[Document A.]

BY THE SENATE,
January 5th, 1882.

Read, and referred to Special Committee for distribution of the various subjects therein contained.

By order,
J. M. MILLER,
Secretary.

MESSAGE

—OF—

WILLIAM T. HAMILTON,

GOVERNOR OF MARYLAND,

—TO THE—

GENERAL ASSEMBLY,

At its Regular Session, January, 1882.

ANNAPOLIS:
PRINTED BY AUTHORITY.
1882.

MESSAGE.

Gentlemen of the Senate and House of Delegates:

The Constitution makes it the duty of the Executive to inform the Legislature of the condition of the State, and to recommend to its consideration such measures as are deemed necessary and expedient.

The following condition of the Treasury is shown by the Tables of the Comptroller, for the fiscal year ending September 30th, 1881:

Total receipts for the fiscal year......	$1,996,641 08
Balance in the Treasury September 30, 1880...	513,026 36
	$2,509,667 44
Disbursements during the fiscal year............	1,757,469 15
Balance in the Treasury Sept. 30th, 1881......	$752,198 29

The receipts into the Treasury were from the following sources:

From direct tax..	$1,018,500 47
From Internal Improvement Companies, Dividends and Interest	225,076 94
From the ordinary sources, to wit: Licenses, gross receipts, foreign insurances, &c., &c...	753,063 67
Total receipts....................................	$1,996,641 08

The disbursements were as follows:

To interest on public debt......	$643,340 27
To public schools...........	510,413 08
To credit of sinking fund	19,467 50
To redemption of debt.......................	24,000 00
To the ordinary expenditures, to wit: Salaries, colleges and academies, public institutions, &c., &c...........	560,248 30
Total disbursements...........	$1,757,469 15

The direct tax is that which is levied and collected from the assessable property of the State, and which is now 18¾ cents on the $100 of property, and which is brought into the Treasury during the last fiscal year, with the exception of a small sum from the Normal School and House of Correction tax, now extinct, the said sum of—

$1,018.500 47

And for the specific purposes following:

For Normal School and House of Correction loan, now paid......			$ 1,415 18	
For Public Schools.	Tax 10 cts.,		543,771 78	
For Bounty or Defense loan.........	do.	5½ "	299,187 62	
For Deaf & Dumb Asylum loan......	do.	¾ "	40,484 70	
For Hospital loan,	do.	1 "	54,388 60	
For Treasury Relief loan...........	do.	1½ "	79,252 26	
Total tax...........18¾ cts.				$1,018,500 47

The taxes thus specifically levied, that for the public schools should be rightfully, and indeed, most scrupulously applied to them, and those levied and raised for the payment of the interest and debt of these four loans must be exclusively applied to them, if the constitution and laws are to be at all regarded.

The Constitution, Article 3, section 34, provides that "no debt shall be hereafter contracted by the General Assembly, unless such debt shall be authorized by a law providing for the collection of an annual tax or taxes sufficient to pay the interest on such debt as it falls due; and also to discharge the principal thereof within fifteen years from the time of contracting the same; and the tax as laid for this purpose shall not be repealed or applied to any other object until the said debt and interest thereon shall be fully discharged."

These four loans were made under this specific provision in the Constitution, and the several laws creating them laid the taxes as prescribed and in words dedicating them to the payment of the interest and principal of the debt, as required by the Constitution, and are as follows:

Defence or Bounty Loan, Act of 1868, chapter 235, due in 1883	$3,326,750 66
Deaf and Dumb Asylum Loan, Acts of 1870 and 1874, chapters 422 and 42, due in 1885 and 1889	225,000 00
Maryland Hospital Loan, Acts of 1872 and 1876 chapters 236 and 263, due in 1887 and 1891...	465,000 00
Treasury Relief Loan, Act of 1878, chapter 238, due in 1893	500,000 00
Total amount of these loans	$4,516,750 66

Therefore, this part of the public debt being provided for by these specific taxes and there being no other direct tax except that for scholls and which belongs exclusively to them, we must look to other sources for the payment of the remaining interest on the public debt.

