

ADDRESS
OF
THOS. B. STANLEY
GOVERNOR

TO THE
GENERAL ASSEMBLY
WEDNESDAY, JANUARY 11, 1956



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Mr. Speaker, Mr. President, and Members of the Joint Assembly:

I appear before you today in the discharge of my responsibility and in the full realization of your vital interest in the welfare of the citizens of Virginia, the proper and successful operation of the State government, and the varied public services which it provides.

I have had the privilege of serving with many members of this Assembly in years past, and of observing the deliberations and activities of the Assembly for more than a quarter of a century. I have never known a finer body anywhere, or one more firmly dedicated to the service of its fellow citizens, rendered in many instances, at great personal sacrifice. With these thoughts in mind, I heartily congratulate and welcome you who have been chosen by your constituents to represent them in the General Assembly of Virginia. I am confident that your talents and energies will constitute a valuable contribution to the accomplishments of this session.

Since the adjournment of the 1954 session, there have been events of great concern to the people of Virginia, as well as to our neighbors throughout the South. I refer to the decision and decree of the Supreme Court of the United States in the school segregation cases. You are familiar with the valuable work of the Commission on Public Education and its report of November 11, 1955. Referring to the decision of the Supreme Court, the Commission pointedly summarized the situation when it said: "It means that the most fundamental of the rights of the states and of their citizens exist by the Court's sufferance and that the law of the land is whatever the Court may determine it to be by the process of judicial legislation".

With this background, the recommendations of the Commission were submitted and I convened an Extra Session of the General Assembly on November 30, 1955 to submit the question on which the voters of Virginia expressed themselves this week. I am confident the results of the referendum on a limited constitutional convention will guide the members of this legislature in their further deliberations concerning this most important phase of the recommendations of the Commission on Public Education. I also am confident I speak the sentiments of the 131 members of the Extra Session, who made the referendum possible, when I express sincere gratification for the decision at the polls just two days ago. The results are attributable in large measure to the unselfish work of members of the Assembly, the able staff of the State Referendum Information Center, and the hundreds of citizens who gave unstintingly of their time and energies in order that the people might be fully informed.

As the first, and certainly one of the most important recommendations to be submitted to this session, I urge prompt authorization of the election of delegates to the constitutional convention, which should be held as early as practicable. The people have expressed themselves decisively and I consider their action a mandate to me and to the members of this body. As I have stated so often before, the amendment is essential if we are to avoid enforced integration of the races in our schools and if we are to be in position to maintain educational opportunities for children in all sections of Virginia.

The constitutional convention and the amendment of Section 141 are practical steps toward meeting problems already confronting us, and they deserve early consideration.

In the hope you will concur in the foregoing suggestions, I am deferring for the present other recommendations concerning the Supreme Court decision and the public schools. If the constitutional convention is convened as suggested, it is my purpose at a later date to present additional recommendations.

I have devoted these opening remarks to the school problem because of its transcendent importance. Now, I should like to report to you on other subjects of interest and invite your attention to items which I believe you will agree merit earnest consideration.

During the past two years, Virginia has enjoyed great economic prosperity, expansion and growth. We have every reason to look forward with confidence to continuation of these conditions in the biennium beginning next July 1. In addition to new and expanded home-owned industry, many other large and progressive industries have located here. Included among them are branches of nationally known corporations, which have recognized the varied advantages offered by Virginia. Indications are that actual and projected investment for plants and equipment in Virginia in 1955 far exceeded the annual rate of two hundred million dollars established in the preceding two years. Our employment record has been well above the national average and the number of workers on payrolls of non-agricultural establishments in Virginia reached a record level of 925,600 in November 1955. Total personal and per capita income last year exceeded all previous records. Coal production has increased steadily to record levels and areas of the Southwest, which for a time suffered severely because of reduced mining operations, are now in a much healthier economic condition. While mining employment was at a low ebb, I authorized State assistance in the distribution of surplus food commodities to the unemployed and members of their families, and this was very helpful in relieving need and distress. I am hopeful that the continued recovery of this section of the Commonwealth will soon permit the termination of this program.

Industrial peace has prevailed, with few exceptions, throughout Virginia, and our public utilities have operated continuously without any interruption of service by layoffs or work stoppages. In fact, I do not recall in our industrial history an era of better labor-management relations. I congratulate the members of both of these great segments of our economy on this salient record.

