

# **Inaugural Address of Governor Homer A. Holt**

**January 18, 1937**

Mr. Koontz, Governor Kump, and My Fellow Citizens:

It is both customary and appropriate that one inducted into the high office of Governor of West Virginia promptly state to his constituents his intentions concerning their government during the term for which he has been chosen. It gives me pleasure to do so on this occasion.

Two purposes are served thereby. First, you are informed in general terms of your chief executive's conception of an immediate governmental program. Then, ours is a popular government in which ultimate responsibility rests with the people. It is not a government of or by your officials, but by you, the people, through your chosen representatives. Its success is dependent upon the active interest of all patriotic citizens who are as willing to share the responsibilities of government as to enjoy its security and benefits. So, the second purpose is to enlist your sympathetic understanding of the governmental problems of the state and your aid in their solution.

I am appreciative of your confidence in entrusting to me the great responsibilities of this office. Your help is of much greater importance now. I approach my arduous duties with the single objective of meriting, in some small way, that confidence, by giving you that character of administration which you desire - an administration which may add to the comfort and happiness of our people and advance the well-being of West Virginia.

During the past four years we have witnessed several fundamental changes in our governmental structure.

The adoption of the tax-limitation amendment to our state Constitution virtually revolutionized our plan of taxation and compelled the shifting of important fiscal responsibilities.

Previously, our public school system was almost entirely a local financial undertaking; it is now a joint responsibility of the state and the counties, with the difficult problem of striking between the two a balance of responsibility productive of high standards with reasonable economy.

The same amendment forced the transfer of the financial responsibility for our entire highway system to the state which, theretofore, had charge of only the main or primary roads, while the counties had borne, from direct property taxes, the burden of the county-district or secondary system.

We have seen the repeal of state and national prohibition and the establishment in this state of a monopoly system of control.

We have seen the operation of an extended, though more or less imperfect, program for the relief of the needy during the emergency.

We are now witnessing the introduction of important innovations in our governmental services.

Our relief program is being converted into an orderly plan for sustaining those for whom employment is not expected, aid to the aged and the blind, for caring for dependent and neglected children, for rehabilitation of the crippled, and for the extension of maternal and health care and other related services, through state funds supplemented by federal grants. Aid to the unclassified needy calls for participation in the financial responsibility by both the state and the counties, introducing again the difficult problem of attaining an efficient balance, productive of reasonable economy.

We have likewise witnessed the formulation of a plan for participation in a program of unemployment insurance looking to the absorption of the shock of seasonable industrial disturbances and the avoidance of periods of great depression in business.

These items last mentioned constitute the social security program, now in its infancy, and as yet untried, necessitating some experimentation, but prompted by most humanitarian impulses and believed to be economically sound.

With few exceptions, I do not contemplate basic changes in our governmental structure. I believe that the recent remodeling is satisfactory and realize that the innovations must be more or less evolutionary in their development.

Our problems during the next four years will be principally those of administration and of finance. They will be largely confined to improving the functions and services already established or inaugurated, except where rearrangements in the national program may occasion departures.

That I have a modest and humble pride in having had a small part, under the able, fearless, and effective leadership of our distinguished governor, now retiring, in working out our present governmental plan will not render me unresponsive to constructive criticism of our present basic structure or to suggested changes or innovations for its improvement.

My highest hope is that as we proceed I may be endowed with the faith, wisdom, and courage so bountifully possessed and exercised by the great governor whom I succeed.

## **TAXATION, ECONOMY AND EFFICIENCY**

In any and all governments, taxation is an ever-present problem. It is a very practical matter - inescapable if there be government. Governmental services are both necessary and demanded. Many of them are popular in their performance. While it is axiomatic that no tax is really popular, certainly in West Virginia in recent years our people, in all walks of life, have been most helpful and tolerant in respect to taxation.

There are two phases of the tax problem: one is the plan by which governmental assessments are to be levied; the other is the amount of the exactions, determined by striking a reasonable balance between the public needs and demands and the ability of our people to meet them.

