

## Messages of the Governor

As a Governor succeeding himself, Herschel C. Loveless made three appearances before the 58th General Assembly. His first message, a review of the accomplishments of the last two years, produced little news. But his second inaugural address and his budget message more than made up for that.

He served notice in the inaugural address that he considered reapportionment a must. He also recommended sweeping changes affecting many areas of government to provide Iowa with "a new look." His proposed budget, highest in the state's history, called for \$5,000,000 a year additional revenue, which he said could be raised without increasing the sales tax that he had pledged in the 1958 campaign, as in 1956, should be no more than 2 per cent.

Mindful of the sharp sales tax differences between Republicans and himself in 1957, the Governor spoke in a conciliatory mood, indicating willingness to forgive and forget, and expressing the hope that both parties could unite on a program that would spell "progress" for Iowa.

### *State of the State Message*

On January 13, two days before the end of his



term, Governor Loveless told the legislature that the solid prosperity of the last two years meant Iowa could get along the next two years without burdensome tax increases.

Even more important than the material well-being of Iowans, he continued, were steps taken "to preserve and enhance the spiritual and social welfare of our people." He expressed an earnest desire to work closely with the legislature to assure further gains on these fronts.

He said during 1957-1959 progress had been made toward more effective mental health and welfare programs, traffic safety improvements, expanded highway construction, speeded-up school reorganization, and an improved penal and parole system.

He referred to the sales tax only once directly, saying revenues indicated retail sales were 6 per cent higher in the second half of 1958 than the previous year. This was due, he said, chiefly to economic growth and improved competitive position of retail merchants in border counties.

Personal income increased \$537,000,000 from 1956 to 1957, he observed, with further substantial gains in 1958. This healthy economic growth would leave a bigger balance in the general fund on June 30, 1959, by several millions, he estimated, than was there on June 30, 1957.

He predicted continued economic gains but saw a possible dark cloud on the horizon — the pros-



pect that agricultural prices might decline in 1959-1960.

"The financial position of agricultural states such as Iowa will be seriously impaired if farm income is again allowed to decline during a period of rising prices for non-agricultural prices," he declared.

Looking back over the last two years Governor Loveless spotlighted the following as particularly significant.

**MENTAL HEALTH** — A start toward a modern treatment program was made; activation of a Department of Mental Health with a director, resulting in improved services, was undertaken.

**PENAL AFFAIRS** — Greater attention was paid to rehabilitation programs; limited psychiatric services were provided for criminally insane.

**WELFARE** — Old age and aid to dependent children payments had to be reduced for want of funds, but recent changes in federal programs increased available funds from \$5,000,000 to \$6,000,000.

**SCHOOL REORGANIZATION** — High school districts were reduced by 94 in 1956-1958 compared to 31 the previous biennium.

**HIGHWAYS** — Primary road construction costs totaled \$67,700,000 for 1957-1958 — an all-time high. Contracts were awarded in 1958 for \$78,500,000 of primary and farm-to-market road



work — another record. Forty-five miles of the new Interstate Highway were opened.

HIGHWAY SAFETY — Traffic deaths were down 95 in 1958 over 1957 due largely to the point system, radar, and increased enforcement.

In closing, he suggested that the legislature indicate willingness to provide a site in the Ames-Des Moines area to keep Iowa in the running for the Agricultural Hall of Fame to be established in the Midwest.

### *Second Inaugural Address*

Iowa has been too static and complacent and must begin to build now on rich traditions to remain "one of the nation's foremost states," Governor Loveless declared January 15 in his second inaugural address. He called for "a rebirth of the pioneer spirit of enterprise that converted Iowa from a sparsely populated wilderness to a prosperous modern state."

Outstanding study reports at the legislature's disposal, he observed, cover a broad range of subjects but have one common feature:

A clear-cut recognition of long overdue needs for governmental reforms in the executive, legislative and judicial branches. The opportunities to enact far-sighted legislation this session are unparalleled and it is up to both parties to provide the answer whether the two-party system is capable of meeting the state's many problems. Short-sighted bickering can bring discredit on members of both parties.

He called for reapportionment, observing tartly:



"As elected representatives you and I have a moral obligation to take action to re-establish equity in representation."

His recommendations included governmental reorganization, a merit scholarship program, an independent evaluation of the Iowa public school system, a change in school aids to provide direct property tax relief, and a \$75 minimum monthly pension for retired teachers.

He also recommended legalization of the traffic point system, revision of the road use fund formula to channel more money where traffic is greatest, increases in workmen's and unemployment compensation benefits, repeal of the "notice to depart" law, a referendum on liquor-by-the-drink in time for the legislature to consider the result, establishment of a civil service system for state employees, and an increase in state payments into the state employee's pension fund.

