ANNUAL MESSAGE
of
THOMAS G. McLEOD
GOVERNOR
To the General Assembly of South Carolina

Regular Session, Beginning January 11, 1927.
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ANNUAL MESSAGE

Gentlemen of the General Assembly:

In accordance with my constitutional duty, it is my privilege to transmit to you my annual message.

The year 1926 has been a very unusual one. Cotton, our main money crop, increased largely in production, and the largest crop in history over the entire cotton belt has been grown. The increase was general as to South Carolina, except in some sections, especially the Piedmont, where the crop was almost a failure. The price is far below the cost of production, therefore, notwithstanding an abundant yield, our farmers find themselves in a more distressful condition than a year ago. Especially have our people of the Piedmont been called upon to suffer by reason of the fact that their investment for this year brings practically no return either in price or quantity.

Tobacco brought an excellent price and has very materially aided the small area of the State where it was cultivated.

Food crops are generally reported to be very good, and this furnishes the real basis of hope for another year's operation.

Financially, the State is bearing up remarkably well under this accumulation of distressful conditions that have prevailed, more or less, since 1920.

There have been a number of bank failures, but the conditions are being worked out, and the State, I feel safe in saying, is making progress towards getting on a stable basis.

I will refer further to the matter of the production of crops in this message.

The General Assembly this year has perhaps more of a new membership than has prevailed in this body in recent years. You have problems to face that are serious, and the solution of which will require your patriotic and unselfish attention. An examination of the facts and an ascertainment of true conditions is the only basis of proper judgment. To these, I have no doubt you will give your undivided attention.

This is my last message to the General Assembly, unless something of a special nature. My four years' term of office is about to expire. I deeply appreciate the honor conferred upon me
by the people of South Carolina, and I have zealously and energetically devoted my time and all that was in me to the best interest of the State.

I realized the adverse conditions prevailing when I came into office. The burden of taxation was heavy and the progress of the State was essential. It was my problem, and that of others who represented the State, to endeavor to see that, notwithstanding these conditions, South Carolina should take no backward step. It is hard to climb up hill, but once we allow ourselves to go backwards, the ascent becomes more prolonged and more difficult. For that reason, I advocated upon the stump, and have consistently maintained, that the indirect sources of taxation should be increased and that upon physical property should be decreased. This brought about bitter opposition—opposition which I have known and which I have felt—but I think the results will now, and more and more hereafter, show to the people of the State that my course was right and necessary, and certainly it is the increase in revenues thus obtained which have enabled us to make some reduction in the taxation of physical property and at the same time make progress, which has been remarkable under the circumstances.

I, therefore, am going to take the liberty of submitting to you some facts and figures from those departments of the State government receiving the largest amounts of revenue and likewise those institutions and departments receiving the larger amount of appropriations. I am not presumptuous enough to claim the credit of the progress that has been made. To those who labored for the same aims is due a like amount of credit, for without them and their devoted efforts, the State could not have maintained that which now is her present status.

DEPARTMENTS OF STATE GOVERNMENT

I crave your attention to the reports filed by the heads of the various departments of the State government, showing their activities and their results, especially this year and to previous reports heretofore filed by them. I wish just now to treat specifically, as I said before, some of the larger and more important departments.
STATE FINANCES

The following statement from the State Treasurer shows the status both as to revenues and appropriations during the past four years:

<table>
<thead>
<tr>
<th></th>
<th>Bonds</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amt. State indebtedness, 12/31/22</td>
<td>$5,382,308.35</td>
<td>$3,250,000.00</td>
</tr>
<tr>
<td>Amt. State indebtedness, 12/31/26</td>
<td>5,384,125.35</td>
<td>4,000,000.00</td>
</tr>
</tbody>
</table>

Total Revenues Appropriation

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenues</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>For 1922</td>
<td>$15,946,434.51</td>
<td>$5,839,106.04</td>
</tr>
<tr>
<td>For 1923</td>
<td>17,267,317.21</td>
<td>7,297,138.69</td>
</tr>
<tr>
<td>For 1924</td>
<td>17,349,440.52</td>
<td>9,132,870.87</td>
</tr>
<tr>
<td>For 1925</td>
<td>24,491,561.66</td>
<td>9,380,662.66</td>
</tr>
<tr>
<td>For 1926, (Through Dec. 20th)</td>
<td>23,594,879.06</td>
<td>10,218,247.89</td>
</tr>
</tbody>
</table>

You will note by these figures that the State's indebtedness remains practically the same as 1922. This, of course, has reference to the bonded indebtedness. The notes herein listed are not due, and will be paid at maturity.

You will note also the increase in revenues of 1922 from $15,946,434.51 to 1926 of $23,594,879.06. This large increase includes the taxes known as indirect taxes, and, in addition thereto, the gasoline tax. In 1921, however, the levy was 13-1/2 mills; in 1922, a reduction was made to 7-1/2 mills and in 1926 to 5-1/4 mills. This is likewise to be taken into consideration in showing the increase in revenues obtained from sources other than direct tax upon physical property. You will note the increases of appropriation have been made to meet the growing expenses of rapidly expanding institutions and a necessary increase in the cost of government, not large but incidental thereto.

The statement herein is likewise to be considered in connection with that submitted showing revenues collected by the Tax Commission. All revenues are passed into the hands of the State Treasurer.

TAXATION

I will not go into a general discussion of this subject. My last year's message contained the views I had reached after years of close study of conditions in South Carolina. Those conditions are largely unchanged, and if the suggestions herein
made were applicable then, they are equally so now. Many of you were not members of the last General Assembly. I have, therefore, taken the liberty of placing in this message as an appendix an excerpt from my message of 1926 upon the subject of taxation, and I invite your careful attention to the discussion therein made.

You will note that the recommendation made to income tax has been remedied by the enactment of law at the last legislature.