It is my belief that our present plan of taxation is as equitable as can now be devised. Our property taxes have been greatly reduced, particularly on farms and homes. Our business taxes, in reality production and occupation taxes, commonly referred to as the gross sales and gross

income taxes, have been broadened and increased, and, together with our personal net income tax, recognize the principle that those best able should contribute most. The consumers sales tax recognizes the principle that all those who participate in and benefit from government should make some contribution, however modest, to the expenses thereof.

The reduction in direct property taxes resulting from the tax- limitation amendment and enabling legislation must be continued. As our indebtedness is cleared away, a more serviceable allocation of levies may be made. Aggregate allocations of levies for current expense purposes should not be increased beyond the actual release of debt allocations by the extinguishment of the debts which required the allocation. Our present general tax structure is based upon this enabling legislation, and our administration is committed to it and bound to it by ties of good faith.

The adherence to inflexible rates of levy alone does not insure the continuance of the benefits attained. Two factors enter into the determination of the amount of property taxes, rate and valuation. The benefits heretofore attained could very readily be withdrawn by a systematic elevation in valuations. I shall oppose any attempt to increase property taxes by a general plan of raising valuations beyond the normal increase attending the returning prosperity. I shall insist that valuations in the several counties be reasonably equalized.

So far as the small amount of taxes received by the state from direct property levies is concerned, the importance of equalizing assessments throughout the state is negligible; but our state-local services necessitating the expenditure from state funds of some thirteen million dollars annually for schools and several million dollars for unclassified relief make it imperative that a fairly level scale of valuations obtain if these activities are to be exercised in a manner just to the several counties. The state treasury cannot be continued as an unrestricted source from which to meet local needs of an increasing number of counties, the requirements of which are within their fiscal abilities but arise from inadequate and constantly decreasing local assessments.

The consumers sales tax, which has been in operation for nearly three years as a temporary measure, must now be regarded as an established source of revenue. The charge that this tax imposes an unfair burden upon those of small incomes is more fanciful than real. There is, however, a limited field of purchases as to which the rate may be unduly heavy. In recognition of this fact, I said during the late campaign, "I should like very much to see purchases of basic food stuffs, such as flour, meal, milk, meat, sugar, and the like, in the amounts of less than twenty-five cents or even larger purchases, exempted. This involves two major problems, one, the necessities of revenue, and the other, the effectiveness of administration. The raising of such exemption on basic food stuffs would affect the revenues very little, but the raising of the exemption on purchases of petty luxuries, which constitute the great bulk of the smaller purchases, would very materially affect our revenues, and I see no reason for and do not approve the raising of the exemption on purchases of luxuries." That is my position now.

Our business and occupation taxes constitute another major source of our revenue and one which is more readily susceptible of adjustment to fiscal needs than any other of our principal taxes. This cannot be regarded as a source of unlimited revenue because many of the businesses affected are competitive with like activities in other states.

I wish that I might say to you that we need no additional revenues. I do say that we can function in an orderly way without additional revenues. Returning prosperity has occasioned larger yields from present rates, but there are inescapable needs consuming the increase. Our services and plants require rehabilitation from the parsimony and neglect necessitated in recent years. The normal growth of the demand for established governmental services requires increased expenditures. The addition of our newer humane services embodied under the general head of social security activities calls for between six and a half and nine and a half million dollars annually, depending upon the character and extent of independent federal activities for relief of the unemployed. This compares with the three million dollars previously appropriated from state revenues for relief of the unemployed. Candor compels me to say that in the face of these needs no material reduction in our taxes can be expected at this time.

While our economic situation is much easier, our business life has not recovered entirely from the devastation of the depression. Our industrial activity, the life-blood of our economic existence, must not be unduly throttled by taxation, however encouraging our returning prosperity may be and however confident we are of better days. I hope that the returns from our prevailing tax rates will be sufficient to meet the requirements of our social security and relief program, the normal increase in the demands for services, and permit the gradual rehabilitation of our institutional plants.

But if the legislature determines to meet immediately many of the appealing demands now presented, increased taxes are inevitable.

The effort now must be to strike the nicest possible balance between the efficiency of our services and the economy of their administration.

We now have a balanced budget. We must and shall continue it. I shall ask the legislature to make provision for budget control that will insure the keeping of our expenditures within our revenues. This can be done only by restricting the expenditures and dependent services, should business conditions occasion diminishing revenue returns.

