



## Oregon State Archives

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## GOVERNOR ELMO SMITH ADMINISTRATION

February 1, 1956 to January 14, 1957

### Biographical Note

Elmo Everett Smith was born Nov. 19, 1909 near Grand Junction, Colorado, to Wilmer E. and Katie (Mohler) Smith. He had four sisters and two brothers. He grew up on an uncle's ranch near Wilder, Idaho, after his mother and father died when he was 10 and 13, respectively. After he worked his way through the College of Idaho and received a B.A. in History in 1932, he moved to Ontario, Oregon. In 1933 Smith married Dorothy Leininger of Fayette, Idaho. He established himself as a newspaper owner and publisher. Voters twice elected him Mayor of Ontario before World War II. He resigned as Mayor in 1943 to enlist in the navy. After two years in the South Pacific, where he commanded a naval air transport base, he returned to Ontario and again was elected mayor.



In 1948 Smith was elected to the Oregon Senate, representing Grant, Harney and Malheur counties. By that time he had sold his Ontario newspaper and purchased the John Day Blue-Mountain Eagle and an interest in the Madras Pioneer. As senator, he pushed hard for an equitable weight-mile tax for highway usage, and secured its passage in the legislature and approval by the voters in a referendum, defeating the trucking and logging interests who opposed it. He chaired the Roads and Highways Committee after Paul Patterson became Governor. In 1955 he was elected President of the Senate.

Patterson's death in 1956 elevated Smith to the governorship. Almost immediately he began a campaign to retain the office, and although he won the Republican primary easily, he lost to Democrat Robert Holmes in the general election, by a vote of 361,840 to 369,439. After leaving the governorship, Smith expanded his publishing activities, purchasing the Albany Democrat-Herald and several smaller weeklies. He sought office again upon the death of U.S. Senator Richard Neuberger, but lost to Neuberger's widow, Maureen. In 1964 Smith failed in his effort to become Republican National Committeeman; instead he was selected State Chairman of the Republican Party. Smith died of cancer July 15, 1968 in Albany, and was buried in Willamette Memorial Park Mausoleum.

### Governor's Message, 1957

Source: LEGISLATIVE MESSAGE OF ELMO SMITH GOVERNOR OF OREGON TO THE FORTY-NINTH BIENNIAL LEGISLATIVE ASSEMBLY JANUARY 14, 1957 SALEM, OREGON

NOTE: In the interests of economy of time in the inauguration ceremonies, certain portions of the printed message will not be delivered by Governor Smith. These paragraphs are indicated by an asterisk.

Mr. President; Mr. Speaker; Members of the Forty-ninth Legislative Assembly of the State of Oregon:

Two years ago, a man whom we all knew as a fine Oregonian, and outstanding of Governor of Oregon, addressed this assembly from this same rostrum. He said, "I ask your help and God's guidance in my administration, to the end that Oregon and its people may be stronger and happier for my having served." Governor Paul Patterson was dedicated to the people of Oregon and Oregon is stronger for the service he

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rendered. His quiet, effective leadership will be long remembered, not only in these halls but throughout the broad expanses of this state.

IN the comparatively short time, during which it was my privilege to serve as Governor, I have endeavored to emulate the high standards of public service set by my predecessors. At the same time, I endeavored to discharge those responsibilities which fell upon me as Governor in the manner I thought proper for the best interest of all the citizens of this state.

In carrying out my responsibilities as Governor, I have had the opportunity to observe the needs facing the society, the people and the economy of our great state. I should like to discuss these points briefly with you.

## STATE FINANCE

There are many demands upon Oregon's financial resources for new and expanded services. Some of these programs are essential --- most of them are desirable. But the plain fact is that we do not have --- and will never have --- the funds to provide all the services people want at a tax cost that all the people are willing to pay.

It has been the policy of our administration to provide maximum public service at minimum tax cost.

Since the inception of personal and corporate income taxes more than a quarter of century ago, there has been only one major tax increase. A state property tax has not been levied in the past 16 years. This is a record virtually unmatched among the states.

During my administration, I recommended repeal of the surtax. I repeat that recommendation. I believe that it will be necessary to replace a substantial part of the revenues currently produced by the surtax with fair adjustments in our tax structure.

I recommend also that the state be entirely removed from the property tax field, reserving this source of revenue for local government. I urge that you take action to prohibit a state property tax in excess of the amount necessary to pay bonded indebtedness.

