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GOVERNOR JOHN H. HALL ADMINISTRATION

October 30, 1947 to January 10, 1949

Biographical Note

Hall was born in Portland, Oregon Feb. 7, 1899. During World War I he served as a medical corpsman on the troop transport Florida. He attended Oregon State College and graduated in 1923 with a degree in business administration. After a variety of jobs he attended Northwestern College of Law in Portland, OR and received his law degree in 1928. He was admitted to the bar in 1928.



Hall's political career began in 1932 when he was elected to the Oregon House of Representatives. He served in the 1933, 1939, 1943, 1945, and 1947 sessions of the Legislative Assembly, and became Speaker of the House in the 1947. Due to the deaths of Governor Earl Snell, Secretary of State Robert S. Farrell Jr., and President of the Senate Marshall E. Cornett on Oct. 28, 1947, the Speaker of the House, as required by Oregon constitution, became governor.

Governor Hall supported liberalizing the liquor trade and even provoked controversy by dismissing a member of the Liquor Control Commission who felt there should be a limit on buying liquor. Governor Hall also asked for wage and salary adjustments for state employees due to inflation and was a strong supporter of education. He favored using the treasury surplus over budget-balancing requirements to finance buildings for higher educational and other state institutions.

After he was defeated by Douglas McKay in the 1948 primary election, John Hall returned to Lincoln County, where he practiced law, and won election to a term as District Court Judge. He died Nov. 14, 1970 in Newport, OR.

John Hall was married to Elizabeth Walch from 1926 until her death in 1937. They had two children. He married Alyce Johnson in 1941 and they had one child.

Governor's Message, 1949

Source: LEGISLATIVE MESSAGE OF JOHN H. HALL GOVERNOR OF OREGON TO THE FORTY-FIFTH LEGISLATIVE ASSEMBLY JANUARY 10, 1949 SALEM, OREGON

Mr. President, Mr. Speaker and Members of the Forty-fifth Legislative Assembly of the State of Oregon:

On the fifth day of April, 1947, I walked off this rostrum never expecting to return. Having served my native state in seven regular and special session of the Legislature extending over a period of sixteen years, I was ready to retire from active politics. When my colleagues of the last session elected me to the highest office within their gift, that of Speaker of the House, an honor I cherish more than having served as Governor of the state, I felt that my career in active politics had ended. Fate decreed otherwise.

On October 28, 1947, a tragic airplane accident caused great sorrow and inconsolable grief to every citizen in this state. The tragedy was so unexpected, so complete, and so shocking that it was a long time before we realized the tremendous loss to ourselves and to our state. The late Ear Snell had just embarked upon his second term as chief executive --- a kindly, friendly man, who was destined to go far in public life; Robert S. Farrell, Jr. has just passed the forty-first anniversary of his birth and during the preceding year had been reelected to the important post of Secretary of State --- a brilliant, courteous and able official with no limit to the achievement he might have attained had he been spared; Marshall E. Cornett had been accorded the honor of having been elected President of the Senate and had so conducted himself in that capacity as to arm the admiration of everyone. An able and pleasant man with legions of friends and a host of admirers, he too was destined for future honors in public affairs. It is hoped that this Legislature by point resolution or other appropriate action will officially record the esteem by which these men were held and that an expression of sympathy be sent to their families.

With the passing of these men the office of Secretary of State became vacant, and over and without any warning or preparation whatsoever, I found myself suddenly faced with the many problems and grave responsibilities devolving upon the chief executive of a great state. My first official act was to appoint the Honorable Earl T. Newbry as Secretary of State, and the esteem in which he is held by the people of this state is attested to by the fact that he was returned to his position with the largest number of votes ever cast for any candidate for any office in the entire history of the State of Oregon.

The constitution of this state provides that the Governor shall give to the Legislative Assembly information touching on the conditions of the state, and recommend such measures as he shall judge to be expedient. It has been said that the message of an outgoing Governor is of little interest or value. However, in a large sense and from a standpoint of information it might be of more value than the message of an incoming Governor. This is so because the retiring Governor has had the experience which the other which the other has not. He has had the experience as a member of the Board of Control, Bond Commission, Reclamation Commission, Printing Board, as well as exofficio member of some eighty other boards and commissions created by statute. He is intimately acquainted with the conditions and needs of the ten state institutions which come under the jurisdiction of the Board of Control.