While prices of most farm products have continued to decline and for some commodities have been seriously depressed, our diversified agriculture has managed to maintain a basically sound condition. The outlook for agriculture in the year ahead is not as bright as for other segments of our economy, but I am encouraged to believe that most of our farmers will continue to hold their own and even move forward. Agriculture is an

important contributor to our general well-being and I know the State agricultural agencies will continue to help farmers meet this challenge with more efficient production methods and more profitable marketing practices so that in the main agriculture may be strengthened and improved.

Portions of our seafood industry, as well as some farm areas, suffered extensive losses from flood waters which followed the hurricanes of 1955, but Virginia fortunately escaped the devastation experienced in a number of our sister states, and for that we are humbly thankful. As a whole, I believe it is accurate to report that the program of rehabilitating and strengthening our seafood industry is moving ahead with tangible evidence of success.

Many agencies, both public and private, are cooperating effectively to increase the flow of commerce through the Virginia ports. These efforts are of value not only to coastal and Tidewater Virginia but to all sections of the Commonwealth. The work of the Virginia State Ports Authority, the State Department of Conservation and Development, local port development groups, Chambers of Commerce, and others striving to increase port trade resulted in 1955 in the highest level of imports and exports through the Virginia ports in peacetime history. The outlook for this year is even better.

The unexcelled attractions of Virginia also bear promise of boosting the tourist trade to new high levels. Two approaching celebrations undoubtedly will contribute substantially to the flow of the tourist traffic—the observance in 1956 of the centennial of that great Virginia born President, Woodrow Wilson, and the 1957 celebration of the Three Hundred and Fiftieth Anniversary of Virginia, dating from the settlement at Jamestown in 1607. We confidently expect many additional visitors from other States and many foreign countries by reason of these events. During my campaign of 1953, I expressed the belief our tourist trade would reach a billion dollar annual business during this administration. I look forward to this being attained in 1957.

Substantial progress has been made in the past two years in the services rendered by the various State departments and agencies. The Division of Motor Vehicles reports new all-time highs in motor vehicle registrations and fuel tax collections. A downward trend in revenue of the Alcoholic Beverage Control System, which began in 1953, has been reversed, but more important is the fact that the emphasis has continued on “control” and the promotion of temperance. One unwelcome factor is the persistence of illegal distilling operators, whose activities are attributable in part to the high Federal excise tax. In 1951, the Congress increased the tax by \$1.50 per gallon and I hope this increment will not be reinstated after its expiration in April of this year.

The conservation and development of our natural resources and wildlife have proceeded with gratifying results. Our State personnel and retirement systems have been improved and strengthened. The army and air arms of the Virginia National Guard have steadily expanded and a statewide armory construction program has brought modern training facilities to many communities. The State Library has increased its services through enlarged collections of both manuscripts and books, the microfilming of records and expanded circulation of its publications. The supervision and regulation of corporate, public utility and banking operations have been carried out efficiently and effectively. The Department of Taxation has shown encouraging progress in its continuing efforts to recover delinquent taxes and reduce future delinquent lists.

The vitality and prosperity of industry and business generally have been reflected in revenues paid into the treasuries of the State and local governments. The collections on the part of the State government have exceeded the estimates of two years ago, and the best advice we are able to obtain forecasts a continued high level of receipts during the new biennium.

A number of my recommendations are related to the appropriation of the general revenues. Inasmuch as this will be my only opportunity to address you prior to the submission of the budget tomorrow, I should like to express my appreciation to members of the Advisory Board on the Budget and to acknowledge the most helpful service rendered me and our State fiscal authorities by another group of outstanding Virginia citizens who gave us the benefit of their views on the business and economic outlook and counselled with us in arriving at the estimates of revenues for the next two years. Personally and on behalf of the Commonwealth, I take this occasion to express sincere appreciation for the assistance given by these gentlemen: Mr. Charles A. Taylor, President of the Life Insurance Company of Virginia; Mr. Robert T. Marsh, Jr., President of the First and Merchants National Bank of Richmond; Mr. Hugh Leach, President of the Federal Reserve Bank of Richmond; Mr. Stuart T. Saunders, Vice President and General Counsel of the Norfolk and Western Railway; Mr. Basil D. Browder, Executive Vice President of Dan River Mills; Mr. Harry O. Nichols, President of the Southern Bank of Norfolk, and Mr. W. M. Bassett, President of Bassett Furniture Industries, Inc.