The Governor departed from his text to urge an immediate \$15,000 appropriation for a "full and complete" audit of the gasoline tax division by "an independent, private certified public accountant."

Again, he indicated willingness to compromise differences by observing "they can be reconciled in the common interest we have in Iowa and its citizens."

This left it squarely up to Senate Republicans who had carried on the 1957 fight with the Gov-



error — and already there were indications that they were abandoning the harassing tactics used then. First indication: election of a young leader with a fresh outlook and new ideas on how a Republican legislature should deal with a Democratic Governor.

### *The Budget Message*

Governor Loveless recommended a record budget of \$169,843,520 for each year of the bien-nium starting July 1, 1959, in his message on January 29. This was \$29,597,154.41 — 18.6 per cent — above the previous high appropriation of 1957-1959.

The Governor emphasized that about \$10,500,000 of the suggested increase would go toward operation of institutions and state services; \$9,700,000 toward capital improvements; and \$6,300,000 for various state aids to local governmental units. He recommended \$77,493,865 a year for educational needs; \$66,711,055 for state operational costs; \$20,943,600 for Board of Control institutions; and \$4,635,000 for the Department of Public Safety.

Of the education money, \$42,880,995 (including \$7,036,565 for buildings) would go to Board of Regents institutions, with \$34,612,910 for school aids and agricultural land tax credits. He suggested appropriating the \$7,036,565 promptly from state reserves to get the long delayed building program under way. He also offered a new



plan to pay for a long-range general obligation bond issue to finance buildings, a plan he declared "would avoid the necessity of a property tax levy."

"This could be done," he said, "by enacting in much the same form as the present agricultural land tax credit, or homestead tax credit, a special 'debt service tax credit' which would be applied as a uniform credit on all property, equal to the amount levied for the service of a general revenue bond indebtedness." This proposal, he said, would effect a saving through lower interest rates.

The \$66,711,055 for operational costs and other services included \$28,200,000 for homestead tax credits; \$20,615,000 for social welfare; \$7,522,100 for various services; \$1,195,025 for capital needs; and the remainder for miscellaneous items.

The Governor emphasized the need to increase the number of parole agents and suggested an annual fee for use of state parks with revenue earmarked for park maintenance and building needs.

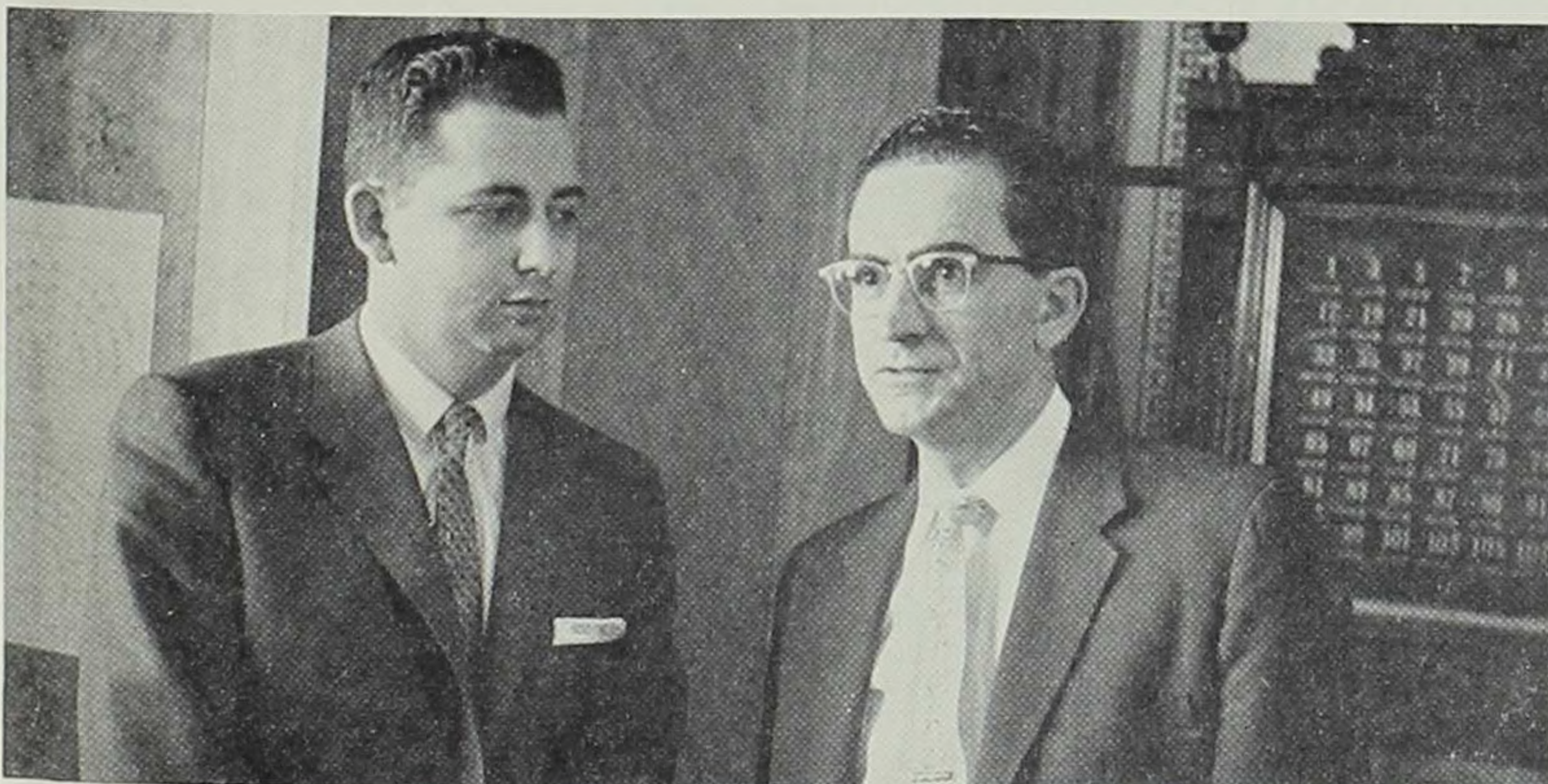
He estimated current taxes, unencumbered reserves, and normal increases in present revenues (running 4 to 5 per cent) would reap enough money to come within \$5,000,000 of meeting his proposed annual budget. The \$5,000,000 could be obtained from these sources, he suggested:

