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TAR HEEL PRESIDES OVER NEW NATIONAL ARCHIVES BUILDING
(Cover Picture)

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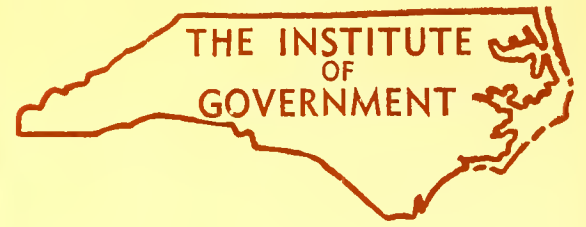
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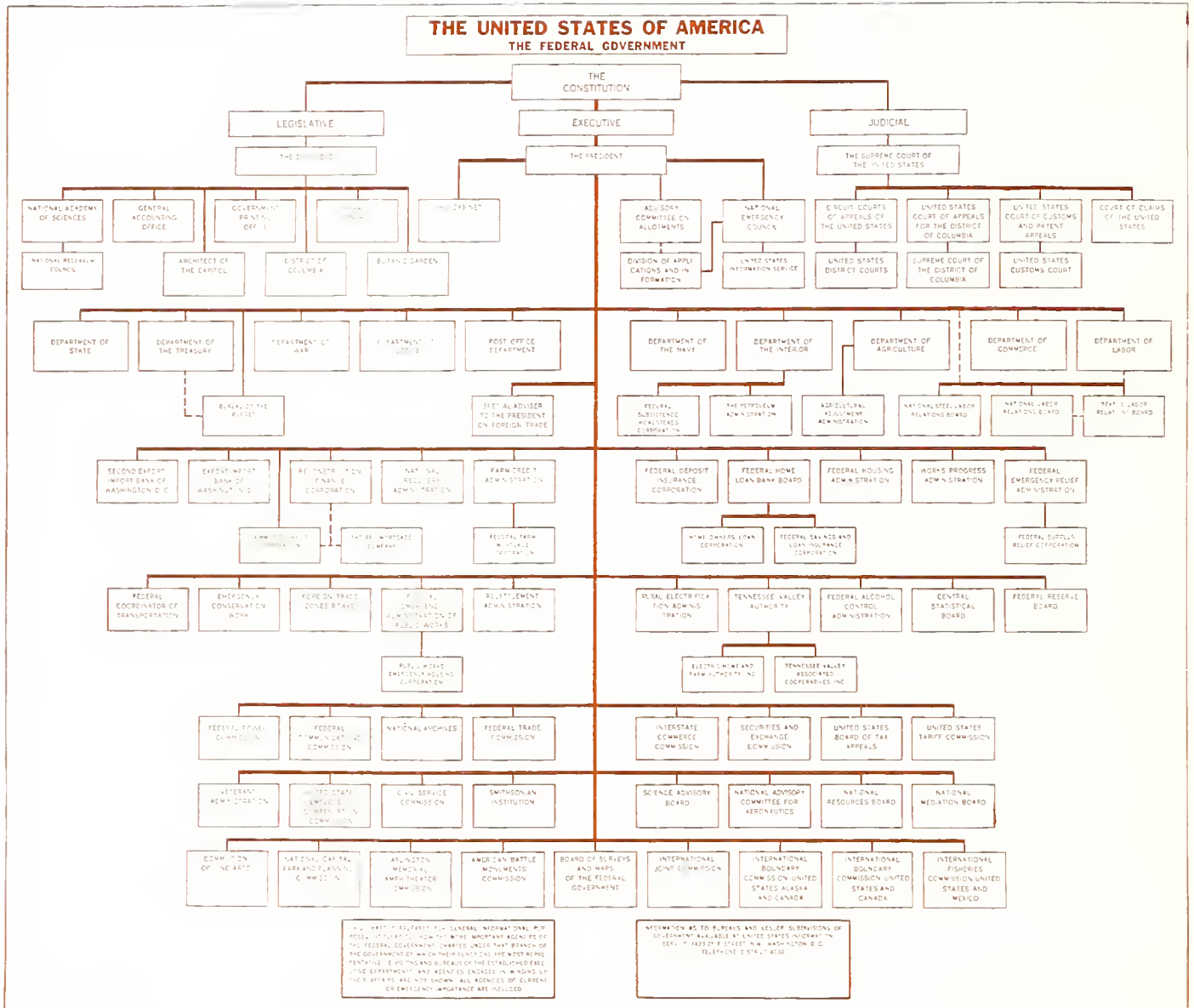
STATE DEPARTMENT RULINGS



POPULAR GOVERNMENT

S. H. Hobbs, Jr.





POPULAR GOVERNMENT presents herewith its "Federal Number," which has been devoted in the main to setting out important information on the administration and regulations of several of the New Deal agencies which touch North Carolina officials and citizens most closely. It is hoped as time goes on to make of it a clearing house of information between federal agencies and local officials as well as between state and local governmental units.

The above chart, which serves to preface the issue, will give the reader some picture of the complicated framework of the Federal Government and of the network of New Deal agencies through which it has expanded its functions and made its influence felt by every citizen. The difficulties in preparing such a chart can well be appreciated from the fact that the United States Information Service, in its directory of "Current Federal Agencies," lists a total of exactly 53 organizations, beginning with the Agricultural Adjustment Administration and ending with the new Works Progress Administration.

POPULAR GOVERNMENT

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JULY-AUGUST
1935

Interpret New Laws for Officials

THE INSTITUTE of Government's 1935 Sessions for the Interpretation of New Legislation were held in Chapel Hill, June 10-11, and were generally agreed to be the most enjoyable and beneficial North Carolina officials have held. The customary program for the various citizens' groups affiliated with The Institute was postponed until late summer, with the result that the program was devoted solely to matters affecting officials, concentrated into three busy sessions on Monday night and Tuesday morning and afternoon. The attendance of officials was the largest on record, reaching 800 for some of the general sessions, and their interest was amply demonstrated by the way they peppered speakers with questions and remained until the last minute of the final session.

Work of Federal Agencies Outlined

Senator Josiah W. Bailey's masterful address on "The Changing Relationships of Local, State and Federal Governmental Units" was the highlight of Monday night's session on New Federal Legislation. An added feature of the federal program this year was the bringing in of Herman G. Baity, George W. Coan, Mrs. Thomas W. O'Berry, and the State heads of the other chief Federal agencies to outline for officials the methods for allocating and administering North Carolina's share of the new \$4,800,000,000 federal program of public works and work relief. Tuesday's program was devoted to the Legislation of the 1935 General Assembly with Attorney General A. A. F. Seawell, Revenue Commissioner A. J. Maxwell, State Treasurer Charles M. Johnson, and Secretary W. E. East-

Annual Meeting Highly Successful--Officials From Throughout State Attend--Institute And Its Magazine Provide Clearing House Of Information Between Local, State, And Federal Units



Congressman Wm. B. Umstead, who represents the home district, ably presided over the session on New Federal Legislation.

erling of the Local Government Commission for discussion leaders.

Facilitating the discussion were the summaries of the New Laws affecting the principal groups of officials which were prepared by the staff of The Institute and distributed in advance of each session. The discussion followed the outlines with officials raising frequent ques-

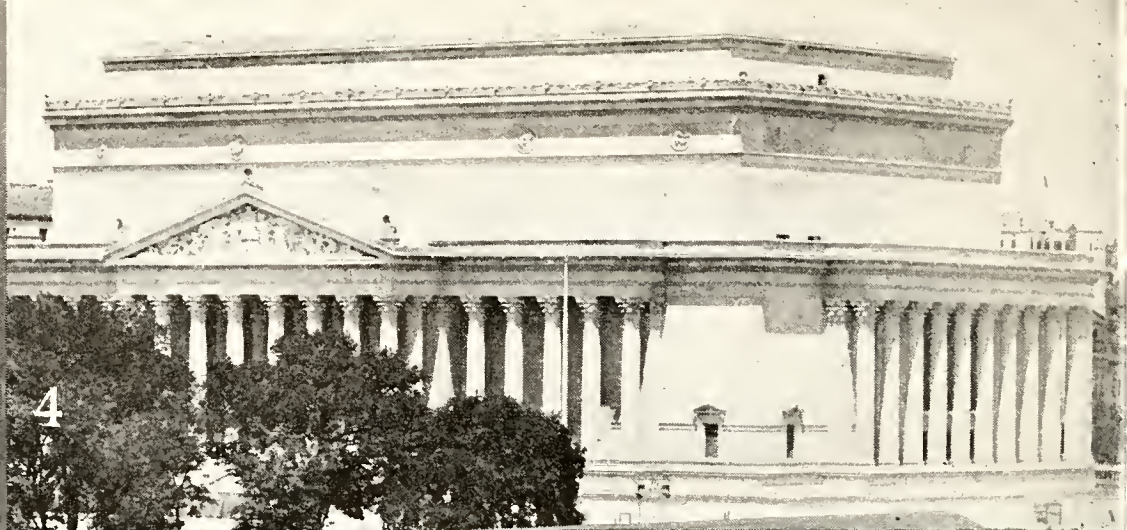
tions and with State Department heads giving their rulings and opinions in person. These questions and answers have since been collected and made available to officials in mimeographed form. A number of The Institute's summaries of new Local Acts affecting various counties and towns were given out at the meeting; the others are now being completed and distributed.

Ehringhaus Praises Officials for Work

The three sessions were presided over, respectively, by Congressman W. B. Umstead, Lieutenant-Governor A. H. Graham, and Paul D. Grady, President pro-tem of the Senate. Governor Ehringhaus was a guest at the session Tuesday afternoon and made a short talk in which he declared that the credit of the State and its local units go up or down together, and praised local officials warmly for the work they have accomplished through The Institute. A buffet supper and luncheon, held out-of-doors under the Davie Poplar, proved enjoyable get-togethers for the officials. Another feature was the series of exhibits provided by the P.W.A., Emergency Relief, Soil Conservation Service, and other federal agencies illustrating their work and procedure.

In addition to the general sessions, the Clerks of Courts, School Officials, and Law Enforcement Officers held separate meetings to analyze and discuss new legislation affecting their particular offices. The latter meeting marked the opening of The Institute's fourth annual School of Law Enforcing Officers.

(Continued on page fourteen)



A ROMANCE IN PICTURES

1. R. D. W. Connor, the new National Archivist, who was one of the original members of the North Carolina Historical Commission (1903) and its first full-time secretary. Professor Connor, who is a native of Wilson and a member of a family which has long been prominent in public affairs, did such a thorough and efficient job for North Carolina, the Federal Government has called him to perform the same service for the Nation. 2. A battered pine table in the aisle of the Senate Hall such as served as the State Commission's first office (1907). 3. The present quarters of the North Carolina Historical Commission, located on the second floor of the Supreme Court Building, and acquired in 1914. 4. The new National Archives Building in Washington, which is being occupied this month and over which Mr. Connor will have stewardship.

The trials and tribulations experienced by Mr. Connor and his associates in organizing and developing the North Carolina Commission to its present high standards is aptly illustrated by a story, never before published, of its early days. When the Act creating the Commission was passed, it seems that the Chairman called two meetings, and each time Mr. Connor was the only other member to attend, leaving them one short of a quorum. Learning that a third member was visiting in a town midway between their homes, the two converged upon him by surprise, held the organization meeting, elected a Chairman and Secretary, and voted the officers authority to carry out the purposes of the Act. Under such handicaps and hardships began the life of usefulness of the North Carolina Commission and the career of the man who now presides over the National Archives.



Office of H. G. Baity,
Acting State Director

PWA Bulletin No. 9

Chapel Hill, N. C.
July, 1935

1. Q. *What types of projects are eligible for PWA loans and grants?*

A. The permanent and useful construction projects of public governmental bodies, i. e., the State, counties, municipalities, and special districts. Certain types of private projects which serve a public use, such as hospitals, markets, etc., eligible for loans only.

2. Q. *What terms are now offered public agencies under the new PWA program?*

A. The Government offers a direct grant of 45% of the cost of the project and loans the remaining 55% of the cost at an interest rate of 4 per cent.

3. Q. *What is meant by "the cost of the project"?*

A. The entire cost of the project, including land, professional services, overhead and the cost of construction.

4. Q. *Is the grant based on the cost of labor and materials as under the old PWA plan?*

A. No. It is based on the total cost of the project; a \$100,000 total cost entitles the borrower to a \$45,000 grant.

5. Q. *May an application be made for grant only, assuming that an applicant has funds on hand or can sell its own bonds?*

A. Yes. In such a case the Government grant will be 45% of the total cost of the project. This is the preferred type of application. Public bodies will be expected to sell their securities to private purchasers where they may do so favorably.

6. Q. *Can rejected or disapproved applications under the old PWA program be refiled on the new forms?*

A. Rejected applications, especially those rejected on the basis of finances, may be resubmitted under the new set-up.

7. Q. *Will there be a new interpretation of reasonable security, and will this be more lenient?*

A. This will be determined by the State representative of the Finance Division in accordance

Important Information On New PWA Program-Latest Word On Man-Year Ratio-Prepared By State Director Following Conference In Washington

with the instructions issued by the Finance Director.

8. Q. *Are private projects as described in our old Circular No. 1 eligible for consideration?*

A. There will be no loans to strictly private individuals or corporations under the new set-up. Loans may be made for projects such as hospitals, markets, etc., which are privately owned but which are devoted to public use. Such loans must come from the old PWA appropriation. They will bear an interest rate of 4 per cent.

9. Q. *What will be done with applications from agencies which cannot finance their projects? Is any provision made for 100% grants?*

A. There is no provision made for 100% grants under the PWA. Agencies which cannot finance their

Latest Information Regarding Application of the \$1,140 Per Man-Year Ratio to PWA Projects

Q. *What is the effect on PWA projects of the recently announced ratio requiring one man-year of employment to be provided for each \$1140 of Federal allotment?*

A. On PWA projects this yardstick will be applied only to the grant portion of the allotment. For example, on a project costing \$100,000, where the Federal Grant is \$45,000, the employment provided should be \$45,000 divided by 1140, or 39.5 man-years.