The public debt at the end of the fiscal year ending the 30th September, 1881, was	$11,257,560 69
Deduct amount provided by the taxes	4,516,750 66
Leaving the interest to be paid from other sources on this amount of debt	$ 6,740,810 03

And which is in loans as follows:

5 per cent. Sterling Loan, interest payable in London, in gold, and due in 1889	$4,185,555	58
5 per cent. currency, due in 1890	340,554	88
3 per cent. currency, due in 1890	269,000	00
6 per cent. currency, due in 1885	528,355	00
6 per cent. currency, due in 1890	361,040	47
6 per cent. currency, Maryland State Loan, for redemption and exchange of the State debt	1,056,304	10
Total	$6,740,810	03

The productive assets or credits of the State at the end of the last fiscal year is as follows:

Stock of Annapolis Water Company	$ 30,000	00
" Farmers National Bank at Annapolis	46,470	00
" Washington Branch B. & O. R. R.	550,000	00
" B. & O. R. R. 6 per cent dividend	968,615	70
Bonds B. & O. R. R.	366,000	00
Mortgage on Northern Central R. R.	1,500,000	00
Total dividend and interest-bearing assets	$3,461,085	00

The whole interest paid upon the public debt for the last fiscal year was	$643,340	27
Deduct the interest upon the four loans already provided by the direct tax	271,005	02
Interest to be provided from other sources	$272,335	25
Deduct therefrom the proceeds from Internal Improvement Companies—dividends and interest.	225,076	94
Leaving balance of interest to be paid from the ordinary resources of the treasury	$147,258	31

As to the proceeds from Internal Improvement Companies, the Constitution, Article 3, Section 34, provides that the General Assembly "shall not use or appropriate the proceeds of the Internal Improvement Companies or the State tax now levied, or which may hereafter be levied, to pay off the public debt, to any other purpose, until the interest and debt are fully paid, or the sinking fund shall be equal to the amount of the outstanding debt."

Accordingly, it is right that these proceeds be applied to the payment of the interest of the public debt, and to no other purpose.

That the revenue derived from the direct tax being applied to the interest and debt of these four loans, and the dividends and interest received from these companies being applied toward the payment of the interest of the other debt of the State, there is no fund other than the ordinary resources of the State out of which this balance of interest of $147,258.31, can be paid.

The ordinary resources are	$ 753,063 67
The ordinary disbursements	560,248 30
Leaving ordinary receipts over ordinary expenditures for fiscal year 1881	$ 192,815 37
Deduct payment made on redemption of debt $24,000, and amount carried to credit of sinking fund of $19,467.50	43,467 50
Leaving net balance of	$149,347 87
Balance of interest to be paid	147,258 31
Surplus	2,089 56

Here is the small surplus of $2,089.56 after the payments as stated, and of the balance of interest upon the Public Debt, and of the ordinary expenditures over and above the ordinary or usual receipts. But it will be observed that the public school got but $510,413.08, whilst the amount really collected for them from the tax of ten cents was $543,771.78—showing also that this difference of $33,358.70 went into the ordinary or usual receipts, and which, if paid to the public schools, would have left a deficit in the Trreasury in the large sum of 31,269.14, which to make up had to be supplied from receipts absolutely appropriated to other specified purposes.

It must be remembered too, that this deficit is for what we may call the off year—that is, when there is no Legislative session. The additional expenditures, taking for illustration the last Legislature, when the Legislative expenses, the public printing and indexing, and the publication of the laws amounted to $205,270.49; and this, if the expenses for the next Legislature continue the same, would make the alarming deficit of $236,539.63. But applying the said sum of $33,358.70 derived from the Public School tax, and not paid to the schools, to the appropriations made to colleges and academies, we would have the still alarming deficiency of $203,180.93, and at all events a large deficiency to make up, even if there should be a fair and prudent expenditure for the Legislative year.

And how this deficiency is to be made up, should be the subject of anxious and careful thought. Good faith forbids that it should be taken from the school taxes. The constitution, its express and positive injunctions, the impressive obligation of representative duty, and every sentiment of right forbid that it should be taken from the Loan Taxes. There are then but three modes to meet the demands upon the Treasury—that by the creation of a new loan, or the imposition of more taxes or by economy. I take it for granted, that the people will never justify either a new loan or new taxes to meet this deficiency without a resort first to economy, and to this and to the manifest necessity of it, I most earnestly direct your attention.

I have no question myself, but that with a judicious and expedient economy in our State management, that from the ordinary or usual resources we would have the means to pay every necessary appropriation for the ordinary and usual demands for the support of the State government. It will be observed that the ordinary receipts over the ordinary disbursements for the off or non-Legislative year were $45,593.06. For the said sum of $43,-467.50, as deducted above from the balance of ordinary receipts, and paid for the redemption of debt, and for amount carried to credit of sinking fund, cannot be regarded as an ordinary expenditure. To accumulate a sufficient surplus in the off year to meet the extraordinary expenses attending the session of the Legislature, there must be a very close supervision of the various ordinary expenditures made to public and other institutions, whether some are not excessive and others uncalled for, to appropriations for buildings, &c., to salaries, and to useless offices, and wherever else, a prudent but rigid economy can be exercised. This must be done in order to avoid additional debt or increased taxation, or you must have from some other sources increased revenue.

