endeavored to show that an adequate reserve is absolutely necessary under our financial system, the records will show that for six years this reserve has not been less than \$500,000 and I am optimistic enough to believe that this record will not be broken during the next two years.

PREDATORY ANIMALS

The last Legislature appropriated \$30,000 to continue investigations of reported increases of predatory animals and to experiment with methods for control of these animals. Of this sum there remains unexpended \$6,039.72. The Federal Government participated in the cooperative program and contributed \$10,000 to the project.

Experienced hunters in the employ of the Biological Survey were assigned to the work and from time to time competent resident hunters have been employed as assistants. Federal agencies, registered guides and individual trappers have cooperated to the fullest extent and while in some respects the results have been a disappointment it is believed that the experience acquired has been of

benefit and the records show that the annual catch of predatory animals have practically doubled since 1927. This must be attributed to the improved methods of trapping and the interest aroused among the trappers. The investigations that were made in 1927-28 established beyond question that there were an alarming number of wolves and coyotes in certain sections of the Territory and that they were preying on the game animals. To meet this serious situation the Legislature, after due consideration, adopted an extensive program and authorized the employment of additional personnel to make the work effective. Careful plans, based on the data acquired in 1927-28, were made during the summer of 1929 and parties were organized to conduct an intensive program for the extermination of the predators in those districts which were known to be most heavily infested. These plans were carried out but because of conditions which are not yet understood the wolves and coyotes had disappeared and from the standpoint of animals caught the expeditions were a failure. When the results of these investigations were reported immediate retrenchment was ordered and during the past year only limited work has been authorized. One party spent several months in the Yukon River and Norton Sound region investigating reports of depredation by wolves and coyotes on the reindeer herds. Another party has devoted several months to the extermination of wolves in the islands in Southeastern Alaska.

Detailed reports which cover all phases of the work are ready to be submitted to you for consideration. However, there are several salient features which I wish to call to your attention.

The reports clearly support the following conclusions: First, there has been a marked decrease in the number of wolves and coyotes in those districts where they appeared in large numbers in 1927-28. Second, a few predators have appeared in districts far beyond the limits of the areas where they were known heretofore. Third, the plan of control suggested in 1929 cannot be successfully carried on without the expenditure of funds far in excess of the sums that the Territory can afford to appropriate. Fourth, the efforts to exterminate the predators cannot be entirely abandoned without jeopardizing the reindeer herds and wild game.

I am convinced that the work is of sufficient import-

ance that it should be continued, but during the next two years we must make drastic reductions in the appropriations. I believe this can be done if the following plan be adopted. The Federal Government has this year allotted \$5,000 to be expended in cooperation with the Territory and I am assured that at least that sum will be made available in 1932. We should meet this with like sums. This will enable us to keep one or two thoroughly trained hunters in the field to cooperate with the trappers and instruct them in improved methods of catching the predators and to carry on trapping in those districts where there are few trappers but where wolves and coyotes are a menace to the reindeer herds. There are in the Territory 4,253 licensed trappers and if they can be enlisted in a campaign of extermination the results will be far-reaching. The bounty system is the only feasible plan for the Territory at the present time. There is a demand for an increase in the bounty on wolves and coyotes. If we were assured of our normal revenues I would favor an increase but under the conditions with which we are confronted an increase is not advisable during this biennium.

The present market value of wolf pelts is \$26 and of coyotes \$13. When the bounty is added the pelts bring \$36 and \$18 respectively to the trapper and this is comparable to the returns from other furs.

It will be contended that the increase in the bounty will stimulate the catch. In this connection the statistics for the past six years are of interest. In 1925-26, prior to adoption of the control program, the bounty was \$15 and 1,111 pelts were taken. In 1927-28 the control program was adopted and the bounty of \$15 was retained. During this period 2,161 wolves were taken. In 1929-30 the control program was continued and the bounty was decreased to \$10 for wolves and \$5 for coyotes. During this period 2,022 wolves and coyotes were presented for bounty. Apparently the reduction in bounty did not affect the catch in any marked degree. Consequently, after a careful consideration of all phases of the situation I recommend that an appropriation of \$10,000 be made to be expended on condition that the Federal Government allot a similar amount and that the bounty be not increased at least until 1932 and then only if our revenues will permit. Further, that not to exceed \$15,000 be appropriated to pay bounties.

For many years the Territory has paid a bounty on eagles. There seems to be sufficient evidence to support the contention that these birds are destructive to foxes and salmon. Last biennium \$10,000 was appropriated and \$8,196 was expended for bounties. I believe that we should suspend the payment of bounties for the next two years and use the money for more necessary purposes.

Chapter 48, Session Laws of 1927 placed a bounty of \$2 on hair seals taken in certain sections of our Territorial waters. During the past biennium approximately \$15,000 has been expended under the provisions of this chapter. It has been clearly established that these animals destroy many fish and they should be exterminated in certain areas. The records show that practically all of the funds that have been disbursed under this law have been collected by natives. If it were not for this fact I should recommend suspension of the law but I believe that the usual revenues derived by the natives from the fishing industry will be curtailed and that the bounty on seals will provide a means whereby they can contribute to their support. I recommend that the bounty be reduced to \$1.00 and that the act be so worded as to permit the reinstatement of the \$2 bounty in 1932 if it shall appear to the Governor, Auditor, and Territorial Treasurer that there are sufficient funds in the treasury to warrant such action. On this assumption an appropriation of \$15,000 should be sufficient to meet all demands.