COLLECTIONS AND ASSESSMENTS BY TAX COMMISSION FOR 1922 AND 1926, ALSO APPROPRIATION FOR SAME YEARS

<table>
<thead>
<tr>
<th></th>
<th>1922</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
<td>$1,041,345.61</td>
<td>$1,561,768.26</td>
</tr>
<tr>
<td>Inheritance</td>
<td>46.14</td>
<td>257,199.40</td>
</tr>
<tr>
<td>Corp. License Fees</td>
<td>397,781.99</td>
<td>1,131,706.96</td>
</tr>
<tr>
<td>Gasoline</td>
<td>691,806.30</td>
<td>4,483,625.07</td>
</tr>
<tr>
<td>Tobacco Products,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Candy and Ammunition</td>
<td></td>
<td>$939,202.73</td>
</tr>
<tr>
<td>Documentary</td>
<td>273,108.83</td>
<td></td>
</tr>
<tr>
<td>Manufacturers</td>
<td>306,299.68</td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>203,473.14</td>
<td></td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>999,943.81</td>
<td></td>
</tr>
<tr>
<td>Pool Room</td>
<td>6,006.74</td>
<td>2,722,034.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,130,980.04</strong></td>
<td><strong>$10,156,334.62</strong></td>
</tr>
</tbody>
</table>

| Appropriation        | 84,600.00       | 220,946.40      |

Included in the appropriation for each of the above years are items for the Property Tax Division which has nothing to do with the collection of the above listed taxes, but whose activities is directed solely to the assessment and equalization of the properties which the Tax Commission handles. For the year 1926 the amount for the Property Division was $35,500.00.

It was my hope and purpose that by the system of indirect taxation the State government could be run entirely independent of a direct levy. To attain this has been impossible. However, of the total amount appropriated by the Legislature, about 75% therefrom is from indirect sources and 25% is proceeds of the
levy or the millage upon physical properties. You will note that these revenues placed on the statute subsequent to 1922 aggregates the total sum of $2,722,034.93. These taxes are very difficult of collection and have necessitated the employment of more help. You will note, however, that the comparative cost of collection of all revenues is very small.

**DEPARTMENT OF EDUCATION**

I herewith submit statement of the Department of Education:

- **Enrollment in 1922**.......................... 461,975
- **Enrollment in 1926**.......................... 485,269
- **High School Graduates in 1922**............... 1,771
- **High School Graduates in 1926**............... 3,967
- **Total amount of buildings erected, with State aid**, subsequent to 1922 ...................... $11,272,128.58
- **Appropriation in 1922**...................... 1,321,540.00
- **Appropriation in 1926**...................... 3,434,780.42
- **Number of Schools in 1922**.................. 4,766
- **Number of Schools in 1926**.................. 4,306

This progress has been both remarkable and gratifying. You will note nearly 23,000 increase in enrollment; that more than $11,000,000 in buildings have been erected with State aid, and that the number of graduates from High Schools has increased from 1,771 in 1922 to 3,967 in 1926. You will also note that the numbers of schools are less by 460 than in 1922, showing the progress of consolidation. Your careful attention to the analysis of the figures of the statement is earnestly asked.

What is known as the 6-0-1 law has been in operation now since 1924. This was a decided advance forward. As stated in my previous messages, this law was not perfect and was susceptible of amendment from time to time as developed by practical experience. Last year I called specific attention to the waste of funds by reason of the appropriation being based upon enrollment. I have repeatedly asked that a proper kind of survey be put into operation to ascertain the true status, and therefore determine the exact need. Both of these matters should receive your attention.

In the budget appropriation for this year I have recommended, not in an arbitrary way but based upon my firm conviction that it was right, a reduction of the appropriation to public schools
from the basis of enrollment to that of average attendance, plus 10%. The 10%, I have ascertained from competent sources, covers all legitimate absences.

The amount requested by the Superintendent of Education was $4,462,626.33. In accordance with the above statement, I have reduced this in my recommendation to $3,522,426.33.

The appropriation recommended by me in the budget is, therefore, upon this basis and in accordance with my previous views as expressed to the General Assembly. This, I believe, will be ample, and it should be sustained by appropriate legislation.

There is no doubt in my mind but that there is a padding of the rolls in some instances and other means whereby larger appropriations are obtained than are necessary for numbers of schools in South Carolina. To correct this evil, for it is an evil, means more than the mere reduction of appropriation. I repeat that which I said last year, this abuse means the corruption of the fountain of learning at its very source.

The 6-0-1 law is not responsible for all of the charges made against it. Had the old law still been upon the statute book, the appropriation would have been very much larger and the abuse of the system by no means less.

In education, as in all general progress, the State must be the unit. To make it otherwise, would be to bring about an unfair and unjust discrimination, more so than can possibly obtain under the present law.

**HIGHER INSTITUTIONS OF LEARNING**

I beg to submit herewith the status of the various institutions of learning supported by the State during the period of four years, showing their growth and development and add likewise appropriations for their maintenance:

**UNIVERSITY OF SOUTH CAROLINA**

<table>
<thead>
<tr>
<th></th>
<th>1922</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enrollment, regular session,</td>
<td>631</td>
<td>1,419</td>
</tr>
<tr>
<td>(Enrollment for current session,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,451.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Appropriations:

For Maintenance and Extension .... $206,203.70
For Permanent Improvements .... None

Totals .................................. $206,203.70

$529,903.25

3. Appropriations for Buildings erected for the period 1922-1926, inclusive:

1922, None
1923, On account Woman’s Building .... $ 50,000.00
1923, On account Woodrow College .... 50,000.00 $100,000.00

1924, On account Woman’s Building .... 64,000.00
1924, On account Fire escape to Build-

ings ..................................... 10,000.00 74,000.00

1925, On account Extension Heating

Plant ........................................ 15,900.00
1926, On account Class-room Building .. 37,500.00
1926, On account Extension to Library .. 17,500.00
1926, On account Additions to Men’s

Cafeteria .................................. 10,000.00 65,000.00

$254,900.00

WINTHROP COLLEGE

Enrollment for 1922 .......................... 1,278
Enrollment for 1926 .......................... 1,831

Total Appropriation for 1922 (Including mainte-
nance, Summer School, permanent improvements,
public service, etc.) ........................ $373,130.96

Total Appropriation for 1926 (Including mainte-
nance, Summer School, permanent improvements,
public service, etc.) ........................ $498,247.39
STATEMENT OF BUILDINGS ERECTED FOR THE PERIOD OF 1922-1926, INCLUSIVE