It will require a retrenchment of from $75,000 to $100,-000 in the ordinary expenditures of a non-Legislative year, which applied to the similar expenditures for the Legislative year, would make for the two years a retrenchment of from $150,000 to $200,000 to meet the expenditures attending a session of the Legislature, after leaving a reasonable surplus, which, if like that of the last, would be, as we have shown, $205,000, but which with a just economy, should not be over $130,000. I shall hereafter more particularly refer to this branch of the subject. It is said, however, that there was a surplus in the

Treasury on the 30th day of September, 1881, the end of the last fiscal year, of the sum of $752,198 29, and so the Comptroller's tables show.

Yet in fact there should not be one cent there. It does not belong to the Treasury proper, but to the loan creditors, and should have been carried to their account by investments for the sinking fund for the ultimate payment of these debts, as directed by the constitution and laws creating them. Not only is this apparent balance in the Treasury, but a large sum beside, which has been diverted to other purposes, and indeed has helped, by the insidious way in which it can be done, to promote some of the extravagances of the past.

Take these loans for example, and further still for illustration:

The Bounty or Defence Loan of $3,326,750 66 created by Act of 1868, chapter 235, and running from first of July, 1868, to first of July, 1883, when it is due and payable.

A tax of 5½ cents was laid at the time upon the assessable property of the State, and in the words following in section 5 of the law: "That a special tax of 5½ cents be, and the same is hereby, levied on every $100 worth of the taxable property of the State, to meet the interest and create a sinking fund for the redemption of the bonds or certificates of debt herein directed to be issued, and the tax shall be annually levied, collected and paid over to the State Treasury until the debt created by this Act shall have been paid, and a separate and distinct account shall be kept thereof, and the proceeds thereof are hereby pledged to the payment of the interest and principal of the said bonds or certificates of debt," and as you will observe by the Constitution, by the 34th section, before quoted, makes the taxes so levied irrepealable, and also prohibits their application to any other purpose.

The revenue collected from this tax of 5½ cents for this Bounty or Defence loan from the year 1868, to the end of last fiscal year, inclusive, was	$3,497,767 28
And the interest paid for the same period amounted to	2,555,337 44
Amount due the principal of this debt	$ 942,429 84

Not a dollar of this $942,429.84 was ever invested in the sinking fund to the credit of this debt, and it takes up every dollar in the Treasury which is generally regarded and called, though most wrongfully, a balance, and leaving still a large sum due to it.

Take the Deaf and Dumb Asylum loan of $225,000, created under the Constitution by the Acts of 1870 and 1874, chaps. 422 and 42, with provisions similar to those of the Loan Act of 1868, and which levied a tax of three-fourths of a cent on the $100, to pay the interest and principal of the debt.

The taxes collected for this loan from the year 1870, to the end of the last fiscal year, inclusive, was	$297,217 06
Interest paid on the same for same period was	115,597 50
Amount due principal of this debt	$181,619 56

Not a dollar of this sum has ever been paid upon this debt or invested in the sinking fund to its credit. This debt is due—$100,000 of it in 1885, and $125,000 of it in 1889, and had the taxes as received upon the principal of it been invested, would have been paid before maturity.

Take the Maryland Hospital loan of $465,000, created under the Constitution by Acts of 1872 and 1876, chapters 236 and 263, with similar provisions to those in the preceding Loan Acts, and which levied a tax of one cent on the $100 to pay the interest and principal of the debt.

The taxes collected for this loan from the year 1872, to the end of the last fiscal year, inclusive, was	$404,809 50
Interest paid in the same period was	221,197 36
Amount due principal of this debt	$183,612 14

Not a dollar of this was paid upon the debt or invested to its credit. This debt is due—$330,000. in 1887, and $135,000 in 1891, and had the revenue as received upon the principal of the debt been invested, it would all have been paid at maturity, and indeed before.

Take the last of this class of loans, the Treasury Relief Loan, created under the Constitution, by Act of 1878, chapter 238, with like provisions to the other loans, and which levied a tax of one and a half cents on the $100, to pay the interest and principal of the debt.

