

Budget Slash Now \$844,000 in House; Legislation Speeded

Committee, 'Half Free Textbook Bill Gains in Lower Chamber.'

A reduction of \$844,226 was reached today in the State's \$84,801,416 biennial budget bills as the House Ways and Means Committee completed approximately half the 115 pages in the companion measures.

The Committee will meet again at 1 p. m. Monday and continue working through the night, if necessary, to get the bills onto the House floor by Tuesday. Committee Chairman F. Frank Smith (R. Lafayette) announced.

Yesterday Republican members of the Committee made a net reduction of \$174,100 after restoring \$37,000 of a \$77,000 cut made Wednesday in the State Police appropriation and approving an increase in the State Auditor's personal service item.

Most of the Committee's action came while the Democratic members were in a party caucus.

Alcoholic Commission Hit

Hardest hit by the economy moves was the Alcoholic Beverages Commission where the appropriation was slashed \$196,000 under the \$675,000 request. Major portion of the cut was in personal services.

The Committee inserted a paragraph in the bills decreasing the Commissioners' salaries which are fixed by statute. The Excise Administrator was reduced from \$6000 to \$5000 annually and the salaries of each of the three Commissioners was cut \$700 under their \$5200 figure.

An \$82,000 decrease was approved for the Commission's operating expense account.

Both the State Police restoration and the Beverages Commission reduction came after the Committee had passed on these departments Wednesday and Thursday. The changes were approved when some of the members objected to cutting the State Police appropriation while leaving the Commission's figures intact.

Bond Asks Reconsideration

Rep. Charles Z. Bond (R. Ft. Wayne) asked that both actions be reconsidered, saying: "I can't approve of having the State Police cut when they are making \$135 a month to the Excise Police's \$150 a month."

When Mr. Smith concurred in this statement reconsideration of the two appropriations was approved.

The first increase over the Budget Committee's recommended figure was approved for the personal service account of the State Auditor's Department. It was raised from \$59,400 to \$62,000 after Budget Committee members explained that the figure already had been cut almost \$7000 under the requested amount. They also pointed out that any reduction seriously might curtail the operations of the Department which they considered one of the most important in the State.

A \$600 decrease in the equipment fund of the Securities Commission was made when the Secretary of State said the figure represented the "trade-in" value of an automobile which was not being used.

Barber Board Items Cut

Reduced by \$12,200 was the personal service and operating expense items for the State Board of Barber Examiners.

The same accounts for the Board of Registration of Engineers and Land Surveyors were cut \$2900 and personal service of the State Teachers' Retirement Fund was dropped from \$27,000 to \$25,000.

Passed with neither a reduction or increase were appropriations for the State Department (Administration and Corporations), Architects' Registration Board, Dental Examiners' Board, Embalmers' Board, Nurses' Registration and Examination Board, Optometry Board, Medical Registration and Examination Board, Podiatry Board, Beauty Culturists' Examiners' Board, Motor Vehicle Fund and Oil Inspection Department.

Senate Will Consider House Gas Tax Bill

A House bill which would repeal the Truck Weight Tax law, lower all passenger car license fees to \$1 and increase the gasoline tax from 4 to 5 cents, was ready to be called down on third reading in the Senate today.

The bill, as approved in the House, would repeal only the weight tax. Senators, who amended the bill, said that the gasoline tax increase and change in license fees were necessary to make up for the revenue which would be lost if the weight tax were repealed. The measure, if passed by the Senate, must go back to the House for approval of amendments.

The action of the Senate in advancing this bill to third reading yesterday brought an attack from the Indiana Petroleum Industries Committee which charged that an increase in gasoline tax would result in a "decline in fuel consumption and tax revenue."

In a memorandum distributed to the Senators the Committee said that the "immediate effect of motor fuel tax increases is evasion, bootlegging, increased administrative difficulties and costs."

Point to Kentucky Survey

"While there is a temporary additional revenue, all these other results combine to reduce the revenue yield within a short time."

The committee members stated in their argument against the proposed tax increase that a Kentucky University survey of 40 different increases in taxes in various states between 1929 and 1939 showed that the "consumption of gasoline is less after an increase than it would have been had the tax remained the same."

The Committee also claimed that bootlegging, with the resulting nonpayment of the tax, is particularly likely to occur between bordering states having marked differences in rates. Motorists invariably buy their cars in the state having the lowest rate."

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New Farm Group Formed in Goshen



Officers of the organization and members of the Constitution and By-Laws Committees are photographed at the convention in Goshen, in which farm leaders of eight states formed the National Farmers' Guild. Left to Right, Seated: D. E. Harris, H. S. Atchison, Salem, Mich., vice president; Walter Meyne, Iowa, director; C. B. Steinman, Ohio; Milton E. McCleary, Pennsylvania, director; Harold Addis, Jonesboro; Fred Winterroth, Bloomington, Ill.; Joe Gardner, Iowa; G. S. Hagens of Urbana, O., who was elected first president of the Guild. Standing: H. S. Atchison, Salem, Mich., vice president; Walter Meyne, Iowa, director; C. B. Steinman, Ohio; Milton E. McCleary, Pennsylvania, director; Harold Addis, Michigan.