FUR FARMING AND DAIRY INSPECTION

Chapter 55, Session Laws of 1927 authorized the appointment of an experienced veterinarian to assist and advise those who are engaged in the propagation of fur bearing animals in the Territory. In 1929, in accordance with recommendations submitted to the Legislature, the duty of examining all dairy cattle was assigned to the Territorial Veterinarian. This plan has been most satisfactory. Some time ago a graduate of our own Agricultural College was appointed as Territorial Veterinarian. He has visited many of the fox farms and he has examined a majority of our dairy herds. The results of his examination of the latter are most gratifying and disclose that they are remarkably free from tuberculosis. His reports indicate that the

chief source of trouble with the domesticated fur bearers arises from improper feeding and he is devoting much of his time to correcting this difficulty. According to the records of the Biological Survey there are about 566 fur farms in the Territory. The Territorial Veterinarian estimates that there are 973 dairy cattle, valued at \$191,225; 129 beef cattle, valued at \$20,525; and 8,000 sheep, valued at \$32,000 in various parts of Alaska.

Both of these industries are important and we can well afford to continue the services of the Veterinarian to assist in their development. An appropriation of \$5,000 for inspection of dairy cattle and for reimbursement for stock destroyed is sufficient while an appropriation of \$12,000 to aid the fur farming industry will meet all necessary demands. This is \$5,000 less than was appropriated last biennium.

The Territorial Veterinarian has estimated the cost of an experimental fur farm and in his report you will find a detailed statement. According to his data, a farm equipped with the necessary personnel, will cost about \$32,590, exclusive of maintenance. Further, he estimates that at least \$13,200 will be required annually. Obviously this is beyond our revenues.

DEPENDENT CHILDREN.

The problem of providing proper care and suitable training for dependent children is becoming more difficult each year. Every humane emotion is aroused when one comes in contact with these poor unfortunate children who are suffering through no fault of their own. Placed in the proper environment and afforded the opportunity to develop they will become useful citizens. Some few of them will not respond and must be classed as incorrigible but the great majority are normal. The number of incorrigibles is small and under present conditions it seems advisable to continue the practice of sending them to good institutions outside of the Territory. For many years the accepted method of caring for dependent children was to place them in an institution but the results of this system are questioned by many who have devoted much time in a study of the problem. The opinion of a majority of child welfare workers now seems to favor small groups rather than large institutions. In Alaska, the American Legion, Women's Clubs and other organizations are working on this problem and I believe

that you should take the necessary steps to coordinate their efforts and organize one representative committee to assemble all available data, suggest policy and submit a report to the next Legislature. In 1929 an appropriation of \$55,000 was made for the care of dependent children, transportation to homes and institutions, care of such children in the homes, allowances to mothers and other incidental expenses. This was \$5,000 less than was recommended. It was apparent very early in 1929 that the appropriation would not meet existing obligations for the two years, consequently all new applications for mother's pensions have been denied and are now on file for your consideration. We are unable to meet our obligations and request that a deficiency appropriation of \$5,500 be made available immediately.

Our present monthly obligations are approximately \$2,300. We have 142 children on the rolls. One hundred fifteen of these are in Alaska and 27 are in other institutions. An appropriation of \$70,000 should be made for the next biennium.

ORTHOPEDIC HOSPITAL.

In 1929 a fund of \$6,000 was appropriated to reimburse the Orthopedic Hospital for care of Alaskan children. During the biennium 6 children were treated at a cost of \$3,330 leaving a balance in this fund of \$2,670.

HEALTH AND SANITATION.

Generally speaking the Territory has been remarkably free from serious epidemics and contagious diseases during the biennium. Diphtheria appeared in several localities in the Second and Third Divisions during the winter of 1929-30 but did not reach the proportions of an epidemic. Influenza was reported in the First and Fourth Divisions. Typhoid fever threatened two communities, Klawock and Hydaburg, in August 1930 but prompt action confined it to those vicinities. Only four cases developed and there were no deaths.

The Territorial Health Officer supplied serums and vaccines to stations throughout the Territory and more than 2,000,000 units of antitoxin and 700 units of small-pox vaccine were distributed.

The United States Public Health Service continued to cooperate with Territorial officers and carefully ex-

amined and vaccinated all cannery employees before they embarked for the Territory. The results of this work are apparent in the improved conditions at the many canneries and the policy will be continued.

In April 1930 all of the records of the Territorial Health Officer were destroyed by fire, consequently a detailed statement of the number of contagious diseases is not available. The loss of records, stationery and equipment necessitated the expenditure of funds in excess of the appropriation and there is a deficiency of \$662 which should be provided.

PIONEERS' HOME.