<table>
<thead>
<tr>
<th>Year</th>
<th>Name of Building</th>
<th>Amt. Appro.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1922</td>
<td>Buildings nothing</td>
<td></td>
</tr>
<tr>
<td>1923</td>
<td>Teacher's Home</td>
<td>$20,000.00</td>
</tr>
<tr>
<td></td>
<td>Enlargement of Dormitory</td>
<td>50,000.00</td>
</tr>
<tr>
<td>1924</td>
<td>Enlargement of Dormitory</td>
<td>50,000.00</td>
</tr>
<tr>
<td>1925</td>
<td>Buildings nothing</td>
<td></td>
</tr>
<tr>
<td>1926</td>
<td>Completion Teacher's Home</td>
<td>$40,000.00</td>
</tr>
</tbody>
</table>

THE CLEMSON AGRICULTURAL COLLEGE

<table>
<thead>
<tr>
<th></th>
<th>Enrollment for 1922</th>
<th>Enrollment for 1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation for 1922</td>
<td>$90,856.66</td>
<td></td>
</tr>
<tr>
<td>Appropriation for 1926</td>
<td>123,657.36</td>
<td></td>
</tr>
</tbody>
</table>

STATEMENT OF BUILDINGS ERECTED FOR THE PERIOD OF 1922-1926, INCLUSIVE

| Appropriation for rebuilding of burned Agricultural Building | $38,936.31 |
| Appropriation for re-equipment of burned Agricultural Building | 37,500.11 |
| Balance for rebuilding and re-equipping of burned Agricultural Building—(Paid from Insurance on same) | 71,171.39 |
| For rebuilding burned shop building, (Paid from Insurance on same) | 75,000.00 |

THE CITADEL

1. Enrollment, session 1922 ........................................... 317
2. Enrollment, present session 1926 ............................... 580
3. Appropriation for 1922 ............................................... $150,059.86
4. Appropriation for 1926 ............................................... 315,035.18

The only building erected in this period from State funds is the New Barracks Building now in course of construction and nearing completion. Item 4 above includes $150,000.00 appropriated by the Legislature for this building.
Items 3 and 4 each include $20,400.00 for beneficiary scholarships.

STATE AGRICULTURAL AND MECHANICAL COLLEGE

Enrollment for 1922 ............................................. 1,256
Enrollment for 1926 ............................................. 1,130

Appropriation for 1922:
  State ................................................................. $70,450.00
  Federal and other sources ..................................... 41,744.68

  Total ................................................................. $112,194.68

Appropriation for 1926:
  State ................................................................. $120,625.00
  State and other sources ....................................... 46,300.00

  Total ................................................................. $166,925.00

STATEMENT OF BUILDINGS ERECTED DURING THE PERIOD
1922-1926, INCLUSIVE

<table>
<thead>
<tr>
<th>Building</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Professors' Cottage</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Addition to Boys' Dormitory</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Addition to Class-room Building</td>
<td>2,600.00</td>
</tr>
<tr>
<td>Addition to Power Plant</td>
<td>1,567.62</td>
</tr>
<tr>
<td>Practice Home</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Implement Sheds</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Practice School</td>
<td>7,000.00</td>
</tr>
<tr>
<td>Additional Land for Building</td>
<td>1,000.00</td>
</tr>
<tr>
<td>One Teachers' Cottage</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Agricultural Building</td>
<td>$25,000.00</td>
</tr>
</tbody>
</table>

  Total Buildings ............................................. $54,867.62

*1/3 Cost, in process of construction.

You will note that in most all of these institutions there has been an increased enrollment. In the University, the student body has more than doubled; Winthrop College has increased about one-third; The Citadel, nearly double; Clemson, substantially.
All are in need of buildings for the accommodation of the student body. It is impossible in these straitened times out of annual appropriations to meet these necessary wants. The General Assembly, as heretofore, will have to meet these contingencies by providing those buildings most needed and gradually meet the growing needs.

South Carolina has been peculiarly fortunate in the executive heads of the various higher institutions of learning.

The University of South Carolina, for the past four years, had at its head Dr. William D. Melton. Dr. Melton gave up a large and lucrative law practice and entered the service of the State at a great sacrifice as the President of our University. All of his time and energy was devoted to this institution and to the State; he literally wore himself out in extraordinary efforts for the upbuilding of this institution. A man of Christian character, of patriotic zeal and a great loving heart, he moulded character as have few men in the short space of time he was permitted to serve. The State should ever be appreciative of this life of consecrated service and devotion.

Dr. Davidson M. Douglas, President of the Presbyterian College at Clinton, has been chosen and has accepted the Presidency of the University. He is an outstanding South Carolinian, a minister, a Christian, a broad-minded, progressive, patriot and an educator of high standing. The leadership of the University is safe in his hands, and I look for large returns from his example and activities as they will now be expressed in this great institution.

Dr. David Bancroft Johnson has been with Winthrop College since it was organized with only a few pupils in the City of Columbia, and his entire life and energies have been poured out for the benefit of this institution. The educated womanhood leaving these walls reflect the association and example of this worthy and consecrated man. Long may he be spared to Winthrop College and to the State.

The Citadel, under the Superintendency of Colonel O. J. Bond, has had a remarkable growth. The new dormitory, which will be built from proceeds of a generous contribution by a patriotic citizen supplemented by appropriation, greatly adds to the bright future of this institution.

Colonel Bond has proven himself to be a faithful and efficient Superintendent, and the institution is making progress under his Administration.
In Dr. E. W. Sikes as President of Clemson College has an outstanding man of the highest type both as citizen and educator. Since coming to South Carolina, the service rendered the State by Dr. Sikes has been a worthwhile contribution. His good work and influence has already reflected itself upon this institution and the State, and the future of Clemson under his leadership is promising.

The State Agricultural & Mechanical College at Orangeburg for our colored people has for many years been under the direction of Dr. R. S. Wilkinson. To this institution and the State he has devoted his time and energy. He is a broad-minded educator, and safe leader, and is doing, and will continue to do, the highest grade of constructive work not only for his own people but for the State.

HIGHPWAY DEPARTMENT

Previous to 1923, road construction in South Carolina was carried on largely with county funds, supplemented by Federal aid and proceeds of the automobile license tax.

The Legislature of 1923 fixed one cent per gallon on gasoline and devoted it to the purpose of road maintenance. This served a larger purpose than that of a road maintenance in that it practically made the State the unit of highway construction. This was the beginning of a real system, and the wisdom of this course has been abundantly justified by subsequent results. Later, the gasoline tax was advanced to two cents per gallon, and then to three cents per gallon, which, together with the proceeds of the sale of licenses and of Federal aid, now constitutes the funds devoted to road construction, maintenance and bridge building, amounting at this time to nearly $6,000,000.00.