The taxes collected for this loan from the year 1878 to the end of the last fiscal year, inclusive, were	$249,409 59
Interest paid on same for the same period of time was	91,875 00
Amount due principal of this debt	$157,534 59

There was invested of this in our State securities up to the end of the last fiscal year, the sum of $58,304.16, which was carried to the credit of this loan in the Sinking Fund, leaving still, however, a balance due the principal of this debt of near $100,000, on the 30th of September, 1881. Since then the books of the treasury show that $43,664 of this sum have been invested in sinking fund securities for the benefit of this loan, leaving still a balance of $55,566.43 due the principal of this debt; and furthermore, the books show that since then $16,050 have been carried to the credit of the sinking fund on "general account."

This debt matures in 1893, and with the investment in Sinking Fund securities, of the sums as received from the taxes upon the principal of the debt, it will be paid before maturity.

These funds should be kept separate and apart, as it is directed by law, and applied or invested as they are received, to the loans for which they are respectively collected, and for the first time, we believe, has this been done by the Treasury Department in the case of this Treasury Relief Loan, and in this case only; but it is to be hoped that being inaugurated, it will be perfected as a system in respect to all the loans.

The aggregate amounts received from these four loan taxes, for the period named was............		$4,449,203 43
Aggregate amount paid for interest.....		2,984,007 30
Amount due principal of these debts by the Treasury...		$1,465,196 13
As an offset to this we have the balance in the Treasury the 30th Sept., 1881, of.............	$752,198 29	
Amount in Sinking Fund to credit of Treasury Relief Loan...........	60,783 52	
Amount in Sinking Fund to "general account".................	173,294 56	$986,276 37
Leaving this balance due these loans of............		$478,919 76

It may be said that only a part of this fund to "general account" ought to be credited here, as a large portion of it was derived from sources applicable to the old general debt, and not to these specific loans, and that giving his credit, small as it is, to the specific loans, there is nothing left in the Sinking Fund toward the payment of this old general debt, now approaching maturity, and for which every kind of wise provision had been made by those before us.

Thus it is shown that after the application of this balance of $752,198.29 now in the Treasury, and of all the Sinking Fund securities, we have the large sum of $478,-919.76 still due to these loans, and which has been spent upon other objects, whether good or bad, is immaterial, for to be so diverted was both illeg al and illogical.

It is said that though the taxes are specially raised for one purpose, they may properly be taken for another, when wanted. This is a mistake both in obligation and in policy. And here is an exemplification of it, for had we, instead of diverting dedicated taxes, imposed new ones to pay enormous bounties and other extravagant expenditures, none of this probably would have been done, and we would not now be in our present condition.

It is said also, that it is expedient at times to borrow from separate funds in the Treasury to pay other urgent demands Present experience prove that this is equally objectionable and liable to similar abuses or excesses.— For the subtraction of these loan taxes for other purposes in the course of years is not likely to be made good by the Treasury, and cannot be now, when needed for the purpose for which they were laid—the payment of the debt.

It is all a trust fund dedicated by the constitution and the laws to the payment of specific debts, and the Legislature, or any State officials, have no right, either legal or equitable, to divert this fund from the prescribed objects no more than any individual has the right to misuse or misappropriate private trust funds in the common transactions of life.

Had these sums been invested in pursuance of law and of sound and wise policy, as received for so many years back from these taxes, the cumulative interest-bearing process of the sinking fund, would have made the taxes for these loans sufficient, or nearly sufficient, to pay them at maturity.

But it is said that in making investments for the Sinking Fund, the Treasury Department is confined to our own State securities, and they are not always to be had, or if to be had only at a very large premium, especially those in the present easy money market having the longest time to run before they become due.

It must be observed, however, that in the purchase of our own State debt, the premium we pay is to be considered in the relation it bears to the amount of interest we would be obliged to pay from the day it is bought to the period when the debt becomes due and is to be paid; and in addition the certain security of investing in our own debt against any kind of loss. As in the case of the Bounty or Defense Loan, now bringing in the market from 103 to 104 cts., it would be in the highest degree wise, rather than let the money lie idly in the treasury to pay this premium of 4 cents on the dollar for it than to let it run and pay 9 cents as interest when it becomes due in July, 1883; and by investing the money now lying in the treasury belonging to this loan in the purchase of it at the present market price, would be a rational economy. I therefore recommend that the Act of 1872, chapter 276, be amended, and that the treasury officers be authorized and directed to invest the receipts from the Loan taxes over and above what is required to pay the interest in the Funded Debt of the State at the open market price, if in their discretion it would be to the public interest to do so, or in United States securities; for as there would be but little fluctuation in their market value, any premium paid in their purchase, would be again realized when sold, and the only loss that could be sustained would be the interest in the meantime, on the premium alone. This act might extend the power to purchase or invest in other State, or some other safe securities, especially for the shorter timed loans; but as there is a chance for loss in such investments, it would be well enough to leave snch tc the discretion of the Governor, Comptroller and Treasurer, and all to concur before done.