Q. *What constitutes a man-year of employment?*

A. On 4081 PWA projects completed under the old program, analyses indicate that workmen have been employed an average of 1176 hours per year. This factor will be used in making computations of employment instead of the theoretical figure of 1560 man-hours per year.

Q. *Can a greater proportion of hand labor be employed than has heretofore been customary in order to obtain a more favorable ratio?*

A. Yes. In the case of worthy projects which indicate a ratio of cost to employment in excess of \$1140 per man-year under modern construction methods, applicants may be able to qualify their projects by replacing certain machine operations by hand labor without greatly affecting the cost of the work.

Q. *May various projects of a public body be grouped into a single application in order to obtain a more favorable average ratio?*

A. Yes. The PWA prefers that multiple projects be consolidated into single applications. The work of examination and handling is thus minimized, and in many cases a more acceptable average ratio will result. However, exhibits should be attached showing break-downs of costs for each individual project.

part of projects will have to submit their applications through other organizations of the Emergency Relief Program.

10. Q. What is coordination between PWA, WPA, and other agencies? Will monetary value or type of project be used as a basis, and who determines this differentiation between PWA and other types of projects?

A. See "Statement Defining Types of Applications to Be Considered by Federal Emergency Administration of Public Works and Works Progress Administration," signed by Messrs. Ickes, Hopkins, and Walker, and approved by President Roosevelt on July 3, which appears on page 7 of this issue. This states clearly the bases of differentiation.

11. Q. What is the procedure for preparing and presenting application for PWA projects?

A. See instructions in PWA State Bulletin No. 8, dated May 28, 1935.

12. Q. Shall all provisions of North Carolina law and requirements of State regulatory agencies apply to the authorization, financing and construction of PWA projects?

A. Yes, such laws and regulations apply in all cases.

13. Q. What types of securities are offered to the Government for the loan?

A. In general, either revenue or general obligation serial bonds, depending upon the type of project. A loan for a new revenue-producing, self-liquidating project may be secured by revenue bonds authorized by the State, county and municipal revenue bond acts of the 1935 General Assembly. Loans for non-revenue-producing projects will be secured by general obligation bonds as heretofore.

14. Q. Has the procedure for issuing and marketing bonds in connection with loans from the Federal Government been simplified and shortened?

A. Yes. Refer to Emergency County and Municipal Bond Acts passed by the 1935 General Assembly.

15. Q. Must the authority of the N. C. Local Government Commission be secured before the issuance of bonds?

A. Yes. Such authority is required before local gov-

ernmental units can issue obligations of any type.

16. Q. What will be the period allowed for repayment of the serial bonds?

A. Various. In general, the maturity of the bonds shall be within a period not exceeding the useful life of the project being constructed. Maximum periods for various types of projects are prescribed by the North Carolina County and Municipal Finance Acts. Allowable periods are determined by the Administrator, PWA.



A representative project under the old PWA program—a 1,000,000-gallon tank, one unit in Rocky Mount's new water system. The pretty misses standing at the foot of the feeder pipe give some idea of the size of the tank high above.



17. Q. Who determines whether the work will be done by contract or otherwise? Who gives permission to work on a force account basis?

A. All work will be done by contract unless special conditions justify a different method. Where force account is warranted the borrower will make a request to the Acting Director, who in turn will transmit it with recommendations to the Administrator for appropriate action. This is the same procedure as we now have.

18. Q. Who determines wage rates, how and where?

A. Under Executive Order No. 7046, dated May 20, 1935, exception is made in the case of PWA projects from the prescribed zone Work Relief Wage Rates. Under Section (b) it states:

"Projects under the supervision of the Federal Emergency Administration of Public Works, for which wage rates, subject to the approval of the State Directors of the Emergency Administration of Public Works, shall be determined in accordance with local wage conditions by the authority to which the loan, grant, or allotment is made except as otherwise required by law."

Hence the wage rates will be determined by the borrower according to existing practices or local laws, but subject to the approval of the Acting State Director.

19. Q. Will the requirements of using Form 61, "Certificate of Compliance with N.R.A.," be continued?

A. No. This requirement is now eliminated by the

(Continued on page six)

New Laws Expedite Procedure for Securing PWA Projects

By CHAS. N. MALONE, Regional Counsel

The recent session of the General Assembly enacted three laws which should be of interest to the counties, cities and towns in this state which contemplate constructing public works and applying to the Public Works Administration for loans and grants to aid in financing the projects. These acts may be cited as follows:

1. Emergency Municipal Bond Act of 1935.
2. Emergency County Bond Act of 1935.
3. The Revenue Bond Act of 1935.

Under the terms of the first act any city or town in the State is authorized to issue bonds to construct any project constituting a necessary expense within the meaning of the Constitution and which is to be financed in whole or in part by means of a loan and grant from the Federal Government.

The procedure under this act is very simple. The only proceedings necessary to authorize the bonds is the approval of the Local Government Commission and the adoption by the governing body of an appropriate resolution authorizing the bonds, fixing the form thereof, the maturities and other details. No publication of the resolution is necessary, nor are bonds required to be submitted to a vote of the people. The maturities of the bonds, the rate of interest, denominations, medium and place of payment, provisions for registration and all other details are left to the discretion of the governing body. There is no debt limit prescribed by the act and bonds may be issued in any amount.

Simplify and Speed up Procedure

The purpose of this act is to obviate the necessity of long drawn out proceedings required by the Municipal Finance Act, which act requires that bonds be authorized by a bond ordinance; that the ordinance shall be published for two successive weeks and shall not become effective until 30 days after the first publication, and further that if a petition is filed by the voters demanding a referendum, the bonds shall not be issued until an election is held. The proceedings under the Municipal Finance Act usually require from 30 to 60 days in order to authorize bonds, and in the event a petition is filed by the voters demanding a referendum, it requires from 3 to 4 months to legally authorize bonds. All of this machinery has been dispensed with by the Emergency Municipal Bond Act of 1935, and under the terms of the act bonds are not required to be advertised for sale when sold to the Government, unless the Local Government Commission requires such advertisement.

Operation Limited to "Necessary" Projects

It will be noted that this act contains no election machinery and is designed to cover only such projects as have been defined by the Supreme Court to be necessary expenses within the meaning of the Constitu-

tion. In case a municipality desires to issue bonds for a purpose other than a necessary expense, or if the purpose is a necessary expense and the municipality desires to obtain the consent of the voters as a matter of policy before issuing the bonds, it will be necessary in such cases to proceed under the Municipal Finance

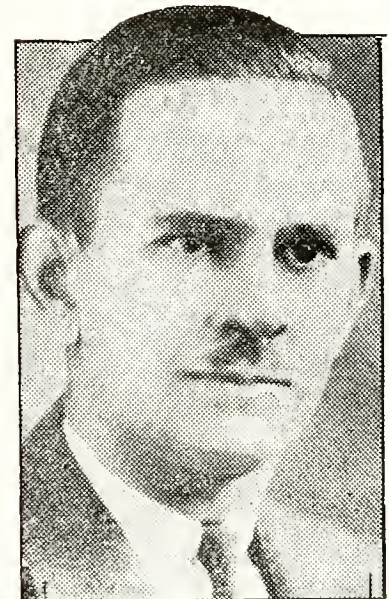
Act.

The following are some of the projects held by the Supreme Court to constitute necessary expenses of a municipality and for which bonds may be issued under this act and without a vote of the people:

Waterworks, Sewer Systems, City Halls, Auditoriums in connection with a municipal building, Streets, Viaducts, Sidewalks, Storm Sewers, Fire Alarm Systems, City Markets, Incinerator Plants, Bridges, Culverts, Abbatoirs, Electric Light and Power Plants, Street Lighting, City Prisons, Sewage Disposal Plants, Traffic Signals, Police Alarm Systems.

The Emergency County Bond Act

Under the terms of the second act, a county may issue bonds for any purpose constituting a necessary expense, including the erection of new or additions to school buildings. The purpose of this act, like the Emergency Municipal Bond Act, is to obviate the necessity of long drawn out proceedings required by the County Finance Act, such as public hearings, publication of notice of hearings, publication of bond orders, etc., which usually requires about 90 days to complete. Under the terms of the new act the only proceedings necessary to authorize bonds are the approval of the Local Government Commission, and the adoption of a resolution authorizing the bonds, fixing their form and other details. However, the resolution authorizing the bonds must be published once a week for two successive weeks and becomes effective 30 days after the first publication, unless in the meantime, a petition has been filed for a referendum, in which case the resolution does not become effective until authorized by the voters. With this exception, the act is identical with the Emergency Municipal Bond Act, and the



*Herman G. Baity,
Acting Director of
the Public Works
Administration in
North Carolina.*

Legal Suggestions in Preparing Applications

Applicants should be careful to properly fill in the forms covering the legal and financial data. It is important that the correct corporate name of the borrower be given. Reference should be made to the charter and its several amendments, and to all Public-Local and Private Acts relating to the unit, especially special acts which require the issuance of bonds to be submitted to a vote of the people, or which contain provisions limiting the taxes which may be levied for the payment of bonds, or otherwise restricting the manner of issuing bonds.

Care should also be taken to furnish a complete itemized statement of the floating and funded debt of the borrower. This statement should contain a detailed statement of all the funded debt properly itemized and showing each issue of bonds separately, the amount outstanding, the date of issue and the purpose, also any other data or information which has an important bearing upon the application and is not called for in the forms.

The applicant should take care in giving the overlapping debt requested in the form covering financial data—that is, the debt of jurisdictions within whose boundaries the applicant is located. Thus, the overlapping debt of a city or a town might well include the debt of the county and special districts within whose borders the city or town lies. The State debt is not considered part of the overlapping debt.

If the municipality is in default in the payment of the principal and interest of its bonded debt, the application should be accompanied by a complete explanation of such defaults showing the amount thereof, the date of default, the reason therefor and the steps being taken to remedy the situation.

comments above made with reference to that act are applicable to this act.

The following are some of the projects which have been defined by the Supreme Court to be necessary expenses for a county within the meaning of the Constitution and for which bonds may be issued under the act without a vote of the people:

County Homes, County Court Houses, County Jails, County Garages, Juvenile Prisons, School Buildings, and other necessary public buildings, School Water Supply and Sanitation.

Third Act Covers Self Liquidating Projects

Under the terms of the third act any city or town may issue revenue bonds for any one or combination of two or more of the following self-liquidating projects: water, sewerage, gas or electric heat, light or power works, plants and systems, together with the necessary buildings, and also plants for the incineration or disposal of ashes, garbage or refuse (other than sewage). Bonds issued under this act are payable solely and exclusively from the revenues derived from the operation of the project. Such bonds are not debts of the municipality and no tax can be levied or collected for the purpose of paying the principal and interest of the bonds. The holder of the bonds must look solely to the revenues derived from the operation of the project for the payment of the principal and interest of his bonds.

Under the Municipal Finance Act, the net revenues derived from any revenue producing project already owned and operated by a municipality must be applied to the payment of the principal and interest of outstanding general obligation bonds issued to build such project, therefore, revenue bonds issued under the act for improvements and extensions to such projects constitute a second and inferior lien on the revenues, (holders of general obligation bonds having a first lien). This, of course, limits the operation of the act in North Carolina and excludes revenue bonds issued for extensions and improvements to existing systems in cases where general obligation bonds are

outstanding for the original improvements. Our Financial Division does not look with favor upon bonds secured by a second lien on the revenues, except in cases where it is apparent that the revenues derived from the project are ample to provide for the payment of both the general obligation bonds and the revenue bonds and the maintenance and operation of the system, plus a reasonable reserve for contingencies.

The act, however, should be very useful to those municipalities desiring to build a new system described in the act where no general obligation bonds are outstanding for that purpose. In such cases, our Finance Division looks with favor upon revenue bonds where it is shown that the project is self-liquidating, and otherwise meets with its requirements.

The only proceedings necessary to authorize bonds under the Revenue Bond Act is the approval of the Local Government Commission and the adoption by the governing body of an appropriate resolution authorizing the bonds and an ordinance fixing the rates to be charged for the services and facilities afforded by the project.

Officials who contemplate filing applications for projects will find it profitable to study carefully the legal suggestions for preparing applications found elsewhere on this page. An application carefully prepared as outlined therein will enable quick and prompt action by the P.W.A. and will save time to both the Government and the applicant.

PWA BULLETIN NO. 9

(Continued from page four)

recent Supreme Court decision. All requirements imposed by NRA codes are now waived. Requirements imposed by PWA regulations and by State law remain in force.

20. *What are the relative ultimate costs of financing a project under the new PWA terms and by borrowing money under ordinary terms without benefit of Federal grant?*

A. See chart on next page for interesting comparisons, under various rates of interest and periods of bonds.

IN ORDER to assure the expeditious and orderly handling of the great number of applications of states, territories, possessions, including subdivisions and agencies thereof, municipalities, the District of Columbia, and public bodies, now being submitted under the Emergency Relief Appropriation Act of 1935, and in order to further the development of a balanced program of sound projects which will take a maximum number of workers off the relief rolls, it is desirable to define what types of projects shall be within the jurisdiction of the Federal Emergency Administration of Public Works and what types of projects shall be within the jurisdiction of the Works Progress Administration.

Part II

Applications shall be submitted to the FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS for:

(1) *Works Projects:* Construction projects (other than repair and maintenance projects, and other projects directed in this statement to be submitted to the Works Progress Administration) where the aggregate cost upon completion is estimated to be more than \$25,000.

Examples of such projects are: airport buildings, armories, almshouses, auditoriums, bulkheads, canals, docks, dormitories, schools and university buildings, electric heat, light, and power plants and distribution systems, gas plants and distribution systems, jetties, piers, wharves, highways, bridges, tunnels, subways, viaducts, hospitals, dispensaries, sanitariums, markets, warehouses, city and town halls, courthouses, fire and police stations, jails, libraries, sanitary sewer systems, drainage improvements, garbage and rubbish disposal plants, public buildings, sewer disposal plants, storm sewer systems, terminals, water supply and distribution systems, filtration plants, and other similar projects.

(2) *Slum Clearance and Low-Cost Housing Projects:* Projects of a type heretofore carried on by the Housing Division of the Federal Emergency Administration of Public Works.