The General Assembly of 1924 enacted what is known as the Pay-As-You-Go Act. This provides a program of construction for the entire State, running through a period of years and upon a just apportionment. So it may safely be said that the foundation and beginning of an excellent system of highways has been provided, is being rapidly carried on and is working satisfactory.

I wish to especially warn the Legislature against special amendments to this Act. Any changes made are not a local matter, but state-wide, and therefore should be watched very closely, and before any proposed amendments are made thereto they should be
submitted to a proper committee and thoroughly considered. I make this recommendation for the reason that heretofore changes have been proposed in the Pay-As-You-Go Act and appearing to the authors purely as local matters and, therefore, not considered by the General Assembly. Should this practice be allowed to continue, the Act would soon be loaded down with conditions impossible to meet. And remember at all times State Highways are not local or county projects, but State.

I beg to submit for your attention a statement showing the progress of this work in the past four years:

SYNOPSIS OF THE WORK OF THE STATE HIGHWAY DEPARTMENT FORM 1 JANUARY, 1923, THROUGH 31 DECEMBER, 1926

On 1 January, 1923 the State Highway System embraced 3,519 miles of road, of which 184 miles had been improved with hard surface and 1,935 miles with a surfacing of sand-clay, top-soil or gravel, making a total of 2,069 miles improved and 1,450 miles unimproved. The number of miles under State maintenance was 1,910.

Since 1 January, 1923 there have been added to the State Highway System 1,581 miles, bringing the total mileage up to approximately 5,100. Of this total 372 miles have been improved with hard surface and 3,013 miles with sand-clay, top-soil or gravel leaving an unimproved mileage of 1,115. This shows that since 1 January, 1923, 238 miles of hard surface roads have been constructed and 1,678 miles of other types. The cost of this work has been approximately $15,000,000.00. In addition 311 bridges have been constructed as separate projects during this period, at an approximate cost of $6,000,000.00. On 31 December, 1926 there were 4,922 miles of road under State maintenance as compared with 1,910 miles on 1 January, 1923, an increase of more than 3,000 miles. The cost of all maintenance work since 1 January, 1923 has been about $5,300,000.00, including betterments and road marking.

PREVENTION OF ACCIDENTS

The old adage, “An ounce of prevention is worth a pound of cure,” deserves now especial consideration. We must realize that
the times in which we live have been changed by physical development. The automobile has wrought changes not only materially but in the mentality and life of our people. Some of these changes are evil in their tendency and disastrous in consequence. The loss of life, due to carelessness and lack of consideration for the rights of others, is tremendous and is usually a violation or disregard of the law.

Our highway system has now reached that stage of development when considerable portion of it at least should be policed. This would cost some money, but would save lives, the value of which cannot be calculated in the terms of dollars and cents.

I think the time has come, therefore, that the highway should be policed and that these officers should likewise be enforcement and preventative officers of all violations of law, the force thus organized to be, of course, placed under the direction of the Governor and to be both appointed and removable by him at his pleasure.

This would likewise, I believe, be the beginning of the organization of state-wide constabulary, sufficient in numbers and efficient enough in work to render the greatest duty to the State both in the prevention of accidents and crime and in the enforcement of the law.

Your thoughtful consideration now and in the future should be directed to this problem.

OTHER DEPARTMENTS OF STATE GOVERNMENT

Your attention to the reports of the various departments of the State government is respectfully asked. They have all made progress during the administration I am now reviewing. Time and space do not permit special attention upon this occasion.

The trust, committed, the heads of the various departments, I am glad to say has been faithfully kept and these departments energetically and intelligently administered and the usefulness thereof advanced.

STATE OFFICE BUILDING

There has just been formally opened for the occupancy of the various State departments, the State Office Building located at the corner of Senate and Sumter Streets.
Realizing the necessity of the State for convenient and ample office space both for the efficiency of the departments and convenience of the people, I recommended the erection of this Office Building, and the same was provided for by Act of the Legislature in 1924 and subsequently amended, and the present building made possible by Act of the Legislature in 1926.

The building was erected by funds advanced by the Sinking Fund and is to be paid for at a lesser rate of rent than that heretofore obtained. Upon the amortization plan, the entire debt will be discharged and the State become owners of the property unencumbered in not exceeding twenty-four years and probably less.

As stated at the opening exercises a few days since, I feel very much gratified at this progress and express the hope and faith that all who labor in this building will do so with the greatest degree of loyalty and efficiency, ever mindful of the duty and obligation they are due to the owners of the building, the people of South Carolina.

STATE PENITENTIARY

I have consistently throughout the past years called to the attention of the Legislature the necessity for a new penitentiary. It is not only desirable and necessary from the standpoint of humanity but likewise for its economic value to the State.

I will not weary you with a further discussion but I respectfully pray your attention to my previous recommendations as embodied in the messages heretofore delivered to the General Assembly upon this subject. I had hoped to see this attained during my administration. As a citizen, I shall continue laboring to bring about such conditions in our present system as will reflect the civilization of our people.

LAW ENFORCEMENT

Your attention is craved to the report of the Attorney General, embodying the reports of various prosecuting officers of South Carolina. This shows a large and marked increase in the percentage of convictions of parties charged with crime.

There is still lawlessness in the land. I have no reason to observe that, generally speaking, it has increased. There are, however, certain glaring exceptions.
The greatest power for the enforcement of law is public opinion not only in the conviction of criminals, but in the courage to aid in the detection of crime, and thereby create sentiment so strong in itself that it will serve as a preventive of crime.

THE LYNCHING AT AIKEN

You are familiar with the accounts of this horrible and uncalled for murder.

Demon Loman, Bertha Lowman and Clarence Lowman, Negroes, were on trial for the slaying of the late Sheriff H. H. Howard; a verdict of "Not Guilty" had been directed against Demon Lowman, and he had been re-arrested and placed in jail on another charge.

In the dead hours of the night the jail was entered, the three prisoners taken therefrom a short distance from the town and killed in a manner brutal and repulsive. The individuals, possibly few in number, who perpetrated this crime, cast a stigma upon their county and State. And this despite the fact that the vast majority of the people of South Carolina do not approve or condone such crimes.