I am happy to report that after careful examination of current collections and prospective revenues in consultation with these advisors, I have prepared for your consideration a balanced budget, without any increased or new taxes. Details of my recommendations will be outlined in the budget document. I shall at this time discuss some of the most important recommendations related to the appropriation of the general revenues.

The discussion during the campaign concerning the referendum on a constitutional convention emphasized the high place of public education in our society and our economic life. It was inspiring to me to see this evidence of the faith of our people throughout Virginia in education and the urgency they attach to our children being afforded every possible opportunity to learn and equip themselves for useful citizenship. With this recent experience so fresh in our minds, I urge with all the force at my command, that you carry forward our program of public education as provided by Section 129 of the Constitution. In this you will have my full support.

I am glad that I can recommend a budget carrying the largest increase in funds in our history for the public school system. This increase amounts to \$22,900,960. You will recall my recommendation to the 1954 General Assembly for the adoption of an improved teacher salary scale. The funds which I am recommending will continue, without additional cost to the localities, the teacher salary increment program which was inaugurated with your approval in 1954. With the cooperation of the localities, it will provide a minimum starting salary for holders of collegiate professional certificates of \$2,300 in 1956-57 and a \$2,400 in 1957-58, with annual increments until the State guaranteed maximum of \$3,600 is reached. At the beginning of this program, the minimum starting salary was \$2,100 and for this school year, \$2,200. The minimum beginning salary for holders of normal professional certificates will advance to \$1,950 in 1956-57 and to \$2,000 in 1957-58 with annual increments until the State guaranteed maximum of \$3,200 is attained. For the two years of the current biennium, the minimum salary for this type of certificate holder was \$1,850 in 1954-55 and \$1,900 in 1955-56.

Provision also is made in the budget for an increase of 1,201 in the number of state-aid teaching positions the first year of the biennium and 1,134 during the second year. In the present biennium, the need for additional teachers was estimated to accelerate at the rate of 1,000 each year. The estimate proved too low and I authorized the State Board of Education to incur a deficit of \$900,000 to help the localities add approximately 610 more teachers. We believe that the 1956-58 estimate of the need is reasonably safe, on the basis of the most accurate information available.

A substantial increase also is proposed in funds for teacher scholarships. Monies appropriated for this purpose in 1954 were exhausted and, recognizing the value of the program in recruiting prospective instructors, I again authorized the State Board of Education to incur a deficit to the extent of \$95,000 to cover pending applications and provide 310 additional scholarships.

The need for more teachers, and well-trained teachers, is upon us. The fulfillment of the salary program which I have outlined and the enlargement of the scholarship fund should be helpful in retaining and attracting this personnel. It is repetitious, but nonetheless proper, to emphasize the indispensable role of the teacher in our educational system. We must do all within our means to augment the teaching force, and the recommendations I am submitting are directed to this end.

The teachers and the public naturally are concerned about the adequacy of the teaching force and the adequacy of the compensation offered. I cannot say that we have attained the pay level that will solve these problems, or that it is fully commensurate with the fine qualifications of our teachers. However, I hope it will not be overlooked that we have made great advances in salaries in recent years. Since the school year of 1945-46 we have more than doubled the average annual salary of classroom teachers—from \$1,516 in 1945-46 to \$3,123 in 1954-55. While the exact figure is not yet available, the average for this school year will approach \$3,320.

It is encouraging to note that the rise in expenditures has been accompanied by progress in the area of instruction. During the past two years, the percentage of elementary school classrooms in which forty or more pupils are enrolled has decreased approximately three per cent; elementary school teachers holding substandard licenses have decreased approximately two per cent, and the percentage of children enrolled in schools having double-shifts has shown a similar decrease. State appropriations have assisted local school divisions in the employment of thirty-eight additional twelve-month principals, and state-aid is now providing for approximately 420 full-time positions of this character. Additional school divisions have converted to the twelve-year school system, and an increasing number of high schools are providing strengthened courses of instruction.