Part III

Applications shall be submitted to the WORKS PROGRESS ADMINISTRATION for:

(1) *Non-Construction Projects:* Projects of a type designed to assure maximum employment principally to professional, clerical and white collar classes.

(2) *Small Works Projects:* Projects of any type where the aggregate cost upon completion is estimated to be \$25,000 or less.

(3) *Other Works Projects:* All other projects regardless of cost, except those referred to in Part II above.

Examples of such projects are: recreational facilities, parks, playgrounds, small dams, ditches, street repairs, demolition, malaria control, pest extermination, airports, sidewalks, gutters and curbs, levee work,

PWA or WPA?

--Which Types Of Projects Will New Agency Handle? Which Will PWA Retain?

Statement Defining Types of Projects Issued by Messrs. Ickes, Hopkins, and Walker, July 3, 1935.

landscaping, grading, farm to market roads, reservoirs, swimming pools and similar projects.

Part IV

Applications rejected by the Federal Emergency Administration of Public Works shall be submitted immediately to the Works Progress Administration.

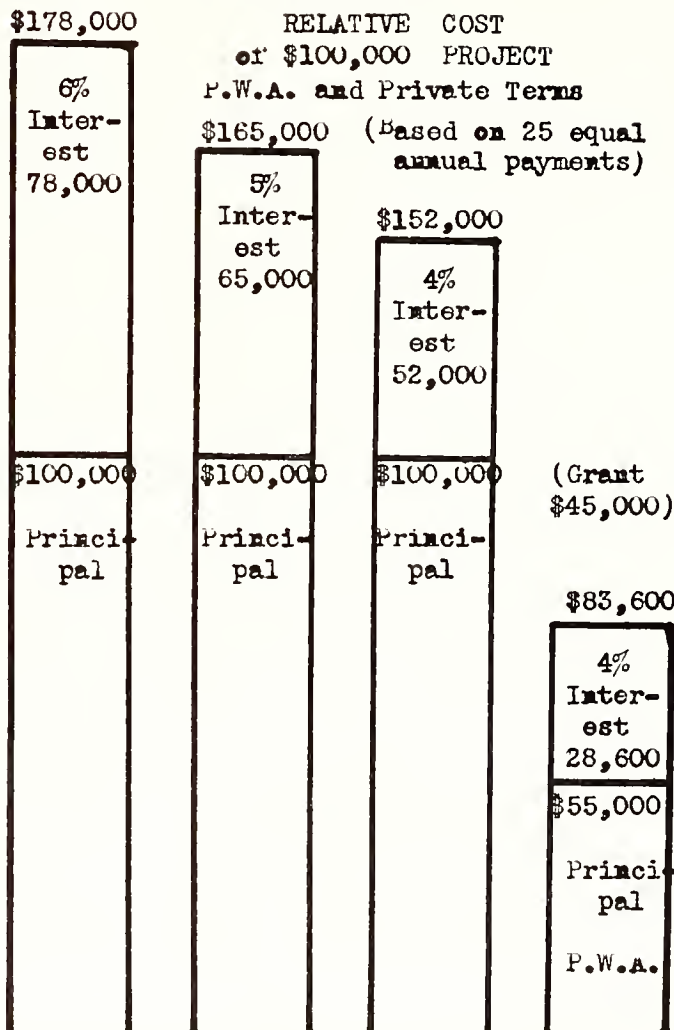
Part V

All applications for loans shall be submitted to the Federal Emergency Administration of Public Works.

Part VI

This statement shall not govern applications involving projects falling within the jurisdiction of any other Federal agency.

HAROLD L. ICKES,
Federal Emergency Administrator of Public Works
HARRY L. HOPKINS,
Works Progress Administrator
FRANK C. WALKER,
Executive Director, National Emergency Council



New W. P. A. Program Gets Under Way

ally. Information on these and other important details of the new program is expected to be ready for announcement in the next issue of POPULAR GOVERNMENT.

The new Works Progress organization will work in close cooperation with the North Carolina Employment Service, the Public Works Administration, the Emergency Relief Administration, and other state and federal agencies. In this way it is expected that it will be possible to avoid some of the delays and misunderstandings of the past and to add to the efficient operation of all the agencies concerned.

Director Outlines Program and Objectives

Asked for a brief statement as to the purpose and work of the WPA, Mr. Coan stated that "The chief objective will lie in transferring the Government's relief clients from relief rolls to pay rolls, by giving them real jobs with real public value. Among its functions will be:

"Coordinating the Works Program as a whole so as to move from the relief rolls to work projects or to private employment the maximum number of persons in the shortest time possible;

"Investigating to insure honest execution of the program;

"Providing uniform reports on progress, recommending measures to remove delay or terminate projects not providing sufficient employment;

"Assuring that as many of the persons employed on works projects as is feasible are persons previously receiving relief;

"Providing uniform periodic reports on employment on projects of persons previously receiving relief;

"Investigating wages and working conditions and reporting to the President to aid him in prescribing working conditions and rates of pay on projects;

"Co-ordinating data - compiling projects and research needed to carry out the program;

"Recommending and carrying out small, useful projects designed to assure a maximum employment in all localities."

Receive Two Million Dollars Worth Of Applications First Day-Open Temporary Offices In Raleigh-Coan Is Director



George W. Coan, Jr., former Mayor of Winston-Salem, was chosen as first State Director of the new Works Progress Administration for North Carolina.

program, taking into account worthwhile projects of public value, which will give work to thousands of employables and transfer them from relief to pay rolls. The latter is, of course, the primary purpose of the whole program.

The important difference between the new program and the CWA, according to a statement by Mr. Hopkins, the National Administrator, will be that the money will be allocated for a certain project over a period of time, and the man who is running the project will know he will have the money to finish it.

Mr. Coan said he was not yet in a position to make any announcement as to the terms and conditions for securing grants under the new program. Likewise as to the operation and effect on the federal government's ruling limiting projects to those which provide one man-year of employment for each eleven hundred dollars of Federal expenditure. He expressed the opinion, however, that the "man-year ratio" will be subject to considerable experimentation and will be determined periodic-

The program of the new Works Progress Administration, the youngest of the 55 agencies comprising the Federal government's alphabetical family, got off to a busy start in North Carolina this month. Offices were opened one morning and before the day was over George W. Coan, Jr., the Director, had received preliminary applications from two agencies covering several hundred projects, located in practically every county, and totalling more than two million dollars.

Pending the final decision as to the permanent location, Mr. Coan has established the temporary headquarters of the WPA in the same building with the ERA offices in Raleigh, and is rapidly pushing to completion the work of organization. Elizabeth City, New Bern, Raleigh, Fayetteville, Greensboro, Winston-Salem, Charlotte, and Asheville have been chosen as the sites for the eight district offices, and the announcement of the selection of district managers is expected momentarily.

Define Types of Projects

The first comprehensive statement defining the types of applications to be considered by the PWA and those to be considered by the new WPA came through from Washington this month, and is carried in full on the preceding page. This was signed by Harold L. Ickes and Harry L. Hopkins, the national administrators of the two agencies, and Frank C. Walker, Executive Director of the National Emergency Council, and was announced jointly by Mr. Coan and H. G. Baity, State Engineer of the P.W.A. Officials who have applications to submit and who are in doubt as to which is the proper agency are advised to study this statement carefully.

Although the complete details of the new program had not been made public at this writing, it is understood that the WPA will take over in general the types of projects formerly handled by the ERA. The program and objectives, Mr. Coan stated, will be somewhat similar to those of the old CWA, except that more time and money will be available to develop a comprehensive

Re-organize North Carolina Employment Service

The National Re-employment Service in this State underwent a number of important changes this month. The name has been changed to the North Carolina Employment Service, the agency becoming a joint State-Federal service, under the State Department of Labor and affiliated with the United States Employment Service, with Mrs. May Evans succeeding Major A. L. Fletcher, State Commissioner of Labor, as Director. In addition to its former functions, the re-organized service will act as a placement agency for the new federal works program in this State, registering and certifying all relief clients for WPA as well as PWA projects.

Another change is the reduction

in the number of District Offices from 21 to 15, the State being re-districted with a view to providing a more compact organization for purposes of administration. These are located as follows: Bryson City, Asheville, North Wilkesboro, Morganton, Charlotte, Winston-Salem, Salisbury, Greensboro, Durham, Raleigh, Fayetteville, Rocky Mount, Kinston, Edenton, and Wilmington. Counties without offices will be serviced and visited regularly by representatives from the District offices.

"There will be no change in policy," Mrs. Evans said, "in placing men on contract work such as PWA projects and in private employment. However, the WPA will be force account, and the preference will go to certain individuals in the family, namely, the person best fitted to support the family." In this connection, Mrs. Evans said that she understood that one of the principal ideas behind the new program was

to make the job fit the person instead of the person fit the job, and to develop projects which will provide employment for all groups.

Through the emergency period the Federal Government will continue to supplement the funds received by the service, Mrs. Evans said, from the State and under the national Wagner-Peyser Act.

The figures for the last two years' operation show that the employment service in this State registered a total of 445,169 persons, of whom 194,389 were placed in jobs. This was limited to CWA and PWA projects and to private employment. Persons on relief or on relief projects were not required up until the re-organization to register with the employment service. The new system is expected not only to give a much truer picture of the unemployment situation in the State but also to make for efficiency in placing applicants in public works, relief projects, and private employment.

Local Government Commission On P. W. A. Projects

As a part of the program of Recovery, the Federal Government is offering to finance the construction of various projects for local units of government by making a loan of 55% of the cost of a project and a grant for the remainder of the cost to the unit applying for such loan and grant. In making the loan in connection with the project, the Federal Government agrees to purchase bonds of the unit bearing interest at the rate of 4% per annum.

Chapter 427, Public Laws of 1935, is a new law which expedites the issuance and sale of general property tax bonds of counties to the Federal Government in connection with Public Works projects. Chapter 426, Public Laws of 1935, is a new law similar to Chapter 427, but its provisions are applicable to municipalities. Chapter 473, Public Laws of 1935, is a new law authorizing the issuance of bonds of municipalities to the Public Works Administration for the purpose of constructing a revenue producing enterprise, the principal and interest on the bonds to be payable solely from the revenues received from operation of such enterprise. The issuance of all bonds must be approved by the Local Government Commis-

sion. The Commission recognizes the advantages of financing projects for local governmental units through the Public Works Administration and wants to co-operate with the Administration as far as possible in its program of relief. On the other hand, the Commission is advertent to the need of safeguarding public credit and intends to carefully scrutinize each request for its approval of the issuance of bonds with due regard to ability of the unit to pay and to the necessity and merits of a proposed project.

Before the Commission will approve the issuance of bonds of a unit, the governing board, or an officer thereof duly authorized, must file application for such approval on a form prescribed by the Commission. However, the Commission requests that the governing board of the unit, before filing an application for approval of the issuance of bonds, give careful consideration to and furnish evidence with the application to show the following:

That the proposed project is necessary.

That the amount to be expended for construction is not excessive, yet adequate.

That the financial condition of the unit is such that the bonds and interest thereon are within reasonable ability of the unit to pay.

That the incurring of such bonded debt will not be unduly burdensome upon the taxpayers of the unit.

The new laws referred to above do not require any publicity to be given to the proposed issuance of bonds. The Commission is of the opinion that the public is entitled to be informed when it is proposed to incur additional debt. Therefore, each application to the Commission for its approval of the issuance of bonds should be accompanied by a publisher's affidavit of either a news item or a notice from a newspaper published in the unit or having general circulation in the unit. The news item or notice should set forth the intention of the governing board to issue bonds of the unit, stating the amount of bonds proposed, the purpose to which the proceeds are to be applied and the proposed method of payment of principal and interest, and that the governing board intends to file application with the Local Government Commission within ten days.

LOCAL GOVERNMENT COMMISSION
By CHAS. M. JOHNSON, *Chm.*



An E.R.A. project which will be of great and lasting value to the youth of the State—the new intercollegiate and intramural athletic fields at the State University.

THE NORTH CAROLINA EMERGENCY RELIEF ADMINISTRATION

Its Administration and Activities

By WALTER CUTTER

IN 1932, the Governor of North Carolina appointed Fred W. Morrison State Director of Relief. An Executive Assistant, a Technical Supervisor, a Director of Administration, and ten District Supervisors composed the Administrative personnel of the State Organization.

Relief Directors were appointed in each of the one hundred counties. In all counties of more than 32,000 population it is mandatory that there shall be a Superintendent of Public Welfare. In smaller counties the appointment of a Superintendent of Public Welfare is optional. In counties where no Superintendent of Public Welfare has been appointed the Superintendent of Public Schools is ex-officio Superintendent of Public Welfare. With but few exceptions, these County Superintendents were appointed the county relief directors, their salaries being paid by the counties. All additional administrative personnel was paid from relief funds.

In seven cities the relief program was directed by the official private agencies, public officials serving solely in an advisory capacity.

The first allotment of Federal funds for relief was made for October and November, 1932, in which months there was expended \$383,841.00 Federal funds, and \$468,978.00 from other sources—local governments, private contributions, American Red Cross, etc., distributed by local agencies to an increasing case load of 82,174 local families and 9,950 non-family persons.

In December, 1932, both the case load and the expenditures increased; the local relief administrative units became better organized and more efficient, while the expenditures for that month reached a grand total from all sources of \$1,088,994.00, distributed to 122,833 local families, and 13,041 local non-family persons. As the work continued into 1933, the case load reached

EDITOR'S NOTE: *The Emergency Relief Administration has touched more North Carolinians directly than any other Federal agency. This is the second in a series of articles by Dr. Cutter on the purposes and administration of this vast enterprise.*

270 local families and 5,072 non-family persons, or 10% of the state's population on relief. Over a period of nine months, from October, 1932, to June 1933, the sum of \$8,789,711.00 was spent from Federal (Reconstruction Finance Corporation), local governmental, private and American Red Cross funds.