The biennial report of the Superintendent of the Pioneers' Home at Sitka will be transmitted to you by the Board of Trustees. Frequent inspections of the Home have been made by the members of the Board. Always we have found that the institution is well managed and that the pioneers are well cared for by the Superintendent and staff. There have been periods when we could not care for all of the applicants and frequently it has been necessary to place a few patients in other institutions until they could be admitted to the Home. This situation is not serious and probably will continue until we have new buildings. The building fund now contains \$171,000 and if our finances will permit us to allot \$40,000 each year during this biennium we should be able to adopt plans for a new institution at the next session of the Legislature. It is recommended that a committee consisting of one Senator, a member of the Board of Trustees of the Home, the Auditor, and the Superintendent of the Home be appointed and authorized to prepare tentative sketches for a new institution for consideration by the next Legislature. The new institution should be so arranged that there are accommodations for women. In 1929, \$95,250 was appropriated to maintain the Home. \$9,215.91 was contributed from other sources, making a total of \$105,150.53. The estimated cost for the next two years is \$100,000, and this amount does not contain any items for improvements because it is not deemed necessary if a new institution is contemplated.

Prior to 1929 small estates could be escheated to the Territory without the appointment of an administrator and this was most satisfactory. During the past two years we have lost some revenue because of the repeal

of this provision. The expenses incurred in the administration of small estates often times are greater than the value of the property and no one will undertake the task. The provisions of the old law should be re-enacted.

PENSIONS.

Under Section 9, Chapter 65, Session Laws of 1929, the responsibility for administration of the law governing allowances to aged residents is vested in the Board of Trustees of the Pioneers' Home. During the past biennium every possible precaution has been taken to keep the obligations within the appropriations and as a result there is an estimated deficiency of only \$2,657.00. From time to time your Board received information that allowances are being paid to those who are not entitled to them. In cases of this nature we endeavor to investigate the reports but we are handicapped because we must conduct the investigation by correspondence and seldom can the facts, if they are adverse, be obtained by this method. We wish to suggest that authority be given the Board to require the tax collector, appointed by the Treasurer, and working out of his office, to make such investigations as we deem necessary either of original applications or of reports such as referred to above. We are convinced that this can be done without much additional expense and that it will be most helpful to the Board. The last session of the Legislature increased the maximum allowance for men from \$25 to \$35 per month and as a result the Board received many applications for an increase but, because the amount appropriated was not sufficient to meet the requirements, all such applications were denied. The Board holds meetings at stated intervals and approved allowances are granted at the beginning of each quarter. The members of the Board view with apprehension the increase in the expenditures for allowances and deem it advisable to present the situation for your careful consideration. The following table shows the increase in disbursements for pensions each year beginning with 1921:

1921	.....	\$14,779.25
1922	.....	19,427.75
1923	.....	26,965.25
1924	.....	29,499.50
1925	.....	45,123.69
1926	.....	57,193.49

1927	.....	66,454.50
1928	.....	75,824.92
1929	.....	82,650.00
1930	.....	86,070.00

A comparison of the above expenditures clearly shows that the pension roll in 1930 is approximately 6 times as great as it was in 1921. The disbursements for the first quarter of 1931 were \$22,897. There are 357 on the pension roll and based on the present allowances, without increase, we must have \$173,587 to meet our obligations for the next biennium. If we assume that the increase during the next biennium will be the same as for the past two years we must add \$26,033, making a total of \$199,620. The foregoing estimates, prepared by the Auditor, do not allow for any increases over the existing average allowance and if you wish to raise all pensions to the maximum a total appropriation of \$309,000 must be provided.

I believe that a careful consideration of the foregoing statistics will show very clearly that the Territory is approaching, if indeed it has not already exceeded, the maximum amounts that can be allotted from our revenues for old age allowances. If the amounts required are to be increased we must find some other method of providing the funds.

Alaskans generally recognize and are grateful for the services that have been rendered by the pioneers. We know that, here as elsewhere, those who have arrived at middle age find it more difficult to find employment be they ever so willing. Each one of them has devoted his best efforts to make success possible for those who have taken up the burdens and I am sure that we are willing to contribute all that we can afford to relieve them of the fear of poverty in old age. To do this properly we must devise a system whereby those who may enjoy the benefits of the plan shall contribute toward the funds that are necessary for its support. This cannot be achieved in the sixty days allotted to the sessions of this body. The many problems involved in providing an equitable system of pensions are receiving consideration by the Legislatures of many States. They are being studied by industrial organizations and at least one research foundation has compiled statistics and made a careful analysis of existing laws and pension systems.

We should avail ourselves of this information and to do this I recommend that a committee of three Senators be appointed, given a small appropriation, and authorized to prepare a report with recommendations to the next Legislature.

TEACHERS PENSIONS.

The law granting pensions to teachers, that was enacted during the last session of the Legislature, provided that payments thereunder should begin September, 1930. The revenues that accrue to the Territory under the present schedule amount to approximately \$4,000 per annum and will not increase materially. Two pensions have been granted and two more applications are on file awaiting additional data which will complete them in an acceptable manner. The Commissioner of Education has prepared a special report on this law which will be transmitted to you. According to his estimates the present schedules will provide revenues until 1936, thereafter the cost of new pensions must be borne by the Territory.

FISH HATCHERIES.