The value of State services cannot always be measured in dollars and cents but I think we can agree there are areas of operations wherein the amount of funds appropriated is important. We have been working steadfastly for many years to raise the standards of care and treatment of the mentally ill, a field in which the cost of personal service is a major consideration. Since the beginning of my term of office, the number of employees in our state mental hospitals, including physicians, nurses, attendants and others, has been increased by 578. In this period, eight physicians have been added, along with 27 nurses, 310 attendants and 233 other personnel. This improvement has been brought about by better salaries, improved facilities, and more attractive working conditions. I am recommending further increases in the operation and maintenance funds for these institutions in the new biennium so that we can maintain

this trend and strengthen, insofar as it is humanly possible to do so, the program for the cure and rehabilitation of these unfortunate patients. You will find details of these recommendations in the budget, and I invite your attention to the fact that the over-all increase for the mental hospital system's operation and maintenance amounts to 22.4 per cent over the present biennium. Encouraging results have been obtained from the use of newly developed drugs in the treatment of mental patients and I have recommended the appropriation of the full amount requested by the Department of Mental Hygiene and Hospitals for this purpose. If we can give prompt and adequate treatment to those admitted to these hospitals, the chances of recovery are greatly enhanced and not only do we return many rehabilitated people to their loved ones and society, but the cost to the public treasury is correspondingly diminished. I hope that the scientific advances will combine with the expanded personnel to greatly accelerate the rate of discharges.

We also have made rapid strides in combating tuberculosis. Waiting lists have been eliminated at the Catawba and Blue Ridge Tuberculosis Sanatoria and 108 beds for white patients are vacant at Catawba. Upon completion of the tuberculosis hospital for Negroes which is now under construction in Richmond, we are confident that waiting lists for these patients likewise will be wiped out and we will have the facilities to meet the needs in this field of treatment for the foreseeable future. In the meantime, the Commonwealth has entered into contracts with the cities of Roanoke and Norfolk for the use of their locally owned sanatoria and the beds in these localities are being devoted entirely to negro patients.

I am recommending the appropriation of funds needed to complete the sanatorium in Richmond and to improve the public health services throughout the State.

Substantial increases also are recommended for the Department of Welfare and Institutions, including the correctional institutions. Costs of these services have risen in proportion to other costs and it appears we have no alternative to larger appropriations.

The higher living expenses experienced by all of us, without any expansion of standards, prompts two recommendations relating to unemployment compensation and workmen's compensation. Two years ago, you approved, at my request, small increases in benefits in both these fields. The upward trend of costs has continued and I believe it is fair and equitable to increase again the benefits payable from these funds. Accordingly, I respectfully request legislation to raise the maximum unemployment benefit from \$24 to \$28 per week with a maximum duration of 18 weeks compared with the present maximum duration of 16 weeks. At the same time, the minimum benefit should be increased from \$6 to \$8 for a period of eight weeks instead of the present six. If this recommendation is adopted, only two states will have a lower maximum duration and only 11 states will have a lower maximum benefit. Taking into consideration the increase in 1954, the change in the maximum weekly benefit will provide a total increase of \$6 in four years.

Many workers who become disabled or incapacitated in the course of their employment are covered by the Workmen's Compensation Act. Their maximum benefit is now \$27 per week. I recommend that this be increased to \$30 which, with the increase of two years ago, will provide a total gain of \$5 in the maximum weekly benefit as compared with 1953.

Our highway construction needs and the continued slaughter on the roads are matters of great concern. Convinced that we were rapidly falling

behind in our efforts to construct and maintain a highway system commensurate with the increasing traffic, I placed the problem before the General Assembly of 1954 with a recommendation for an increase in the tax on motor fuels. The Assembly, after due consideration, did not act on the question, and I have been unable to find any substantial change in sentiment among members of the Assembly on this subject since the last regular session. I should like to say here that I have the highest respect for the judgment of the members of this body and regardless of any differences of opinion on this, or any other subject, it will always be my purpose to work with you for the best interest of Virginia. It is in this spirit I reopen the discussion of highways today. Our highway needs have not lessened in the interval; on the contrary, they definitely are greater than two years ago. The Highway Department, in its report for the last fiscal year, estimated the total needs on the primary, secondary and urban systems during the next ten years at \$331,000,000 in excess of presently anticipated revenues. It also informs me that during the fiscal year ended last June 30, traffic on the rural primary road system exceeded that of all previous years. Compared with 1941, the last normal pre-war year, the average daily traffic on the primary system had increased 108 per cent—and it is still going up.