1. Increasing cigaret tax from three to four cents per pack, to bring in an estimated \$2,790,000 a year additional income.

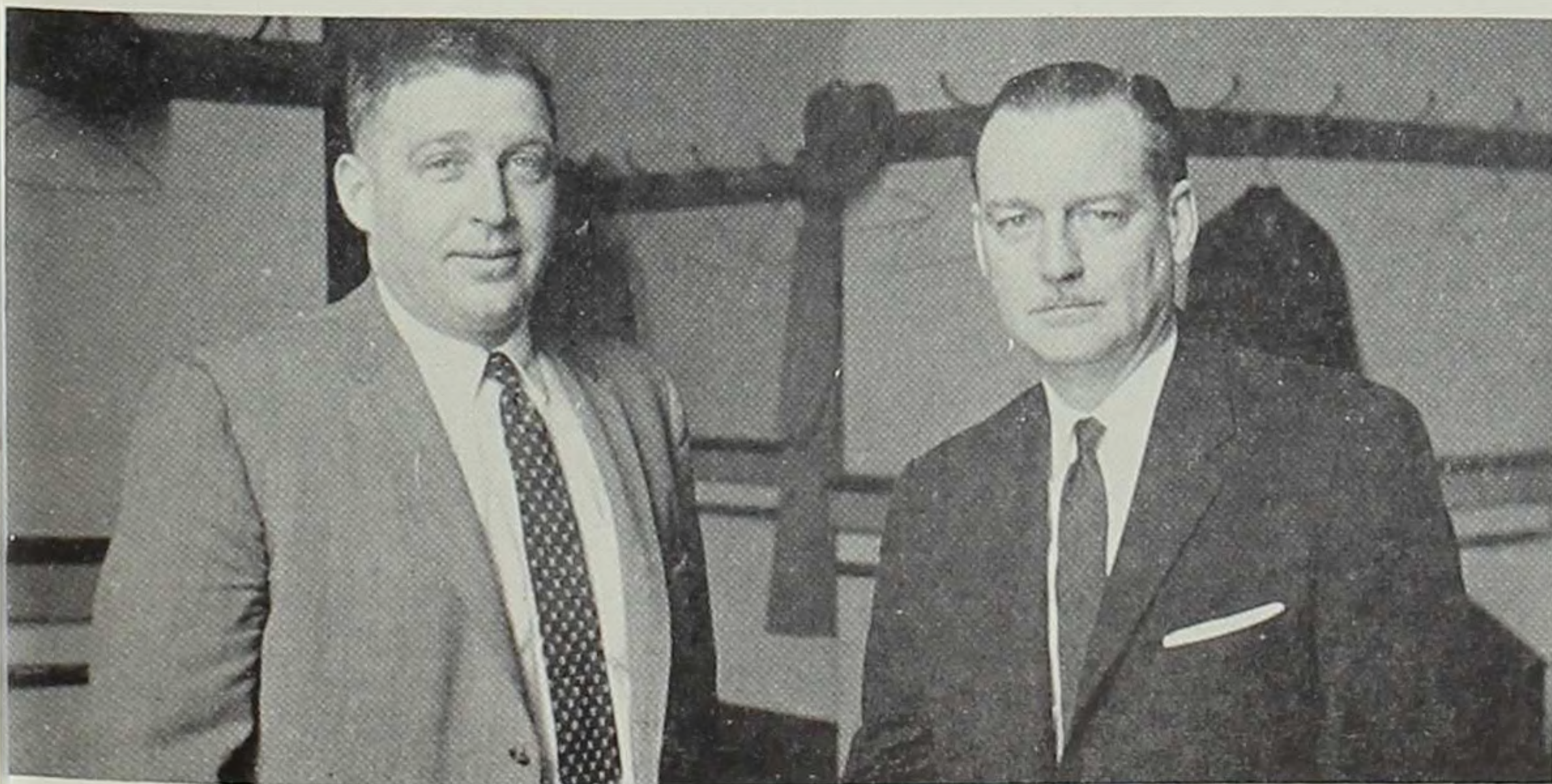




Speaker's Page Clark H. McNeal, Jr., with father, the late Rep. Clark H. McNeal.