Notwithstanding misrepresentations to the contrary, which it is against the best interest of public policy to discuss here, I have zealously endeavored to ascertain the guilty parties and bring them to justice. Very early after the lynching an earnest and sincere investigation was begun on my part and considerable progress made. There has not been any let-up of energetic investigation since I began the inquiry on the 18th day of October, 1926, preliminary investigations having been made previous to that time.

There has been no intervening court at which this matter could be presented, and the regular term of court convenes the fourth Monday in January. It was my wish, and I earnestly endeavored, to have a special term of court called previous to this time in order that the evidence secured might be presented to the grand jury during my term of office. This matter was submitted to the Attorney General and the Solicitor, the proper officers chosen by the people for the prosecution of this and all criminal cases. The special term did not meet with their approval; the calling of a special term is not the prerogative or right of the governor.
To these officials I attribute the same honesty of conviction I claim for myself.

Evidence has been obtained and placed in the hands of these representatives of the State, and the investigation is being vigorously carried on at this time.

I earnestly hope that law-abiding citizens will back up the prosecution; that the jurors will have the courage to do their duty; that the perpetrators of this horrible crime may be brought to the bar of justice and dealt with as they deserve.

I do not know that legislative remedies will avail much, except in bringing about such a condition of public sentiment as would serve as a deterrent to such crimes.

I do recommend, however, that the penalty against the county, as now provided by law, where lynching occurs, be substantially increased; that the taking part in lynching as principal, accessory or otherwise be added to the disqualifying crimes, this to cover a contingency that where the verdict was less than that of murder the party would nevertheless be disqualified from citizenship.

I do not mean to class dueling with a lynching; there is a vast difference between the two, both in the usual nature of the people participating therein and also, if there can be any difference in murder, in the crime itself. Duelists do not travel in mobs; they are not cowards. So strong, however, was the demand for the abolition of dueling in South Carolina that every individual elected to office had, and still has, to subscribe to an oath that he had never taken part in a duel. Lynching is by many degrees a more abhorrent crime. Public sentiment for its eradication (no mere law, as such, can abolish it) is necessary for the protection of the good name of our State, at home and abroad. "For our transgressions are multiplied before Thee, and our sins testify against us."

After due deliberation I recommend further, therefore, that the oath of office, now required, be amended so as to provide substantially as follows:

"I have not since —— day of ———— taken part in a lynching as principal, accessory or otherwise, and that I will not during the term of office to which I have been elected or appointed take part in a lynching as principal, accessory or otherwise. . . ."
This, I realize to be subject to criticism. Nevertheless, it would be an expression of sentiment that I believe would be a substantial factor in the eradication of this debasing crime.

These notes and recommendations were prepared by me sometime since. I make this statement in justice to myself and they are not made in response to recent protests or criticisms, but in spite of them; I could not allow such criticisms to deter me from the line of duty suggested to my mind.

REDUCTION OF COTTON ACREAGE AND GENERAL AGRICULTURAL CONDITIONS

Following the rapid decline in the price of cotton, I received many and urgent requests to call a special session of the Legislature to deal with this problem. I also received many specific requests to recommend legislation enforcing the reduction of cotton acreage.

There is no question but that we are planting entirely too much cotton. The future of cotton, as affecting South Carolina, is a proposition that calls for not only serious consideration, but vision into the future.

We are faced with this proposition. From Oklahoma to Texas the man-power in production of cotton is from 60 to 125 acres; in South Carolina, from 10 to 20 acres. In the greater part of the territory west of the Mississippi, fertilizers are not used. Machinery, of course, is employed for all purposes of cultivation, and quite recently there has been put in operation a device for gathering cotton, the use of which will become more and more extensive. The cotton thus produced, while of a low and inferior grade on account of trash and tinge, yet loads down the market with a surplus. As we contemplate these stubborn facts, we must realize that ere long cotton production in South Carolina must cease on account of impossible competition.

For the present, and ever holding this in view, cotton may be grown as a surplus crop, but balanced farming must be the basis of any future prosperity we attain. With this in view, I have endeavored to ascertain from the Department of Agriculture the quantity of corn, corn meal, pork, bacon, butter, eggs, etc., bought in South Carolina from outside of the State. Likewise, I have endeavored to ascertain the quantity of canned goods manufactured
out of products easily and readily grown in this State. These facts I have been unable to get. The Department at Washington has the figures for the entire United States, but not for the individual states. My opinion is that the value of these products equals, if it does not exceed, the value of the cotton crop.

In order for local farmers to meet this condition, two things are necessary. First, there should be an ascertainment as nearly as possible of the demand for goods above enumerated; then, there should be, through the Department of Agriculture and Clemson College, devised a marketing system between the producer and the purchaser.

This kind of farming, however, will call for initiative and for a greater degree of energy and thoughtful attention than has been necessary in our old system. Once we could become established upon this basis, our future prosperity would be both enduring and assured.

I, therefore, would recommend that the Departments above-named of Agriculture and Clemson College be especially designated and such expenses as are necessary provided to make a thorough investigation, carrying out the ideas and obtaining the results above outlined. There never was such an opportunity for these departments to be of value to the State as at present.

Another matter of which I have thought considerably is the new opportunities of farmers that should obtain under the development of hydro-electric power now going on and likely to increase in South Carolina. The sellers of this power should realize that their future prosperity depends upon the prosperity of the State, and, wherever possible, farmers near and adjacent to these lines should be furnished with this power for lighting and local manufacturing purposes. This is not only possible, but when considered upon basic principles, is right.

I trust that the owners and promoters of these enterprises will hold these objects in view and without compulsion develop this field of activity and enterprise, and that legislators now and in the future will see that these opportunities are given to our people, upon whom rests our real future and prosperity.

Reverting to reduction of acreage, I did not feel warranted in calling a session of the Legislature. If Texas, Arkansas and Oklahoma will take the initiative and enact in a law a production
program I would recommend that South Carolina follow suit. Until these large cotton producing states show not only an earnest but an honest intention to substantially curtail production, such legislation on our part would amount to little. Our salvation is in our own hands. Let the farmers underwrite their future with balanced farming and bankers base credit upon this, and I believe the future prosperity of the State is assured.

CONCLUSION

I have not made a great many suggestions or recommendations. My last year's message was rather complete upon these subjects and anyone interested may refer thereto and likewise to previous messages.

