## COMMUNICATION FROM TEXAS LIQUOR CONTROL BOARD

On motion of Mr. Taylor, the following communications were ordered printed in the Journal:

Austin, Texas, May 7, 1941.

To the Honorable Members of the House of Representatives and the Senate of Texas:

Several Members of the House of Representatives and several Members of the Senate have requested me to express my reactions to the veto of House Bill No. 567, which provides for the temporary employment of twenty-five additional inspectors; four auditors; the payment of refunds for sales of alcoholic beverages outside of Texas and refunds for unexpired licenses and permits in political subdivisions that have voted dry.

It goes without saying that I am disappointed that the bill carrying the appropriation recommended unanimously by the Texas Liquor Control Board for emergency purposes has been vetoed by the Governor. I would not have asked that this appropriation be passed if I had not been sincere in making such recommendation to the Senate Finance Committee and the Appropriations Committee of the House.

I know of no better way to respond to the suggestions of Members of the Legislature with reference to this matter than to furnish each of you a copy of my letter of April 24, addressed to the Governor, requesting his favorable consideration of

the bill when it reached his desk. For that purpose I am submitting to you a mimeograph copy of that letter, which is hereto attached.

Sincerely yours,

BERT FORD, Administrator,
Texas Liquor Control Board.

Austin, Texas, April 24, 1941.

Honorable W. Lee O'Daniel, Governor of Texas, Capitol Station, Austin, Texas.

My dear Governor: On February 25, 1941, the Texas Liquor Control Board prepared and submitted to Senator A. M. Aikin, Chairman, Senate Finance Committee, and Honorable W. O. Reed, Chairman of the Appropriations Committee, a proposed bill providing for an emergency appropriation to be made available for enforcement purposes during the balance of the fiscal year ending August 31, 1941.

This bill was introduced in the House by Representative Augustine Celaya and became House Bill No. 567. It passed the House and the Senate both with an emergency clause by a sufficient number of votes to put it into immediate effect, if approved by you. The amount of money, if made available, would pay for the services of twenty-five additional inspectors and for four additional field auditors from May 1, 1941, to August 31, 1941, a period of four months, together with traveling expenses to enable more flexible operation of the entire personnel during that period.

Also provided in the bill is the sum of ten thousand dollars to be made available to pay refund claims already filed and expected to be filed for the fiscal biennium ending August 31, 1941, to conform with the provisions of the existing Texas Liquor Control Act. These refunds are for the purpose of paying the unexpired portions of beer licenses and liquor permits invalidated by local option elections and to refund taxes previously paid on liquor and beer exported out of the State for consumption in other States. No special appropriation for such purpose was made by the Forty-sixth Legislature and the existing provisions of the Texas Liquor Control Act were rendered inoperative by reason of the constitutional limitation on the Legislature to provide appropriations for a period exceeding two years. It will be recalled that the appropriations for the preceding biennium are provided in amendments to the Texas Liquor Control Act made effective September 1, 1937, but without reenactment of the appropriation provisions funds are not available beyond a period of two years from the effective date of the Legislative act. The unpaid claims are approximately three hundred at the present time and amount in dollars and cents to approximately seven thousand dollars.

Request for emergency appropriations to be used for the employment of inspectors and auditors and traveling expenses is prompted by emergency conditions developing throughout the State as a result of the national defense program of the Federal Government. The congregation of persons in given localities inevitably presents a law enforcement problem and we have had immense congregations and will have many more during the next few years. By this time practically everyone is familiar with the development at Corpus Christi where the Government has spent between twenty and thirty million dollars for the development of a naval base. The work incident to such development has caused a great influx of population, some of which is naturally of a lawless nature. This influx has been from all over the United States, and the result has been to present a problem to law enforcement officials which necessitated on our part the establishment of a field organization there of four men. These men are drawn in from other sections, weakening the normal established enforcement personnel at such other locations.

The immensity of the development at Brownwood has been the cause of much public comment and I am given to understand that there will eventually be located at this one camp a military force of sixty thousand men. Chief Supervisor C. A. Paxton recently returned from

Brownwood where a meeting was held with county officials, as well as the provost marshal and captain, lieutenants and members of the military police force where the general problem of law enforcement was discussed. Military authorities are urgently requesting civil authorities to do all in their power to maintain orderly conditions within the communities in which the military training program is in progress. While military police are actively engaged in cooperating with civil authorities, such activities are necessarily confined to enlisted personnel, although military authorities are willing that the police organization appear in court to testify in all matters of law violation involving civilians. The necessity is urgent that proper civilian officers cope with the violations involving civilians preying upon the enlisted personnel and be able to give the utmost cooperation to the military police in order that the activity of that organization may be made effective where touching law violations generally.