The needs and requirements of the state are many and varied Time will not permit a discussion of all of them an I shall, therefore, confine my remarks to those that I deem most important and attempt to point out the need for certain improvements and the means of paying for them.

STATE INSTITUTIONS

The construction of the cell house and cells at the Oregon State Penitentiary was commenced in 1866 and completed in 1871. They lack proper ventilation, plumbing, heating, and lighting, there will be completed the fore part of this year a new cell block containing 400 single cells. At the present time there are no single cells at the Penitentiary and therefore no possibility of segregation of prisoners. One of the most important changes that should be made at the penitentiary is a provision whereby the hardened and habitual prisoners can be segregated from the younger and less dangerous element. It is recommended that scholastic training be provided at the Penitentiary. It has long been recognized that the educational deficiencies of the individual contribute to a large degree to his antisocial conduct. In addition, the state should institute a definite and well-rounded program of vocational training. Our prison should be equipped with a furniture factory capable of manufacturing all items of furniture needed in various state offices and institutions. A large tailor shop could turn out all items of clothing and uniforms used by the inmates of all state institutions. Operation of a soap factory to supply all state needs should prove advantageous. Education would tend to divert the individual from criminal paths and vocational training would enable him to earn an honest living, thus striking twin blows at the root of delinquency.

In connection with the Hillcrest School of Oregon, the present law provides for commitment ages from 12 to 25 years of age. These commitment ages should be changed so that the person would be committed

between the ages of 12 and 18 years, provided, however, that the girl might remain under the jurisdiction of the school until she reaches the age of 21, either on parole or in the institution as the case may be. There should be included legislation giving the superintendent of Hillcrest School, subject to the approval of the Board of Control the right to remand to the court any girl unsusceptible to training and who is so damaging to the school program and other girls that she constitutes a menace or that she is completely incorrigible. With respect to the Boys Training School at Woodburn, there is in the present law a similar provision whereby incorrigible boys under certain circumstances and with permission of the Board of Control may be remanded to the county court from which they were committed.

There are two state tuberculosis hospitals in Oregon, one in Salem and the other in The Dalles. The growth in Oregon's population comes from states which have a larger incidence of tuberculosis than we do. This will tend to slow up the rate of steady decline in the disease which we have experienced. More hospital beds are needed at both institutions. A department of vocational rehabilitation should be provided for both tuberculosis hospitals as this would train patients for work which they are able to do and also improve their morale and they would know that they would have means of livelihood on their discharge.

At the last session of the Legislature, a law was enacted providing for a boys' camp at Timber, Oregon, under the supervision of the Oregon State Training School at Woodburn. Said legislation was referred to the people by the Legislature and the people approved the act at the last general election. In my opinion, Section 7 of said bill should be amended in the following particulars: Section 7 provides that any court having jurisdiction over juveniles is required to make a recommitment investigation to determine whether or not a boy should be committed to camp. It also provides that the superintendent of the Training School refer boys back to the committing judge for recommitment to the camp. In my opinion, the section should provide that all referrals to camp be made after commitment to the Training School were facilities are available for more complete social and psychiatric investigation than would be available in the various counties, as there is established at the school a complete classification committee consisting of a psychologist, psychiatrist, sociologist, educational advisor, boys advisor, religious advisor, and other staff personnel who, in my opinion, could better determine the boy's possible adjustment in camp. In the same light, it would appear more logical for a boy having had a period of adjustment, or classification, at the school to be transferred directly from the school to the camp on the authority of the superintendent rather than presenting him to the court, as is provided in Section 7, where he may be held in jail or a detention home awaiting the acting of the court for several days and then transported back to camp if the court sees fit to accept the recommendation of the Training School superintendent. In addition, I would add that no child of inferior mentality, who is classified as feeble-minded, be committed to either of the two juvenile correction institutions.

The Oregon Fairview Home, for the feeble-minded, is badly in need of additional buildings. Much of the present plant there is obsolete and replacement is considered essential for efficient and economical operation. Certain portions of the physical plant will serve satisfactorily for several years but only if necessary repairs be made at once. Otherwise they will deteriorate beyond economical restoration.