Four years ago the Territory abandoned all attempts to operate fish hatcheries and the buildings and equipment were placed in charge of the Territorial Road Board. The hatchery at Ketchikan has been placed in charge of the Commercial Club and the hatchery at Cordova has been leased for a nominal sum to private parties. Both buildings are well cared for but they are of no value to the Territory and should be sold or otherwise disposed of before they become a total loss.

RESCUE AND RELIEF OF LOST PERSONS.

January 1, 1931 there remained \$2,923 out of an appropriation of \$7,500 for the rescue and relief of lost persons. During the biennium 33 parties were organized by United States Commissioners under this act. There are a few outstanding vouchers but a substantial balance will be unexpended. Under conditions as they exist in the Territory a fund of this nature is very necessary but an appropriation of \$5,000 should meet the demands during the next two years.

INSANE OF ALASKA.

There are 265 patients at Morningside Sanitarium. During the biennium 109 patients were committed and

86 died or were discharged. In 1929 the Secretary of the Interior was authorized to employ an alienist to represent the Government at the institution. He is responsible for the welfare and treatment of the patients. Since he entered on his duties there have been fewer complaints and conditions in the institution seem to be as satisfactory as can be expected under the contract system.

RELIEF OF DESTITUTION.

An examination of the report of the Treasurer for 1929-30 discloses that 17% of the total disbursements were made for the relief of destitution or care of indigents. These include the Pioneers' Home, Pensions, care of dependent children, and relief of indigents. The total of the appropriations for these purposes was \$406,000. With the exception of the funds for the Pioneers' Home, the present system of allowing applications is not satisfactory. I have recommended that the Board be given authority to investigate pension applications. The same authority should be extended to mothers pensions. There are, as you know, two funds for the relief of destitution, one expended by the Governor's office and one is under the control of the Federal Judges. Many of the applications for relief originate in communities seldom visited by the Judge. It is true that the law provides for an advisory board in the discretion of the Governor, but experience has shown that it is impossible to create such a board unless there are Territorial or Federal officials who will consent to act. The duties are not pleasant and usually the only compensation is ingratitude. The most satisfactory manner of extending relief is through the city council in all incorporated towns. These officials have the best knowledge of conditions and can ascertain the facts, moreover, they can extend immediate relief and this is most desirable. Every organized community should bear a fair share of the burden imposed in caring for the unfortunates within its borders. This burden should be distributed among all taxpayers and not be collected by subscription from a few. To meet this situation it is suggested that the Territory shall place the responsibility for care of indigents in first class incorporated towns in the city authorities and that the municipality shall be reimbursed by the Territory in an amount not to exceed fifty per cent of the sums so expended. This will place the responsibility for disbursing the funds with

local authorities who will be able to investigate all demands for relief and therefore eliminate all possibility of unwarranted expenditures.

For all cases which arise outside of the incorporated towns the present system is probably the best that we can devise under our conditions.

The last Legislature appropriated \$15,000 for relief of destitution to be expended under Section 15, Chapter 65, Session Laws of 1929, and \$40,000 to be expended under Section 20, Chapter 65, Session Laws of 1929. All of the first has been expended and there remains a balance of \$8,306.66 in the second. Outstanding vouchers will absorb most of this balance. Of the fund allotted to the District Judges \$8,514.34 was expended in the First Division, \$1,112.86 in the Second Division, \$9,999.72 in the Third Division, and \$11,675.08 in the Fourth Division. The demands for relief of destitution will be greater during the next two years and the appropriations should be increased.

STOCKING PUBLIC LANDS IN ALASKA.

Chapter 51, Session Laws of 1925, provided the authorization for stocking public lands in Alaska with fur-bearing animals. Each year since that time one or more projects have been under way. In 1929, \$7,500 was appropriated. These appropriations are continuing and there is now an unexpended balance of \$13,078.86 in the fund. I believe that this is sufficient to carry on the more important projects and do not deem it advisable to make an appropriation this session.

During the past biennium six projects have been under way. Beaver were placed on Raspberry Island in the Kodiak group. Deer were taken from Craig to Afognak Island. Muskrats were transported to Prince of Wales Island. Recommendations for other projects have been submitted by the Alaska Game Commission and one or more of these will be undertaken this year.

ROADS AND LANDING FIELDS.

Existing laws provide that all Territorial road funds shall be expended under cooperative agreements with Federal road building agencies. This is the best arrangement that can be made under present conditions and is advantageous to the Territory because it permits the

expenditures of a large percentage of our Territorial road appropriations on local projects since the cost of the larger systems are assumed by the Federal Government. Moreover, the only expense for overhead that is charged to the appropriation by the Territory is the salary and expenses of the Highway Engineer and traveling expenses of members of the Board when they are engaged on business for the Board.