I cannot, on this occasion, discuss all of our governmental services. Reference to some of those involving major expenditures may typify those not specifically referred to.

## **ROADS**

From many quarters, there is the insistent demand for the construction of new highways and the reconstruction of worn out and obsolete roads. It is my duty to say to you that this cannot be done without money, however desirable it may be. The money which would otherwise now be available for the construction of our roads was, in large measure, expended prior to 1933 when the proceeds of our bond issues totaling eighty-five million dollars had been expended. In other words, our road revenues were anticipated by the issuance of bonds and expended prior to their accrual. With the wisdom of that program, we are not concerned. We are now paying the bonds and interest. We frequently refer to permanent highways. The term is a misnomer. No sooner is an improved highway completed than the expense of maintenance begins. In recent years the retirement and interest requirements of our bonds have taken approximately seven million five

hundred thousand dollars, leaving of our road taxes from three million to three million five hundred thousand dollars, which is insufficient for complete maintenance and administration of our primary system which now totals more than forty-seven hundred miles. Increased business gives promise of relieving somewhat the acuteness of our situation with respect to maintenance, but our construction program is dependent upon the reissue of a part of the fifty million dollar series of bonds as the originals severally mature and are retired. Approximately thirteen and a half million dollars of bonds may be reissued during the next four years, which, with federal aid on the present basis, will afford approximately five million dollars annually for construction, including grade crossing elimination. This will sustain a modest construction program for the improvement of heavy- traffic roads with the best construction and of loss-traveled highways at a lesser initial cost.

Means for secondary road construction are even more restricted. The appropriation from general revenues, for the current biennium two million dollars annually, together with capitation taxes and the certificate-of-title tax, is required for maintenance of some thirty thousand miles of secondary roads, of which more than six thousand miles are improved.

To my mind the sale of bonds beyond the reissue of those retired should not be considered. More bonds would mean more interest and less funds for maintenance. Any enlargement of our construction program must be on the pay-as-you-go plan, which would mean more taxes.

I believe that our established appropriation for secondary road purposes, now two million dollars annually, is as large as can be justified from general revenues. Any additional revenues made available for roads, at this time, should come from proper taxes incidental to highway use. Correspondingly, there must be no diversion of road revenues to other purposes.

We have approximately fifteen hundred miles of secondary roads upon which the stone base was placed by federal relief agencies. The surfacing of these roads is imperative to retain the benefit of improvement already made.

There is great need for at least a modest program of secondary road construction because of its importance to our farmers, their marketing facilities and to the making of rural life more attractive.

Whether we shall continue to be satisfied with our present restricted program or resort to additional road revenues is a legislative problem which I shall present, with the tender of every possible assistance at my command, to those who have been chosen to represent you in that branch of government.

## **SCHOOLS**

No system of public education can be too good for the welfare of the State and her children. West Virginia may well take pride in her success in reviving her school system in 1933 and in continuing it through the depression without the collapse that unfortunately attended the systems of many sister states.

Faithful, qualified teachers should be secure in their employment, at adequate salaries, and assured of suitable provisions for retirement when superannuated.

But there must be an efficient economy in our school system, no less than in any other governmental service. The needs must be ascertained and the revenues available, or which may be made available, appropriated. Our schools must then operate within their budgets.

Our schools are operated in part by local income over which the state has no effective control, and in part from state revenues. There can be no sound economy in their operation if the only measure of local dependence upon the state is the avoidable deficiency of local revenue. We must revise our program for the distribution of the so-called state aid in a manner that will place proper responsibility upon local authorities for doing their part in providing, within constitutional limitations, their fair share of the necessary school revenues.

The consolidation of schools under the county unit system, with increased attendance, makes some building program highly advisable, if not inescapable. Some counties have resorted to the voting of increased levies for short periods of time to sustain school building programs. This is an available solution of the problem.

In the recent campaign, both major parties were committed to the introduction of free text books. I look to the early attainment thereof.

### **HUMANE, ELEEMOSYNARY AND PENAL INSTITUTIONS**

Plant and equipment of our humane, eleemosynary, and penal institutions have, of necessity, been sorely neglected during the past eight years, and many of them, by choice, for a much longer period.