As stated before, this is my last message to your body. My past association with the General Assembly has been very pleasant indeed. I have not always agreed with them; they have not always agreed with me. I have endeavored, and have succeeded in a marked degree, of working harmoniously with the Legislature during the several sessions. I have had at some times to express my disapproval of Acts by using the veto power. In every instance I have been sustained.

I especially appreciate the sympathetic cooperation that I have received from the General Assembly, and especially from those who have labored closest to me, and in sympathy with the program I was endeavoring to carry out.

I have always deeply appreciated and have endeavored to deserve the confidence placed in me by the people of South Carolina. We love best those whom we serve the most. I leave the Governor's Office with profound gratitude to my people and even a deeper and more abiding love for them, in returning the trust imposed upon me.

I become again a private citizen. It will be my purpose to continue to labor earnestly and zealously for the advancement of my beloved State, to uphold the hands of authority, to cooperate sympathetically with those who bear the responsibilities of government and by every means in my power contribute to the continued growth and happiness of our people.

I bespeak for my successor your earnest cooperation and sympathy. His responsibilities are great and his duties will be arduous.
Honest differences of opinion will arise. Carping criticism can only wound but does not construct. Give to him and those in authority with him your sympathy and cooperation, and when differences arise each can accord to the other honesty of conviction.

I have an abiding faith in the future of South Carolina. Her people are sound at the core, surrounded and bred in the best of traditions, with an innate love of democracy and a desire for knowledge. Our advance is assured.

I earnestly pray that the richest blessings of our Heavenly Father now rest upon our beloved State and upon you and yours while engaged in your labors here and that peace, prosperity and happiness may be the portion of our people.

THOS. G. McLEOD,
Governor.
APPENDIX

TAXATION

The problem of taxation is still with us, and more acute than ever. More has been written; more complaints made, and a greater amount of propaganda dispensed than at any time within my previous knowledge. Taxation is a problem in South Carolina acute enough without exaggeration; unequal enough without magnifying inequalities. However, in all that has been said or written, few have advocated or presented any real substantial remedy. The destructive suggestions have been unlimited; the constructive remedies few indeed. It is apparent that a great deal of the agitation is not for the purpose of solution, but for avoidance and individual relief by shifting the burden to others. No great effort has been made to educate the public, but rather, the dominating idea seems to have been to confuse the public mind.

In order to equitably and fairly solve the problem of taxation the present situation of our State in all of its affairs and features must be carefully taken into consideration. The defects realized, they will then be easier of elimination, the inequalities understood, the more susceptible of equalization. It is always to be remembered that if our State is to maintain an effectual form of Government, if our people are to have the opportunities of education and development, if our material progress is to be advanced, then revenues sufficient for these purposes must be provided.

In previous Messages I have recounted to you the history of taxation in South Carolina. It is necessary, in order that the proper emphasis be placed, to again remind you of our former methods in considering the present. In 1922 there were placed upon the Statute Books the first measures of what is commonly known as indirect taxation. They were income, inheritance, etc., with which you are familiar. Previous to that time, the entire revenues of both County and State were derived, with the exception of a few franchise and departmental revenues, entirely from physical property. This legislation came in response to a demand from the people, emphasized by the times, that the support of the institutions and Government of the State should be shared to a greater extent by the wealth of the State, and by another class who were practically exempt from taxation; physical property continuing and continues to bear the entire burden of County Government. Contemporaneous with the institution of these taxes, the State levy was reduced from 13 mills to 7½.

The extraordinary growth and development of our public school system, our institutions of higher learning, together with the normal increase in the population of the charitable institutions of the State, rendered necessary an increased appropriation for the year 1923. The Legislature of 1923 continued the program of indirect taxation by levying a tax upon cigars, cigarettes, negotiable instruments, etc. Prac-
tically no changes were made in the sources of revenue for the year 1924, but the constant growth of State Institutions, and the enlargement of the public school activities, together with the loss of the revenue from the gasoline tax, transferred to the Department of Highways, made the revenues of the State unequal to the necessary demand for appropriations in 1925. After a long, continued struggle, the history of which is fresh in your minds, you imposed an additional tax upon soft drinks and cosmetics, and enlarged certain other taxes, thereby obtaining sufficient revenue for the operation of the State Government during the year 1925, and lowered the levy to the present amount of 5½ mills. The indirect taxes levied so far have been in response to the recommendations as set forth in what is known as the “Marion Report,” the most thorough and comprehensive study ever made of taxation in South Carolina and, except for minor matters incidental to natural changes in the course of years, is still the last word upon this subject.

The requests come before you this year, as expressed in the budget, necessarily increased, the increase reflecting the normal growth of the Colleges of the State and of our charitable institutions. Only a minimum of new buildings have been recommended and only those that are absolutely necessary to the efficiency of the institutions. All of the buildings requested are much needed, yet all have been eliminated except those appearing to be of the most vital importance.

In analyzing the tax situation in South Carolina, I shall first present those defects which are practically undisputed:

1. There is an inequality in the distribution of taxes as between classes of property.

2. There is an inequality in the distribution of taxes as between the owners of similar kinds of property.

3. The inequalities in both instances have their basis of difference in the inequality of valuation.

Various solutions have been suggested. A great deal of misleading propaganda has been spread abroad much of it unfair and unjust and being unfair and unjust, is detrimental, and the utterance thereof an expression of the attainment of selfish purposes, and unpatriotic. Some would be entirely satisfied and earnestly wish to settle the question by repealing all forms of indirect taxation, restoring the original status of 1922. Likewise, they wish to return to the former system of valuation, whereby, by reason of the prestige of position and influence in the local community, institutions of a public nature could again fix their own values. To return to the good old days, when all the taxes were literally wrung out of the soil, and when the farmer not only had the job of feeding and clothing the world, but likewise of bearing alone the burden of Government, except insofar as this was shared to a lesser percentage by other property owners. Taxation, regardless of past history, should be equally distributed. The problem will not be solved by relieving one class of property and placing the additional burden upon another; it will not be solved by relieving productive enterprises and transferring to non-productive; it
will not be solved by permitting 50% of the people of South Carolina to enjoy the benefits of Government, participate in the major portion of the higher educational advantages, as well as public schools, and bear no portion of the support, while property owners and toiling masses provide for them and others these extraordinary facilities.