In the past the appropriations for roads have fluctuated according to the funds available in the Territorial treasury. When the balance on hand is above normal large appropriations have been justified and when there has been a decline in revenues the road funds have been reduced. Last biennium \$320,000 was appropriated but this year our balance is below normal and I do not believe that we are justified in appropriating more than \$220,000. If this decrease would result in a reduction in the Federal appropriations there might be some question as to the advisability of such a curtailment but this is not the case, on the contrary more Federal funds are available than in preceding years and I am certain that we can reduce our appropriations without causing a reduction in the number of persons employed or depriving existing projects of necessary funds. Such a reduction in road appropriations makes it all the more necessary that the Road Board be unhampered in the allotment of these funds. Given sufficient funds under our present authorization for allotments the Road Board will apportion the major part of the appropriations for maintenance work and in this way provide employment in every section of the Territory. In the past there has been a tendency to direct the allotment of road funds, although this is specifically prohibited by the Organic Act. The results of this practice are not so serious when ample funds are available but they do militate against a proper and equitable distribution of funds when appropriations are limited as they must be this year.

The population of Alaska is increasing and each year the Territory is assuming added responsibilities. It is certain that we shall, at some future time, be expected to come under the provisions of the Federal Highway Act and we may well begin to consider this matter. One of the requirements that must be met is the existence of an administrative organization acceptable to the Federal Government. In my opinion this will be impossible under

our present system of selecting a Highway Engineer. The proper discharge of the duties of that office demand, insofar as is possible, it should be removed from politics.

We have expended some 22% of our road appropriation for landing fields and hydroplane ports. This is necessary and highly desirable but I believe that all urgent demands have been met and do not believe that we should begin any new projects. Some funds must be available for maintenance but the requirements will be small.

During the past two years \$18,628.99 were expended for shelter cabins and apparently the urgent demands have been supplied. From the information available an appropriation of \$5,000 should be sufficient for maintenance for the next two years.

AVIATION.

Our laws pertaining to aviation are excellent and ample authority is placed in the administrative officer. We have constructed suitable landing fields and promoted the interests of aviation, if not better, at least as well as other States and Territories. However, I believe that there is one important phase which we have somewhat neglected, I refer to communication between planes and their base of operations. There are no adequate provisions for sending messages from a plane in distress to the landing fields so that aid may be summoned. We are too familiar with the suspense caused by lack of information when a plane fails to report at its destination. We know of the thousands of dollars that have been expended in futile searches for lost aviators which might have been saved if we had known where to search. We have investigated existing communication systems and have found that the cost of radio telephones and wireless apparatus is prohibitive. The only practical solution seems to be the use of carrier pigeons. The United States Army will give us 50 pair of young pigeons and all necessary equipment if we will provide a suitable loft and cost of maintenance. The airplane company in Fairbanks has agreed to train the birds and to contribute toward the cost of the loft. I believe that an appropriation of \$2,500 will be sufficient for the project and because of its importance in safe-guarding pilots and passengers I urge that you give the matter very careful consideration.

CHICAGO FAIR.

"A Century of Progress"

Alaska has been invited to participate in the Exposition to be held in Chicago in 1933. I shall transmit for your consideration all of the information that I have on this subject and request that you determine whether or not we shall accept the invitation and if you so decide that you create a commission and provide them with funds to carry out your wishes.

GEORGE WASHINGTON BI-CENTENNIAL.

In 1932 the United States will celebrate the 200th anniversary of the birth of George Washington. The last Legislature created a commission to arrange for Territorial participation in this event. This commission will be convened and full report and recommendations submitted during this session.

EDUCATION.

I conceive it to be the paramount duty of the Territory and of every community therein to provide adequate facilities so that all children may be given an education. I believe that the Territory, assisted by the Federal Government, is meeting these demands and that we shall continue to do our part. Whether or not all of those who participate in the benefits are contributing a just share of the cost is another matter and one that I believe this Legislature may well consider most carefully. I am of the opinion that a careful examination of the present law will demonstrate that the cost of our school system is not fairly distributed. For example, we find that parents living adjacent to many of our larger communities are sending their children to the city schools. The Territory pays \$30 per year tuition for each pupil and further than this usually pays the cost of transportation which varies from twenty-five cents to one dollar per school day. In some instances the city contributes toward the transportation. The parent pays only the nominal \$5 tax required of all males over the age of 21 and it should be borne in mind that this same tax is paid by those who help to support the city schools. Manifestly this is not equitable.

The funds for the maintenance of schools outside of incorporated towns, except those supported by the

Federal Government, are taken from the Territorial treasury. The local residents do not bear any share of the burden, except the \$5 tax referred to above, which very often is not paid, especially in the outlying communities. As a result of this practice the local authorities feel but little responsibility for the proper conduct of the school.

The Commissioner of Education is held responsible for the efficiency of the schools outside of incorporated towns and this implies that he shall give them necessary supervision. I submit that it is utterly impossible for any individual, be he ever so competent, to perform all of the work involved in the administration of our school laws and devote even a small part of his time to inspecting the isolated schools.

The dual system of schools in Alaska is not altogether efficient. It would be far better if all schools were directed by one organization and sooner or later this will be achieved. Carefully compiled statistics show that since July 28, 1913, the Territory has expended 41.5% of its revenues for schools and during the last four years the expenditures have exceeded 48% of the total receipts from all sources. It is clearly apparent that we cannot assume the financial burden of supporting the schools now maintained by the Federal Government, but if some plan is devised whereby the Federal Government will contribute each year sufficient funds to maintain the native schools there is no reason why the Territory cannot carry the small additional cost of administration. However, before such a plan can be considered it will be necessary for the Territory to have an acceptable organization qualified to meet the requirements that may be imposed by the Federal Government and I am of the opinion that this cannot be achieved under the present system of selecting the Commissioner of Education.

