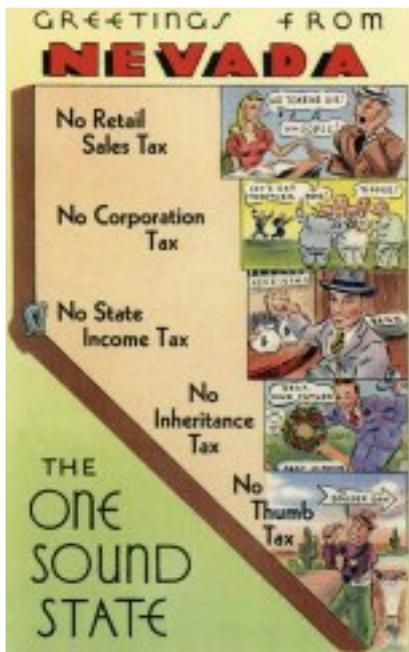


Myth 143: The Great Depression in Nevada

By

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The Great Depression in Nevada was not as great as it was in the rest of the nation. Wall Street crashed in late October 1929, but remote Nevada, with the smallest population in the country, barely felt the impact.

Federal highway dollars and public work projects coupled with a thriving migratory divorce industry initially insulated the state from the economic disaster.

Although the depression caught up to Nevada, a combination of federal and state legislative actions and a marketing effort labeled "One Sound State" extricated the Silver State from the Great Depression long before the onset of World War II.

On January 20, 1931, Governor Fred Balzar's message to the legislature sounded a positive note. "The expenditures proposed in connection with the Boulder Canyon Project [Hoover Dam] in Clark County, running into many millions of dollars during the ensuing decade, as well as those made at the Naval Ammunition Depot in Mineral County, are factors tending to lessen financial distress among our people, and these disbursements added to those authorized by

Congress for additional highway construction give promise that Nevadans can face the future in a most optimistic frame of mind."

Looking to enhance Nevada's tourist appeal, the 1931 legislature legalized casino gambling after it had been outlawed twenty-one years earlier; then lowered the residency period for migratory divorces to six weeks to out-manuever states that had reduced their residency periods to three months. Due to improved highways linking Nevada to California and surrounding states, the quickie wedding business, with no waiting period, also grew significantly.

However, the Great Depression caught up with Nevada later in 1931. With the continued decline of the mining industry, and the state's ranches and farms mortgaged to the hilt and in deep debt, many local banks, particularly those owned by George Wingfield, failed in 1932.

After a run on the banks, a two-week state bank holiday was declared on November 1, then extended into December.

The Wingfield banks went into receivership in 1933.

Many livestock men and farmers were forced into bankruptcy.

The 1933 legislature cut the ad valorem tax on taxable property and slashed the state's budget.

The only tax passed was on insurance premiums.

Arguably the worst years for Nevada during the Great Depression were from 1932 through 1934.

Congressional legislation favorable to mining during the New Deal era, and specifically the Silver Purchase Act of 1934 strongly supported by Nevada U.S. Senator Key Pittman, reinvigorated the state's mining industry.

With the end of Prohibition in late 1933, the state legislature in 1935 created a liquor tax and licensing fees. In addition, the legislature increased property taxes and the motor vehicle fuel excise tax and dealer licensing fees.

Thanks in part to the efforts of Senator Pittman, Nevada received the highest per capita federal dollars among the forty-eight states benefiting from President Franklin Roosevelt's New Deal programs. At the same time, increased federal dollars boosted state highway construction.

By 1935, the State of Nevada enjoyed a budget surplus. It shared that news with the nation and world while promoting its modest taxes.

Governor Richard Kirman joined business leaders from throughout the state in a "One Sound State" campaign.

The intent was to draw wealthy people to Nevada.

California millionaires were particularly targeted because the state income tax had been increased by the California legislature in 1935.

The extensive national marketing campaign advertised Nevada as a state with "no income tax, no inheritance tax, no sales tax, no tax on intangibles, but with a balanced budget and a surplus."

Literally scores of millionaires--among them Max Fleishmann, Wilbur D. May, LaVere Redfield, and E. L. Cord (who became a state senator)--established residency in Nevada. The taxes on all the property purchased at Lake Tahoe, in and around Reno and Las Vegas, and throughout Nevada, helped fill the state's coffers.

By 1939, the state surplus was so large that the property tax rate, which had been raised by the 1937 legislature, was cut by 20 percent.

A March 20, 1939

San Francisco Chronicle

editorial entitled "Nevada Fires on Fort Taxation" playfully noted, "The legislature thought the surplus was getting too big, so it handed out a dividend to taxpayers by cutting taxes one-fifth.

Unbelievable, but it is true.

These people just do not belong in the United States."

The Great Depression was clearly over in Nevada by 1939 while the rest of the nation continued to struggle until the United States' entrance into World War II.

Photo credit: One Sound State poster courtesy of Guy Rocha.

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