The budget is already in your hands. It is a balanced budget.

It has maintained --- and, in some cases, raised --- present standards of state services.

It has anticipated our growth in population and the increased need for governmental services.

And --- it requires no increase in taxation!

## EDUCATION

In the field of education we face a clear challenge closely related to the question of state finance.

Our primary and secondary schools can effectively meet sharply rising enrollment through an increase in state basic school support. A proposal to accomplish this increase will be before you. I urge that you give it you favorable consideration. We must continue to maintain Oregon's high standards of public education;

Beyond high school, there are insistent demands for better training of more and more students. These needs have been met in the proposed budget by provisions for additional teaching personnel, higher salaries and new buildings.

The budget for higher education does not exhaust our responsibilities. We face certain decisions of long-range importance.

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Education at the primary and high school earlier has been continuously and thoroughly studied. We know our goals and the problems we face in achieving them. In the field of higher education we are not so well informed about our objectives and responsibilities.

The people of Oregon will support reasonable expenditures for higher education if they have assurance that the educational dollar is being spent as wisely as possible. If there are ways to realize economies without lowering standards of educational service, we should find them. Even with maximum economies, we face stern financial demands.

For these reasons, it is imperative that an impartial committee of educators, citizens and legislators survey fully and objectively the entire question of state responsibility for education beyond the high school level. Such a committee should be fully representative of the public interest. Its work would be conducted by a technically competent and impartial staff.

The study should include our institutions of higher learning and all phases of our vocational and adult education program. It should provide for a comprehensive review of all education services. It should provide for an analysis of the state government's role in meeting both present and future educational needs. The study should result in planned capital development based upon an agreed long-term educational policy. Properly conducted, such a survey would provide a basis for a clear-cut statement of public policy and a guide for the Legislative Assembly, the Board of Higher Education and our vocational education agencies. The need for such study has been noted in recent years by responsible observers. It is of top urgency.

## STATE INSTITUTIONS

In recent years there has been dramatic advancement in the methods of treatment, operating standards and facilities of our state institutions.

Our penitentiary has made great strides in its rehabilitation program. We have virtually rebuilt this institution in the past five years, with the completion of three new cell blocks, a new segregation building, a new industries building and thorough remodeling of other buildings.

Construction of the Oregon State Correctional Institution is under way.

We have reached a point where the next step forward in the management of the penitentiary program is to establish a separate women's unit. Provision for this has been made in the budget.

At Fairview Home, despite the fact that its capacity has been increased one-third in the last five years, there is today a waiting list of over 300. To meet the need represented by this waiting list, nearly \$3,500,000 has been allocated to the building program.

New drugs, new therapies and the expansion of out-patient clinics have paid rich rewards in the treatment of the mentally ill and those afflicted with tuberculosis. The budget provides for continued progress in these areas. Funds for initial operation of the Portland State Hospital now under construction are included in the budget.

The rapid and significant progress of the past has only laid the foundation for the work that must still be done. While the scourge of tuberculosis is being conquered, our skills and capacity to aid those who are mentally ill must be further developed.

## HUMAN WELFARE

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Public welfare and old age assistance is a field of pressing human need and one in which the state has a prime obligation. These programs should have first claim upon any additional revenue that becomes available by the development and adoption of your tax program.

I urge you to carefully review the Relatives Responsibility Act adopted in 1953. It should be amended to eliminate demonstrated inequities. I recommend that the gross income level at which single persons with no dependants begin contribution be raised from \$2,700 to \$4,000, and from \$4,000 to \$5,000 for married persons with no dependents. Proportionate adjustments should be made in the entire contributions schedule.

Financial assistance is but one part of our responsibility to our older citizens. We must devote greater attention to the social problems of aging. Science is opening new vistas of opportunity for health recreation and constructive usefulness for our older citizens. I would like to commend the churches of Oregon for the outstanding community leadership they have exerted in this critical area of human need.

I urge this Assembly to establish a Council on Aging. It should function as an advisory and coordinating agency rather than as an administrative body. Its chief functions would be research into the nature and extent of the geriatrics problem in Oregon and coordination of the work of state, local and private agencies.

Legislative action will be required on the pending termination of federal supervision over the Klamath Indian Tribe. This termination will affect the Klamath Indians not only as individuals but as a social and economic group. The termination could profoundly affect the economy and the land, forest and water resources of the Klamath area.