A careful analysis of the records discloses how the cost to the Territory for the maintenance of our school system has increased in the past 15 years. For the biennium ending December 31, 1916 the expenditures from the Territorial treasury were \$17,011.70. For the biennium ending December 31, 1926, \$993,226.60 and for the period ending December 31, 1930, \$935,604.00. An increase of 5500% in 14 years. During this time the school enrollment increased from 3,163 to 5,071 or 60.3%.

There are several explanations for this enormous in-

crease. We find that the number of schools has increased almost 100%. There has been a necessary improvement in the buildings and equipment. Teachers salaries have increased and the courses of study have been amplified. These increases are to be expected if we maintain our schools at their present high degree of efficiency.

In 1917 the Territory adopted a policy of refunding to the schools a percentage of the total cost of maintenance and from time to time have appropriated funds for new buildings. Since that date the law has been amended many times, each amendment increased the amount that is contributed by the Territory. These refunds for schools in incorporated cities have increased from \$119,457.14 in 1917 to \$283,201.64 in 1930. The entire cost of schools outside of incorporated cities is borne by the Territory and has increased from \$50,267.08 in 1917 to \$208,150.68 in 1930 and in addition to the above approximately \$95,000 has been appropriated for school buildings by special legislation. The foregoing figures do not include the funds that have been allotted to the Agricultural College and School of Mines.

The following table will show the increased expenditures from Territorial funds for support of schools, exclusive of the College, since 1917:

1917	.....	\$ 75,521.49
1918	.....	185,608.66
1919	.....	225,009.80
1920	.....	216,914.97
1921	.....	259,790.97
1922	.....	239,087.61
1923	.....	344,077.09
1924	.....	209,184.63
1925	.....	340,822.08
1926	.....	380,000.29
1927	.....	430,276.27
1928	.....	418,838.27
1929	.....	410,023.24
1930	.....	525,581.36

From this table it is apparent that the Territorial aid last year is almost seven times that of 1917. Time will not permit a discussion of the many factors involved but reports are available for your information and these should be carefully examined before considering appropriations for next year. We are now confronted with the

problem of reducing appropriations in a manner that will not militate against the efficiency of our schools which must be maintained at their present high standard. I believe that the provision of the law which authorizes new buildings can be suspended, except in emergencies such as destruction by fire, for at least one biennium without serious consequences. Our present buildings, with perhaps one or two exceptions, are adequate and we can conduct our schools in their present quarters in a reasonably satisfactory manner. The present refund law authorizes reimbursement for new equipment. This provision can be suspended without impairing the courses of instruction. The Commissioner of Education advises me that it is possible to reduce the appropriation and he is willing to cooperate with your committee to achieve the best results.

AGRICULTURAL COLLEGE AND SCHOOL OF MINES.

The report of the Trustees of the Agricultural College and School of Mines discloses the gratifying progress that has been made in the eight years since its organization. There are enrolled at the present time 73 students from nine cities in the Territory and 15 non-resident students from twelve States and three foreign countries. The College has emerged from the experimental stage and is supplying the demands for an institution of higher learning in Alaska. Each year it receives a merited recognition from many sources. The President, Board of Trustees and faculty are to be commended for their earnest efforts on behalf of the institution and the reports which will be transmitted to you are worthy of most careful consideration.

PROSPECTORS AID.

For the past four years appropriations have been made available for the assistance of prospectors. During the past two years 190 men have been given assistance and approximately \$23,050 has been expended. This law has been in operation a sufficient length of time to enable you to judge whether or not the results achieved in your respective districts are commensurate with the expenditures. A detailed report will be submitted by the Territorial Mining Engineer. No doubt there are cases where the funds may not have been wisely expended but the usefulness of the law should not be determined on these cases. The record for four years should be

carefully considered and conclusions drawn therefrom. Mining is one of our major industries and at this time when conditions are adverse every reasonable effort should be made to stimulate activity in prospecting. Statistics compiled by the United States Geological Survey for 1930 show that while there has been an increase of approximately \$633,000 in our gold production there is a decline of \$2,464,000 in the value of our mineral production. This is due to the decrease in the price of copper, lead and silver and there does not seem to be any immediate prospect of an increase in the price of these metals.

DESTRUCTION OF PREDATORY ENEMIES OF SALMON.

Chapter 90, Session Laws of 1929, appropriated \$40,000 to be expended for clearing salmon streams and for the destruction of trout and other predatory enemies of the salmon. An agreement was entered into with the Bureau of Fisheries as directed by the law and \$38,700 has been expended. A detailed report, prepared and submitted by the Agent in charge of the Bureau of Fisheries is ready for your examination. The entire report is worthy of careful consideration but there are two features which I believe should be mentioned. In certain districts in the Bristol Bay area it was decided to attempt destruction of the trout which follow the salmon and destroy the eggs and fry in enormous quantities.