In Brownwood no increase in established police organization has been provided. The sheriff is limited to a certain number of deputies by operation of law. City police forces are as they existed prior to the recent developments. It is urgent that all law enforcement bodies be expanded to meet the problems created by the activities incident to the defense program. I have mentioned specifically Corpus Christi and Brownwood. I would call attention to the fact that military activities are developing at such places as Galveston, San Antonio, El Paso, Palacios, Abilene, Mineral Wells, Laredo, Rio Grande City, Brownsville, Marshall, Houston, San Angelo, Dallas, Fort Worth, Stamford, and possibly many other points. That activity embraces training of the Army, the Army Air Force and the Naval Air Force. Aside from these activities there are many industrial programs such as the building of twelve destroyers in Orange, Texas, shipbuilding programs at Beaumont and Houston, development of chemical plants at Freeport, LaMarque and possibly other locations, proposed development of munitions and airplane assembly plants at Fort Worth and many other activities at this time of an unknown nature. Surely it must be realized that this feverish congestion of population entails a large problem in law enforcement generally and with particular reference to liquor law enforcement.

Appropriations for the current biennium were very severely reduced from original estimates of requirements as submitted to the Board of Control by the Texas Liquor Control Board. Being conscious of the fact that the Legislature was urgently striving for economy in departmental expenditures, estimates for the biennial requirements were reduced almost twenty per cent below the appropriation made available for the biennium ending August 31, 1939. Appropriations made available during the past four years were as follows:

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| Fiscal year ending August 31, 1938 | $969,870 |
| Fiscal year ending August 31, 1939 | 969,870 |
| Fiscal year ending August 31, 1940 | 732,690 |
| Fiscal year ending August 31, 1941 | 732,690 |

Actual expenditures during the last three closed fiscal years were as follows:

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| Fiscal year ending August 31, 1938 | $907,026.56 |
| Fiscal year ending August 31, 1939 | 875,985.54 |
| Fiscal year ending August 31, 1940 | 723,517.30 |

It may be seen from this that the Board has consistently reduced its operating cost during the past few years.

For the current biennium original requests submitted were for the approximate sums of eight hundred thousand per year. These appropriations were reduced by the Legislature to the amount of $732,690, a total of something more than twenty-six per cent reduction from the 1939 level. This severe reduction has constituted a severe handicap in enforcement activity, although I feel

that through the development of greater efficiency, the improvement of the character of man-power and education of personnel it has been made possible to produce results comparable or probably in excess of that produced at greater expense.

The time has come now, however, with emergency developments when the reduction of force made applicable for 1940 and 1941, is a serious handicap in the endeavor to meet responsibilities imposed by law and the natural demands of the public. We cannot ignore the desire of military authorities to protect the moral conditions affecting the personnel of our growing army, nor should we wish to. It is our way to participate in the national defense program and to give aid to the government in every way possible. It is not an attempt to usurp any functions of Federal officers, but to render that aid which is expected of local government and likewise for the protection of our civilian population.

At the present time our recommendation to the Legislature for appropriations to be available for the fiscal years ending August 31, 1942 and August 31, 1943, are at the level of approximately $871,000 per year. Our estimates were partly based upon anticipation of unusual conditions, but they have developed much faster than anticipated.

I also want to call your attention to the passage of House Bill No. 373, regulating the sale of medicinal liquors, which, if approved by you, will necessarily require closer supervision of medicinal drug stores than has been required for the reason that various other law violations are defined in this bill which have not heretofore existed. This bill is designed to protect widespread sale of liquor in dry counties. Since the drug store sales under this bill will be very severely curtailed, it necessarily follows that a very greatly increased law enforcement activity must supplement the enforcement of this particular Act in order that those dry counties will be reasonably protected from the evil effects of the bootleggers.

The Board is unanimous in its approval of House Bill No. 567. In fact, I understand that Dr. Bradfield's secretary, Mrs. Elizabeth Rogers, has already called you with reference to this matter at his request.

If I can be of any further assistance or furnish you with more information, please do not hesitate to call upon me.

With kindest personal regards, I am

Yours very truly,

BERT FORD,
Administrator.

Austin, Texas, May 8, 1941.

To All Members of the House of Representatives,

Austin, Texas

Honorable Sirs: At the request of Lieutenant James E. Taylor, Member of the House of Representatives from Navarro County, I am giving you the following factual information with reference to the Texas Liquor Control Board and its activities:

The Texas Liquor Control Act went into effect November 15, 1935. Through April 30, 1941, its revenues have amounted to $36,366,638.51. $24,549,097.63 have been allocated to the Old Age Assistance fund and $7,082,823.80 to the Public School fund. The Board's expenditures have amounted to $4,409,292.04.