The Bounty or Defence Loan of $3,326,750.66 matures the first of July, 1883—one year and six months hence. There is no money to pay it, and it, or a large part of it, must be continued. That balance in the Treasury of $752,198.29, justly belongs to it, and the other three specific loans, ratably among them as the taxes were levied and collected, nearly two-thirds of it belonging alone to the Bounty Loan—say 450,000. The application of this sum, together with that to be derived from the taxes to be collected until maturity, and the taxes back and not yet paid over by the collectors and incorporated institutions, in the aggregate amounting to some $650,000 in round numbers, ought to be sufficient to reduce the principal of the debt for re-negotiation to $2,500,000. The Act of 1880, chapter 232, provides for the creation of a new Loan, not to exceed $3,000,000, for the redemption and payment of this debt. This Act further provides that the Loan shall run for fourteen years, and levies a tax of 5½ cents on the $100 for the payment of the interest and principal of the debt at maturity as required by the Constitution.

I would suggest that this act be modified so that whilst the bonds issued under it should run for fourteen years, they may be redeemable at the pleasure of the State after ten, and that they be issued in such series or numbers that the Department, if justified by the condition of the Treasury and otherwise it should be deemed expedient, could make clear and definite calls for payment at any time after the ten years; and also that a more extended notice be directed to be given for the proposals to take the Loan. If this debt should be reduced to $2,500,000 or even $3,000,000, by payment, and if it be negotiated at the present reduced rates of interest, the taxes levied and collected, with the rightful appropriation of them, will pay it in ten years.

The Act of 1872, chapter 366, made provision, among other things, to exchange or take up the 5 per cent. Sterling Debt of the State by issuing a 6 per cent. Currency Loan in lieu of it, to be called the "Maryland State Loan."

Under this Act, the Loan of $1,056,304.10 has been created, bearing 6 per cent. interest. This loan is made redeemable at the pleasure of the State in fifteen years from the date of its issue; being somewhat vague as to the time the bonds issued under the Act are to run, although I am advised that the Treasury Department, in issuing them, very judiciously made them due at one time, and not to exceed, when converted, the time when the original became due. I see no occasion for the continuance of this Act. If there be any debt due, or becoming due, we can negotiate a loan for less than 6 per cent., and that the prospect is that it will continue for such securities for a time, and be not over 6 per cent. at any time, and I recommend its appeal.

The Sinking Fund and its exact and efficient management should be a subject of great interest to the people. It is that system of saving and of accumulation in every well ordered government that makes the gradual payment of its debt easy and certain. All mankind recognizing a debt-paying obligation have justified the providence of of this system. Our fathers in the creation of our debt, made it a part of the system for the payment of it, and all our constitutions recognize it as an instrument of fiscal government. Its name does not impart its practical operations, yet it is plain and easy to understand, and every prudent man having a debt on time, and no present capital to meet it when due, practises it in the highest sense, It is to make your income exceed your expenses by an amount likely to be sufficient to pay, and to lay aside the surplus from year to year for the day of payment. Instead of laying it idly by, to do a prudent thing is to invest these savings in some safe interest bearing securities. and again, the interest of these, and so on, and thus have the accumulating means, also bearing interest with the debt until the day of redemption. Had this system, instead of being condemned and disregarded, and I may almost say destroyed, been carried out as inaugurated a half century ago, and accompanied with a corresponding spirit of economy, we would not now be required to renew old debts. It is to reaffirm and re-establish the time honored system for the gradual payment of the public debt, that I now earnestly direct your attention to it.

Men toil to leave a competence to their children, but their highest duty, as well as ambition, should be to leave them a State free from debt, and a free and pure government with all its great opportunities.

I have thus, at some length, directed attention to the prominent details of our financial condition, not in the spirit of criticism, I beg to observe, nor with any intent to reflect upon the past, but in the earnest desire to remedy, if possible, the material and wrongful departures in the management of our finances from the line of policy enjoined by the Constitution, sanctioned by law and approved by a wise financial economy.

Debt and taxation are always the subjects of great public concern.