The most feasible method seemed to be to offer a bounty of 5 cents for each trout caught. The natives were required to utilize all of the fish that were caught either for human consumption or dog feed. 550,000 trout were destroyed and it is estimated that these trout would normally consume at least 2,750,000 young salmon for each feed and this does not account for the eggs that are destroyed on the spawning beds. The value of the young salmon thus saved can be appreciated better when it is realized that the minimum cost of feeding them in a hatchery is \$5 per thousand.

The appropriation served another very useful and altogether unforeseen purpose in that it furnished labor and subsistence for a large number of natives who would otherwise, because of the failure of the salmon run, have been destitute during the winter season.

The appropriation was not sufficient to meet the obligations incurred because of the large number of trout caught and if it had not been for the contribution of \$15,000 by the canneries the work would have been discontinued early last fall. When it became apparent that the Territorial appropriation would be exhausted the several canneries authorized the Bureau of Fisheries to continue operations and agreed to meet all deficiencies. This unsolicited aid is evidence of their interest in the work and of their belief in its value to the salmon industry.

BOXING COMMISSION.

The Commission for the control of pugilistic encounters in the Territory has functioned satisfactorily. The members have been diligent in the performance of their duties and the rules and regulations that were promulgated by them seem to be satisfactory. The receipts deposited by them with the Treasurer exceed the appropriation made for their expenses.

HISTORICAL LIBRARY AND MUSEUM.

The commodious quarters in the Federal Building which were designed especially for the Museum permits the display of the valuable collections that have been acquired since the institution was established. During the past year many valuable objects have been added to the several collections. Recently some very valuable material was presented by the estate of Mr. Merrill of Sitka. There does not appear to be any reason for increasing the appropriation for this institution.

The building formerly occupied by Territorial offices and Museum is vacant. Occupying as it does a prominent corner it should not be permitted to remain unused nor should it be rented in competition with private property. It is suggested that the City of Juneau, if the City Council desires, be permitted to move the City Library from its present quarters to this building providing they will agree to maintain it in good repair. Such an arrangement will be advantageous to all concerned.

The present site of the Territorial Building should be a part of the park that some day will be created in front of the new capitol and it is suggested that the Legislature authorize the transfer of the lot to the Federal Government when, and if, all of the other property in the block is acquired as a park site.

PUBLICITY.

Approximately 10,000 reports and descriptive booklets were distributed from the office of the Governor during the biennium. Inquiries received indicate that the distribution of these reports is justified and unless some better plan is adopted the appropriation should be continued.

WARBLE FLY.

Chapter 85, Session Laws of 1929, authorized cooperation with the Biological Survey in the study of methods for the control of the warble fly and other reindeer parasites. An agreement was entered into whereby the Biological Survey contributes the services of a parasitologist and the Territory pays his expenses and the cost of material and labor used in the experiments. \$8,389.56 has been expended and some progress has been made but the work is not completed. The reports of the officer in charge will be transmitted to you for your information. The eradication of the warble fly and other parasites will increase the value of the reindeer and reindeer hides very materially.

The experimental work has been carried on for two years at considerable expense to the Territory and Federal Government. If a practical method of control can be found the benefits that will accrue to the reindeer industry are beyond calculation. I believe we should not abandon the work, at least until the experiments are completed, because if we do we will lose all that has been accomplished up to the present time.

FIRE AND FIRE PATROL.

Chapter 46, Session Laws of 1927, authorized the appointment of fire wardens in certain districts and appropriated \$5,000 to be expended in cooperation with the Federal Government for the purpose of preventing and suppressing destructive forest fires. During the biennium seasonal patrols were maintained along the Alaska Railroad. I am advised that this patrol has served a large useful purpose and that there have not been any large fires in that region since it was organized. There is an unexpended balance of \$1,669.70 in this appropriation and for the next biennium \$3,000 should be sufficient to meet the Federal allotment.

WILD RICE.

Chapter 91, Session Laws of 1929, authorizes the purchase of not to exceed 1,000 pounds of wild rice seed for distribution in the Territory and appropriated \$600 to be expended in carrying out the provisions of the act.

Wild rice seed was distributed to Fairbanks, Anchorage, Seward, Cordova, Juneau, Petersburg and Ketchikan. Each shipment was accompanied with a request that reports be submitted which would enable us to ascertain whether or not the experiment is successful but we have not received such reports and apparently but little interest has been taken in the project. Approximately \$260 was expended and the balance will revert unless otherwise directed.

AGRICULTURAL FAIRS.

Chapter 38, Session Laws of 1927, authorizes an allotment of \$2,000 each year to Fair Associations under stipulated conditions. Prior to 1930 only three associations qualified under the act. In 1930 a fourth association applied for assistance and the available funds of \$6,000 were apportioned equally to the four organizations. Under the provisions of existing law \$16,500 will be necessary during the next biennium but I believe that only \$8,500 should be appropriated and each organization will then receive \$1,000 per annum.

DEFICIENCIES.