In May, 1933, it has been previously indicated, the national relief authority, designed to supplement state and local relief, was created by an Act of Congress. Under the provisions of the Act, the Federal Emergency Relief Administration came into being, with the authority for distribution and coordination of relief activities in the several states. The Federal Emergency Relief Administrator, Mr. Harry L. Hopkins, appointed by the President, through his authority to grant or withhold requests for funds for the states, directly controlled the relief policies and standards in the states.

The Emergency Relief Administration

Under the program of emergency relief inaugurated in June 1933, the administration of aid continued under the Governor's Office of Relief until August, when the Governor appointed a State Emergency Relief Commission of five members: Dr. Howard Odum, Chairman; Clyde Dillon; Harriet W. Elliott; Col. Terry A. Lyon; Leland Kitchin; and Mrs. Thomas O'Berry, who was appointed State Relief Administrator. The state organization was changed from the

its peak in February when 164,770 local families and 10,608 local non-family persons, or 26% of the State's population received emergency relief from a total expenditure of \$1,174,151. The percentage of population aided during February, 1933, by counties, ranged from 8.3 to 57.8.

After February 1933, the case load began to decrease month by month, until June found only 97,-

Governor's Office of Relief to the North Carolina Emergency Relief Administration.

To meet the requirements of the Federal Administrator, the State Administration was reorganized with the Social Service, Accounting and Auditing Divisions, a statistician and necessary field supervision; a State Works Project Supervisor and a Director of Public Relations. In December, a Director of the Woman's Division and a Director of Transients were added to the staff. Local Administrators, directly responsible to the State Administration, were appointed in each county and a few cities. In counties having ex officio Superintendents of Public Welfare, separate relief administrators were appointed. Social workers and clerical workers were employed in each local administration.

In the beginning it was the intention that the field personnel of district supervisors should have within their respective districts the direction of the case work phases of the program. However to an increasing extent as the program has expanded, they have become General Field Representatives, directing within their districts all phases of the relief program, and interpreting state policies to the local units.

Administrative Activities Prior to CWA

The Social Service Division has been continuously handicapped by a lack of trained workers. To meet the need, two things were done. The Director of the Institute of Research in Social Science allowed the Social Service Division to draw upon the group of young men and women whom the Director had assembled for research. These men and women proved efficient workers.

In June 1933, through the cooperation of the Division of Public Welfare and Social Work of the School of Public Administration of the University, the State Relief Administration was enabled to bring to Chapel Hill for an institute of one month over a hundred workers. They were given instruction in case work methods, and administration, including an emphasis on office organization. The University donated the time of its instructors and charged no tuition or entrance fee. In the Fall, 30 mature students, without previous training in social work, and unemployed, were admit-

ted to the school under a plan that included all classes into the first three days of the week. On the other three days they worked as case aides in the counties within the reach of the University. For this work they were paid on an hourly basis from relief funds. At the end of the three months they were absorbed into the various relief units of the state.

In July 1933, the Director of the Social Service Division proposed a plan for permanent Rural Rehabilitation. Later in the year the plan was more fully developed and outlined with the aid of suggestions from Mr. Chas. A. Sheffield of State College, but due to inability of State Administration to secure Federal Emergency Relief funds, the plan was not put into operation.

Beginning in December, under a grant from the Tennessee Valley Authority and in cooperation with the Institute for Research in Social Science of the University, a study was made of displaced tenants in three counties to determine the probable suitability of these tenants for such a program of rehabilitation. In one county this study was supplemented by one of land available for the use of such displaced tenants.

In the Spring of 1933, the Governor's Office of Relief, in cooperation with the State Extension Department of the Agricultural College, inaugurated an elaborate Farm and Garden Program in all the counties. This was continued under the new administration. Seeds were purchased with Emergency Relief funds; garden and canning supervisors were employed. Emergency Home Demonstration Agents were employed jointly by the Emergency Relief Administration and the Extension Department, in counties which had no Home Demonstration Agent. Emergency Relief funds were expended to the amount of \$496,086.17; the yield in fresh and canned vegetables and fruits, syrup and dried vegetables and fruits amounted to \$1,098,957.00 while the value of all garden produce was nearly \$12,500,000.00. More than eleven million cans of fruit and vegetables were put up, which were used for school lunches and relief families through the winter months.

As North Carolina has a state-wide school system, there were no closed schools. For this reason funds were not available for the Rural Emergency Education program. The Relief program for needy teachers to teach adult illiterates, vocational training, rehabilitation for disabled adults, instruction in general subjects, and nursery schools was started in late December.

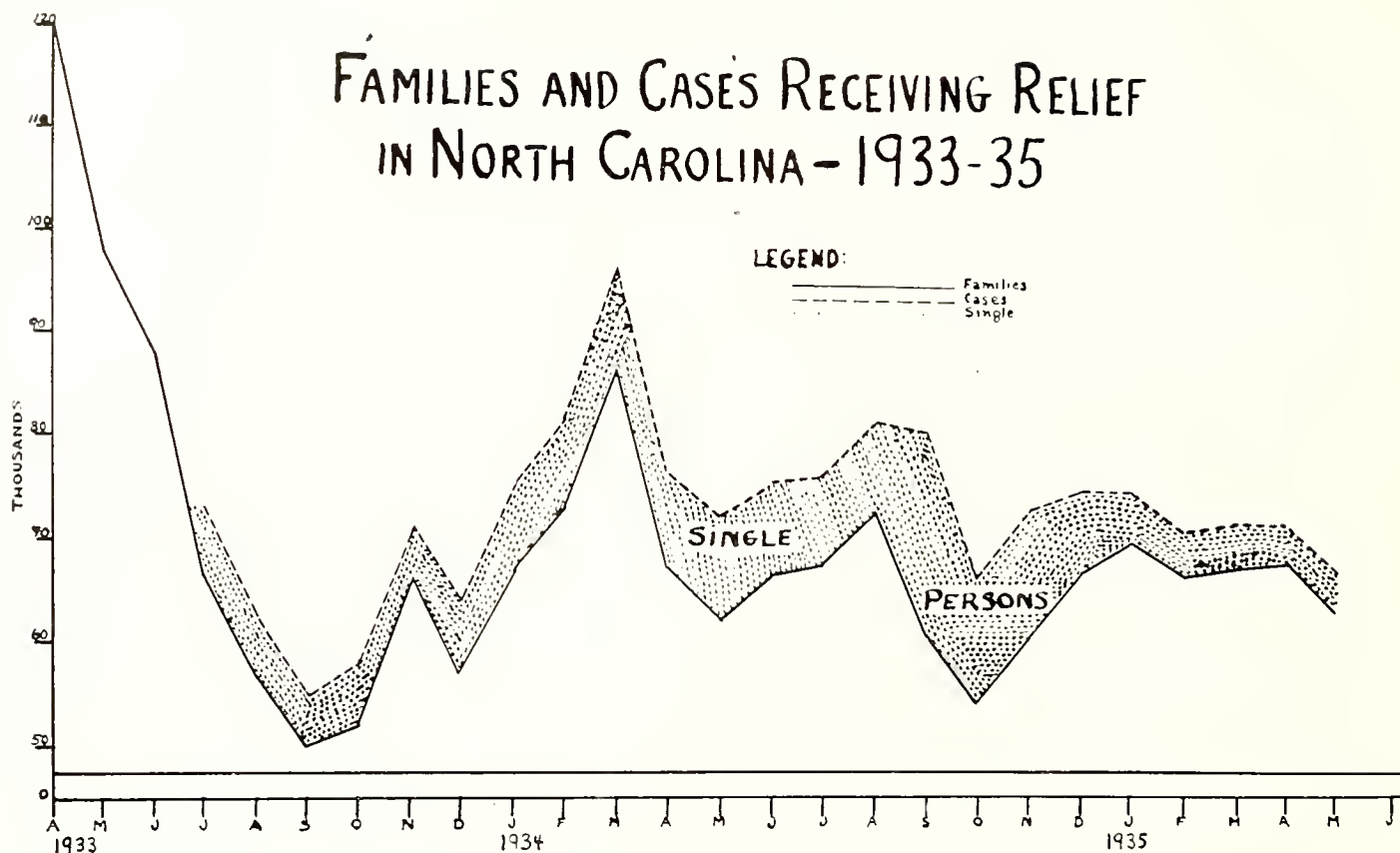
To the Field Representatives, who were in charge of the organization of administrative units under ERA, was given the responsibility for co-ordinating the divisions of work in the local units.

CWA Administrative Organization

On November 9 telegraph instructions were received from the Federal Administrator, Harry Hopkins, that the President had created the CWA for the purpose of placing on projects, socially and economically desirable, 4,000,000 unemployed persons at regular wages. The State Emergency Relief Commission was designat-



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ed State Civil Works Commission. The State and local Emergency Relief Administrators were designated State and local Civil Works Administrators to direct the Civil Works program in addition to the Emergency Relief program.

Following the meeting of Administrators and public officials called in Washington by Mr. Hopkins on November 15 to explain the CWA program, a meeting of all local Administrators was held in Raleigh on Saturday, November 18. The 105 Administrators, with other members of local staffs, were present and the Civil Works program was launched in North Carolina. By Monday, November 21, all workers on Relief projects were transferred to Civil Works projects and work relief in North Carolina was abolished. The staff of the State Administration was increased to take care of rapidly increasing work. The Engineering and Purchasing Departments, Safety Division, and Compensation Director were added to complete the Civil Works organization.

Each unit was patterned after the State Administration. Taking into consideration the rapidity of organization, the new and untrained persons employed, the program ended with remarkable efficiency. The response of local administrators was immediate and enthusiastic in support of the President's program.

The change from a relief to a work program was never very clearly grasped by the public. Where emphasis had been on need of relief, it was now placed on unemployment. Persons placed on work projects were no longer subject to case work investigation.

While it was true that there was rather widespread misunderstanding of the fact the CWA substituted a works for a relief program, there was never-

theless equally strong public and newspaper support for the President's plan. Unemployment was decreased, and purchasing power increased, while the morale of persons assured of at least immediate economic relief was very much improved. There were misgivings voiced by employers of labor at the beginning of CWA with regard to the wage scales obtaining. This criticism was met by showing that only those unemployed or on relief would be given CWA employment, so that employers generally became very favorable to the program. For a program put into effect with such speed, and resulting in public works of all types having a permanent, statewide value, CWA was singularly effective, and general feeling, when it came to an end on March 31, 1934, was that it had been eminently successful.

At the close of the CWA there was a somewhat confused period. There was general uncertainty about nature of the program to follow. The permissible inclusion in the CWA program of certain non-relief people had caused many persons not entitled to relief to believe that they had a "right" to government money. With reduced governmental allotments, and reduced wages on relief projects many were impatient, while some were openly resentful at case work investigations and discussions of budgetary needs, although these were made necessary by government regulations. In addition to the reinterpretation of the program to the client, there was a pressing need for interpreting the program to the public which had become somewhat resentful, through misunderstanding, of "high wages," so-called "made work," and large expenditures of funds. This interpretation was done

(Continued on page fifteen)

Street and Highway Prospects Brighter

The General Assembly of 1935 improved materially the conditions under which the State Highway and Public Works Commission deals with the highway problems of the State. Under the law of the biennium just closed the Commission was restricted severely in the use of funds for maintenance and was denied but a very small amount for construction.

The Commission has under its control about 58,000 miles of highways. The mileage on January 1 totalled 57,696.45 miles, and some additions have been made to the system since then. Of this mileage, 10,630.39 were on our State system and 47,066.06 on our County system. A further classification follows:

Hard surfaced State roads	
in rural area	7,526.64
Hard surfaced in cities	300.19
Earth roads	2,793.56
Hard surfaced roads in	
County system	1,222.57
Earth roads in County	45,843.49

Increase Highway Funds

For the maintenance of this great system the State Highway Commission had \$6,900,000 a year during the past two years. With this fund the Commission struggled vainly to keep the roads in good condition. When the General Assembly met in January, it yielded promptly to a request of the State Highway Commission for a special immediate appropriation of \$3,000,000 to enable the Commission to get about the business of bringing the impaired system back into a proper state of maintenance.

In addition to this deficiency appropriation, the General Assembly loosened the purse strings to the extent of matching \$2,938,000 a year of regular Federal aid construction funds. The new appropriation bill also amplified our maintenance fund, providing \$3,500,000 a year for maintenance of State highways and \$6,000,000 a year for maintenance of County highways. It provided also for the use of \$2,000,000 a year for county road betterments if the revenue is sufficient to

Federal Aid And Earmarked Federal Funds Available--State Appropriations Also Increased --Chairman Optimistic Over Prospects For Next Biennium

By **CAPUS M. WAYNICK**,
Chairman, State Highway And Public Works Commission

permit this expenditure.

A new item in the appropriation bill is \$500,000 a year for the next two years to be spent in maintaining city streets which are parts of the public road system.

In addition to State funds for road work and in addition to the \$2,938,000 a year regular Federal aid, North Carolina will receive its part of the ear-marked road money of the new public works funds. Congress earmarked \$800,000,000 for roads and road structures. Of this amount \$100,000,000 has been used to fund old allocations of federal aid that already had been made, pledged and largely spent.

The Federal act gives the Pres-

ident the right to transfer as much as 20% of this earmarked money to other purposes at his discretion. It is likely that the option will not be exercised unless developments prove that the highway work can not proceed fast enough in the employment of people needing work. However, up to the present time, instead of allocating all of this earmarked money to the states, the U. S. Bureau of Roads has allocated only \$400,000,000 of the \$700,000,000 remaining after funding the deficit.

Share Earmarked Road Money

This allocation of funds was made \$200,000,000 for the elimination or safe-guarding of railroad grade crossings and \$200,000,000 for road and street construction. The allocation is made by definite yardsticks which are reasonably fair to North Carolina.

We have had official notification of the allotment of \$4,720,000 for roads and streets and \$4,823,000 for the grade crossing program. We have an expectancy of our share of the \$300,000,000. It seems to be believed generally in highway circles that this other \$300,000,000 will be

State Aid For Maintenance Of City Streets

The State Highway Commission is now taking proposals from North Carolina cities and towns for the use of the \$500,000 appropriated by the 1935 Assembly for the maintenance, during the next biennium, of city streets traversed by State highways. The fund is expected to be budgeted and the allotments made and announced the latter part of July, according to Chairman Capus Waynick.