What then is the solution of the present situation, and of the future needs of the State Government? First, I beg to make certain recommendations in regard to present sources of revenue:

**NON-ESSENTIALS**

I have advocated, both upon the stump and as your Chief Executive, the justice and equity of a tax on non-essentials. My views on that subject are unchanged, and I must earnestly reiterate what I have heretofore stated to you upon that subject. It is contended that the tax on soft drinks, recently enacted, is destructive of the industry. If that is true, regardless of consequences, it should not be maintained, but before deciding that this is the case, more than an *ex parte* showing should be made to the Legislature, or if sales have fallen off, then a comparison with the sale of other articles should be had and the conclusions reached through comparison with due regard to the conditions of the past year. If these enterprises are still making money and reaping profitable returns upon legitimate, not inflated, capital, then there is no destruction or crippling of the industry. A careful investigation by the General Assembly will determine this fact. It is a consumer's tax, and I must earnestly ask of you that before you relieve them of paying this tax on non-essentials, the owners of the small task of collecting, and place this revenue upon the shoulders of others, or withdraw it from the necessary support of the State Institutions, that you be satisfied that is destructive or crippling to the industry and, therefore, an injustice. No facts, I am frank to say, have been presented that would cause me to reach this conclusion.

In passing, let me say, I will discuss with you further in this message the great question of equalization.

Equalization means something more than equalizing property values. It means distribution of the tax burden as far as possible among all the people of the State.

A tax on non-essentials is a tax on a luxury, without which a man can do. He is not obliged to have it. The greater percentage of the people who pay the non-essential tax are non-tax payers, and contribute less to the support of the State Government than any others. At the same time, they probably get more out of the State Government than any other class of people.

In considering this question, I want you to consider it in a spirit of fairness and of justice to all of the people receiving the support of the Government and who are, therefore, entitled to contribute toward that support.
INCOME TAX

I respectfully recommend that the State Income Tax be maintained; but that it be re-written in its entirety, eliminating any allusion or connection with the Federal Income Tax.

In re-writing the Income Tax, our State should take into consideration our neighboring State, and make the same as nearly similar as possible. I suggest a study and reference to the North Carolina Income Tax Law for the reason that this State is more like ours than any other. This should meet with no opposition from those affected thereby. I base this thought on the fact that so very many have consantly referred me to the North Carolina laws upon taxation and expressed their favor for these as compared with ours.

INHERITANCE TAX

I most strenuously advocate the retention of the Inheritance Tax. A message sent you vetoing this Act which was, in my judgment, an indirect repeal of the Inheritance Tax, sets forth fully my views upon this subject.

There is now pending in the Congress of the United States the question of repeal of the Federal Inheritance Tax.

There is likewise a Bill before the Ways and Means Committee which materially reduces the Federal Inheritance Tax, and gives credit to the States having Inheritance Tax of 80% credit thereon.

I appeared before this Committee of the Ways and Means and listened very attentively to the discussion. I have since given the matter a considerable degree of thought, and I think the present Bill is the proper solution of the question. I do not think State's rights play a material part.

The advantage of the present Bill is a uniformity throughout the Union, and detracts from the alluring invitation of any State to make itself the haven of wealth seeking to avoid this taxation.

It will likewise avoid a subsequent move, which in my opinion will follow, that is, a competitive repeal of State Inheritance Tax Laws.

In viewing this question, I respectfully suggest that you do so from all angles, with a due regard to both the present and future aspects of this question as applicable to South Carolina and other South Atlantic States.

In passing, let me say, gentlemen, (and I omitted to so state in the message referred to,) that in my opinion the fairest of all indirect taxes is the inheritance tax. It does not touch poverty. It hardly touches even the well-to-do, and is largely a tax upon wealth. As far as the beneficiaries are concerned, it is an unearned increment. It is, therefore, not a tax upon production or labor. A man says, however, "I have been thrifty and industrious: I have acquired a fortune, and it is not right to tax my industry." For instance, the banker may say, "I made my fortune in banking," the manufacturer, "I made my fortune
in manufacturing the crude products," the farmer may have said at one time "I made my fortune growing the products of the soil."

I am not a Socialist, and I give due credit to the financial ability and energy of the banker, the genius of the manufacturer, the thrift and industry of the farmer. The Scripture says "No man liveth unto himself and no man dieth unto himself." Without being sacriligious, it might be well said "No man accumulates a fortune." The banker accumulates no fortune except as he invests the money of the people deposited in his bank; the manufacturer paid just wages, it is true, yet it was the hands that worked the spindle and the loom and wove his raw products into the manufactured material that made the profits that gave to him his wealth. The farmer, likewise, would never have accumulated, but for the hand that guided the plow and wielded the hoe.

It is but fair that by way of a small tax upon these accumulated inheritances there should be some return to the people of the wealth that they have accumulated for others.

**REVALUATION AND EQUALIZATION**

This brings us to the real crux of the situation. Upon obtaining an equalization, even approximately, of the distribution of taxation, you will have so far solved the problem as to make all other considerations incidental. I wish to repeat what I said in my last Message as to Revaluation:

That there exists an inequality in taxation no one can deny. In fact, it is almost humanly impossible to have a system of taxation that will fall equally. At the same time there can be no question that in some instances in our State there is gross inequality. Revaluation of property for the purpose of equalization is necessary and the General Assembly should see that this equalization is made. Revaluation of property as a source of revenue should meet with no favor. There are inequalities, but taken as a whole, farms, for instance in proportion to the profits obtained therefrom are bearing a sufficient if not too much profits obtained therefrom, are bearing a sufficient portion if not too much of the burden of taxation, and it is not increased taxation upon these lands as a whole that is needed, but an equalization so that the burden may be equally borne. The same is largely true of other properties.

There is, however, one specific class of poverty that is favored in valuation throughout the State. I refer to vacant town and city real estate. The tax placed upon this class of property amounts to little more than that upon farming lands. The owners, therefore, can afford to hold for future profit without making these improvements that would add to the wealth of the community and State, and likewise block the progress of the towns and cities in which the properties are located. This form of property should receive the special attention of the General Assembly and should be taxed as are other properties. This will necessitate the development of the property or sale of it to those who will develop it. We cannot keep people from blocking progress, but it
it is possible to cease coddling and nursing the class of property that contributes little in taxation, and blocks the progress and development of the community. For the sole purpose of equalization, I, therefore, recommend that the General Assembly provide for a system whereby, all of the properties of the State will be valued at their market value. Inasmuch as the constitutional three mill tax still obtains, it is impossible to tax on the market value, but the same percentage can be applied to all property and thereby equalize. I said before that I would not favor this proposition as a revenue raising measure. Let it be distinctly understood that it is solely for the purpose of equalization. I, therefore, recommend that in the Act providing for the system of revaluation as herein outlined there be further provision that the total amount of taxes levied in each of the Counties shall not be increased by this revaluation. The plan is entirely workable and would bring about that which is most desirable, namely, the equalization of the burden among those who are bearing it.