LIQUOR REFORM BILL IS PASSED

Senate Revises Markland Measure, Then Stamps It 'O. K.'

(Continued from Page One)

between \$250,000 and \$300,000 additional revenue, it was estimated. Another amendment was to be introduced today appropriating \$75,000 of this to the support of the Excise Department which was forced to curtail its activities several weeks ago because of lack of funds.

When Rep. Edward Stein (D. Bloomfield) asked him how many times the Indiana Supreme Court had been reversed by the U. S. Supreme Court, Rep. Batman answered:

"A surprising number of times." Mr. Stein then asked if he thought Indiana standards were lower than in other states. "That is a hard question to answer—but yes," he answered.

Rep. Hugh Dillin (D. Petersburg) called the measure a "beautiful but highly impractical measure."

"It wouldn't make a bit of difference if this bill passed. Judges would still be picked in clubs and hotel rooms," he said.

Throughout the vote the representatives changed sides and aligned themselves with the opposite party as the bill was passed 51 to 30 and sent to the Senate.

Legislature's Expense Due to Increase

Expenses of the present session of the Legislature will top those of the last regular session in 1937 by \$10,000 with the executive proposal of an additional appropriation bill expected today.

The Senate yesterday unanimously approved a conference committee recommendation of an additional \$35,000 appropriation to pass session costs. A total of \$195,000 already has been appropriated.

Meanwhile both chambers were to meet today, the second Saturday session for the House and the first for the upper chamber. The House was to be called to order at 9 a. m. and the Senate at 10 a. m.

The large number of bills which committees have reported out for consideration have been blamed for the legislative "jam" necessitating the Saturday and night sessions and also the increased printing costs which resulted in the additional appropriation bill.

Only seven days remain in the present session.

Among the more than a score of bills up for final action in the Senate today were two bills involving civil liberties introduced by Senator Jacob Weiss (D. Indianapolis).

Also pending on third reading in the Senate was a bill to give juries the right to recommend either life or death sentences for convictions in charges of murder in connection with rape, arson or robbery.

Scheduled for consideration on second reading in the House today or Monday was a measure to repeal the Gross Income Tax Law and substitute a net income tax.

The House Ways and Means Committee yesterday voted to report the net income tax measure to the lower chamber without recommendation after Rep. Guy W. Dausman (R. Goshen) declared a net tax must be adopted "or the State will face a strike."

At the printers was a House measure to regulate and restrict over-the-counter sales of certain drugs. The measure, endorsed by the Indiana State Medical Association, was reported out for passage yesterday by the Committee on State Medicine and Public Health.

Attempts are expected to be made next week in the House to call down again the House bill to create a State egg board with powers to license merchants selling fresh eggs and fix egg standards and grades.

This measure was considered on third reading in the House yesterday to call down for want of a constitutional majority of 51. The final vote point was 48 to 30.

Speaker James K. Clegg moved out of order an attempt to substitute the "integrated bar" bill under the title of the egg measure, since the subject matter in the bill affecting lawyers had been killed earlier in the session.

Bar Exam Bill Up Tuesday

The House Tuesday is to consider a special course of business bill to relieve law school graduates from taking the Bar Examination.

Final consideration of this House bill was delayed yesterday after Rep. Gideon W. Blain (D. Indianapolis) charged that promises to print and distribute to the members the amendments to this measure had not been kept.

Gross Tax Cut Measure Again Before Senators

Revision of Bill to Halve Levy to Be Discussed By Committee.

Senate Finance Committee members were expected to meet today to discuss a modification of the House-approved bill which would cut in half the gross income tax rates of retailers and reduce exemptions for this class from \$3000 to \$1000.

Because it is estimated this bill would reduce the State's revenue somewhere between two to four million dollars, Governor Townsend has sounded out House Democrats on their willingness to go along on some less drastic proposal.

While all the Democratic representatives were in caucus with the Governor yesterday afternoon, the G. O. P. members of the House Ways and Means Committee decided to report out without recommendation a net income tax bill similar in its provisions to the Federal statute.

Democratic representatives, who joined Republicans in voting for the gross income tax revision measure before a strong farm lobby group opposing the bill had been formed, were criticized by the Governor who said that the bill in its present form, "would wreck State government." House vote on the bill was unanimous.

Sliding Scale to Be Studied

Senator Eichhorn (D. Gary), Finance Committee chairman, said the sliding scale proposal offered by Senator Jacob Weiss (D. Indianapolis) would be considered by the Committee. This compromise suggestion was said to place the heaviest burden on large business concerns and chain stores.