Expenditures during the biennium have been kept within appropriations with but few exceptions. The funds for reimbursing owners of dairy stock were not sufficient to meet the obligations and \$1,266.66 should be authorized for this purpose. The destruction of records in the office of the Commissioner of Health necessitated the expenditure of \$662 beyond the amount authorized in the appropriation. The fund for the care of dependent children has been exhausted and there are outstanding obligations of approximately \$6,000. It was apparent at the beginning of the last biennium that the appropriation would not meet the obligations for the ensuing two years, hence I did not grant any mother's pensions and there are on file in the Governor's office nine applications. The law authorizes the United States Commissioners to place children in the custody of the

Boards of Children's Guardians and when they are received they must be taken care of by the Board. Every effort has been made to keep the expenditures as low as possible but a deficiency was inevitable.

In the Auditor's office the expenditures that were incurred in providing necessary records and in performing the work required to keep these records exceeded the appropriations but this was to be expected in the creation of a new office. The Auditor will submit a report on all of these matters.

Subsection "K," Section 16, Chapter 118, Session Laws of 1929, created a Board of Audit and authorized this Board to employ an expert accountant to audit the books in the Treasurer's Office. It provides further, that the expense of the audit must be paid out of funds appropriated for the running expenses of the Treasurer's Office. The Audit Board caused an audit to be made and incurred an expenditure of \$700 which has been paid. The Treasurer, not anticipating this expenditure when he presented his estimates in 1929 because prior to that time the cost of the audit had been borne by the Emergency Fund, is now confronted with a deficiency appropriation of \$700 in his contingent expenses and a deficiency appropriation is necessary to enable him to meet his current obligations.

I desire to urge immediate action on this item. Moreover, I wish to request that in the appropriation bill for next year a special fund of not to exceed \$1,000 be included for expenditure by the Board of Audit. The law does not specifically authorize an examination of the records in the Office of the Auditor, but for his protection, as well as the interest of the Territory, we deemed it advisable to include his office in the audit and unless there are objections we shall continue to follow this procedure.

I am advised by the Territorial Treasurer that all of the funds appropriated for bounties on seals has been expended and that he must have about \$3,000 to meet the deficiency. In view of the present condition of those who are entitled to these bounties it is most desirable that funds to meet this deficiency be provided as expeditiously as is possible.

REPORTS.

An audit of the books in the offices of the Treasurer and Auditor has been made as directed by law and the report is available for your consideration. A careful examination of this report will reveal the efficient manner in which these officers discharge their duties. The data that has been compiled will serve as an excellent guide in considering appropriations for this biennium.

Reports of the various departments of the Territorial Government and independent commissions have been prepared by the officials in charge of the respective offices and they will be transmitted to you in accordance with the instructions contained in the laws.

These reports reveal the details of administrative activities and show the results that have been achieved during the past two years. They have been very carefully prepared with a view of enabling you to determine whether or not the expenditures have been justified. Each report is worthy of your most careful study because it must be the basis for your action on requests for new appropriations. In the preparation of his report each officer has been guided by the experience he has gained as a result of daily contact with the problems of his office and if for no other reason his recommendations merit your thoughtful consideration.

Chapter 60, Session Laws of 1925, provides that the Treasurer shall prepare and send to the Legislature a budget of the probable expenditures and revenues for the ensuing biennium. This is a budget in name only. It is nothing more than a compilation of the requests submitted by those in charge of the various Territorial activities and these usually are made without regard to the probable revenues. It is a system that encourages excessive estimates in the hopes that they will, by some good fortune, be allowed.

A budget board, consisting of the Governor, Auditor, and Treasurer, should be created and empowered to submit a real budget in which every request for funds is supported by written justification. Moreover, this board should have authority to demand all information necessary to determine whether or not an appropriation is justified. Until this is authorized no one will know whether or not proposed expenditures will be commensurate with probable revenues.

In each of the last two sessions of the Legislature attention has been invited to the inconsistencies in the accounting periods of our fiscal system. School appropriations are for the school years, our audit is for the calendar year and our fiscal year ends March 31st. The elective officers assume their duties March 1st and their reports must cover the last month of the fiscal year. This matter is again presented for your consideration and it is recommended that all appropriations shall be available until June 30, 1933.

Our legislative sessions are limited by law to sixty days and within this period a vast amount of work must be undertaken and completed. Problems of grave import to the Territory will be presented and satisfactory solutions will require the most careful consideration of the many factors that are involved. Every effort should be made to the end that all legislative business may be disposed of as expeditiously as possible. Frequently the closing days of the session are occupied by routine matters that could have been completed much earlier if they had been pressed. Congested calendars near the end of the session may result in the failure of meritorious legislation. I hope that we may be able to dispose of all important matters well before the date for adjournment.

From time to time, as the occasion may arise, I shall transmit to you additional reports and recommendations.

The Governor's office and all other Territorial offices are prepared to aid you in your work. All of the facilities of the several offices are available for your use and the officials will be glad at all times to furnish information pertaining to matters that are within the jurisdiction of their offices.

In conclusion may I express the hope that we, as public officials intrusted with the responsibility of conducting the affairs of the Territory in the best interest of its citizens, shall prove worthy of the confidence that has been bestowed on us.

Senator Dimond moved, and was seconded by Mr. Murray, that the thanks of the Legislature be extended to the Governor for his kind, thoughtful, considerate and illuminative message. Unanimously carried.

Thereupon the Joint Session adjourned.