Highway engineers advise that roads carrying 4,000 or more vehicles a day should be four-lane divided. Eight years ago, the need in Virginia for this type of highway was placed at only 99 miles. Within those eight years, we have built 271 miles of four-lane divided highways. Yet, we need today, as a result of the tremendous increase in traffic, an additional 405 miles of divided highways. From the safety standpoint, four-lane divided highways have proven their worth here in Virginia. For example, the Shirley Highway is a four-lane divided limited access highway of 17 miles leading into Washington. A parallel section of Route 1 is a four-lane undivided highway. In 1954 the fatality rate on the Shirley Highway was 2.1 times better than that on Route 1, the injury rate was 3.8 times better and the accident rate 4.3 times better.

I feel it my duty to lay these facts before you. I cannot stress too strongly the importance of increased highway revenue to our safety and to our economic well-being.

There has been much discussion of an expanded Federal highway program, particularly on the interstate system. As you know, the last Congress took no final action on the subject and I am unable to predict what action, if any, the second session of the 84th Congress may take. However, if the Congress concerns itself principally with the interstate system, such a course, while helpful, would not solve our problems in Virginia. Only 911 miles of Virginia highways are included in the interstate system, and many of these miles are not those carrying our heavier traffic.

Under these circumstances, and after considering the practical situation, I have come to the conclusion that we at least should be certain that we not only are getting full value for highway funds expended but that the money is applied insofar as possible to the highways most in need. Since our present system of allocations is statutory, I recommend that the General Assembly authorize a thorough study by the Virginia Advisory Legislative Council, with expert consultants, of our present method of allocating funds to the primary, secondary and urban systems, and any other matters related to distribution of funds that may be helpful in arriving at a satisfactory formula. I suggest that the Council be directed to undertake the study as early as practicable after this session of the Assembly and make a report to the Governor not later than September

1, 1956. This would permit us to have the benefit of the best possible information on the subject at a reasonably early date.

As previously indicated, good highways and safety go hand in hand. We are needlessly wasting human life on our streets and highways every day. Despite stronger traffic laws and strict enforcement efforts, more people were killed in traffic in Virginia in 1955 than during the previous year. We can only take heart in the fact that the death rate, on the basis of the number of people killed for each one hundred million motor vehicle miles, has shown some improvement. The greater travel on our roads increased the motor vehicle miles to a point that our death rate, through the first ten months of 1955, was only 6.3 compared with 6.6 for the full year of 1954. The disappointing fact is that in 1954 our total traffic fatalities were only 810—or 94 less than in 1953—whereas in 1955 we were unable to effect any reduction but, instead, had a substantial increase.

Better highways will help reduce this toll. Traffic laws recently enacted also have helped tremendously and I recommend they not only be undisturbed but strengthened. The drunk and the drinking driver is a very real hazard and I am of the opinion we should take further steps to eliminate him from the road. I recommend amending our statute on driving under the influence of intoxicants so as to bring it in agreement with the Uniform Code on the subject. The effect of the proposed amendment would be to establish .15 per cent or more by weight of alcohol in a defendant's blood to be presumption that he was under the influence of intoxicants. I believe such a change in our law would assist law enforcement agencies and the courts in dealing with this difficult phase of traffic safety. The proposal has the support of the Governor's Highway Safety Committee, the Virginia Federation of Women's Clubs, the Automobile Club of Virginia, and many other organizations and groups.

I recommend the total authorized strength of the State Police Force be increased to 600 men. The cost of policing our highways is a heavy drain on our road funds and I have directed the Department of State Police to concentrate its efforts on highway patrol and safety.

I come now to another phase of our governmental operations—those dealing with capital outlays. Early in August, 1954, I appointed a Commission on State Capital Outlays and Means of Financing. This was done because increasingly heavy demands on the State government for additional capital facilities necessitated a comprehensive study of the basic needs over a period of years and the means of financing them. During the session of 1954 each house of the Assembly adopted a resolution to authorize such a study, but neither house completed action on the resolution adopted by the other. It seemed to me, however, that the intent of the legislature was clear.