Harrison Weber (Iowa Daily Press Association) and father, Otto, (WHO), of legislative press corps.



Lobbyists George Wilson and Clyde E. Herring, sons of former Iowa governors.



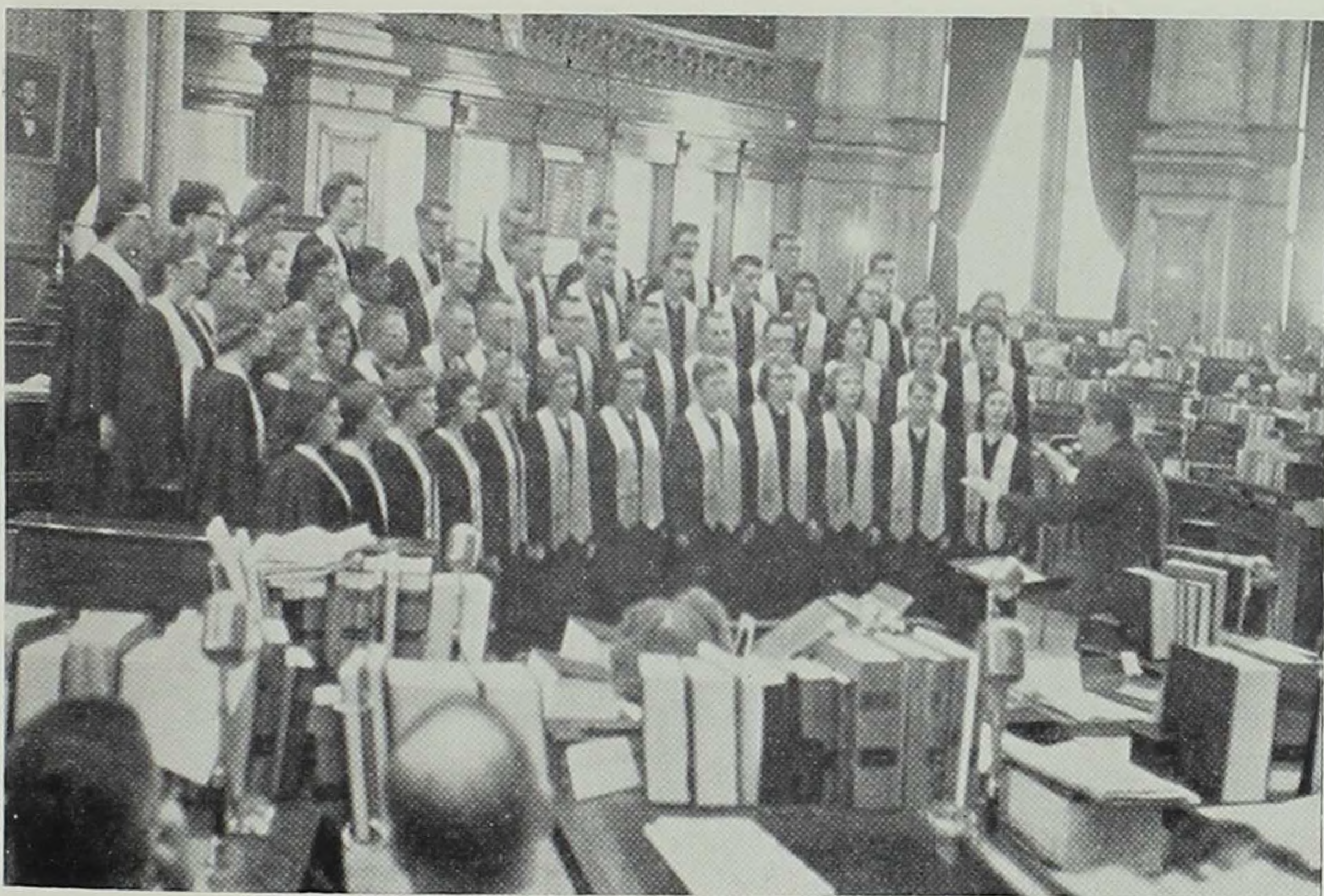


Lobbyists Harry Linn (Iowa Manufacturers Association) and Ray Mills (Iowa State Federation of Labor).