City officials are advised, if they have not already done so, to send in their applications at once. This is not imperative, as Mr. Waynick indicated that the State's engineers would inspect and study the needs, insofar as possible, of towns not submitting proposals. However, the information will be invaluable to the Highway Commission in making allotments, and the town which furnishes a full report and formal application will undoubtedly be in the best position to receive its share of aid.

The fund will be spent partly through financing the Highway Commission's own forces in work on municipal streets, Mr. Waynick stated, and partly through contract with cities which have adequate maintenance forces. All jobs will be done on a strict project basis, he said, under the inspection and subject to the approval of the Commission's engineering staff.

divided \$200,000,000 for roads and streets and \$100,000,000 for the grade crossing program. Our expectancy, therefore, for roads and streets is another \$4,720,000 and for the grade crossing program \$2,416,000.

Naturally we cannot proceed on the assumption that this earmarked money will come through to us. Developments may defeat the arrival of a considerable portion of it, and the President in his wisdom may use more of it for the grade crossing program and less of it for roads and streets than we expect. Our only safe course is to plan our program of spending with these possible eventualities in mind. Therefore, it becomes the immediate responsibility of the State Highway Commission to determine how we shall allocate \$4,720,000 for roads and streets to be built with PWA money and how we shall allocate \$4,823,000 for the grade crossing program.

Highway Commission Working on Plans

It is not possible at the present time to give you any very clear indication of the manner in which this money will be used. The State Highway Commission presently is working on the program and we are not in position to make any announcements of allocations thus far. From this money must come whatever is spent for bridges in eastern North Carolina, as well as roads, streets and grade crossing work all over the State. While these sums seem large in the aggregate they dwindle in contemplation of the fact that we have before us nearly one hundred million dollars worth of urgent proposals for streets, roads, bridges and grade crossing improvements.

The \$2,938,000 a year regular Federal aid and the \$3,200,000 a year State money which is placed in the treasury for matching this Federal aid and paying the engineering costs, will be devoted to the construction of links in the existing Federal aid system of the State. That system comprises about 5,800 miles of our State system. That money cannot be used on roads that are not part of the Federal aid system.

We have information now to the effect that we will be required to

spend as much as 25% of the road and street appropriation of \$4,720,000 on secondary roads. We are informed officially that we will not be limited to important State roads in the construction of overhead bridges and underpasses to eliminate hazards at railroad grade crossings. In brief, we are to have considerable discretionary power in the Commission on the selection of these projects, but we are bound largely to locate them as nearly as practicable where they will serve most importantly the primary purpose of taking unemployed men off the relief rolls.

The Problem for the Future

One general observation about the future: By the time the 1937 General Assembly convenes, it doubtless will appear to all who study the State's fiscal problems that all the funds derived from automobile and auto fuel taxation will be needed for road purposes. The 1935 Gen-

eral Assembly increased diversion of these funds about \$3,000,000 and reduced taxation on automobiles about an equal amount for the next biennium. Stated otherwise, had diversion been discontinued instead of increased and had license tags not been reduced, there would have been good prospects for some \$8,000,000 more for building roads than we look forward to now. All of this and more is needed, as the road conscious people of every county in the State will tell you, to give roads to the markets and the schools. This State has a great and increasing responsibility for the road system. We are not through building roads. We must build more of them, rebuild and modernize the old ones, and keep all in good repair. We are beginning to make more of the fertility of this State and its nearness to 40,000,000 consumers. Good roads have stirred us to enterprise, and better ones will enable us to reap rewards.

INTERPRET NEW LAWS

(Continued from page one)

The Police School continued through Thursday and was attended by upwards of 150 officials, including the police chiefs of cities and towns all over the state. Among the instructors were L. P. Schilder and E. P. Coffey, who head the United States Bureau of Investigation's fingerprint division and scientific laboratory, respectively. Prominent officials called in for special lectures included Justice W. J. Brogden and George W. Connor and Attorney-General Seawell, Judge T. D. Bryson, Senator Carroll Weathers, Solicitor J. C. Powers, and State Fire Marshal Sherwood Brockwell.

At the concluding session new officers for the North Carolina Police Chiefs Association were elected as follows: W. G. Friddle, High Point, president; R. L. Rankin, Salisbury, and Frank N. Littlejohn, Charlotte, vice-presidents; G. W. Proctor, Durham, secretary; D. C. Bulla, Asheboro, treasurer; and M. D. Caffey, Greensboro, G. A. Clark, Greenville, and J. S. Lane, Wilmington, executive committeemen.

Clearing House of Information

The federal administrators took the general gathering of officials—as State officials had done before—

to put before local officials important information concerning the administration and procedure of their agencies under the new set-up in Washington.

The Institute's first meeting for the interpretation of new legislation was held following the General Assembly of 1933. As far as is known, North Carolina officials were the first in the Union to adopt the practice. A program for citizens' groups was held in connection with the initial gathering, and the joint meeting attracted upwards of a thousand officials and citizens, representing 98 counties. The practice proved so practical and beneficial, officials determined to make it a permanent affair.

Since the 1933 meeting the Institute has expanded its magazine, "Popular Government," from a quarterly to a monthly, and has gone a long way toward making of it a clearing house of information between state and local governmental units. With the addition of the program on Federal Agencies this year and with the present "Federal Number" of POPULAR GOVERNMENT, officials plan to go farther and farther in making it a clearing house of information between local units and federal agencies as well.

THE NORTH CAROLINA E. R. A.*(Continued from page twelve)*

wherever possible, and out of this transitional period, during which period the administrative setup was completely reorganized, emerged the North Carolina Emergency Relief Administration in its present form, starting to function on April 1, 1934. The Administrative setup is as follows: A State Administrator and an Assistant Administrator; a Director of the Social Service Division, and an Assistant; an Engineering and Purchasing Division, directed by a State Works Director, under whom there is a Purchasing Officer, a State Project Supervisor, an Office Engineer, a Director of Safety, and necessary Field Engineers; A Director of the Rural Rehabilitation Division, an Assistant in charge of the department heads in this division, and Field Farm Supervisors; a State Transient Director, and an Assistant in charge of the social work done in transient centers; a Director of the Emergency Relief Education Program; a Statistical Division; an Accounting and Auditing Division; a Chief Disbursing Officer; a Director of Women's Work; and a Director of Public Relations.

It became increasingly apparent to the State Relief Commission and the State Administrator that a substantial saving in administrative costs could be effected by consolidating groups of from two to seven counties into administrative districts. It will be recalled that there was a Relief Administrator in each of the 100 counties in the state, and in several cities, there being 105 Administrators in all, with ten general field Representatives. Accordingly a plan for consolidation was put into effect, and from November through February, these consolidations were effected. District Administrators were chosen for each district, and those County Superintendents of Public Welfare who had combined with their other duties, the responsibilities of administering relief, were freed by the ERA to give their full attention to their welfare work. There were originally 33 Administrative Districts created, these being reduced at present to 31. The number of Field Representatives was reduced from ten to seven.

In each of the 31 administrative districts, there is a District Administrator; a Social Service Supervisor; a Rural Rehabilitation Supervisor; a Project Engineer; a Disbursing Officer; a Purchasing Agent; a Statistician and necessary clerical help. The district administrative departments correspond with departments in the state office to which they are responsible.

Activities of the N. C. E. R. A.

There is but space enough to indicate only in the most general way the many activities of the ERA. It may be said again that with all the efforts which have been made through newspaper articles, public speeches, and by other means to interpret both the scope and activities of this program it cannot yet be said that there is a full appreciation on the part of the public of its full significance. This may be due to a number of factors, the size of the relief program, with its attendant problems, and the general public unrest in the face of the bewildering rapidity with which events are happening. That the State Administration has

done its part in strengthening morale, putting people to work, allaying the feeling of unrest, and providing a firm foundation on which future programs may be built is apparent from the following brief recital of its activities.

Despite the frequent changes in the program and the uncertainty of monthly allotments, the program of the North Carolina Emergency Relief Administration has not been a haphazard one, but has been built step by step on a solid foundation looking toward permanent social progress. During the 32 months of Federal Relief the policy has changed from that of providing subsistence only, to one of restoring relief families to a self-supporting basis where possible, through work relief and rehabilitation.

The foundation of the entire program is the social

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work done with the individual. The Social Service Division is charged not only with determining relief eligibility and the extent of need, but in assisting clients with varied problems of economic and social maladjustment. For this basic activity, training and skill are required. In meeting these human problems, securing necessary information, and granting relief, as adequately as funds permit in the given case, a high degree of tact and ability is necessary. With but few trained workers available, the ERA has recruited untrained, but promising people. By means of courses of instruction at the University of North Carolina and continuous institutes, under the direction of trained social workers, and courses at leading schools for social work, a highly efficient social service group is being developed.

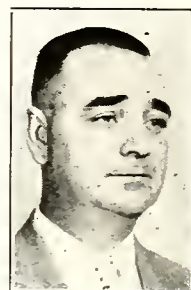
Rural Rehabilitation: With 70% of the relief families in towns under 5,000 population and open country, special emphasis is placed on rehabilitation of rural families. Special earmarked funds are granted for rural work. These funds are transferred to the Rural Rehabilitation Corporation, which functions as any other business corporation. Rural families, capable of earning a living at farming, are taken off relief and advances are made from the Corporation for subsistence, work stock, necessary equipment for farming, etc. Land is leased or purchased by the Corporation for the family. A careful budget for subsistence and a plan for farming is made out. Before advances are made, the client gives a note to the Corporation covering the loan. Trained agriculturists and home economists are included in the state staff to direct this

program and in each of the 31 districts there is a district farm supervisor and home economist to advise with the families. Since January, 1935, 8,000 families have been taken off relief and placed on Rural Rehabilitation. It is interesting to note, in connection with Rural Rehabilitation efforts, that a long time comprehensive plan for such rehabilitation had been evolved as early as 1933 by the North Carolina Emergency Relief Administration and submitted to Washington.

The rural plan includes organized farm colonies and work centers with educational, recreational and cultural opportunities to be developed in a well-rounded program to raise the standards of living.

In 1934, before the Corporation was organized, land was leased and advances were made from relief funds to over 12,000 families. After harvesting and marketing crops, over 3,000 of these families *paid up in*

W. G. Friddle, (left) new president, and R. L. Rankin, (right) new vice-president of the North Carolina Police Chiefs Association. They were elected at the final session of the annual School of



Law Enforcing Officers, held in connection with the general meeting of The Institute. A picture of F. N. Littlejohn, the other vice-president, was not available.

full and promptly said they would not need relief another year.

In connection with the rural program, the farm and garden program of 1932-33 was unusually successful, yielding subsistence products expertly valued at nearly \$12,500,000 for an expenditure of less than \$500,000.

Works Division: The gradual replacement of work relief for direct relief is one of the most significant developments during the past fifteen months. The purpose of a works program is three-fold:

- (1) To maintain the morale and self-respect of the persons receiving relief.
- (2) To preserve self reliance.
- (3) To provide in each community in return for money expended projects which have a definite social and economic value.

The progress of the work program is retarded by many governmental limitations which must be observed. Some of the difficulties which have to be met are as follows:

- (1) Lack of funds for materials and inability of local communities to furnish them.
- (2) Only one member of a family is allowed to work at one time.
- (3) Hours of work are limited—and no person may exceed in work hours his relief budget which is limited by the amount of funds granted to the state.
- (4) The small percentage of skilled and semi-skilled workers on relief have created a difficult problem in completing the projects requiring skilled work-

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NORTH CAROLINA

manship which were started under CWA. With increased private building there has been an upswing of demand for skilled laborers in private work and this will probably be a problem in the new program.

Notwithstanding these limitations there are approximately 49,700 relief persons now at work in all ERA programs. Under competent supervision in all of these programs, results of permanent value to the whole state are being constantly realized.

Types of Projects: The work relief includes every type of work, from heavy construction of buildings to making clothes in sewing rooms. It includes clerical projects, research projects, and an educational program which has as one of its objectives the elimination of illiteracy.

It is interesting to note that over \$6,500,000 has been expended on state-owned property for construction, repair and maintenance of roads, for the construction of school additions, repairs, new schools and gymnasiums, and for the conservation and development, such as oyster planting and construction of game and fish hatcheries, etc., and state buildings.

Eighteen (18) swimming pools have been constructed in the state. Airports, reservoirs, complete water systems, street paving and widening, large drainage projects, new county homes, etc. have been given to the state and communities under this program.

The airport at Raleigh, in point of construction and facilities is regarded as being one of the best east of New Orleans.

Sewerage and water works are now possessed by many North Carolina towns for the first time. Streets have been widened and repaired in many towns and cities. In Asheville, for example, there is hardly any comparison between the broad Biltmore and Merrimon Avenues of the present, and these same thoroughfares before they were improved.

The United States Public Health Service considers the drainage work done in North Carolina as outstanding among all the states. The Surgeon-General has said that the benefits derived from drainage for malaria have exceeded the amount of the relief debt in the South.

The Rural Electrification Survey in North Carolina was the first to be completed in any state, and in point of thoroughness offers a foundation on which future activities may rest.

The accident frequency, on ERA projects of all kinds, under the fine supervision of the Safety Department is among the lowest in the states.

Hundreds of women who are the breadwinners in the family have been employed on all types of women's work projects such as clerical work, sewing rooms for making clothing, overalls, mattresses, and diversified handicrafts.


* * *

Both the state and nation were totally unprepared for the economic crisis. There were no precedents to point the way in solving the many problems which arose. Out of the chaos and confusion, the NCERA has developed an organization, efficient, and ready to meet any situation. Mistakes have been made, but

through mistakes the organization has learned how to do a better job. The present splendid organization may be attributed to the fine spirit of cooperation throughout the whole organization. The Administration has kept abreast of the growing program, and adjusted its organization to meet the growing demands made upon it. Even with the addition of such trained workers as have been made necessary by increased activities, nevertheless, the entire administrative cost is only 9.2% of the total expenditures, a figure well below the national average.

