

**ADDRESS**  
**of**  
**LINWOOD HOLTON**  
**GOVERNOR**  
**TO THE GENERAL ASSEMBLY**  
**SPECIAL SESSION**  
**WEDNESDAY, JANUARY 6, 1971**

**SENATE DOCUMENT NO. 1**

**Commonwealth of Virginia**  
**Department of Purchases and Supply**  
**Richmond**  
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**LINWOOD HOLTON**

Mr. Speaker, Mr. President, Distinguished Members of the General Assembly of Virginia, Ladies and Gentlemen:

I am certainly pleased to be back, and to have you back. We have missed you in your absence during the past year. We appreciated the great cooperation you gave to the administration on behalf of every citizen of the Commonwealth of Virginia in the session we last had together; and I very much look forward to working with you again, with those same broad purposes in mind.

I was extremely pleased to see in almost every instance in last year's session when we came to decisions about what was good for Virginia, we answered—both legislative and executive branches—on the merits and on behalf of the Commonwealth, laying aside, as we came into these chambers, partisan considerations.

I think we should strongly keep in mind the basic purpose that brings us together here again in January of 1971. We are here because of a magnificent effort—an effort that had almost universal leadership, at the local level, at the State level—full participation of the leadership of Virginia. This was a leadership effort that was both bi-partisan and non-partisan, a leadership effort that produced a result overwhelming in size and certainly extremely heartwarming to all that leadership—the result of the referendum approving the revised Constitution that was submitted to the people of Virginia in November of last year.

We thus have, as a result of that vote, a revised Constitution that will in my judgment enable us to meet the needs of the Commonwealth for the remainder of this century.

Our basic purpose in being here today, then, is to give the necessary statutory implementation to that document. We need to bring our statute law into conformity with the new document.

I have studied, as much as I could personally, the report of your Code Commission. Members of my staff have studied the report of that Com-

mission. I am frank to say that the Commission has done a most commendable job. I would like to consider with you, item by item, the proposals of that report. But my basic recommendation to you is that this report, and the bills that will be submitted to you pursuant to that report, are worthy of your adoption, and, generally, I commend them to you.

I have no reservations that I know of at this time; but I will be prepared to look with you at the Commission's report even more carefully in the next few weeks. It is my judgment that generally we can follow the report of the Code Commission and do an excellent job in implementing the necessary parts of the new Constitution.

The second basic purpose for which you are here—and I think that we all recognize I will have less to do with the outcome than you—is the matter of reapportionment of the Congressional districts and of the various Delegate and Senatorial districts.

I am here, and I will be willing and anxious to help you in any way I can with the difficult job of reapportionment. Your Privileges and Elections Committees have been working long and hard on this. It is understandably a difficult matter.

You will be receiving their report shortly, and I urge you to move on with the reapportionments as expeditiously as you can. I would simply suggest that the requirements now are clear. The districts are supposed to be basically equal in size; the principle of one-man-one-vote has been clearly enunciated; there should be no doubt about what you have to do.

I would recall with you the unfortunate lawsuit in 1964 when reapportionment was attempted on a prior occasion, and I would say, let's avoid the embarrassment of another one of those lawsuits. Let us do the reapportionment job in a way that is satisfactory the first time.

Those are the two basic reasons you are here. There are some other very desirable legislative actions I feel you can, and should, take. As a result of the new Constitution, all doubt has now been eliminated about whether we can adopt a tax conformity act.

You will recall that the Virginia Income Tax Study Commission in 1967 recommended a tax conformity bill. Senate Joint Resolution 72 requested approval of it by The Constitutional Study Commission of 1968. The 1970 Income Tax Conformity Statute Study Commission has recommended this legislation. It will simplify the income tax return process for thousands of Virginians.

Now that the Constitution has given approval to this sort of legislation, we should go ahead with it properly. We should relieve our citizens of the needless burden of having to complete an extra income tax return with its many complexities.

I would suggest also—and here again is a matter exclusively within your province—that you consider the situation that has resulted from the recent ruling of the United States Supreme Court about those who are eligible to vote.