Under the Weiss plan, which would apply to all retailers and service firms such as laundries, the first \$15,000 of annual gross income would be taxed at one-fourth of 1 per cent; \$15,000 to \$25,000 at one-half of 1 per cent; \$25,000 to \$50,000 at three-fourths of 1 per cent; \$50,000 to one million at one and a half per cent and over a million at 2 per cent.

If the Weiss plan is accepted by the Committee it is expected to be substituted for the terms of the present House measure. The House bill was introduced by Rep. J. Ralph Thompson (D. Seymour) and the Ways and Means Committee warned representatives at the time it reported the measure to the House floor that some way would have to be found to make up the resulting loss of revenue to the State.

Opposition Lines Firm

One of the major controversial issues of this session, the measure has pitted farm and merchant groups on opposite sides. During a public hearing on the bill Thursday conducted by the Senate Finance Committee more than 10,000 farmers and merchants packed the corridors and stairways of the State House.

While it was reported that no final agreement was reached on the future conduct of House Democrats on the gross income tax revision question, a second bill is expected to be held if the Senate passes a modified bill. Such a Senate action would require House concurrence.

The Markland Bill, when it left the House, provided for a bipartisan Alcoholic Beverages Commission and "home rule" local liquor boards. These were removed by the Democrats in the Senate committee.

Senator William E. Jenner (D. Shoals), minority floor leader, sought to have these provisions re-written into the bill but was unsuccessful by close margins in each instance.

In urging adoption of the bipartisan commission provision, Senator Jenner shouted:

"You can't take liquor out of politics until you take the Commission out of the control of the Governor and cease to make the Governor a tsar."

PREDICTS GASOLINE DEMAND WILL RISE

WASHINGTON, Feb. 25 (U. P.)—The Bureau of Mines today forecast a sharp increase in demand for motor fuels in March. The Bureau estimated 46,950,000 barrels will be needed to meet domestic and export demand during the month compared with 36,800,000 in February.

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DEMOCRATS WIN SENATE BATTLE ON TEXTBOOKS

Lane Charges 'Whitewash' As Upper House O. K.'s Foes' Report.

The Indiana Senate today voted 26 to 16 to adopt the Democratic report on the findings of the Senate Textbook Investigating Committee, which the chairman, Senator O. Bruce Lane (R. Bainbridge) branded as a "whitewash."

After both Democrat and Republican reports were read, taking more than an hour, Senator Walter Arnold (D. South Bend), author of the Democratic report, introduced a motion to adopt the Democratic report and table the Republican report.

A heated debate followed in which the Democrats charged that the Republicans had failed to follow in the investigation the charges made in the resolution setting up the investigation.

Charges Unfinished

Senator William Jenner (R. Shoals), Republican floor leader, told Democrats it was unfair for them to use their top-heavy majority to whitewash the report.

Senator Thurman Biddinger (R. Marion), a member of the Committee, arose and shouted to the Democrats "you can reject this Republican report here but not in the eyes of the voters."

After more charges and counter charges, Senator Thomas A. Hendricks (D. Indianapolis) arose and buried the whole debate describing it as nothing more than a political discussion with "all eyes looking to 1940."

The Republican report charged that textbooks have been changed "more often than is necessary or advisable," that book recommendations of teachers were followed by the State Board of Education in only slightly more than 50 per cent of the cases and that textbooks frequently were adopted to divide business among various companies rather than on merit.

Report Denies Charges

"Absolutely no evidence was adduced before the Committee touching any irregularity, impropriety or indiscipline on the part of any officer or assistant to any officer connected with any department of the State concerning the letting or negotiations leading up to the letting of any contract or adoption, nor in any other respect concerning school textbook adoptions," the report stated.

The Senate passed the relief bill after its author, Senator Harvey J. Post (D. Hammond), charged on the Senate floor that "\$2,000,000 had been stolen in Lake County through administration of relief."

The measure would empower the county council to appoint the relief control board which would be charged with the responsibility of investigating administration of relief by the township trustee when and if the trustee spends beyond the appropriation.

Calls for Control Board

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Charges that schoolbook adoptions by the State Board have "occurred with unnecessary frequency" were made by the Senate Board of Education in its report.

Repeated rumors that "Indiana's citizens will pay more for textbooks during the next five years than in any other state" were denied.

"Repeated rumors that some person or persons have received and

Diplomat Dies



BERLIN, Feb. 25 (U. P.)—Diplomat B. Gilbert, Charge d'Affaires of the American Embassy, died suddenly last night of heart disease. He was 55.

Mr. Gilbert had had a distinguished career. He was the first man to represent the United States in the League of Nations' Council. During recent months, since the withdrawal of Hugh R. Wilson, Ambassador to Germany, it had been his duty to maintain contact with the German Foreign office and to present the series of notes which the State Department sent in an effort to safeguard interests of American Jews in Germany.

The elder Myers died in Florida last month and among his bequests was \$1000 to Ralph.