Since June, 1933, \$44,500,000, not including the five and one-half million advanced by the Reconstruction Finance Corporation, of Federal funds have been spent in the various phases of unemployment relief. Every dollar is accounted for. Each week the payrolls, showing the exact hours, classification and wages of every worker on projects, is carefully analyzed, checked and forwarded to Washington. With records in fine shape, a smoothly functioning organization and 49,700 persons now at work on worthwhile projects of permanent value, it is felt that the new Works Program in which all are so interested should get off to a good start.

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BOX 352

CHAPEL HILL, N. C.

Bulletin Service

Opinions and rulings in this issue are from State Department letters
from May 10th to June 20th

★

Prepared by
M. R. ALEXANDER

I. Ad valorem taxes.

A. Matters relating to tax listing and assessing.

5. Exemptions—city and county property.

To W. T. Cross. Inquiry: Is real property owned by a municipality, and situated in another county, exempt from ad valorem taxation?

(A.G.) Yes. See Article V, Section 5, North Carolina Constitution, and Andrews vs. Clay County, 200 N. C., at p. 280.

9. Exemptions—property of North Carolina Rural Rehabilitation Corporation.

To W. S. Sykes. Inquiry: 1. The North Carolina Rural Rehabilitation Corporation owns real and personal property in this county. Is this subject to taxation? 2. The county deeded the Corporation a tract of land. The deed stipulated that the latter should pay the taxes and was duly registered. Is the corporation liable for taxes on this tract?

(A.G.) An examination of the charter of the North Carolina Rural Rehabilitation Corporation discloses that it is a benevolent and non-profit corporation. In my opinion, property owned by the corporation, both real and personal, should be exempt.

With regard to the tract sold the Corporation by the county on the condition that the corporation pay the taxes on the property, this would be strictly a question of contract between the county and the corporation. In other words, if the consideration for the sale of the property was the payment of certain taxes delinquent or due, the corporation would be liable for such sums—not, however, as taxes upon the property, but as the consideration or purchase price of the property.

30. Situs of personal property.

To A. C. Hudson. Inquiry: Are bonds held by a non-resident trustee for a resident beneficiary taxable in this State when the beneficiary receives the income therefrom but has no right to the control or possession of same?

(A.G.) No. See Safe Deposit and Trust Co. vs. Virginia, 280 U.S. 83.

To Thos. W. Alexander, Jr. Inquiry: Where should the rolling stock of a bus line be listed for taxation?

(A.G.) In the town and county where the principal office is located. See Sec. 516 of Ch. 204, subsection 3.

31. Cotton in bonded warehouse.

To J. M. Aldridge. (A.G.) This office has ruled that a taxpayer may offset the amount of any advancement he has received on cotton, raised by him and stored in a bonded warehouse, to which he still retains title. See Sec. 517 and 518, Chapter 204, Machinery Act of 1933.

There is no question but that the list

taker has the right to list property for the year 1935 from the 1934 records, that is, any such property which has not been listed by the owners.

68. Cash and loan values of life insurance policy.

To W. Page Harris. Inquiry: Are the cash and loan values of life insurance policies and the loan values of annuities subject to city and county ad valorem taxes?

(A.G.) This office has so ruled, not upon the theory that these items constitute property exempt from such tax, but upon the theory that the same are not actually property owned by the taxpayer.

69. Proceeds of life insurance policies retained by company.

To David W. Isear. Inquiry: Are proceeds from life insurance policies due and payable to the beneficiary, but retained by the company under agreement to pay a guaranteed earning thereon and to permit the withdrawal of same by the beneficiary upon certain notice, subject to ad valorem taxation?

(A.G.) Yes, under subsection 6, Section 7971 (18) C.S., Michie's Code.

91. Deduction—in case of mortgage.

Inquiry: A has a home valued at \$2,500 on which B holds a mortgage of \$1,250. What is the rule as to how much each will list for taxes?

(A.G.) Article V, Section 3, State Constitution, allows the home owner an exemption of 50% of the amount of the debt outstanding (provided it does not exceed \$8,000), and allows the mortgagee an exemption of 50% of the value of the notes and mortgages.

The intentment is to prevent double taxation and to permit one half the tax load to be carried by the home owner and one half by the party selling same or providing the funds to pay for same.

92. Credits to hospitals on past bills.

To R. L. Bradley. Inquiry: The owner of a hospital leases same to a non-profit corporation which agrees to pay a stipulated rental together with any taxes that might be required on the property. Is the owner and lessor required to list this property for taxes, and would the agreement with the corporation requiring the payment of taxes obligate the county to accept charitable services in settlement of taxes on the property?

(A.G.) The property should be listed by the owner. The only way in which the hospital could tender statements for charitable cases for credits upon its tax receipts would be to buy the property outright.

To R. L. Bradley. Inquiry: A private corporation operating a hospital has a provision in its charter stipulating that no dividends can be paid to stockholders as long as they shall operate a hospital and that all profits earned shall be kept in

the corporation. Is the hospital entitled to claim exemption from ad valorem taxation on its real property?

(A.G.) Such a provision does not have the effect of bringing the property of the corporation within the exempted class either under the Constitution or under the terms of the Machinery Act of 1935. See Section 5, Article V, of the Constitution, and Section 304 of the Machinery Act.

B. Matters affecting tax collection.

10. Penalties, interest, and cost before foreclosure.

To V. C. Jones. Inquiry: What is the penalty for failure to list taxes?

(A.G.) Section 7971 (93), Michie's Code, makes failure to list personal property a misdemeanor. Subsection 9, Section 7971 (50) makes failure to list real or personal property a misdemeanor. Subsection 5, Section 7971 (50) provides a penalty of 10% upon the normal tax for every year *preceding* the current year, not exceeding five, in the event of a discovery.

12. Penalties and interest—right of county to remit.

To Edmund B. Norvell. Inquiry: Is an act of the Legislature remitting or releasing interest and penalties on taxes valid, and is this not a discrimination against the bondholders and against taxpayers who have already paid taxes with interest and penalties?

(A.G.) This Department has heretofore ruled that constitutional laws might be enacted authorizing the commissioners of a county, or the governing body of a town, to remit interest and penalties on tax; and the Legislature, as you know, passed many laws of that character in the past. Both interest and penalties on taxes are matters of statute entirely, and no doubt, insofar as the interest of bondholders may be concerned, remain at all times within the power of the Legislature to exact or remit.

13. Penalties when taxpayer in receivership.

To S. J. Hinsdale. Inquiry: Are counties and towns justified in remitting costs and penalties accruing on delinquent ad valorem taxes during liquidation of the taxpayer by the State Commissioner of Banks?

(A.G.) This Department has heretofore ruled, in certain cases where the taxpayer was in Federal Receivership, that such penalties could not be enforced. This ruling was based solely upon the fact that in a number of Federal Jurisdictions it had been held that these penalties were not collectible. Further these cases had been consistently followed by the Federal courts in this circuit.

These decisions were predicated upon the theory that, the property of the taxpayer being in the court, the delay in payment of the taxes was not the fault of the taxpayer, and that, therefore, penalties for delay should not be enforced.

This line of reasoning appears to be sound and might properly be followed in this jurisdiction. There are, however, authorities to the contrary. Furthermore, in the absence of adjudication by our court to the effect that such penalties may not be enforced, counties and towns have the right to insist upon payment of these penalties. Under these circumstances, it is not thought that determination of the matter properly falls within the province of this Department.

17. Allocation of taxes collected by discovery.

To R. W. Allen. Inquiry: What is the proper method for allocating taxes collected by discovery?

(A.G.) Such taxes are allocated to the various purposes representing the total tax rate for the year in question.

19. Delinquent taxes—extension of time for sale, 1932 and 1933 taxes.

To A. R. House. Inquiry: 1. Senate Bill 263 (1935) permits municipalities, in which real property was not advertised for sale for delinquent tax for the years 1932 and 1933, to sell the same *not later than* the first Monday in May, 1935. Would a sale on April 30, 1935, comply with this law? May the town intervene to assert its rights in certain suits brought by the county for the foreclosure of tax certificates under C.S. 8037 or would it be necessary for the town to sell and get tax certificates?

(A.G.) 1. In my opinion, S.B. 263 forms an exception to the general law, C.S. 8012, providing that sales shall be held on the first Monday in May, and confers authority upon the town to sell land for delinquent taxes at a suitable date, to be selected by it, not later than the first Monday in May.

2. I do not think this would be necessary. C.S. 8037 contemplates that all persons, concerns or corporations having an interest in the subject matter should be made parties and permitted to litigate that interest. The town has such an interest in some of the property against which the county is proceeding, that interest coming by virtue of the lien for municipal taxes.

This Department has held that where either a municipality or county forecloses under Section 8037, without giving notice to the other of such proceedings and giving an opportunity for the litigation of the tax lien, the purchaser at the foreclosure sale takes subject to the tax due the municipality or the county as the case may be. This, of course, renders it very essential to the county that the town should be notified and permitted to have its day in court.

30a. Tax foreclosure—time for 1932 Certificates.

To W. D. Pruden. Inquiry: Did the Legislature extend the time for foreclosing 1932 certificates?

(A.G.) Chapter 75, Public Laws of 1935, extends the time for instituting foreclosure proceedings on certificates of sale for land sold for taxes in the year 1932 to December 1, 1935. A number of counties are exempted from the provisions, however, under Section 2.

To Grover H. Jones. (A.G.) The purpose of House Bill 863, ratified May 7, 1935, was to eliminate the contradiction in C.S. 8037 and to make definite the time within which suits may be brought for the foreclosure of tax certificates. It does not repeal Senate Bill 238, ratified March 8, 1935, which relates only to the foreclosure of tax certificates for the year 1932, and thus makes an exception to the general law as contained in C.S. 8037.

31. Tax foreclosure—procedural aspects.

To W. S. Gregory. Inquiry: What is the time limit for instituting actions to foreclose tax sales certificates?

(A.G.) Such actions may be instituted at any time after the expiration of 16 months from the date of the certificate

of sale and must be instituted, under C.S. 8037, within 24 months of this date.

To W. D. Pruden. Inquiry: Two different paragraphs in the Act of 1927 (C. S. 8037) specify 18 months as the time for instituting tax foreclosure suits. Chapter 360, Section 4, Public Laws of 1931, amends one paragraph to read 24 months, but due perhaps to an oversight, it does not change the other paragraph. Which time limit controls?

(A.G.) The opinion has been expressed, inasmuch as taxing statutes must be considered strictly in favor of the taxpayer, that the 18 months limit probably would control. It is a matter of such extreme doubt that I have advised the institution of suits where possible within the 18 months.

50. Tax collection—acceptance of bonds for taxes.

To Frank M. Armstrong. Inquiry: Please give me your opinion on the constitutionality of House Bill 1487, authorizing Montgomery County and the towns therein to accept, in their discretion, bonds of the county and its towns in payment of delinquent taxes and paving assessments.

(A.G.) This Department has uniformly held that past due bonds of a city may not be received in payment of taxes or street assessments in the absence of an enabling act. In those cases, however, where the county or municipality has been given such authority by special act, this Department has not seen fit to interfere by holding such acts to be unconstitutional.

The constitutionality of such legislation has not been passed upon by our courts. Although similar acts have been held unconstitutional in other jurisdictions, it is not the custom of this office to declare a statute unconstitutional unless it is too obviously objectionable in that respect.

It is noted that this particular act authorizes the acceptance of bonds in payment only for taxes which have long been delinquent, that is, 1927-31. For this reason it would seem that the most objectionable feature to such practice is eliminated in this particular instance.

60. Tax collection—levy on property.

To F. O. Christopher. Inquiry: Is a delinquent taxpayer entitled to have a homestead laid off before real estate can be sold to satisfy the tax lien?

(A.G.) No homestead can be claimed against an ad valorem or property tax, although it may be claimed with regard to certain taxes provided in the Revenue Act. See Chapter 445, Public Laws 1933, Section 470 et seq. and Section 473.

II. Poll taxes and dog taxes.**A. Levy of poll taxes.****3. Exemptions—age.**

To George T. Davis. (A.G.) In my opinion, a person who was 50 years old on March 1 is not liable to pay the 1935 poll tax.

III. County and city license or privilege taxes.**A. Levy of such taxes.****10. City automobile licenses.****49. License tax on manufacture of fertilizer.**

To M. T. Britt. Inquiry: Does the State levy a license tax upon the manufacturing of fertilizer? May a municipi-

ality levy a privilege or license tax not levied by the State?

(A.G.) Under C.S., Section 2677, a town may lay a privilege tax upon any trade, profession or business, carried on and enjoyed within the town, unless that right is modified or taken away by some other State law. The statute does not lay a direct revenue tax upon fertilizers, but does impose an inspection tax. In my judgment, under the law referred to, a city or town might levy a tax upon the manufacture of fertilizer, provided it is carried on within the town limits.

66. License tax on out-of-town ice companies.

To C. W. Whitlock. (A.G.) A dealer in ice who has no located place of business in your town but merely sells ice therein cannot be taxed by your town under the Revenue Act, regardless of the fact that an ice plant is located in the town which does pay a license tax.

67. License tax on out-of-town beverage distributors.

To E. P. Covington. Inquiry: Please advise if a manufacturer of soft drinks whose plant is in another state is subject to a privilege tax in a town in which he sells and distributes his products.

(A.G.) Generally speaking, Section 2677, C.S., provides that the governing body of a municipality may levy a tax on all trades, professions, and franchises carried on or enjoyed within the city unless otherwise provided by law.

In the case in question, it appears that the company maintains a warehouse within the state, and distributes its products therefrom. Under such circumstances it is taxable by the State, under subsection (b) and (d), Section 134, Chapter 371, Public Laws 1935, and is exempted from similar tax by counties, counties or towns by the provisions of subsection (f). In my opinion, therefore, the company in question is not liable to a privilege tax levied by the town.

IV. Public schools.**B. Powers and duties of counties.****1. Erection of school buildings where no petition for election presented.**

To Paul F. Evans. Inquiry: Is it compulsory for a county to build city administrative unit school buildings when the county has been paying per capita to the city units on all school funds used for county school purposes? If so, in a case of this kind, will it be possible to make some adjustment on per capita allocation to the city administrative units?