I requested the Commission to study the estimated capital requirements of the State, other than highways, for the six-year period beginning July 1, 1956, and suggest practical means of financing them. The current findings of the Commission, of course, should be reviewed in the future as circumstances change; continuing studies appropriately can be made by existing facilities of the Governor's office.

The Commission was requested to file its report by September 1, 1955. The report was delivered to me on August 5, released to the press for publication August 7, and printed copies then were sent as soon as available to all members of the General Assembly.

In appointing members of the Commission, representation was given to each Congressional District. From the First Congressional District, I

appointed Dr. R. Cowles Taylor, Mayor of the City of Newport News, dentist; from the second, Ralph B. Douglas, Norfolk, President of the Smith-Douglass Co., Inc.; from the Third, Webster S. Rhoads, Jr., Richmond, Chairman of the Board, Miller and Rhoads, Inc.; from the Fourth, Y. Melvin Hodges, South Hill, former member of the House of Delegates and the State Senate, attorney; from the Fifth, Landon R. Wyatt, Danville, former member of the House of Delegates and now State Senator, business; from the Sixth, Paul C. Buford, Roanoke, President of the Shenandoah Life Insurance Co., Inc.; from the Seventh, E. Blackburn Moore, Berryville, Speaker of the House of Delegates, business, including farming; from the Eighth, C. C. Cloe, Triangle, President of the First National Bank of Quantico; from the Ninth, William N. Neff, Abingdon, former member of the House of Delegates and the State Senate, now a member of the State Board of Education, business; from the Tenth, George Damm, Arlington, former member of the House of Delegates, attorney; and from the State at large, C. H. Morrissett, Richmond, State Tax Commissioner, who was designaed Chairman of the Commission.

The Commission devoted much time and thought throughout a period of almost one year to this difficult task. I wish to record my appreciation of the assistance its comprehensive report gave in the preparation of the budget for the coming biennium. I know it will be of similar assistance in the preparation of the budget for the succeeding biennia, 1958-60 and 1960-62. Sincere thanks are due the members of the Commission and its staff who worked so long and diligently to produce so serviceable a report.

Request forms with priority number were first supplied the State institutions and agencies and these were filled in and returned to the Commission. Later, the Commission visited the institutions and agencies. Ample opportunity was given representatives of the institutions and agencies fully to explain their requests. Numerous conferences were held, and proposed projects were considered one by one. A showing of "reasonable necessity or genuine need", as distinguished from "mere desirability", was a prerequisite to the inclusion of any project in the Commission's recommendations.

The aggregate cost of the six-year program recommended by the Commission was estimated at \$109,090,720. Of this amount, the Commission found that \$5,983,435 could be financed by revenue bonds under existing law and that \$1,800,000 would be available as Federal aid for the construction and renovation of armories, thus leaving \$101,307,285 for all projects included in the program for the six-year period, payable out of the general funds of the State treasury. Of this sum of \$101,307,285, projects estimated to cost \$63,306,065 (62½ per cent of the whole in cost) were allocated by the Commission to the biennium 1956-58; \$19,183,145 to the biennium 1958-60, and \$18,818,075 to the biennium 1960-62. For capital expenditures for the care of the mentally diseased or defective, the Commission recommended a total of \$43,309,520 for the six years.

The capital outlay recommendations for the biennium 1956-58 which I shall transmit to the General Assembly on Thursday are in substantial accord with the recommendations of the Commission. The total which I recommend for the biennium, payable out of the general fund, is \$60,744,000, as compared with \$63,306,065 suggested by the Commission. This leaves a sizeable amount unallocated in the budget and I hope this will be helpful to the General Assembly in its consideration of needs which may not have been fully apparent prior to the session. A few projects recommended by the Commission have been deferred, or deleted. By functions, the amount I am recommending for the 1956-58 biennium will provide \$21,346,-

050 for building projects at the mental hospitals, including \$5,655,900 for the removal of the Petersburg Training School and Hospital to the Elko site near Richmond and \$770,000 for an Institute for Emotionally Disturbed Children; \$18,575,640 for the institutions of higher learning; \$8,385,500 for teaching hospitals at the two state-supported medical schools; and \$4,306,750 for penal and correctional institutions.