Senate secretaries at work.





Iowa State Teachers College Glee Club entertains house members.



Gladbrook girls who won state high school basketball championship visit senate.





Senate Officers Lt. Gov. Edward J. McManus (seated), president; Jack Schroeder, majority leader; J. Kendall Lynes, president pro tempore; George E. O'Malley, minority leader.

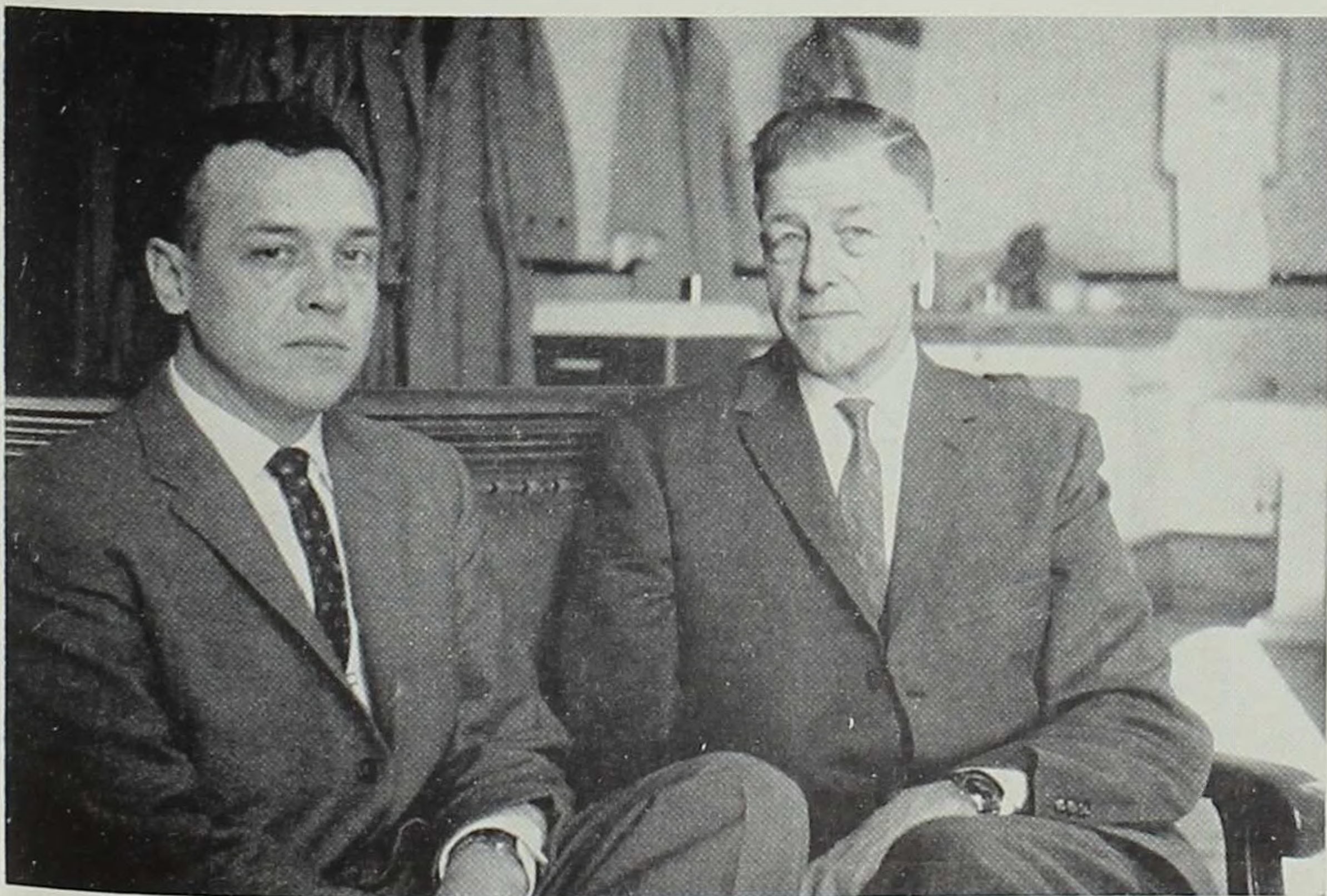


House Leaders: Speaker Vern Lisle (seated); Representatives Scott Swisher (minority leader); the late Clark H. McNeal, majority leader; A. L. Mensing, assistant majority leader; J. Henry Lucken, speaker pro tempore.