(A.G.) After the School Machinery Act of 1931 went into effect, there was no authority responsible for building school houses except the County. No adjustment can be made by way of diminishing the per capita allocation to the city administrative unit on account of such buildings to be constructed therein by the County.

6. Petitions.

To Junius D. Grimes. (A.G.) This Department has heretofore ruled that when a proper petition is presented to the Board of County Commissioners by the Board of Education, it is mandatory upon the former to call an election on the question of a school supplement.

8. Removal of school buildings when use is discontinued.

To J. R. Brown. Inquiry: Has a coun-

ty the right to sell or remove a public building, erected on the land of a third person, after its use has been discontinued?

(A.G.) No, unless there was a reservation of such right in the agreement.

30. Assumption of district debts by county.

To W. H. Woolard. Inquiry: 1. Does the Board of County Commissioners have authority to assume the bonded indebtedness of various school districts and to levy a county-wide tax to liquidate such obligations? 2. May a school district now incur indebtedness for school buildings and levy a district tax to retire said indebtedness?

(A.G.) 1. The county is given authority to assume such debt under subsection 3, Section 5599, Michie's Code.

2. Under the provisions of Section 4, Chapter 562, Public Laws 1933, all school districts as then constituted for school administration or for tax-levying purposes were declared to be non-existent except for the purpose of levying sufficient taxes thereafter to retire existing bonded indebtedness outstanding against such district.

The same section authorized the State School Commission to create administrative units both county and city, but no authority was given to such units to provide for school buildings or to levy a tax for such purposes.

The duty of providing school buildings and equipment necessary for the maintenance of the 6 months school term as required under the Constitution rests solely upon the County. All indebtedness incurred therefor constitutes a county-

wide obligation which may be retired only by a county-wide levy. This is true whether the building is to be erected in a city administrative unit or in a rural district. See *Evans vs. Mecklenburg County*, 205 N.C. 560.

To R. B. Overton. Inquiry: Can the County Board of Education and the County Board of Commissioners compel the abolition of a special school bond tax unit and assume the indebtedness of the district over the will of the Board of Trustees of the district?

(A.G.) It is not mandatory for the County Board of Commissioners to assume the indebtedness of any district unless the Board has assumed the debt of one or more districts in discrimination against others. *Hickory vs. Catawba County*, 206 N. C. 165. However, upon proper action of the Board of Education and the County Board of Commissioners, the debts of all the districts in the county may be assumed by the County Commissioners, regardless of the attitude of any particular district in the matter.

C. Powers and duties of city administrative units.

10. Elections to supplement State funds.

To MacLean & Rodman. Inquiry: What is the proper procedure under section 14, School Machinery Act of 1935, for calling a special election to extend the school term in a city administrative unit to nine months?

(A.G.) A resolution by the Board of Trustees of the City Administrative unit to the County Commissioners, who alone have the right to call the election.

To F. M. Waters. Where a school dis-

trict exceeds the boundaries of a city, who has power to order an election to supplement the State standard of schools?

(A.G.) The election should be ordered by the County Commissioners. The duty would seem to be mandatory if request is made by the proper authorities, which would seem to be both the Board of Trustees of the City Administrative unit and the County Board of Education. The petition to the Board of Commissioners should set forth the boundary lines of the district, the maximum rate of tax to be levied therein, and the purpose of the tax.

E. Status of former school districts and funds of those districts.

1. Use of funds of old district where district has no outstanding debts.

To Clyde Erwin. (A.G.) I understand that a local School District at the time of the ratification of the 1933 School Machinery Act, abolishing school districts, had on hand in a bank certain funds collected for the maintenance of schools in that district. On account of the failure of the bank, these funds were unavailable until recently. Meantime, the debt of the district has been discharged and this amount remains as a surplus to the school district.

In my judgment, it is proper that the district should devote this surplus to school maintenance, and it is not required that the fund be turned into the county treasury as provided for uncollected taxes in abolished school districts.

15. Debt service of former districts.

To Guy B. Phillips. (A.G.) Items of expense to cover audit, banker's fees, clerk

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hire, etc., arising in connection with the operation of the debt service fund of a school unit, should be included in the debt service budget. This ruling is in agreement with your thought that another fund should not be called upon to bear the cost of operating the debt service fund.

F. School officials.

1. County Board of Education—nomination and election.

To P. G. Crumpler. Inquiry: Where the law provides that a county board of education shall have five members and the General Assembly makes only three appointments, who will fill the vacancies?

(A.G.) The State Board of Education is given power under C.S. 5412 to fill such vacancies.

17. Apportionment of funds.

To S. G. Hawfield. (A.G.) Generally speaking, all school property, except that as to which the title was retained by the 1933 School Machinery Act in the trustees of special charter districts, now within city administrative units, is in the hands of the County Board of Education, or should be. It is the duty of the County Board of Education to apply such funds as may be available for the purpose to the maintenance of plant and fixed charges. Insurance upon the buildings would be classified as fixed charges. This should be paid out of the proceeds from fines, forfeitures, penalties, dog taxes, and poll taxes, and other sources except state funds.

In the apportionment of this fund it is not necessary to regard the fact that Kannapolis has not "a city organization." Such funds as might be necessary for the purpose should be allocated and apportioned either directly by the Kannapolis Committee or by the Board of Education. It does not matter which.

30. County Superintendent—qualifications and election.

To J. B. Horton. (A.G.) In my opinion the County Board of Education named under the Omnibus Act had legal authority to elect a county superintendent and appoint school committeemen, and this would not be affected by the addition of two members by a subsequent act.

50. Teachers—election and contracts.

To Carl W. McCartha. Inquiry: Has a city school board authority to adopt a fixed policy against hiring married women as teachers?

(A.G.) Section 12, School Machinery Act, would seem to preclude such a course. It reads: "In the employment of teachers, no rule shall be made or enforced on the ground of marriage or non-marriage."

To C. A. Erwin. (A.G.) In my opinion, the approval of the superintendent of the election of a teacher by the School Commission is essential, in fact, a condition precedent to the action of the Board of Education.

To J. S. Blair. Inquiry: May a School Committee legally contract with principals and teachers for a period of two years instead of one?

(A.G.) No. The School Machinery Act provides that each administrative official furnish annually to the State School Commission an organization statement containing such information relating to his administrative unit as the Commission may require. On the basis of this statement the Commission determines the number of teachers to be included in the State Budget for said unit. It naturally fol-

lows that the number of teachers to be allotted to a unit varies from year to year, and this fact in itself would necessitate the election of all teachers for a period of only one year.

51. Teachers—duty to notify those not re-elected.

To W. J. White. Inquiry: Who has the duty under the New School Machinery Act of notifying teachers not re-elected?

(A.G.) Paragraph 2, Section 12, places the duty upon "the County Boards of Education and/or the governing bodies of City Administrative Units." The act, of course, requires such notice to be given within 30 days after the close of the school term.

G. Poll taxes, dog taxes, fines and forfeitures accruing to schools.

19. Fines in criminal actions.

To A. V. Thomas. Inquiry: May a town convert into its general fund any part of a fine paid in a criminal action tried in Mayor's Court?

(A.G.) Article IX, Section 5, North Carolina Constitution, requires that all such fines or forfeitures shall be used exclusively for the maintenance of public schools.

L. Laws governing.

1. Effect of general law on prior special local law.

To A. W. Honeycutt. Inquiry: The Lexington school act, ratified February 20, provided for the election for a one-year term, at a meeting to be held on or about March 4, of superintendents, principals, and teachers. The School Machinery Act, subsequently passed, sets the first regular meeting in April for these elections, and adds the stipulation that the election of principals and teachers shall be made upon the recommendation of the Superintendent. Is the local act repealed by the public act subsequently passed, and would the appointment of principals and teachers under the former be valid?

(A.G.) The general repealing clause in the School Machinery Act has the effect of repealing any provision contained in the special act which is in conflict with the former.

However, any appointment or election, together with all proceedings had by the proper officials under the provisions of the special act, prior to the enactment of the School Machinery Act, would be valid, and parties so elected or appointed would hold office until the expiration of such office as fixed by the terms of the special act.

On the other hand, any proceedings required to be taken by the Board of Trustees after the enactment and ratification of the general law would be taken under the terms of the general law and not the special act.

The enactment of the general law, you will understand, does not repeal the entire special act, but only such parts thereof as are in direct conflict with the general law.

V. Matters affecting county and city finance.

B. Defaults.

12. Payment of interest on past due bonds where coupons not paid.

To Walter F. Owen, W. C. Harris. Inquiry: Is a municipality liable for interest on defaulted bonds? On past due coupons?

(A.G.) In my opinion, municipalities must pay interest upon their defaulted obligations, even after the maturity of the bonds, but not interest on the coupons, as they themselves represent only interest.

I. Issue of Bonds.

1. Bonded indebtedness—statutory limitation.

(a) Under Emergency County Bond Act of 1935.

To Junius D. Grimes. (A.G.) The limitation upon bonded indebtedness imposed by Section 1291 (a), C.S., does not apply if the bonds are to be issued under the "Emergency County Bond Act of 1935." See Public Laws 1935, Chapter 427.

This act authorizes the issuance of bonds for the purpose of erecting school buildings and the purchase of necessary lands therefor, insofar as the same are necessary for the maintenance of the 6-months term required by the Constitution, provided the school building program is to be aided in whole or in part by means of a loan or grant through the Federal Emergency Administration of Public Works, or through any other agency or department of the United States.

20. Submission to vote.

To W. E. Easterling. Inquiry: A local bill (S.B. 287, ratified March 26, 1935), prohibits Montgomery County from issuing bonds for any purpose unless approved by a vote of the people. The County Finance Act (Chapter 81, Public Laws 1927), as amended by S.B. 374 (ratified May 7, 1935), provides as follows: "No restriction, limitation or provision contained in any other law, except a law of state-wide application relating to the issuance of bonds, notes or other obligations of the county, shall apply to bonds or notes issued under this act for the purpose of refunding, funding or renewing indebtedness, and no vote of the people shall be required for the issuance of bonds or notes for said purpose, unless required by the Constitution of this State." Which controls, the public or the local act?

(A.G.) It is my opinion that S.B. 374 has the effect of nullifying the local act insofar as it relates to funding and refunding bonds, and that such bonds may be issued in Montgomery County without a vote of the people. S.B. 287, relating only to Montgomery County and not being a law of state-wide application, is nullified.

P. Securing local funds.

40. Service charges of banks.

To C. F. Woodward. Inquiry: Is the checking account of a municipality subject to the service charges customarily imposed upon private individuals and enterprises?

(A.G.) It seems that this practice was authorized and sanctioned by certain codes set up under the N. R. A. In view of the recent decision of the Supreme Court in regard to the constitutionality of the N. R. A., I am unable to advise you as to the present status of the legality of any particular code.

VI. Miscellaneous matters affecting counties.

H. Police, public welfare, and safety.

10. Licensing of pool rooms outside incorporated towns.

To B. L. Fentress. Inquiry: Does the

Board of County Commissioners have the arbitrary right to refuse to license (1) any pool rooms outside of the corporate limits of incorporated cities or towns in the county, and (2) slot machines?

(A.G.) Subsection (b), Section 7880 (60), Michie's Code, gives the Commissioners such right regarding pool tables and bowling alleys. The Board is not given similar power in connection with the operation of slot machines.

VII. Miscellaneous matters affecting cities.

B. Matters affecting municipal utilities.

20. Franchise taxes.

(A.G.) To S. M. Blount. Inquiry: Is a municipal corporation liable for taxes upon a light plant when it sells current to smaller communities within the county for purposes of re-sale?

In my opinion the municipality is liable under subsection (e), Section 203, Revenue Act of 1935, for franchise tax upon revenue realized from the sale of electric current for re-sale or from the distribution of electric current within the boundaries of another municipality.

I do not think *Andrews vs. Clay County*, 200 N.C. 280, applies in view of the fact that the tax sought to be collected by the city in that case was the ad valorem tax upon property owned by the county.

In my opinion, the exemption provided in Section 5, Article V, of the Constitution, will not be held to include rents, profits or income from property owned by the State or by municipal corporations. Especially would this be true in a case such as you present, where the revenue derived by the municipality is received from an operation or transaction with persons other than the inhabitants or citizens of the municipality.

Under such circumstances, the transaction could be viewed in no light other than as purely a private one in which the element of governmental function in no way enters.

D. Civil Service.

10. Power to abolish and consolidate jobs.

To J. M. Scarborough. Inquiry: Does the city council have the power to abolish offices (sanitary policemen), placed under the protection of civil service provisions by Chapter 8, Section 2, Public Laws 1933, and divide the duties now performed by said officers, among other divisions of the city government?

(A.G.) Granting that such changes are within the power of the board without the 1933 amendment, I find nothing in that amendment—in fact, nothing in the civil service provisions of the city's charter—which would make such action illegal. The principle of the civil service provisions which protects an employee or officer from causeless discharge does not go so far as to prevent the abolition of the office or position itself. That is, of course, unless this action is an obvious evasion of the law to secure the discharge or dismissal of the officer or employees, not done in good faith.

T. City health matters other than school health.

21. Ordinances against dogs running at large.

To H. L. Lyon, Jr. Inquiry: Is a local ordinance prohibiting dogs from being let to run at large invalidated by the Anti-Rabies Act, Chapter 122, P.L. 1935?

(A.G.) The public act you refer to re-

quires the vaccination against rabies of all dogs in the State more than six months old. This requirement obtains irrespectively of whether the dog is confined or allowed to run at large. Any local ordinance relating to the prohibiting of dogs from running at large is not affected by the passage of this act.

W. City purchases.

1. Requirement of competitive bids.

To Thos. M. Griffith. Inquiry: Is the fact that a town's sewage disposal plant has been declared unfit for use by State officials and that two landowners nearby are threatening to sue the town unless the situation is corrected at once an emergency within the meaning of Chapter 400, P.L. 1933, such as would permit the town to let the contract without securing competitive bids?