I recommend that a legislative interim committee be related to review all aspects of the termination and determine how the rights of the individuals and the public may best be protected.

#### VETERANS' AFFAIRS

Our highway system is the lifeline of Oregon's economy and the key too much of our future growth and development.

The \$72 million highway modernization program authorized by the Legislatures of 1951 and 1953 was completed during the past year. This program has given Oregon one of the best highway systems in the nation. It has placed us in a position to take the fullest advantage of funds available under the Federal Aid Highway Act of 1956.

The largest and most ambitious public works program in the history of man begins with the passage of the federal act. Primary responsibility for the planning, administration and completion of this 13-year program will rest with each state.

If we can meet federal matching requirements from current revenues, we should do so. Borrowing at this time should be avoided except where necessary to permit our fullest participation in the federal aid program. In concentrating on the federal program we must be alert to the need for improvement of the arterial, market and urban access roads so necessary to our future development.

#### NATURAL RESOURCES

In the field of natural resource conservation and development, our objective has been to secure an equitable balance in water, land and forest use.

The Natural Resources Committee has effectively coordinated the programs of the state agencies dealing with our natural resources.

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The test stream program proposed by the committee merits the special consideration of this Assembly. This experimental plan is a laboratory study of an entire river drainage system to determine the inter-relating of all natural resources. This knowledge would assist in improved multiple use of all Oregon resources.

The Water Resources Board took a forward step in resource construction when it determined to establish minimum flows based upon a stream-by stream study of water appropriations.

About 80 per cent of Oregon waters are over-appropriated and some streams would dry up if all withdrawal rights were exercised. It is not the intention of the Board to impair existing rights. The program will charge the desirability of future appropriations and keep them within the limits of constructive and balanced use.

The Water Resources Board has demonstrated its important value to resource conservation. The scope and tempo of its activities could profitably intensified.

I recommend ratification of the Columbia River Compact by the Northwest states. This would provide an agency to offer qualified and far-sighted counsel on Columbia Basin planning. More important, it would protect Oregon's interest in Northwest water resources, particularly at a time when states outside the Northwest are seeking to divert Oregon waters to their own use.

## POWER

Oregon development demands an ample supply of low-cost electric power.

There are three factors that complicate our problem of securing this power:

First: the future power needs of Oregon exceed by a wide margin any reasonable estimate of what will become available through federal construction of new projects.

Second: Hydro-electric development has been slowed by lack of agreement as to which projects should be undertaken by the federal government, which should be undertaken by local agencies themselves or in joint effort with the federal government.

Third: There is no formula for the equitable division of federally generated power among the Columbia Basin states.

I make these recommendations:

First, and most important, the problems of power supply should be removed from the arena of partisan politics. Only through affirmative and aggressive bi-partisan effort can we assure adequate power for Oregon's homes, farms and industries.

Second: Necessary steps should be taken to assure Oregon of a fair share of federally generated power.

Equity between states can be achieved by making specific allocation, taking into account the present division of power supply. These allocation should be included in legislation authorizing new federal construction. There is precedent for this method in the legislation authorizing the construction of Priest Rapids dam from which Oregon will receive 31 per cent of the power generated.

Third: I recommend that every effort be made to secure a determination at the highest policy level as to what projects are to be constructed by the federal government. Only after this determination is made can we mobilize the full resources of local agencies --- both public and private --- and undertake new starts with a minimum of delay. We should then, with unity of purpose and a strong determination, press for the earliest possible construction of new generation facilities in all classifications.

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## OREGON DEVELOPMENT COMMISSION

Industrial development is the key to Oregon's economic future. Our great timber industry and our agriculture must be balanced by industrial diversification if we are to achieve economic expansion necessary to future progress.

IN recognition of this need, the Oregon Development Commission was created by the 1953 Legislature. In its brief existence the Development Commission has secured a \$15 million fiber board plant for Oregon. This plant will provide a \$1.5 million annual payroll. It was instrumental in saving an \$18 million plywood mill for Oregon. The commission was effective in securing the \$26 million liner conversion contract for Portland shipyards. It has worked successfully with federal agencies on appropriations for Columbia River dredging. The commission has also worked with the federal government in securing increased available federal timber harvests.

The broad avenues of economic growth yet to be traveled are shown clearly by our accomplishments. The Development Commission is an investment in Oregon's future.