Chairmen of Appropriations Committees: Senator X. T. Prentis and  
Rep. George L. Paul.



Chairmen of Ways and Means Committees: Senator David O. Shaff and  
Rep. Conrad Ossian.



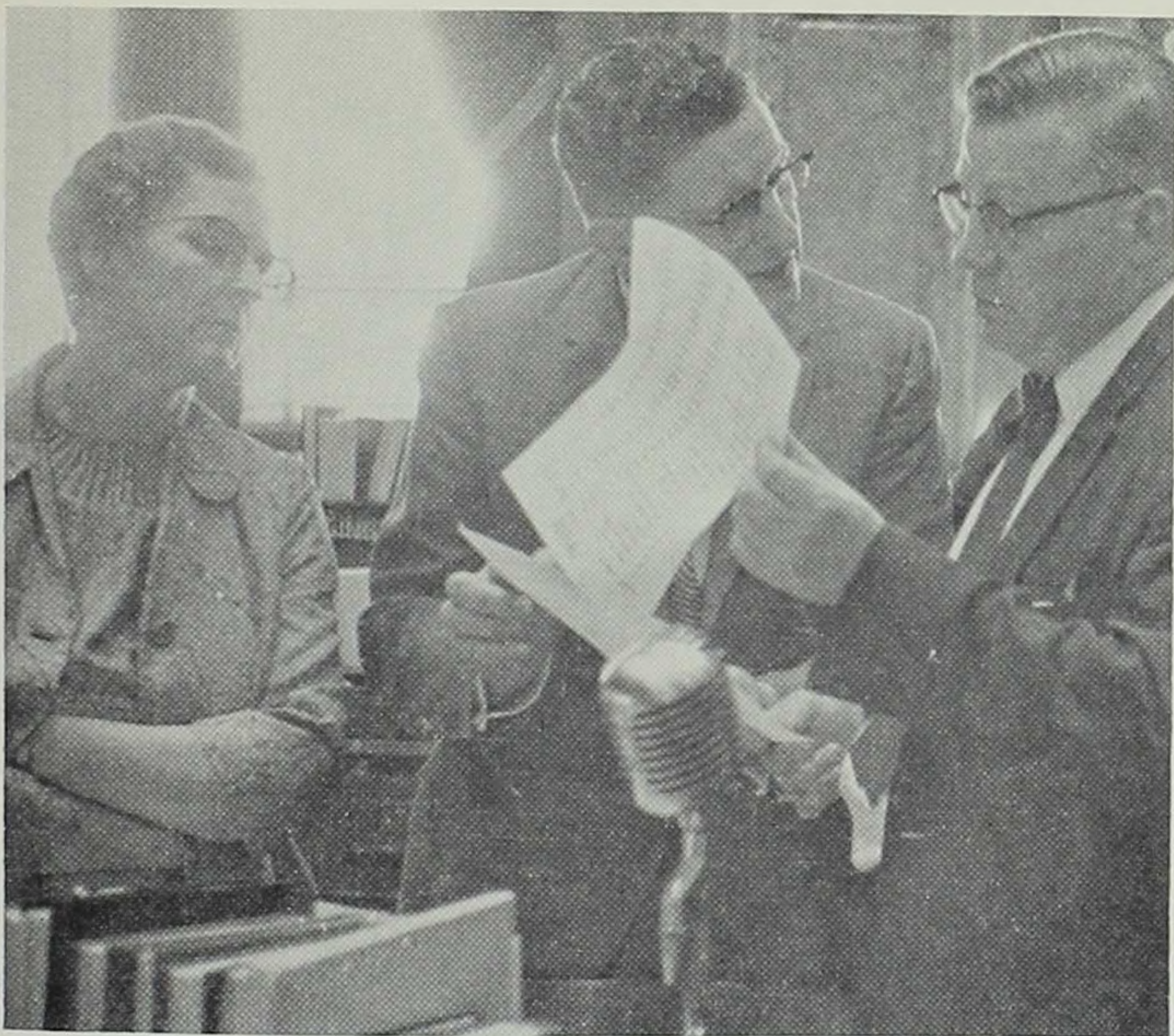


Chairmen of Reapportionment Committees: Senator Jack Schroeder and Representative A. C. Hanson.



Members of First Reapportionment Conference Committee (clockwise): Senator J. Kendall Lynes; Representative Richard L. Stephens; Representative David M. Stanley; Senator Jack Schroeder; Representative Scott Swisher; Senator George E. O'Malley; Senator R. G. Moore and the late Representative Clark H. McNeal.