(A.G.) In my opinion, the emergency referred to relates to a situation arising from some sudden or unexpected disaster or catastrophe, such as fire, flood, etc. In other words, a case wherein even the short delay necessitated by the advertisement required in the above section would be hazardous and perhaps disastrous. The condition of your sewer plant doubtless requires immediate attention, but I do not think that the situation, especially in view of the fact that it doubtless has existed for some time, constitutes an emergency within the contemplation of the Statute.

Y. Street assessments.

25. Extension of time for payment.

To L. P. Dixon. (A.G.) Chapter 126, P.L. 1935, relating to extension of the payment of installments in case of special assessments, was made for the relief of those obliged to pay these installments. It is not my understanding that the purpose was, by general resolution, to extend all installments according to the scheme provided in the act without either the consent or request of persons obligated to pay them. I think it was intended only that these arrangements might, in the discretion of the governing body, be made for the relief of those who asked for it.

There is no provision in this Act similar to that in Chapter 181, Public Laws 1931, requiring that any part of the installment be paid as a condition precedent to the relief granted by way of extension.

VIII. Matters affecting chiefly particular local officials.

A. County Commissioners.

45. Power to approve warrants disallowed by auditor.

To W. E. Easterling. Inquiry: A warrant is disallowed by the county accountant on the ground that the new appropriation set up by the commissioners was not included in the original appropriations resolution. Is the accountant correct in his contention that such an appropriation is illegal and will the County Treasurer incur any liability by paying the warrant over the accountant's disallowance?

(A.G.) In my opinion, the accountant's action is warranted, but the treasurer would be protected in paying out the money by Section 16, Senate Bill 350 (1935). This permits the approval by the commissioners of orders disallowed by the accountant, but requires the commissioners to enter in the minutes in detail their reasons for approving the order and reversing the accountant's disallowance.

50. Power to fill vacancies on board.

To B. A. Simpson. Inquiry: In the event of the death of a county commissioner, who appoints his successor? (A.G.) The remaining county commissioners.

B. Clerks of Superior Court.

10. Collection of process tax.

To Alvah Early. Inquiry: Does the \$2.00 process tax referred to in Chapter 445, Section 157, P.L. 1933, apply to criminal cases disposed of in inferior courts or just in the Superior Courts. (A.G.) Superior Courts only.

To D. E. Henderson. Inquiry: Regarding the 5% allowed the Clerk of Court on the \$2 process tax, does Section 157 (d), Chapter 445, P.L. 1933, require that this be added to or deducted from the \$2.00.

(A.G.) Where the process tax is paid to the Clerk and not collected by reason of the casting of costs against the Defendant, the Clerk has to deduct from the amount so collected his commission and remit to the Commissioner of Revenue \$1.90. However, if the cost is cast against the Defendant and is only then collected, the Clerk has the right to tax, in addition to the \$2, a further 5%, which 5% represents his commission. He will then remit to the Commissioner of Revenue the \$2 tax. In my opinion he is entitled to this whether upon salary or otherwise, unless some public-local law relating to his county provides otherwise.

20. Criminal appeals.

To John L. Milholland. (A.G.) C.S. Section 4654 requires Clerks to notify the Attorney General's office when a person convicted has appealed and completed his appeal by filing bond or getting permission to prosecute his appeal as a pauper. When he fails to do so, while there is no positive requirement of law that his failure shall be reported, it is, of course, impossible for the Attorney General to make any motion in the Supreme Court to dismiss the appeal unless he has the proper certificate from the court below.

72. Cancellation of State Judgments.

To J. T. Armstrong. Inquiry: Is the cancellation of a State Judgment docketed in a Clerk of Court's office *legal and sufficient* when the judgment has been satisfied on record in any county in the State and the cancellation is made by a Deputy Collector acting for the State Commissioner of Revenue? May the Clerk insist upon a certificate of credit or satisfaction of judgment from the Clerk of Court in Wake County?

(A.G.) Such cancellation is sufficient, and a certificate from the other Clerk is not necessary.

The Commissioner of Revenue has the right to issue a judgment and execution direct to every county in the State, which, when docketed on the judgment roll in the office of the Clerk of Superior Court, would have the same force and effect as any other civil judgment. This being true, it is not necessary simply because the judgment and execution were issued from Wake County, for the Clerk for Wake County to issue a certificate of satisfaction.

75. Administration of guardian's funds.

To M. F. Absher. Does the Clerk of Superior Court have a right to lend guardian's money without interest? Is he entitled to the interest on money loaned?

(A.G.) The Clerk has no right to lend trust funds without interest. The inter-

est, when collected, becomes a part of the trust fund. See C.S. 962 (b) prescribing the manner in which Clerks must invest trust funds.

78. Dower.

To J. L. Hunter. (A.G.) Where a widow has elected to take the present cash value of her dower interest under C.S. 3226, the interest shall be computed at the rate of 6%.

80. Decedents' estates.

To A. W. Graham, Jr. (A.G.) Where there are funds belonging to an estate in the hands of the Clerk, this office is of the opinion that the Clerk could in his discretion pay out so much of said funds to be applied on funeral expenses for deceased as is in his opinion necessary to defray the same.

To J. E. Swain. Inquiry: Does a claim against the estate of a decedent in process of administration bear interest? If allowed by the administrator? If a suit is necessary to establish the claim?

(A.G.) In my opinion, claims filed and allowed by the administrator without suit bear interest as well as those claims which are required to be established by suit.

85. Power to sign judgments in special proceedings.

To A. Wayland Cooke. Inquiry: May the Clerk sign a judgment in special proceedings over which the Clerk has original jurisdiction on any day except Monday?

(A.G.) In my opinion, when additional jurisdiction was given the Clerks, permitting them to sign judgments in certain cases and exercise the powers which theretofore had been exercised only by Judges of Superior Courts (See C.S. 593 and 597, P.L. 1921, Extra Session, Chapter 92), it became necessary, for the purpose of regularity and to prevent surprise, to provide a fixed date for the signing of judgments. Therefore, this limitation, in my opinion, extends only to the additional jurisdiction given to Clerks and applies only to cases of that character. In my opinion, judgments in special proceedings may be signed as heretofore without respect to this limitation.

C. Sheriffs.

1. Fees.

To Charles Hughes. Inquiry: To what fees is the Sheriff entitled for carrying a prisoner (1) to the State penitentiary and (2) to another place of punishment; and (3) for services rendered in holding court?

(A.G.) 1. Two dollars per day and actual necessary expenses and \$1 per day and actual expenses for each guard, not to exceed one guard for every three prisoners. 2. Five cents per mile. 3. I find no provisions providing compensation for services in holding court. See C.S. 3908, Michie's Code, for schedule of fees and expenses allowed Sheriffs.

To P. G. Crumpler. Inquiry: Do the Sheriff and/or his deputies have the right to file and collect witness fees in criminal cases in their own county? Chapter 453, Public-Local Laws 1931, places our Sheriff upon a fee basis, but allows the Board of Commissioners in its discretion to pay the Sheriff or Deputy a fee or salary for their attendance as a court officer, which it does, \$100 a month.

(A.G.) A court officer who actually draws his salary as such would not be allowed, under the law, to collect witness

fees in the court which he serves as such officer.

2. Deputy sheriff's fees.

To C. G. Rogers. Inquiry: May a deputy sheriff collect mileage or car fees in a J. P. court under the general law?

(A.G.) We think not. In order to collect such fees a special act of the General Assembly would be necessary.

10. Executions.

To J. T. Armstrong. Inquiry: What is the procedure for a Sheriff to follow in collecting a claim under a judgment issued by the Department of Revenue, as for inheritance taxes?

(A.G.) The Sheriff should proceed to levy upon real estate in the same way and manner as he would under any other civil judgment. That is, a homestead should be laid off and the property sold just as in all other civil actions.

35. Qualifications of deputy.

To R. W. Gray. Inquiry: May a deputy sheriff legally serve a paper during the time when he has resigned his deputyship to take up another temporary county job? (A.G.) No.

D. Registers of Deeds.

1. Fees.

To T. A. Henderson. C.S. 3903 provides a fee for recording and copying papers of 10 cents per "copy sheet." Please advise the exact meaning of the latter term. (A.G.) My information is that "copy sheet," as used in C.S. 3903, means a sheet containing 100 words.

To Mrs. Sallie Rogers. Inquiry: Where the Register of Deeds is on a salary, do the Commissioners have authority to con-

tribute any part of the fees paid the Register for work in connection with Crop Liens or Seed Loans?

(A.G.) Unless the Public-Local Act placing the Register on salary prohibits other compensation, it is my opinion that in proper cases the County Commissioners would be justified in paying for services not directly required of a Register but which might be performed for the benefit of the county.

L. Local law enforcement officers.

1. Prohibition law—beer.

To Mrs. Bertha Waters. (A.G.) It is unlawful to issue license for the sale of beer within 300 feet of a church building outside of incorporated cities and towns. Within an incorporated city or town, it is unlawful to sell beer within 50 feet of a church building while services are in progress. See C.S. 3411 (13), Michie's Code.

To J. D. Cowan. (A.G.) In my judgment an applicant for license to sell beer must show, first, good moral character, second, that he has never been convicted of a felony involving moral turpitude, and third, that he has not been convicted of violating prohibition laws, State or Federal, within two years prior to filing application. Despite the omission of the word never, I think the same ruling applies to persons employed in the sale or distribution.

25. Prohibition—Wine Law.

(A.G.) The manufacture of wine from fruits and berries grown in North Carolina is now legal within the State. The Act places no restriction upon the alcoholic content, except that it must be that produced by natural fermentation; it sim-

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The Board of County Commissioners of any county is given the right to prohibit the sale of wine within such county. Persons desiring to engage in the sale of wine in any county where such sale is not prohibited are required to file with the Clerk of Superior Court of the county an application setting out the place at which it is desired to sell such wine, and the Clerk of Court is required to keep a list of such applicants open to public inspection.

30. Slot machines.

To J. Erle McMichael. Inquiry: Please give me your opinion as to the effect of House Bill 1081 and as to what kind of devices may be legally operated thereunder?

(A.G.) This act evidently had its origin in the desire of the Legislature to effect a modification of House Bill 29, ratified February 20. The latter act had been interpreted by this office as virtually outlawing all slot machines, with the exception of the purely vending type, in the operation of which no element of chance entered and no uncertainty as to result was possible.

Within the prohibited class fell the so-called "pin games" or "marble games," notwithstanding the fact that in the operation of the same skill and practice on the part of the player was a contributing and perhaps controlling factor. On the other hand, it could not be denied that the element of chance was also present in some considerable degree.

It is thought that the Legislature, in enacting H.B. 1081 was striving to make a distinction between that type of device wherein the result of the operation is controlled largely, if not entirely, by chance, for example, the lever type, on the one hand, and on the other those types wherein the result of the operation generally speaking may be predicted with a reasonable degree of certainty, depending upon the skill and practice of the player.

It is my opinion that devices do not now fall within the prohibited class if the result of the operation thereof is substantially dependent upon the skill and practice of the player. Also, that the act will be construed liberally, in order that the legislative intent may be given effect.

N. School Superintendents.

5. Serving as ex-officio welfare officer.

To Mrs. W. T. Bost. Inquiry: Is C.S. 5016, providing for the County Superintendent of Schools to serve as ex-officio welfare officer in counties with less than 32,000 population, optional or mandatory, and may he receive additional compensation for these duties?

(A.G.) The provisions of C.S. 5016 are in my opinion mandatory. The School Machinery Acts of 1933 and 1935 (Sec. 5) modifies C.S. 5016, provide that the Superintendent may have such additional compensation as may be allowed by the County Commissioners, to be paid from county funds, subject to the approval of the State School Commission.

P. Judges of Recorders' and County Courts.

35. Right to practice law.

To Thos. W. Alexander. Is the Judge of Domestic Relations and Juvenile Courts

barred from practicing law? Judge of a municipal or county court? Solicitor of city and county courts? (A.G.) Not under the general law, although he may be so barred by the special act relating to the particular office.

Q. Municipal officials.

20. Trading with mayor or alderman.

To John D. Warlick. Inquiry: A negotiates with a town for the sale of a small tract of land necessary in the construction of a town waterworks. The negotiations are held up due to legal formalities. Meanwhile A is elected Mayor of the town. Will the consummation of the sale be a violation of C.S. 4388?

(A.G.) In my opinion, if the negotiations reached the stage of a definite understanding as to the purchase price prior to A's taking office as Mayor, the mere physical function of executing and delivering the deed after qualification as Mayor would not bring the transaction within the provisions of this act.

T. Justices of the Peace.

10. Jurisdiction.

To J. K. Nicholson. Inquiry: May a J. P. appointed by the Legislature move his residence and office to another township in the same county? (A.G.) We think such a removal would terminate his authority as a J. P.

IX. Double office holding.

9. School committeeman.

To Dr. J. J. Purdy. (A.G.) The positions of mayor, town clerk, and school committeeman are all offices within the meaning of the Constitution, and no person can hold but one of them at a time.

40. Militia and Reserve Corps.

To Sheldon M. Roper. (A.G.) The provisions of the Constitutional prohibition against double office holding do not extend to "offices in the militia." It would seem that the term "militia" is broad enough to cover an officer in the Reserve Corps. In my opinion, therefore, a man might accept a commission in the Reserve Corps and continue to hold office as Judge.

X. Primaries.

A. Qualifications and rights of voters.

4. Conviction of crime.

To D. Lee Setzer. (A.G.) The State law disqualifying a person to vote or to hold office who has been convicted of a felony applies only to crimes under the State laws.

C. Matters affecting candidates.

2. Residence.

To C. A. Hall. Inquiry: Is a person who resides beyond the corporate limits of a municipality eligible to serve as Police Chief? (A.G.) Section 2646, Michie's Code, provides that no person shall occupy certain offices of a city or town unless he shall be a qualified voter therein. See Ford vs. Hall, 111 N.C. 369, construing this section as it relates to a Police Chief.

6. Conviction of crime.

To Brown McKinney. (A.G.) A person who has plead guilty to a felony is disqualified by the Constitution to serve as a J. P. or hold other office. However, if he was duly appointed, qualified, and is actually serving as a J.P., his acts in this capacity are legal, and will continue to be so as long as his right to hold said office is not questioned.

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