## LOCAL GOVERNMENT

A comprehensive study of local government problems has been made by a Legislative Interim Committee during the past two years. We know the many problems created by steadily increasing urban population. I urge you to familiarize yourself with the findings and conclusions of this committee.

These problems are too important to be dealt with on a piecemeal basis. ON questions of city-county relationships, annexation, fringe area services and related matters, we must find agreement based upon mutual understanding and cooperation.

\*Aside from its valuable research reports, one of the greatest contributions which the Interim Committee has made is that of bringing interested citizen together to study and evaluate at the local level these problems of community growth. The Eisenhower Committee on Intergovernmental Relations defined in clear terms the fact that state government has major responsibilities for helping its citizen find answers to these problems of local government. I urge you to provide adequate financial assistance for a continuation of the work which was initiated by the 1955 Legislature.

## STATE GOVERNMENT ORGANIZATION

There are constant opportunities for improvement in the management of a dynamic state government. We have used these opportunities to improve services and to hold down the cost of state government.

One accomplishment of my stewardship and the Governors before me which I want to emphasize is in the field of state fiscal administration.

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The Department of Finance and Administration is a relatively new agency. Its creation by the 1951 Legislative Assembly included the elimination and consolidation of other agencies of government. Although it had Republican sponsorship, its origins were non-political in character, and its underlying concepts has support of both parties. Improved purchasing practices, new accounting services and more efficient business management are among the many achievements in economies and better public service.

\*A meeting of leaders in education, business, agriculture, labor and civic affairs was held in Spokane last summer to study and evaluate state government in the Northwest. This conference recommended that Oregon's Department of Finance and Administration be a model for similar action by other Northwest

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states. I am proud that this public recognition of Oregon state government occurred during my administration.

#### STATE GOVERNMENT EMPLOYEES

Republican administrations in recent years have initiated many action designed to improve the state civil service.

A statewide merit system for the selection, retention and removal of state employees was enacted by the 1945 Legislative Assembly. At the same session the public employees retirement law was enacted. Another forward step was taken in 1953 when social security coverage was extended to public employees in Oregon.

\*There has been an earnest effort to achieve high standards of public service on the part of our supervisors and employees. Personnel engaged in finance activities throughout state government recently organized an association of fiscal offers whose primary aim is to find better ways of providing needed services and to effect economies in operations where possible.

\*At the 1955 legislative session, we inaugurated an employee suggestion program which has resulted in a net biennial savings to the state of \$60,000 through reduced operation costs.

Most state employees are on a five-day week. Members of the State Police are an exception. I recommend that the five-day week be extended to them and to other state employees not presently on such a schedule.

I call your attention to proposals included in my budget message for making necessary adjustments in our salary scales. Adequate pay levels must be provided to continue to hold and attract competent employees.

Every citizen of Oregon can feel proud of our state public service. I wish to personally commend the many competent officials, employees and citizen who have made this kind of service possible.

#### STATE OFFICE BUILDING

There is another question having both budgetary and service significance which I hope the Legislature will consider. By the late summer of 1956, the lack of office space in the Capitol area had become critical. Accordingly, I appointed a special advisory committee of legislators and private citizens to make a comprehensive study of this problem. This committee recommended the construction of a new office building to ease the congestion in state offices. I recommend that this building to ease the congestion in state offices. I recommend that this building be constructed and be designated as a "labor and Industries Building". This legislature could authorize such a building to be financed by dedicated funds. This plan would impose no direct burden upon the general taxpayers of the State.

#### STATE INDUSTRIAL ACCIDENT COMMISSION UNEMPLOYMENT COMPENSATION COMMISSION

To better serve the working men and women of our state, I recommend separation of the State Industrial Accident Commission from the State Unemployment Compensation Commission.

Oregon's industrial growth has increased the workload of these agencies beyond the capacity of a single commission. Each agency should have an administrator appointed by the Governor with each commission serving only as a board of appeals. Workmen will then have a better opportunity for prompt hearing and determination of their claims.

I urge careful study of the benefit schedules of both of these agencies. Benefits should reflect current economic. Reality.

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I recommend a careful review of our present program for the prevention of industrial accidents and occupational diseases, and such intensifying of that program as is necessary to assure Oregon outstanding leadership in this field.

#### OREGON LIQUOR CONTROL COMMISSION

In dealing with the difficult problem of liquor administration and enforcement, the Knox law has proven successful. It should be retained in its basic form.