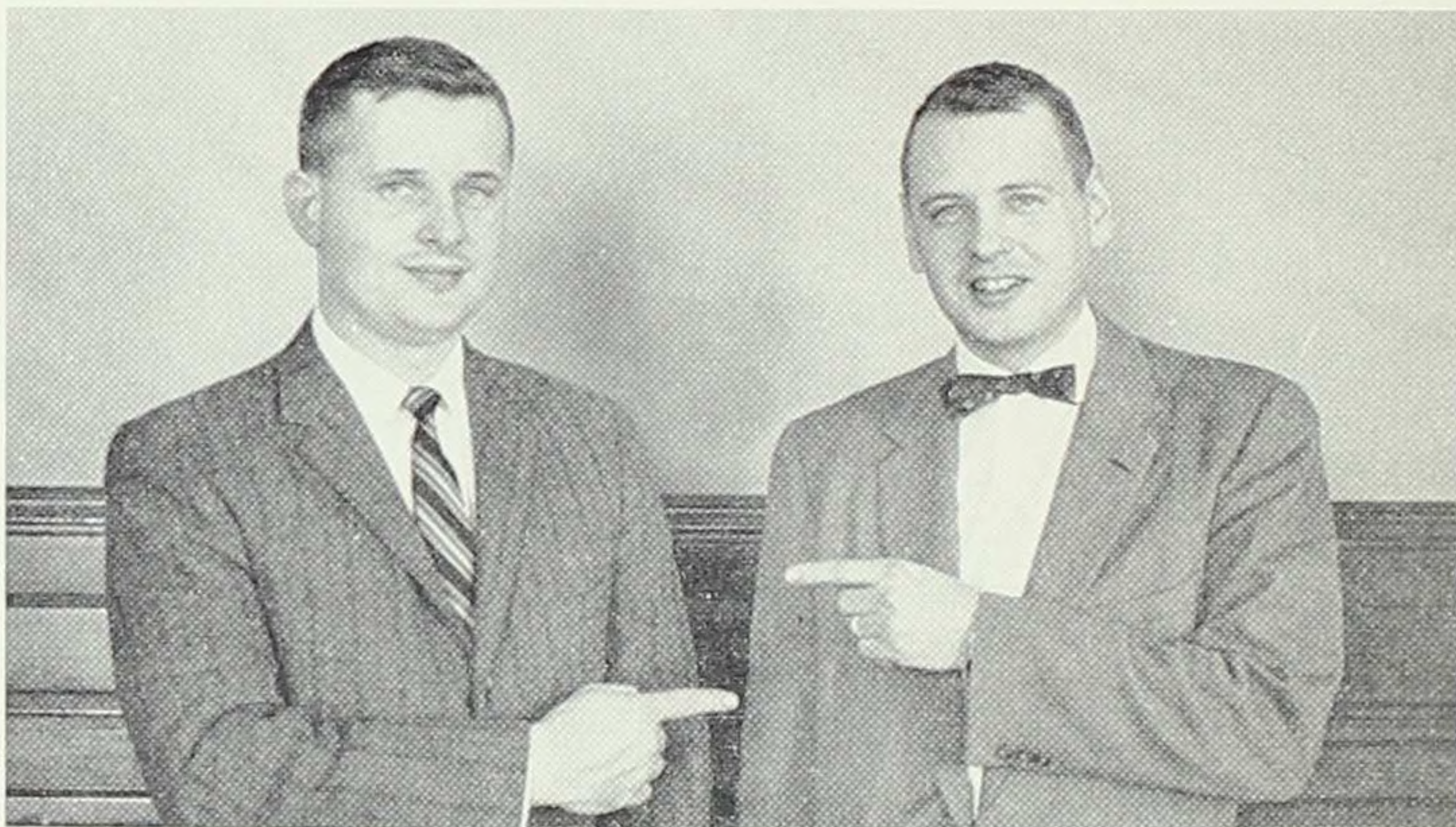


Representatives Marvin W. Smith and John L. Mowry confer during house recess.

