

# from the CAPITOL

By GOV. GRANT SAWYER



**QUITE A PROBLEM**--At the annual meeting of the Governors' Conference in Minneapolis last week, a principal topic of discussion was state revenue--methods of meeting public need while maintaining financial integrity.

This is a problem shared by all states. Nevada perhaps is more fortunate than most in having a solid cash reserve and a continually improving economic situation. The fiscal squeeze that is throttling many state governments has not tightened around us yet, but it will come.

In a time of national plenty, state treasuries are bare. These are the contributing factors:

1. Costs of operating state and local governments continue to climb rapidly while those of the federal government appear to be approaching stabilization.

2. Within five years, expenditures on the state and local levels actually will surpass the total budget of the federal government, including space exploration, foreign aid and maintenance of our defense posture.

3. State and local government employment, already thrice the size of the far-flung federal organization, is being pushed steadily upward.

4. For the past decade, our expenses have climbed eight percent, double the rate of national income, and we have had to increase tax rates repeatedly. During the same period, the federal government found it possible to enact two tax cuts and additional reductions are being considered.

5. Out of each tax dollar collected in Nevada and the other 49 states, seventy cents goes to Washington. Cities and counties must stretch the remainder to cover costs of education, law enforcement, health, welfare and roads.

6. The latest federal budget lists approximately 85 local grant-in-aid activities. The dollar value of these programs has tripled in a decade, from \$3.1 billion ten years ago to about \$10.6 billion this year. This not only has forced the state to spend huge sums to match federal funds in order to qualify for many programs but has made us ever more dependent on the federal government.

The states are approaching the limits of their taxing potential. They either have run out of revenue sources or face a public grimly opposed to further tax imposition.

One answer, I believe, is an unfettered proportionate rebate of federal tax revenues, as proposed by certain economic advisers to President Johnson. The amount mentioned has been some \$2.3 billion annually. This simple transfer of federal funds to the states without any strings attached would enable state governments to accept more responsibility in providing necessary services and also tend to decrease the alarming trend toward complete federal domination of our affairs.



**PROSPECTIVE DEBS, MOTHERS**--Pictured at recent tea sponsored by Mrs. Samuel Taylor of Les Femmes Douze were prospective debutantes of coming season and their mothers. Rear (from left) are Misses Loretta Bragg, Dorothy Snowden, Jetty Jo Jones, Marva Herndon, Jovonna Williams, Joy Ann Williams, Shirley Anderson and Shirley Hawkins. Seated (from left) are Mmes. James Snowden, Joe Herndon, John Kim, Samuel Taylor, Charles Howard, James Bowie and James Jones.

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