At the Oregon State School for the Deaf, there is need for fireproof dormitory facilities for the older children, better salaries to attract qualified teachers and house parents, and a pre-school unit to take care of children under six years of age.

As a part of the state building program, two buildings at the Oregon State Hospital consisting of a treatment hospital and a ward building are nearing completion. These additional structures will require quite a few new employees. Therefore, it would seem advisable to provide for an employees' home that will house about 100 employees.

The above recommendations are very general as time will not permit a detailed report on each institution. The voters of Oregon in 1945 approved the use of six million dollars from income tax receipts for the purpose of constructing new buildings at the various institutions. However, due to the impact of the war and

the scarcity of materials this program could not be launched until the year 1947. By that time the purchasing power of the dollar had dropped to a point where the six million dollars were entirely inadequate to carry out the projected program. The Board of Control and the Emergency Board, acting jointly, set up a program to give priority to those buildings where the need was greatest. All of the six million dollars either has been spent or allocated but the program is far from completed. Oregon has achieved a remarkable gain in population since 1940. Statistics reveal that the increase is more than 40 per cent and is the highest of any state in the Union. As a consequence, there is a decided increase in the institutional population and all of these institutions need additional buildings and higher salaries for their personnel. This state can consider itself as being most fortunate in securing the present heads of our institutions considering the meager salaries paid to them.

EDUCATION

At the same time that the people approved a six million dollar program for state institutions, they also authorized four million dollars to be used from income tax receipts for the purpose of constructing additional buildings for our system of higher education. In addition to that, the 1945 Legislature appropriated for this purpose one million dollars. However, by the time the program for higher education could get started, construction costs had spiraled to a point where it was impossible to carry out the desire of the Legislature and the wishes of the people. One million dollars was used almost immediately for temporary housing and emergency struck tares due the increase in registration immediately following the war. The highest pre-war enrollment in the system of higher education was a little less than 10,000. Now it is estimated in excess of 17,000, and the experts predict that by 1960 there will be an enrollment in excess of 21,000 students. It is almost inconceivable but it is true that the great state of Oregon in the entire 15-year period between 1930 and 1945 appropriated only the sum of \$100,000 for new buildings for its entire system of higher education. It is a known fact college enrollment tend to follow population trends, and the general increase in population in the state is reflected in our system of higher education. The buildings are inadequate, the space limited, there is overcrowding in the classroom, and not enough teachers to give the individual attention that the students deserve. Early last year the Board of Higher Education estimated that the present needs for the system would require twenty-four million dollars and that the sum of twelve million dollars was needed immediately for capital outlay, to construct the necessary buildings that are needed now.

Of the five million dollars made available in 1945, the Board of Higher Education has weather spent or allocated funds fro the construction of 22 permanent building projects. At the present time the institutions are using for classroom and laboratory purposes alone 200,000 square feet of the temporary buildings and these temporary buildings should be eliminated as soon as possible.

What has been said about the needs for higher education in connection with new buildings applies with equal force to secondary and elementary school systems in this state. The reason that this state and the country have grown so rich and powerful is due primarily to the fact that we as Americans lay such great stress on educational facilities provided to our citizens. To maintain our high standards of education, it is necessary that new buildings throughout the entire educational system e constructed in order to adequately cope with our tremendous growth in population.

SALARIES OF STATE EMPLOYEES

As hereinbefore state, Oregon is most fortunate in having competent people running the state government in spite of the fact that the yare inadequately compensated for their services. Wages in private industry have risen tremendously in the last few years but the wages of state employees have not been increased substantially. At the present time we have some 11,122 state employees of whom 6,026 receive less than \$200.00 a month. We all know that in these days of high prices, rents, and other cost of living factors, it is impossible for a person to live in comfort, educate his children, provide adequate insurance protection, and to permit any form of savings program under the present wage scale. Due to the fact that many state

employees are receiving inadequate salaries, a tremendous turnover occurs every year. I have been reliably informed that in the year of 1948 there was a turnover of some 6,000 persons. This is very costly to the state and in addition tend for inefficiency. It takes time and money to train a state employee and many of them are training their positions only until such time as they can obtain more lucrative employment in private industry, and when a person leaves the state service it is then necessary at great cost to train his successor. Private industry could not survive with an equivalent turnover in personnel. The State Emergency Board last recognized this situation and provided enough funds to give a \$20.00 raise for employees from June of 1948 through December 1948. This cost of living allowance, however, went only to those employees whose salaries are not set by statute. For those employees whose salaries are determined by statute there was no cost of living allowance, although their need for such an allowance was just as great.