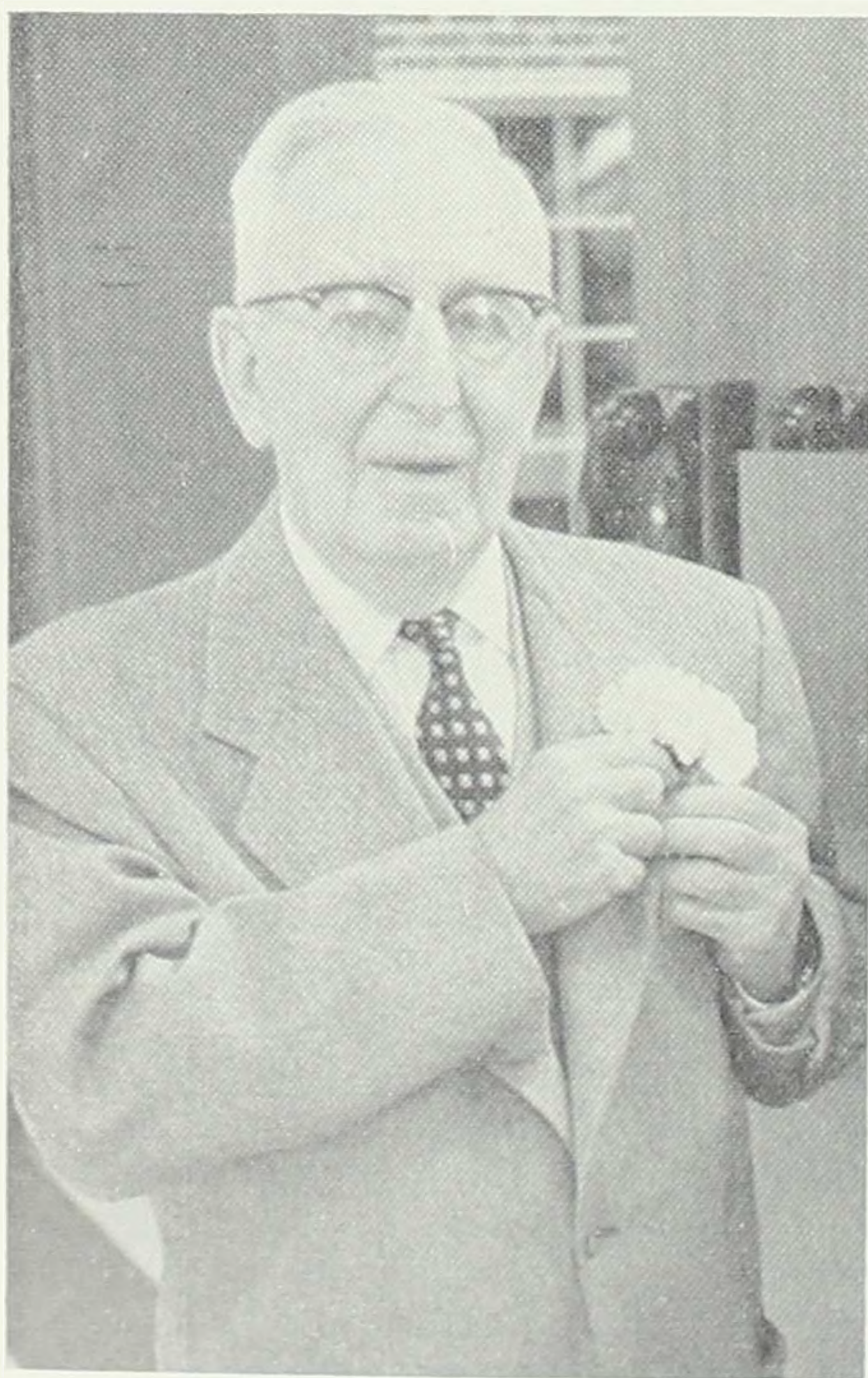


Representative John B. Rockwell, Gilbert E. Klefstad, and S. E. Robinson huddle over reapportionment problem.





"Look alike" who were often mistaken for each other: Representatives Robert D. Fulton and Lawrence D. Carstensen.



Senator Frank C. Byers, holder of longest continuous legislative service record in Iowa history, goes through daily ritual.



Representative Richard L. Stephens and son, Dick, who was 109th house "member."



2. Increasing the individual income tax from 75 to 80 or 90 per cent of the so-called 100 per cent rate to bring in an additional \$2,200,000 to \$6,000,000 a year.

3. Increasing the corporation tax rate from 2 to 3 per cent to bring in an additional \$1,795,000 a year.

4. Initiating a new three-factor formula for determining corporate net income at the present 2 per cent rate to raise an additional \$3,500,000 a year.

Other possible revenue raising methods he mentioned included: (1) a withholding tax on incomes; (2) legalizing and taxing the sale of liquor-by-the-drink; and (3) reducing costs through reorganization of state government.

The Governor strongly urged the legislature to resist special interest pressures "to add further exemptions" to the tax structure on grounds that any exemption opens the way for more, and that they "impair the equity of the tax system as a whole."

He noted that 55 per cent of all general fund expenditures were in the form of state aid to local governmental units, and that aside from small levies to retire World War II and Korean bonus bonds, there was no state tax on property.

FRANK T. NYE