Our penitentiary is now called upon to house approximately three times as many prisoners as its constructed capacity, while several hundred felons are, of necessity, retained in county jails. Much of the penitentiary equipment is both antiquated and worn out, and the prison itself is in dire need of repair for both safety and security. This condition must receive immediate attention.

Our tuberculosis sanitarium, which are doing such excellent work, are overcrowded, with long waiting lists, making impossible, in many instances, that early hospitalization indispensable to successful treatment and prevention of contagion. The facilities of these institutions should be extended at the earliest possible date. We cannot postpone the construction of a proper plant to replace the unsuitable facilities at Denmar.

Our hospitals for the mentally sick are overcrowded, with long waiting lists, and the need for increased facilities and the improvement of those existing is great.

Our institutions for the detention and correction of youthful offenders are overcrowded, and are not arranged for proper segregation and rehabilitation.

I would be unwilling to postpone a substantial institutional building program, which cannot be delayed much longer, were it not for the enormous requirements of our social security undertaking. Under existing circumstances, I believe it to be the part of wisdom to permit our

people and industries to adjust themselves to the heavy requirements already undertaken and to restrict ourselves to the most pressing needs of our services of long standing. Even though higher taxes may ultimately be required, at least we can assume them gradually, and, in the meantime, our experience under the social security activities may show a need for readjustment in the plan of some of our important institutional services.

Much that has been said applies also to our institutions of higher learning. I am interested in our University. Its efficiency must be maintained and its plant reasonably extended when financial conditions permit. I am also interested, in our secondary colleges. I believe that there is a real need in West Virginia for the giving of more attention to the industrial and economic phases of our higher educational program, as distinguished from the liberal arts. Some of our secondary colleges can be utilized for such training. I do not, however, regard the needs of our institutions of higher learning as pressing as are many of the needs of our humane institutions.

Our Department of Public Safety has attained a high efficiency and enjoys the confidence of all of our people. Its personnel should be gradually increased.

The activities of our Public Service Commission have virtually eliminated the old utility question in West Virginia. Its effective work should be continued.

Increased operations make necessary more adequate provisions for the Department of Mines.

Federal-state relations make advisable some extension of the activities of our Department of Labor.

Our Department of Banking has done excellent work and must be suitably sustained.

Our Health Department has a wide field of constructive service before it.

Marked progress has been made in our program of conservation, including forest fire prevention, state parks and recreational facilities, and the preservation of fish and game. These activities should receive continued interest and support.

The Workmen's Compensation service must continue to operate in a humane manner.

## **INDUSTRY AND LABOR**

West Virginia is an industrial state whose future welfare is best assured by the encouragement of commercial and industrial enterprises. This means more than a mere invitation for the investment of capital in our state. Successful industrial enterprise is now recognized as an harmonious partnership between labor and capital, with each recognizing their interdependence, while not forgetful of their respective legitimate aims. Complete freedom for organizing into unions of its own choosing for all lawful purposes, including that of collective bargaining for suitable working conditions and a wholesome scale of living, must be unreservedly accorded labor. An opportunity to employ labor and to operate and produce must be accorded capital.

Our changed plan of taxation, from the direct largely to the indirect, makes the constant operation of our industrial enterprises and the constant employment of our labor indispensable to the welfare of the state and the sustaining of our governmental services. Any serious interruption

of our industrial activities for even a comparatively short period of time may seriously disturb our fiscal plan and impair even our educational and humane governmental services.

Ours shall not be a government of class. It is a democracy. Those from all walks of life shall be freely and upon like terms invited and admitted to our councils of government.

## **AGRICULTURE**

Agriculture, including fruit growing and livestock undertakings, is basic in every civilization and of the utmost importance in this state. A plan of taxation favorable to agriculture has aided in its restoration in West Virginia. Better road facilities and the extension of electric service can make rural life much more attractive.

I am also interested in any undertaking which may tend to encourage the establishment of our people of limited means upon small farms and their ownership thereof. Home ownership with the facilities for the production of a part of the necessities of life is security. Improved roads make it possible for those living at considerable distances from the centers of industrial enterprises to have employment and yet to be not entirely dependent upon the daily wage.