The numbers of the Oregon State Police are included in the category of those whose salaries are set by statute. In my opinion, the Oregon State Police, under the able supervision of H. G. Maison, is second to none in the nation. We have reason to be proud of the police system but we cannot hope to maintain the desirable high standards unless these officers are adequately compensated. These men are subject to call for duty 24 hours a day throughout the year. They face death on the highway and death in the field. Since the last session of the Legislature, two men have been killed the line of duty, making a total of either who have given their lives for the state of Oregon since the creation of the department in 1931. These men do not have the benefit of social security and if they lose their lives in the service, their widows and children receive only what benefits they are entitled to under the workmen's compensation act. It is, therefore, recommended that the salaries and wages of all state employees be readjusted in view of the present economic situation.

OLD-AGE ASSISTANCE

May it be said here that so far as the Knox Control Act and liquor revenues enter into this question, promotion of sales and the desire for profits are in direct opposition to the underlying principles of temperance and control which are fundamental to the spirit and intent of the Knox Control Act. At the present time all net revenues from the sale of alcoholic liquor by the state of Oregon are used toward the payment of old-age assistance. It has been the practice of the Legislature in recent years to depart from the spirit of the Knox Law with respect to temperance and to direct the Oregon Liquor Control Commission to operate on a purely merchandising basis and the last Legislature directed the Liquor Commission to produce twenty-two millions of dollars in revenue for the current biennium. It is my opinion that this system is wrong. It violates the principle of the Knox law and should be remedied I, therefore, recommend that all of the net proceeds from the sale of liquor be turned into the general fund to be commingled with other income and not to be earmarked for old-age assistance and that the money to defray the cost of old-age assistance be appropriated from the money to defray the cost of old-age assistance be appropriated from whatever funds are available. Old-age assistance from the state level whatever funds are available. Old-age assistance from the state level is a relatively recent development in Oregon. It has been in existence for about 15 years and has grown in dollar value from a few millions at its inception to forty-four million dollars for the current biennium, with the new budget providing for a sum in excess of sixty million dollars for the next biennium. Somewhere, some place, there is something wrong with a system which can continue to grow in dollar value and especially so when the last eight years of the same period have been the most productive in the history of Oregon, where during the war years and at the present time most any able-bodied person could secure some kind of work. In my opinion, the greatest vice is the federal regulations imposed upon old-age assistance in Oregon. The state and counties provide a certain amount of revenue for this purpose which is matched with federal funds, but the federal agency reserves the right to withhold federal funds or so-called match money unless the Oregon law and regulations comply with their wishes and desires. It is my hope that some day the state of Oregon will find ways and means to take care of the elderly people, the sick, the blind, the dependent children, without bending a servile knee to the federal government. In the final analysis this so-called match money is our own money. The federal government receives no income except by taxing the citizens of the several states. The citizens of Oregon pay money into the United States treasury in the form of taxes. By the time that money has been processed through several federal bureaucracies and returned to Oregon in the form of match money, it has shrunk in value to about thirty cents on the dollar. I repeat that I hope the day is not too far distant when this system is abolished and the state of Oregon can take care of her

