

**MESSAGES AND DOCUMENTS OF
WINFIELD T. DURBIN, GOVERNOR
OF INDIANA; SEPTEMBER, 1902,
TO JANUARY, 1904**

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Messages and Documents of Winfield T. Durbin, Governor of Indiana; September, 1902, to January, 1904 by Various

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VARIOUS

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OF

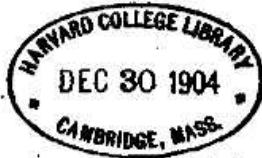
WINFIELD T. DURBIN,

GOVERNOR OF INDIANA.

September, 1902, to January, 1904.

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Indiana State Library.

BIENNIAL MESSAGE OF THE GOVERNOR TO THE SIXTY-THIRD GENERAL ASSEMBLY.

Gentlemen of the Senate and House of Representatives:

The Sixty-third General Assembly of Indiana convenes at a time of universal prosperity. Peace, happiness and contentment more generally prevail than at the convening of any other session of the General Assembly in the history of our Commonwealth, and I join with the people of the State in returning thanks to the Giver of all gifts for the generous bounty He has bestowed upon us all.

Capital and labor are profitably employed and mutually satisfied; industrial and manufacturing enterprises are converting our resources into products which are being carried into every avenue of trade and commerce; the farm and factory are richly productive; railroad construction is opening new territory, and applied electricity is connecting our cities and towns into close neighborhoods.

As a result of your deliberations I bespeak a session fruitful of just and conservative legislation along the lines of the State's needs. Indiana's foremost position among the states of the Union has largely resulted from the progressive and conservative legislation of its General Assemblies. You are commissioned directly by the people to enact laws for their government and protection and I am sure that you will reflect by your actions the will of the people.

Party responsibility attaches to the administration of State affairs, but partisan politics, as a motive, has no place in its management or control. The best politics is exemplified in fidelity to official duty and the protection of the interests of those whom we serve. Without any abatement of loyalty to our political convictions, let the master motive be one of serving the State by giving it our patriotic services, to the end that Indiana may continue to be one of the most progressive and prosperous states of the Union.

STATE'S FINANCES.

The financial condition of the Commonwealth is one that can justly claim the pride of every good citizen. Each individual taxpayer in Indiana is a stockholder in the great business affairs that so largely form the responsible duties of State administration. Not only in the receipt and disbursement of taxes and fees is there care and judgment to be exercised, but a paramount obligation of loyalty to the requirements of the statutes must be enforced. Any haphazard, tentative policy of dealing with the finances of the public is a monstrous wrong, and can but result in extravagance, waste and official scandal. The fact that the money in the State's treasury is the contribution of the people for the purpose of good government is, of itself, sufficient reason why a jealous guardianship should be associated with its disbursement, and, as a business proposition, there can be no justification or toleration in not requiring fidelity in accountings, detail in itemization, and a strict construction of the appropriation acts as to the latitude of expenditures. Public fiscal methods should be the exemplar not only of eclectic principles and practices, but in all that is so diversely associated with careful, conservative and cleanly business management. Other states have separate bureaus with retinues of officers and clerks for insurance, building and loan, banking, lands, railroads and varied departments of governmental oversight, that furnish meagre duties and substantial salary lists, but Indiana saves this unnecessary expense by merging under central authority these subordinate divisions, thus not only saving thousands of dollars in superfluous expenses, but giving the public much better and more methodical service. The incidental factors that have given to the taxpayers substantial records of the admirable and purely business financial status of our beloved State, are liberal appropriations for the maintenance of every State institution, the practice of economy, uniform fiscal methods, the exclusion of parsimony and waste due to careless discipline, the identity of the dollar in accounting from purchase to consumption, and the employment of all surplus revenues to debt reduction instead of permitting the same to needlessly swell the idle balance in the treasury.

The tax rate in Indiana is one of the lowest of any of the states of the Union, and when the growing necessities, both as to perma-

ment improvements and yearly maintenance, are taken into account, was never as light as at present. The State revenue and benevolent institution levies of fourteen cents are really all that go into the general fund. The school revenue is redistributed on a statutory basis; the slight specific levy for the State debt can be used only for its prescribed purpose, and the one and two-thirds cents to the educational institutions, aggregates the 29 $\frac{2}{3}$ cents of the State's share of taxes. The average rate in Indiana is about \$1.50 on the \$100, so it will be seen the burdens of taxation are local. Permit me to suggest that the problem involved in the solution of high tax levies is associated with township, county and city governments. There never was a greater demand for careful and economical business administration of local public trusts than at present. The careless or shiftless handling of public revenues inevitably produces extravagance and deficits, and in this age of practical economics there is no room or reason for prodigality, political pensions, or selfish interest.