In other words, the revaluation and reassessment shall be used as a basis for taxation for the year 1927, but the tax rates levied by the State, counties, cities, towns and special tax districts shall be revised under rules to be laid down by the General Assembly, and such rates shall in all cases be so adjusted that there shall not be any increase in revenues from the general property tax collected in the year 1927 over and above that collected in the year 1926 by reason of such revaluation.

In order to clarify the situation, let me say, the intention of some of those who advocate revaluation and the result they hope to attain hereby, have confused and made it more difficult of attainment. The contention of some is that to value physical property at its value to lower the millage would solve the problem by reason of the fact that this would raise so much money that it would enable us to repeal all other forms of taxation. This would be unjust and shows a selfish desire to be relieved entirely of taxation, except as it falls upon physical property. I would dare any man to go before the people of South Carolina and proclaim in all frankness this view. Many farmers, on the other hand, are under the impression that a revaluation would increase their taxes and are, therefore, opposed to it. I do not believe that it would. In ascertaining the value of any property for the purpose of taxation, the productivity and dividend paying power of that property must be considered. Land values can only be properly ascertained when together with soil, appurtenances, etc., incomes therefrom are likewise considered. It is only rarely where farm lands now yield a profit and when this material factor enters into consideration, even at the present low valuation, farmers are paying more than their proportion of taxes as compared with other classes of property, bankers, merchants, manufacturers, and even soft drinks.
EQUALIZATION IMPOSSIBLE UNDER PRESENT LAW

Another necessity for revaluation and, therefore, equalization, is made necessary by the operation of the present law, that is, Article 13, providing for Boards of Assessors and Equalization, page 195, et seq. Volume 3, Code of 1922. This is a particular section which provides for local Assessors. Valuation is in the hands of these local Assessors. A careful investigation of the operation of this law, together with all amendments, shows that no two Counties have the same method of assessment. In some Counties there is one Assessor to a township; in some there are three to a school district. The Assessors vary in number from six in one County to 90 in another. In other words, in some Counties six or eight men assess the property of the County, in others practically each neighborhood fixes its own assessment.

It is provided that these Assessors be appointed upon the recommendation of the Delegation and commissioned by the Governor. The actual operation of the law in practically every instance is, the County Auditor names the Assessors to the Delegation, and they in turn recommend to the Governor. There are a number of Counties in which no appointments have been made for years, and a large number of those appointed never qualified. The appointees hold over until their successors qualify. Therefore, the personnel as provided by this chapter is in an entirely demoralized state, both of operation and of record. Practically each town and city has a local Board of Assessors, who value the property of the town and city. The operation of the present law in all of its phases is a prolific source of inequality. In equalizing, the points to have in view are:

1. Equality as between different Counties.
2. Equality as between different classes of property.
3. Equality as between owners of the same classes of property.

In my opinion, this equality, so desirable, will never be had under any form of local assessment. It can be had in the joint operation of a State Agency and local Assessors. The methods followed by the Federal Land Banks, with necessary modifications, would be applicable to the equalization of property in this State; that is, local Assessors carefully consider and value the property, same to be inspected and reviewed by State Agency, or Board, the values to be fixed by the joint determinate action of both Agencies. In case of disagreement appeal is provided. The same methods, carried through, would eliminate likewise the inequality between different classes of property, as well as between owners. In any event, I most earnestly urge an amendment of the present law, certainly to the extent of bringing about uniformity by the elimination of a large number of local Assessors, and providing more efficient administration with a lesser number, the law to be applicable to the State, and allowing no community or municipality exemption. There can be no possible defense for the glaring inequalities existing between the Counties of this State. An earnest study of the present law itself will suggest a remedy. No one has a right to oppose equality in distribution of taxation. If you will provide a system of equalization, you will have practically settled
the tax problem of South Carolina. It must, however, be approached, not as representing any classes of property, or of occupation, but in a spirit of unselfishness, of justice and a desire to deal fairly with all of the people of the State. To "pass the buck" by confusing the public mind and shifting the burden is not a solution, but an avoidance.

CLASSIFICATION OF PROPERTY

Equalization can be approximately secured as far as valuation is concerned without classification of property. Equalization as far as distribution of taxation, even after revaluation, cannot be adequately secured without the classification of property. This requires a Constitutional amendment, and I most earnestly recommend the submission of this Constitutional amendment to the people in the next General Election. An intelligent interpretation of this amendment, I believe, would win popular favor for the measure and procure its enactment.

SEgregation of Property for Tax Purposes

It has been my hope and endeavor during this administration that sufficient indirect revenue would be secured in order that the State Government could operate entirely independent of the levy upon physical property. This has been approximated, but not attained. This would present many advantages. It would not lessen the restraint on the expenditure of public funds for the State, but would materially tend to economy in County Government, inasmuch as the attention of the vast majority of tax payers would be centered as they never have been upon County expenditure. I have frequently called your attention to the fact that the greater part of our tax problem is local and that all effort at economy in order to obtain substantial results should bear this in mind and be so directed. This would likewise tend to bring about an automatic equalization among tax payers themselves, no part of the tax locally collected going to the State, the citizens would more likely enforce equality as between classes of property and individual owners thereof. Appellate power for the prevention of injustice would necessarily remain in the State agency. It is not likely that additional sources of revenue can be obtained sufficient for this purpose. I, therefore, recommend that you consider segregating some certain classes of property, devoting the revenue obtained therefrom to such an extent as will render unnecessary any levy for State purposes.

The objection readily raised to this is that for the maintenance of County Government this would require an additional local levy. In some instances that will probably be true. In the greater number of instances I believe that economy by way of elimination would relieve the situation. What I say in regard to local economy is likewise State wide. I reiterate what I have so often said on the expenditures of the State Government, which should be with every degree of economy consistent with efficiency of Government. This rule I have no doubt you are endeavoring to apply.

Governor.