own people in her own way without interference from the federal government or any one else. It is my opinion that the old-age assistance laws should be amended so that there will be more money available to the destitute and needy and less money available to those not entitled to relief but who at the present time are receiving assistance. It is my firm conviction that if the state of Oregon pays a citizen public funds for old-age assistance during his life time and if that person dies and leaves an estate, the state of Oregon should have a lien against the assets of that estate for the reimbursement to it of any moneys so advanced. Under the present law a beneficiary may own and be living in a home that is free and clear of all encumbrances and which has a value of several thousand dollars. By virtue of the fact that that person has no income he or she is entitled to a monthly payment from the state for old-age assistance. When that person dies the state of Oregon should have a lien on the assets of the estate and the moneys so advanced should be reimbursed to the state before the assets of the estate are distributed to the children of the deceased who under the laws of Oregon are required to support their parents. In that connection I respectfully call your attention to Section 63-301, O.C.L.A., which was enacted in 1853 and has remained on the statute books ever since, and which reads as follows; "Parents shall be bound to maintain their children when poor and unable to work to maintain themselves; and children shall be bound to maintain their parents in the like circumstances." I believe that there should be written into the old-age assistance act a provision similar to that quoted. There are too many people receiving old-age assistance who have children and other relatives who are well able to support them but are putting that burden on the taxpayers of the state of Oregon because of the laxity of our law. If you would examine the roster of those receiving old-age assistance in this state you would be surprised at the number whose children are very prominent and well-to-do citizens of this state. Chapter 512, Oregon Laws 1947, prohibits the transfer of property by applicants for old age assistance within three years prior to application for state assistance. The act disqualifies persons making such transfer for such assistance. The act is in need of amendment to prohibit transfer of property not only three years prior to application but also during the time of receiving assistance.

At the last general election the people approved an initiative measure providing for increased payments for old-age assistance. This measure has been declared inoperative by the Attorney General and it cannot become operative until further legislation is enacted. The bill was poorly drawn, not readily understandable by the people, and even the sponsors are not in agreement as to their ultimate objective in initiation of the measure. In order to make the measure effective the Legislature will have to reframe it. I earnestly recommend that you take into consideration what has been said on this subject.

TAXATION AND FINANCES

All of the matters I have discussed in this message and the recommendations that I have made with respect to state institutions, our system of education, and salaries of state employees, if carried out, require the expenditure of more money than will be ordinarily anticipated during the next biennium. I doubt if any member of this assembly questions the desirability of the proposed changes. The question then arises as to the manner in which these changes and improvements may be financed. Due to the barriers set up by statute for the use of state funds the budget presented is not now in balance. To balance expenditures recommended by the budget it will be necessary to amend the corporate excise tax law so that the proceeds from that source, received probate excise tax law so that the proceeds from that source, received after July 1, 1949, are made available, without restriction, to the general fund. If this is not done some other source of revenue must be secured or drastic curtailment made of the present program of state wide activity. The procedure for transferring corporate excise tax money to the general fund was confirmed by the decision of the Supreme Court in the case of Sprague v. Fisher et al. It is upon the basis of that decision and the assumption that from this corporate excise tax, during the next biennium, there will be made available thirty-eight million dollars and that other income accruing to the general fund will remain on the present level that this budget is presented. The budget recommends the largest proposal for expenditures during this biennium ever presented to an Oregon Legislative Assembly. The overall total for approved requests for appropriations to the general fund is in excess of one hundred and nine million dollars, compared with the appropriation of approximately seventy-six million dollars made by the Forty-fourth Legislative Assembly. This difference of more than thirty-three million dollars is due to several reasons: Increase of population;

increase in prices of commodities and wages resulting from inflation; increase in the number of employees to man the buildings and facilities erected during the current biennium; reduction in federal grants in aid; changed condition of employment following the establishment of a shorter week; and in particular, due to inability of the net profits from the operation of the Oregon Liquor Control Commission to meet the entire cost of public welfare as it has in the past; and finally, increase in the cost of both elementary and higher education. If the corporate excise tax law is amended and the thirty-eight million estimated receipts from the source are made available to the general fund, the moneys needed for the operation of various state functions for the next biennium will be provided. If that money is not made available, the proposed budget will be out of balance by thirty-seven million, which will necessitate a substantial reduction in state services. I recommend that this Legislature by appropriate legislation make the corporate excise tax money, collected during the coming biennium, available to the general fund without restriction. While the recommended appropriation adequately provides for the operation of existing state facilities, with increased personnel required for the additional buildings constructed during the past two years, no provision has been made for the erection of additional structures to meet the increased growth of population.