As matters now stand, we will have to prepare a list containing those who are eighteen years of age, or over, and who seek to register, and a separate list of those twenty-one and over.

It takes two sessions to submit a referendum of this nature to the people, and as you know, there must be an election between those two sessions. If we pass a resolution at this session, then following the 1971 general election, it can be passed again at the 1972 session, and the people of Virginia can be permitted to vote on it during 1972.

I do not present this as a partisan issue. I personally favor—and have many times stated it—letting eighteen-year-olds vote. But I think the key reason here is the amount of confusion—some have called it chaos, but I don't go quite that far—that would exist if we had to maintain for a long period of time two sets of registration books. This possibility fully justifies your taking the necessary action at this session that will as soon as possible let the people of Virginia vote on whether they want to reduce the voting age to eighteen.

Some question has been raised about the fact that we would be amending a new Constitution before it comes into effect. My reaction is that the old Constitution and the new Constitution both have substantially the same amendment provisions. I cannot foresee any legal difficulty about proceeding on this matter.

Another possible piece of legislation which the new Constitution has made possible is some legislation dealing with pari-mutuel betting.

I do not recommend that you pass any legislation dealing with pari-mutuel betting at this session. As a matter of fact, I recommend that you do not. This is a complicated matter which will require considerable thought if we are to reach an intelligent decision. There is going to be substantial support for such legislation; there will certainly be differences with that position.

If it is done at all, clearly it must be done the right way. I, therefore, recommend—because I foresee pressures on behalf of this legislation—that you authorize a special legislative study commission to consider this matter and report to you and to the Governor by December, 1971.

I would suggest, in view of its importance, in view of the talent that is available for such studies, and in view of the need to have universal representation as much as possible, that you create a study commission that

would permit appointees by both the Senate, the House, and by the Governor.

Another matter that you can consider if you would like is some of the imperfections in the conflict-of-interest law you passed at the last session. I say "consider if you like" because temporary arrangements have been made with the courts under which I believe we could continue to limp along. There is a particular problem, however, when a wife and husband work in the same school system.

A group of amendments to the law has been approved by the Attorney General. If you can amend it without interrupting your more serious work, then I would suggest that you go ahead with it.

There may be a number of items of no major significance, basically non-controversial, involving some of these similar technical corrections, that have come to us (or may come to us) from agency heads that we may want to send down. I call them administrative or housekeeping items. I will not submit such items except in consultation with your leadership, and I do not anticipate anything that would be of any universal nature or significance.

We clearly have other needs in Virginia. Everybody has other needs. The rural counties of Virginia have needs. Your Commonwealth has needs other than those I have discussed here so far.

For example, I feel we desperately need \$3½ million. I am told by the State Water Control Board that without that \$3½ million they cannot even complete presently scheduled projects. This, because of a last minute change in a Federal appropriation bill, left \$200 million out of allocations among all fifty states. So, we are short there. We do not have any money in our budget for sewer projects during the fiscal year 1972. I would like to have some.

We are coming along extremely well with unification of ports, particularly in the Hampton Roads area. Some money could well be spent to forward that project.

I mention these merely as examples of the type of needs we do have and that we could meet if we could find the money.

I would like to emphasize also, moving on to another area of need, that the urban areas of Virginia do indeed have an undue concentration of fiscal needs. I feel, from information that has come to me as Governor and before I came into office, that I am aware of the needs of our urban areas of Virginia.

I would like to assure those of you who have expressed doubt in this area that these needs, in my judgment, are real needs. There is no question about that. I hope we can help the urban areas and all the localities of Virginia meet these fiscal needs.

We were able recently to find \$4 million in Federal funds that will be applied to the administrative expense of the welfare program of all the localities of Virginia. We hope, pursuant to legislation you passed at the last session, to be able to pick up the localities' share of the Federally funded welfare programs during the last six months of the biennium.

I say hopefully because when those appropriations were made for that purpose, the estimate of the amounts that it would take to pick up that six months was in the neighborhood of \$5 million. The projections of the need for that six month period for the localities' share we would pick up if the money were available under that legislation is now \$8 million. This is because of increased caseloads.