It is of importance that our state participate in the prevention of soil erosion and in the restoration of fertility to our lands. Much of our land is best suited for the growing of timber. Reforestation may in time return to West Virginia a wealth comparable to one of its greatest natural resources.

## **LIQUOR**

I consider the state monopoly system of liquor control the most satisfactory plan yet devised and believe that it has been a success in West Virginia. Suitable control, and not profits, must be the objective, though the incidental earnings constitute a very helpful source of revenue. I shall direct my constant efforts to the protection of its activities from all practices which tend to prevent its successful and wholesome operation.

## **BEER**

The more effective regulation of the retailing of beer is necessary and urgent. A legislative committee has just completed a very comprehensive study of this problem. I shall lend every assistance to the legislature in causing remedial legislation to be made effective. The sale of beer under the present system in most of the licensed establishments is inoffensive. Our law must be carefully revised to eliminate from those licensed such establishments as are productive of disorder. It is my belief that the most effective means are more careful licensing in the first instance, the certainty of revocation of the licenses of violators, and the prevention, for a reasonable time, of the sale of beer on premises where improper practices have obtained. The sale of beer yields a fair return to the state, sufficient to insure proper law observance. I do not consider it either necessary or practical at this time that the sale of beer be placed upon the same basis as the sale of so-called hard liquors. The cooperation of dispensers, distributors and brewers, effectively and promptly extended, may save them much concern for the future of their business.

## **HOME RULE - GARNISHMENT**



At the present session of the legislature we shall give attention to the bringing into effect of our most recent constitutional amendments, the home rule amendment and the so-called garnishee amendment. Legislation under the home rule amendment should meet the problems of municipal revenues and civil service for city police and firemen.

### **BANKS AND PUBLIC DEPOSITORIES**

Double liability of stockholders in national banks will shortly end under federal legislation already enacted. If our state banks are to be operated upon the same plan, a constitutional amendment for the elimination of double liability of stockholders should be considered.

Our state and county depository laws require attention. Under present conditions, banks will not pay interest on large public deposits and members of the federal reserve system are prevented by federal law from so doing after August, 1937. The state has had difficulty in securing sufficient depositories and, in some instances, the counties have been seriously embarrassed.

### **INTERIM COMMITTEES**

Some of our laws recently enacted will require constant study for some time to come. Foremost among them are our social security and unemployment insurance laws which are complicated by the fact that they operate in cooperation with the federal government and must meet certain standards prescribed by the federal laws and administration.

Other subjects requiring careful consideration are: The classification and restriction of highway use and effective regulation of load limits; our election laws; a more modern system of parole and probation; a more effective plan for the distribution of state aid to schools; legislation looking toward the restriction of political activities in our school system; a plan to secure and retain faithful, qualified employees in the public service, and to conserve the benefit of their experience for the state; tenure and retirement plans for teachers; and our laws relating to delinquent property taxes.

A short time ago our inferior courts were the object of much discussion. If there be any general revision of our present system, I believe a constitutional amendment is advisable. This would call for consideration prior to the 1938 election in order that if an amendment be submitted, the results thereof might be known, and, if the amendment be adopted, suitable legislation be prepared prior to the 1940 election, when, otherwise, those interested in the positions of our present inferior courts would become candidates for the respective offices.

The more effective coordination of our various departments of government and the elimination of duplications in service afford a field for much constructive planning.

Hasty or ill-considered legislation in any of these or like fields probably would result in little improvement to our existing services. It is my belief that the surest, while at the same time the most economical, plan is to utilize the services of a staff technically trained in governmental research and the drafting of statutes to assist interim committees representing both houses of the legislature in preparing appropriate legislation.

I shall ask the legislature to consider the advisability of interim study and preparation of such of these subjects as may not be disposed of finally during the present session of the legislature. The comparatively small expense will result in great savings, both in time to our legislators and in money to the state.

### **FEDERAL-STATE RELATIONS**

The subject of federal-state relations is one of ever-increasing importance. West Virginians are United States citizens as well, and I consider it to be our duty to work with the federal government, both to assist it in all proper undertakings and to seek for our citizens all proper benefits and advantages from the federal services. I have complete confidence in the President of the United States and I am appreciative of my duty to my State. In our federal-state relations the interests of our people will be advanced by a cordial understanding between the representatives of our dual sovereignties.