To continue effective administration, I recommend reorganization of the Liquor Control Commission to give full administrative responsibility to a single administrator. The Commission of three members should act as an advisory and appeal board.

#### DEPARTMENT OF MOTOR VEHICLES

One of my major duties as Governor was to establish the new Department of Motor Vehicles. I determined to do two things. I wanted to assure a non-political, service program and I wanted to reduce costs by securing operational economies.

The results speak for the wisdom of this approach. The requested budget of this agency is lower than those approved by either of the past two Legislative Assemblies although prices and salaries have increased as has the workload of this department.

IN the first six months of operation, 85 budgeted positions have been eliminated, and we are continuing to reduce personnel as additional procedural changes are made. We have initiated studies to mechanize many of the department procedures. Significant future savings are possible. In the first four months of operation, \$152,000 in continuing biennial savings were realized.

#### LAW ENFORCEMENT

The recent Multnomah County grand jury investigation has revealed serious deficiencies in the procedural rules in criminal matters. In this situation, it became necessary for the grand jury to investigate and consider alleged misconduct of the district attorney. Of necessity, the district attorney and his deputies were disqualified in presenting such matters to the grand jury. The Legislature has not invested the attorney General with power to supersede the district attorney in grand jury investigations and criminal prosecutions, except as directed by the Governor. While the Governor may direct the Attorney General to conduct investigations and prosecutions, he has no control over their conduct once an order has been issued. The Governor is vested by the Constitution with the executive power and responsibility for enforcement of all state laws. He should be given the necessary authority to discharge his responsibilities. I, therefore, recommend that the Legislature empower the Governor to appoint, supervise and direct special prosecutors in matters where district attorneys may be disqualified.

The Multnomah County grand jury investigation has pointed up an even more serious problem. The grand jury was called upon to virtually ignore its routine work to devote full time for many weeks to the investigation of alleged vice and official misconduct in that county. During this period, persons accused of crime were compelled to remain in their cells and, in effect, were deprived of prompt consideration of their case by the grand jury.

The population of the State of Oregon is increasing steadily and the situation may well develop that more than one grand jury in a given county is necessary under the ordinary administration of criminal law to ensure prompt consideration and investigation into alleged crimes. Legislation should be enacted authorizing the impaneling of an additional grand jury and emergency situations as may be proclaimed by the Governor. This would allow the regular grand jury to continue with the orderly consideration of its normal work, leaving the additional grand jury free to investigate particular matters assigned to it.



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I, therefore, recommend to you the enactment of legislation to provide for the impaneling of additional grand juries in counties where the workload requires it and, particularly, in emergency situations as may be proclaimed by the Governor.

## CONCLUSION

Today, responsibility for the conduct of affairs of the state of Oregon is passing from the hands of the Republican party to those of the Democratic Party.

Two underlying policies have guided successive Republican administration in the conduct of these affairs.

] We believe the decisions should be made on the level of government nearest the people; that we should rely on local initiative and local responsibility except in those areas where more effective action is assured by state government responsibility.

We believe that every decision must be brewed in the light of the whole public interest; that government must exercise proper concern with all elements of our economic and social life.

Through the years these policies have resulted in a state government politically respected, administratively effective and financially stable --- a government that has successfully guided the affairs of the state though a period of world wide hostilities, though post-war adjustment, to the present period of economic growth and expansion.

It is appropriate to this occasion that, in retiring from the office of Governor, I enumerate some of the accomplishment of my Republican predecessors.

This administration relinquishes its stewardship of state affairs, proud of what has been accomplished under Republican leadership for the past 18 years and of the foundation that has been laid for the future.

The fiscal affairs of the state are in a sound condition.

The budget is in balance. There has been no state property tax since 1940.

We are turning over a treasury surplus in excess of \$32 million to the new administration.

More has been done in the past four years in development of our state hospitals, penal and correctional institutions than at any time in the state's history.

Our public school system ranks as one of the best in the nation.

Our system of higher education has undergone continuous improvement. Further development of all of our natural resources.

We have completed the most comprehensive program of highway development in the state's history and are ready to embark upon a further major development linked with the new federal highway program.

We have attracted to state administration men and women of outstanding qualification and capacity whose character of public service has been of the highest.

I am deeply grateful to the people of Oregon for the opportunities I have had to share in this program as a member of the Senate and as Governor.

I shall continue my interest in helping Oregon realize its limitless future.

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My sincere best wishes to you and to you new governor.