Of the total amount needed, the Commission recommended that approximately \$48,500,000 be obtained by accelerating the payment of the State taxes on public service corporations and on individual and fiduciary incomes, so that such taxes may be available one fiscal year earlier. The Commission recommended that the surplus then expected to exist in the general fund as of the close of the current biennium be applied to the balance. If that surplus was not sufficient, it was thought that the small deficiency could be supplied out of current revenues. Fortunately, the surplus now expected to exist as of June 30, 1956, will be ample to cover the entire balance.

The acceleration of the payment of the State taxes on public service corporations and on individual and fiduciary incomes simply means that the time for the payment of these taxes would be changed to bring the payment closer to the dates of the accrual of the tax liability. In the case of public service corporations it means that the taxes would be payable by June 1 of each year following the close of the gross receipts year instead of by October 1, as under existing law; and in the case of individual and fiduciary income taxes, it means that these taxes, for the most part, would be payable by April 15 of each year following the close of the income, or taxable, year instead of by December 5, as under existing law. The few individuals and fiduciaries who file on a fiscal year basis instead of on a calendar year basis would pay their income taxes for the most part on or before the fifteenth day of the fourth month following the close of the fiscal year. In 1928 similar legislation was enacted to accelerate the payment of State corporation income taxes.

The alternative to changing the dates for the payment of these two classes of taxes is an increase in taxes, or the imposition of new taxes. The only inconvenience the proposed plan will impose on public service corporations is that they will pay their State taxes four months sooner. The only inconvenience to individual income taxpayers is that they will pay their taxes about seven and one-half months sooner, with some modifications.

I earnestly recommend favorable consideration of the proposal. Particular capital outlays are not recurring. The extra revenue involved in the proposal and totaling about \$48,000,000 will be for one fiscal year only, and thus will not be recurring. Hence the proposal is entirely appropriate in principle for obtaining the extra revenue for capital outlays.

Twenty-nine states levy individual income taxes. Ten states use the withholding device and every other state, except Virginia, requires payment of the full amount due or a substantial portion at the time of filing in April or May. Virginia is the only State which gives so long a time as eleven months after the close of the taxable year before any part of the tax liability must be paid.

The impact on the taxpayers will be light and I am satisfied this plan will be far more agreeable to them than would an increase in taxes to raise the same amount of money.

In the case of the great majority of individuals their annual income tax liability to the State is small. For example, in 1954 individual and

fiduciary income tax returns numbered 703,549. Of these, 554,640, or 79 per cent, were filed by taxpayers whose average gross tax liability to the State for the year was only \$26.59.

The suggested changes in the dates for the payment of the State taxes on public service corporations and on individual and fiduciary incomes will involve the repeal of the Contingent Income Tax Reduction Act, and I so recommend.

The Virginia Advisory Legislative Council and other study commissions have submitted reports deserving your thoughtful attention. I endorse the recommendation of the Council that a legislative commission be established to assist the Assembly in establishing branches of existing institutions of higher learning in densely populated communities as an economical means of serving our increasing number of college applicants. I also commend to you the report of the VALC on Services for Handicapped Children in Virginia and concur in its suggestion for an Institute for Emotionally Disturbed Children and for the creation of an Advisory Council on Needs of Handicapped Children. The reports of the commissions which studied our forest and water resources are particularly timely and contain important recommendations for your consideration. I share the concern of the Commission on Forest Resources for the future of our timber assets and hope you will look with favor on the various proposals for safeguarding them. A state-wide tree planting program, which has my enthusiastic support, is now under way, and I am confident it will be of great value in restoring our forests. I also am in agreement with the recommendations of the Advisory Legislative Council for legislation to help conserve our water supplies, which constitute one of our most vital resources.

There are other reports I should like to discuss with you. Perhaps I have trespassed already on your time, but the import of the matters presented was such that I could not do less in good conscience.

I thank you for your attention. I assure you that I stand ready, always, to work with you in good faith and in good spirit for the advancement of Virginia. May God in Heaven guide us in our service to the people of this Commonwealth.