The aggregate taxes of the State revenue and benevolent institution funds, collected in 1902, were \$2,018,748.50. The amount of fees paid into the treasury by the State officers was \$392,035.02, making an aggregate of \$2,413,783.52, which, with incidental minor collections from receipts and earnings of the different institutions of the State, constituted the general fund. The total tax duplicates of the State is \$1,397,981,497; the amount of mortgage exemptions is \$35,169,250; the amount of delinquent taxes is \$2,633,499.51. I especially direct the attention of the Legislature to this excessive delinquency. The Legislature of 1897 sought to correct this great wrong in increasing the county treasurer's commission on delinquent collections from 4 to 6 per cent., but this has not proven entirely efficient. That delinquent taxes can be collected needs only the scanning of settlement sheets in counties where official duty has been performed. Too often the cause for not compelling delinquents to pay is the fear of political consequence in renomination or election. If the Legislature, in its wisdom, can enact a remedy, it should be done. I suggest that the law now limited to Marion County be applied to the whole State, namely, to allow the county treasurer to pay fifty cents as a demand fee for collecting delinquent taxes on personal property, or

for collecting delinquent poll tax. This law has proven a most efficient means for collecting delinquent taxes from those who own no real estate.

The debt reducing policy has been steadily pursued, and I am gratified to announce that since the last biennial session of the Legislature the following payments have been made:

June 29, 1901, 3 per cent. school refunding bonds.....	\$300,000
Jan. 2, 1902, 3 per cent. school refunding bonds.....	317,000
July 26, 1902, 3 per cent. school refunding bonds.....	1,000,000
Jan. 5, 1903, 3 per cent. school refunding bonds.....	200,000
Total	\$1,817,000

Of this amount \$793,963.34 accrued from the special levy, and the balance, or \$1,013,036.66, was derived from the general fund, \$635,859.20 of which being the amount of the war claim for interest and discounts collected from the general Government. The annual interest charge now is \$95,565. The unpaid balance of the State debt is \$2,687,615.12, which is represented as follows:

3 per cent. refunding bonds, 1889.....	\$1,113,000 00
3½ per cent. temporary loan, 1895.....	585,000 00
3½ per cent. temporary funding loan, 1893.....	500,000 00
5 per cent. Purdue University, 1900.....	340,000 00
5 per cent. Indiana University, 1887.....	144,000 00
State stock certificates.....	5,615 12
Total	\$2,687,615 12

Of the above amount \$1,113,000 of 3 per cent. bonds have the optional clause and are redeemable at the pleasure of the State; the \$1,085,000 3½ per cents. can not be paid until 1910, and are due 1915; the \$340,000 5 per cent. bond, in accordance with the act of Congress requiring the State to perpetually guarantee this bond and rate of interest, was, by an act of the Legislature of 1901 (pp. 34-35), renewed April 1, 1901, by the Governor and State Treasurer for twenty years. The 5 per cent. bond for \$144,000, due to Indiana University, is also perpetual, so that the principal of these amounts can never be paid. The State stock certificates,

\$5,615.12, are internal improvement certificates, the interest on which has ceased, and although the State has published far and wide its desire to redeem the same, only \$1,000 has been presented in recent years, so that it is fair to presume this remaining amount lost. This practically reduces the debt to \$2,198,000. I deem it the part of financial wisdom to continue the debt-paying course and retain the present State debt sinking fund levy. The steadfast purpose of the Commonwealth should be to free itself of debt and interest and then maintain this condition. There is an approximate identity between the individual in debt mortgaged by fixed charges of interest, and the State, which is but the composite of its citizenship, with bonds and attendant coupons inexorably sapping tolls from the treasury. The individual free from financial shackles and the Commonwealth independent of bonds and bondholders, combine both abstract and concrete evidence of prosperous conditions, and relative to the State are inviting to investments, business enterprise and substantial citizenship.

The claim of the State against the Federal Government for interest and discounts on its bonds and obligations, made necessary in the recruiting, equipment and maintenance of the volunteer soldiers of Indiana in the war for the Union, was presented to the Treasury Department by Attorney-General Taylor and the accounting department of the State, and the sum of \$635,859.20 was paid. This amount was immediately applied in liquidating the State debt, and was included in the \$1,000,000 payment on July 18, 1902. This claim was an original one on the part of Indiana, and its collection was made possible by Congressional action legalizing interest and discounts as a proper charge in the war expenses of the State, authorized by the Federal Government. Its collection was without any fees or costs, the officials of the State presenting and prosecuting it to a successful conclusion. In addition to the services of the State authorities in this matter, the Congressional delegation rendered valuable aid in furthering legislation and securing a prompt appropriation for this just, though tardy, reimbursement.

I would recommend that the tax levy remain unchanged. With the accruing revenues to the general fund, and the fees from the different bureaus of State government, there will be ample re-