We may as well face the facts. The financial condition of the state of Oregon not only for the present but for the future is precarious. There is presented for your consideration a budget with all expenditures cut to the least possible minimum. Even the balancing of this budget is furred to the general fund. I believe but a small segment of our population is familiar with the financial condition of our state. They have been frequently misled by statements from high state officials, who presumably are revealing all of the fact. Former State Treasurer Leslie M. Scott has repeatedly given out information to the public and to the press that the state treasure of Oregon is bulging with millions of dollars. Such statements are only half truths. Explanation should have been made at the time that a very large amount of money in the treasury is not available for appropriation by this or any other legislature for general state purposes. It is estimated that on January 1st of this year there stood to the credit of the Unemployment Compensation Commission fund some eighty-seven million dollars. This sum represents a trust fund to be used for specific purpose and is not available for any other purpose. The same is true with the millions of dollars credited to the workmen's compensation act, the millions of dollars turned into the treasury through the operation of the Liquor Commission, which funds are used for old-age assistance. Millions of dollars each year are turned into the treasure from the sale of automobile license plates and gasoline tax, which according to the Oregon constitution cannot be used for any purpose except for the construction of high ways and payment of interest on bonded indebtedness. The State Game Commission collects approximately one million and a quarter dollars a year which are turned into the state treasury but cannot be used for general fund purposes under our law and can only be used for the propagation of fish and game and other matters in connection with wildlife. Under the laws as they stand today the millions and millions of dollars that are in the treasure in connection with the collection of corporate excise and personal income taxes are not available to this Legislature but must be retained in the treasury as an offset against future state levies on real property. It is my opinion that such half truths from high officials have misled the people of the state into believing that the financial condition of our government is sound. Such misleading information, in my opinion, was the principal factor in inducing the people at the last election to initiate and pass an old age assistance measure without realizing that there are no funds in the treasury sufficient to carry out the act as written.

In 1943 the Legislature amended the personal income tax law prescribing a formula by which under certain circumstances money collected under that law would be refunded to the taxpayer. During the two-year period immediately following that session some twenty-one millions of dollars were refunded to the people of the state of Oregon. This was of little if any benefit to said taxpayers because a very high percentage of the refund was captured by the federal government. The effect of that amendment was that Oregon citizens paid income tax money into the state treasury and a certain portion was refunded to said taxpayers and they in turn paid most of it to the federal government in federal income tax. In 1945, the Legislature suspended the operation of the discount plan for a two-year period. At the last session of the Legislature this refund plan was again held in abeyance during the present biennium. If this Legislature does not take some action in connection with the question, all of the income tax surplus now in the treasure will eventually be returned

to the taxpayers of the state. All is in my recommendation that this discount plan in enacted in 1943 be forthwith repealed.

There has been pointed out in this message the need for additional revenues to balance the budget and to provide the additional money for new buildings for state institution and our system of education, and for an increase in salaries of state employees. As stated before, the budget as prepared does not make allowance for these needs. Last year the Oregon Supreme Court, in the case of Sprague v. Fisher et al., declared that under the existing laws, income tax money was not available for general state purposes but must be retained in the treasury as an offset against state levies on real property. I call you attention to the fact that the Supreme Court's opinion was based only on the laws as they exist today and particularly with reference to two amendments during the last session. The income tax law is not a part of the Oregon constitution and, therefore, may be amended by the Legislature or by the people through the use of the initiatives. It is my opinion that this Legislature can amend the income tax laws so as to make available to the general fund all or a portion of any money collected under the provisions of the personal income tax law. In this connection the State Tax Commission has estimated that by June 30th of this year there will be a surplus in said fund of approximately fifty millions of dollars.

On this question of taxation and finances I respectfully submit the following recommendations:

That the corporate excise tax law be amended so than the proceeds from that source are made available, without restriction, to the general fund. This will balance the budget submitted for the coming biennium.

Than by appropriate legislation the personal income tax law be so amended than the proceeds received from that source and any accumulated surplus be mad available to the general fund without restriction. If this fund is made available, I recommend that a certain portion thereof be used for necessary new buildings for state institutions and for our system of education and for an adequate increase in the pay scale of state employees. Any balance from said fund not actually needed to carry out these purposes should be kept as a reserve fund against the day when income tax receipts arte insufficient to meet the cost of state government and other activates charged against said fund.

CONCLUSION

I have come to the end of my term as Governor and now turn over the office to my constitutionally chosen successor. As I retire I wish to acknowledge the cooperation I have received form to the state officials, and the fidelity of the appointive officers in my administration. In my future role as a private citizen I shall continue to do everything in my power to further the interests and promote the welfare of my native state.