The Board's revenues for the calendar year 1940 amounted to $7,142,580.59 and the expenditures amounted to $757,358.83.

The Board now has 56 less employees than it had September 1, 1939. The Board's appropriations for this biennium were reduced more than 24% as compared with the preceding biennium, or $237,180.00 for each year, at the request of the undersigned.

There was a net gain of $556,312.42 in Liquor Control Board revenues during 1940 as compared with 1939. There has been a net gain of $219,205.58 in Liquor Control Board revenues during the first four months of 1941 as compared with the first four months of 1940.

For the calendar year 1940 the Board issued 4,200 liquor permits and 12,834 beer and wine licenses and checked 27,421 reports.

The Texas Liquor Control Act pro-

vides for the payment of refunds for sales of alcoholic beverages outside of Texas and refunds for unexpired licenses and permits in political subdivisions that have voted dry. An appropriation to cover these items was also in House Bill No. 912 which was passed by the House and the Senate two years ago and vetoed by the Governor. These unpaid claims are approximately 300 at the present time and can not be paid until the Legislature makes an appropriation for that purpose. If this is not done, then the only recourse each claimant has is to file his claim before the Committee on Claims and Accounts.

Inspectors for the Liquor Control Board reported 1,975 convictions during the year 1940, with 514 jail sentences and the assessment of $181,877.11 in fines which went to the road and bridge funds in the respective counties where collected.

Inspectors filed 3,140 criminal cases. 1,643 licenses and permits were cancelled; 739 were suspended and 116 applications were refused.

Enforcement activities also included the capture and destruction of 422 illicit distilleries in 1940. Their destruction prevented the potential evasion of $379,100.48 in state taxes alone. Inspectors assisted in filing 597 federal tax evasion cases and made 535 arrests.

Of Texas' 254 counties, 123 are wholly dry, permitting no alcoholic beverage in any form anywhere in the county. Of the 98 counties which permit the sale of distilled spirits, only 39 are wholly wet, all the others have some totally dry areas within them. Thirty counties permit only beer, but of these 30 counties only 10 are wholly wet for beer, leaving 20 with some dry areas. And lastly there are three counties which permit 14% beverages, but none of these counties is wholly wet. It is the duty of the Board to enforce the applicable provisions of the Act in each of these political subdivisions.

Still operations have been steadily on the decline except for the extreme portion of east and northeast Texas. Since House Bill No. 373 has been passed and since the tax on distilled spirits was increased from 96c per gallon to $1.28 per gallon by House Bill No. 8, it is the opinion of the writer that there will be a greater incentive for illicit manufacturing and bootlegging of corn liquor.

The Texas Liquor Control Board unanimously requested the passage of House Bill No. 567 because of the emergency conditions developing throughout the State as a result of the National Defense Program of the Federal Government and for the purpose of paying the above mentioned claims. Since the above numbered bills have been passed the emergency has been greatly increased, as I know you want the increased taxes collected and you also want the law enforced in the dry territories as well as the wet.

I tell you sincerely that the Texas Liquor Control Board can not collect the increased taxes which you have imposed and maintain the respect for the law which I believe you and your constituents will demand unless House Bill No. 567 is passed as an emergency measure.

Yours very truly,

BERT FORD, Administrator,
Texas Liquor Control Board.

Austin, Texas, May 13, 1941.

Lieutenant James E. Taylor, Member of House of Representatives,

Capitol Station

Austin, Texas

Dear Mr. Taylor: Complying with your request I give you the following information:

Effective June 1, 1941, the tax on liquor is to be $1.28 per gallon or an increase of 32c per gallon. It becomes the duty of the Texas Liquor Control Board under House Bill No. 8 to see that all floor stock in the hands of retailers is stamped with fractional stamps to represent the increase of 32c per gallon.

It is my estimate that this increase alone will bring in approximately $400,000.00. A loss of 10% of this amount will amount to more than the salary portion of House Bill No. 567.

In addition thereto, stock in the hands of all wholesalers must be stamped with fractional stamps rep-

resenting the 32c per gallon increase under House Bill No. 8.

I estimate that this item on June 1st will amount to approximately $100,000.00.

I hope that Members of the Legislature will understand that this alone is a gigantic undertaking and a great responsibility which the Legislature and the Liquor Board are expecting me to carry out.

In addition to the defense program, if House Bill No. 373 becomes the law, our duties will also be increased.

Hoping this is the information desired and with kindest personal regards, I am

Yours very truly,

BERT FORD,
Administrator.