This whole matter of financial resources available now to the State has been studied carefully by all of our financial officers, and I must tell you at this time that in my judgment it does not appear that the Commonwealth will receive funds from present tax sources which would enable us to give assistance to localities beyond those commitments which have already been made.

That requires an explanation. Let me recall to you the device we use known as a sum sufficient appropriation. The appropriation bill provides in several instances that we want a job done; we estimate it will cost \$2. We want the job done even if it costs \$4. That is my best description of a sum sufficient appropriation.

Let me tell you that the sum sufficient appropriations in the present budget are at this moment far exceeding the estimates that were made, and on which the budget is based.

For example, city, county, and regional juvenile and domestic relations courts' costs are running now at \$1½ million more than was estimated for those projects.

Retirement benefits for members of the State judiciary and for various State and local employees are exceeding the estimates by \$2 million, or a little over.

The increase in recipients in the aid to dependent children program is approximately 3,000 each month. The welfare sum sufficient appropriations, as of December 31, 1970, are exceeding projected estimates by something over \$20 million.

I am going to give you, when I finish here, three sheets. The first will be a recapitulation of the budget as it was adopted. The second will be a statement of what the budget looks like today, taking into consideration the unexpected, unappropriated balance of approximately \$22 million that showed up on June 30, 1970, and taking into account the \$38 million increase

in sum sufficient appropriations. It will show you that we face at this moment, on the basis of present projections, a budget deficit for the current biennium of approximately \$16 million.

Also shown in the analysis is a detail of those sum sufficient appropriation increases. I would like to read you a comment that came to me from the Division of the Budget relating to this minus \$16 million that we now face. It is understated as is customary with the financial people:

“While this is not a bright picture; neither is it cause for alarm. It is possible that this deficit projection, which is less than 1% of the General Fund budget, can be overcome through increased revenues or reduced expenditures, or through a combination of both. The picture is dark enough, however, to dictate caution in expenditures and to suggest that preparations should be made to effect cuts in appropriations, should this become necessary.”

We will continue to study this. Mr. McCutcheon and all others in the executive branch will be available for your questioning or the questioning of your committees, on any of the details of this financial news. Let me point out, however, that the transfers to this fiscal year from a future fiscal year would in all instances but one simply add to the burden of this unique picture.

If the localities are going to be paid twice in the same fiscal year from ABC profits or from State sales tax receipts, or from other sources that go into the General Fund, it means that we have to pay out twice in the same fiscal year. That adds to the outgo side of the budget.

The only exception to this I have heard proposed is that the localities' sales tax that would be due normally in July of 1972 be paid to the localities in June of 1972. This would not affect our budget, but we receive those sales taxes between the 20th of June—some are due on the 20th—and the 30th of June—some are due on the 30th and are received in the early part of the following month. If we had to pay it out, it would be on a purely lending basis, and I cannot agree that this type of financing could have my approval.

If you have other alternatives and would like to discuss them, I will be available. I would suggest that this administration will be devoting a substantial amount of energy to the implementation of the Governor's Management Study, which should effect some savings over the next several months. I doubt that such savings would be here in time to provide relief for the cities in the fiscal year they are planning between now and July 1. We will be working on that.

Another very practical suggestion on which I hope you will take me

very seriously is that you consider with your Congressmen the potential that revenue-sharing has, not only for the localities, but indeed for the States.

I am informed that the national administration is going to make a new and substantial effort to accomplish revenue-sharing. I would tell you that the reticence in the U. S. House of Representatives has been responsible for revenue-sharing not moving faster than it has in the past. The cities through their associations, Governors' Associations, County Associations, all now seem agreed on the principle of revenue sharing and on getting some bill considered by the Ways and Means Committee of the House.

You can help tremendously by impressing your Congressmen and your Senators with the desperate need, particularly of the urban areas of Virginia, which comes basically from what I consider to be an extremely faulty welfare system. This need is almost universal throughout the United States, as these figures clearly show.

Revenue sharing is down the road, but it is an answer even down the road. I urge you to use your influence with those who will control the destiny of that legislation.

If there are other matters on which I can be helpful while you are here, you have only to call upon me.

Thank you, Mr. Speaker.