Our members of the national congress are no less your representatives than am I, and in our federal-state relations I shall rely upon them. I am confident that I shall receive their aid.

### **BOARD OF PUBLIC WORKS**

The task that lies before me is brightened by the pleasant and helpful associations that I shall have with the excellent citizens, my friends, whom you have chosen with me to constitute your Board of Public Works. All except our new attorney general, my successor, are experienced in the offices to which they have been chosen. My successor is well equipped, both by training and experience, to assume his full share of the public responsibilities and is a proven official in other public service. Each of the members of the Board of Public Works enjoys your confidence I am sure, as I know he enjoys mine.

### **LEGISLATURE**

Your executive department can accomplish little without the cooperation of the legislative branch of government. In each house of the legislature is found a personnel representing West Virginia's best citizenship. There is also abundant proven leadership. While tendering every assistance within my power, I shall respect the prerogatives of the legislature. You will find complete harmony between your legislative and executive departments in working for the public weal.

### **PUBLIC EMPLOYEES**

It will be my duty to make appointments to public positions from time to time. Integrity, ability, and loyalty to duty shall be my standards. While insisting upon the strictest economy, efficiency requires that I ask the legislature to make adequate provisions to obtain and retain requisite ability in key positions. Adjustments in compensation cannot, of course, affect the elected officials of your executive department or those now holding under appointments for fixed terms. I have discouraged consideration of this matter prior to this date.

I shall expect public servants subject to my control to extend courteous treatment to the public in recognition of the fact that a public position is a public trust. With the concurrence of the senate,

I shall be the judge of those selected to appointive office, and individuals who do not have confidence in those whom I select will not be expected to work under them. Those who do not appreciate their positions and associations in the public service will have no place therein. Any deviation from loyalty to duty or from respect for constituted authority by those under my control will not be tolerated. I shall seek the counsel of my appointees and shall freely extend to them my advice, but we shall not dispute.

I have an humble pride in the confidence that has been reposed in me, and in the fact that it came without the offer of any reward of any character other than to do my duty as a public servant to the best of my ability as I may receive light. I would that I could in some personal way express my appreciation to every individual who espoused my cause, many of whom were very active in my behalf, sometimes even without my knowledge and sometimes without personal acquaintanceship. Of course that is impossible. To give the best that is within me in service is the only reward within my power. I am not under obligation to either make or continue any appointment, high or low. I take pride in the fact that as my campaigns progressed there were few indeed who tendered any support conditioned upon particular reward. In those few instances I consistently and clearly stated that I was not in a position to accept support of that kind.

Likewise, I am committed to no policies other than those freely and openly stated in my public addresses. I am, therefore, untrammelled in every way to give you free and unrestricted service to the best of my ability. That I shall do.

I regret that frequently in the past weeks my official duties have been such as to require me to be in many meetings in the capitol building, but away from my office, so that I have not had the pleasure of seeing many who have called there to see me. I consider it my loss. During the next four years, it will be my purpose to see all who have business, however slight, with my office, in so far as it is humanly possible. I shall count it a pleasure to do so. There will be times, however, when the pressure of my official duties will necessitate otherwise. In those circumstances, I want you to know that failure to see any one who calls will not be a matter of choice by me, but will be occasioned only by the necessities of the prompt discharge of my official duties.

I am appreciative of the many courtesies and invitations, of a social nature, that have been extended me, many of which I have been unable to suitably recognize. They are no less appreciated, but now and in the future, as in the past, I must place duty before pleasure.

I have no personal political aspirations whatsoever. Politically, my highest hope is to keep my party in as wholesome a condition as that in which I find it as its leadership is entrusted to me.

## **CONCLUSION**

This plain address may cause some to think that I regard the way ahead as tranquil. I do not. I know that my path for the next four years is not one of ease, but is one of unending difficulties. A spirit of deep humility and a sense of great responsibility attend my taking the oath of office today. May God give me grace, wisdom, strength, and courage to serve well; and, as we press forward in our several callings, whether they be public or private, may we constantly look for guidance to "Our God, our Help in ages past, our Hope for years to come -".