Taxation touches the nerves of society and stirs the common nature of associated bodies of men. It has been the spring of great historic events, of great revolutions in states and changes in dynasties and in a free government it is of the first importance to the people.

It is that which takes by the sovereign power from the property or labor of the individual without any consideration, other than what he may get in the character of government.

Therefore, however high or low the tax may be, if it is not founded on right or its necessity felt, or that when exacted for ostensibly rightful purposes, it is dissipated, or spent upon unworthy objects, there will be discontent and with a free people, with the ready instruments of change at hand, it will not be tolerated, once it becomes known.

And in addition, I have endeavored to impress the absolute necessity for the most rigid and trenchent economy, both in the ordinary expenditures common to the off year, and to the extraordinary expenditures attending the session of the Legislature. Unless the expenditures for these two years are reduced at least $150,000, there will be a deficit in the Treasury that must be made up by taxation of some kind, or a strong hand must again be laid upon the already appropriated taxes.

In close connection with the subject of taxation is the collection of taxes, and I most respectfully direct your attention to our very imperfect system.

There are now eighty-four tax-collectors in the State, and with whom the Treasury Department must keep separate accounts. Having but one for each county and the city, there would be but twenty-four, and no more is required. This would certainly simplify the duties of the Department, concentrate responsibility and make the whole more manageable and efficient.

There should be a rigid and prompt enforcement of the payment over of taxes by collectors, as required by law, and this can be done more effectively upon the fewer number.

There was due the State from 1845 to 1880, inclusive, the sum of $546,613.54 from collectors of taxes in the city and the several counties.

An examination of the payment over of taxes by collectors in the several counties will show that they have been better and more promptly made from the counties having but one collector, or person accountable to the Treasury Department.

Some more stringent measures should be taken against collectors to enforce the payment of over-due taxes. Existing laws have failed in this respect. It is well enough to have bonds for ultimate security, but the primary object should be to make the officer himself pay, and pay promptly.

Against delinquent collectors there should be summary proceedings, and equally so against all State officers holding public moneys that should be paid over.

Their default should be made a criminal offense. That such default appearing to the Comptroller, it should be made his duty at once to certify the same to the Court of the county or city of the delinquent, and the amount of such default; that it should be the duty of the Court to present the same to the grand jury; that it should be sufficient *prima facie* evidence to justify a presentment; that the cause should have precedence over all other business for a speedy and fair trial, and that the fine should be the amount found to be due by the Court or jury trying the cause.

There was due for the same time by the Sheriffs, the sum of $27,833.44; and also by incorporated institutions the sum of $102,796.31, making altogether an aggregate of $677,243.29 thus due, a portion standing for a long time, and by far too large, and which should be reduced, and I recommend the consideration of measures necessary to that end.

The whole tax and collection system needs revision, and I would respectfully submit to your consideration the propriety of authorizing the Executive to appoint a non-paid commission of gentlemen, who would take an interest in the subject, for that purpose, and to report to the next Legislature.

Respecting those matters in which it is expected to practice the required economy, that of unnecessary offices, is among the most important. By Act of 1874, chap. 150, the office of two Fish Commissioners is created, each to receive a salary of $1,500. But one is needed, and one is much better for the service than two. The only question is whether there is any occasion for the service. The cost of it to the State is $15,000, and, in my judgment, with no adequate results.

The Act of 1865, chap. 130, makes the Secretary of the Senate the superintendent and receiver of the the returns of births, deaths and marriages, from the clerks of the counties, with a salary of $1,000. This salary is in addition to what he gets as Secretary of the Senate.—This duty is entirely foreign to his office as Secretary, and is the merest pretence for a salary. There is no adequate service, indeed, no service at all, and there is beside, by the Act of 1880, chap. 438, section 7, express provision made for these vital statistics, requiring all State and county officers to make return of them to the State Board of Public Health.

The Act of 1878, chap. 232, provides for the construction of a line of telegraph from Police Headquarters in Baltimore, to the House of Correction, with a superintendent to supervise the construction and the operation of the line after construction, at an annual salary of $1,500.—No telegraph line, as authorized by law, was ever constructed, but a telephone instead. In 1879, the sum of $1,941.80, and in 1880, the sum of $1,256.65 were paid out of the Treasury on account of this supposed telegraph line.—Since then nothing has been paid. The telephone itself was found to be useless, and is now disused by the House of Correction, Although this salary is not now being paid, the office itself should be abolished to avoid the pretence of a claim from any one in the future, for or on account of it.

Tax Commissioner is an office of recent invention. It was created by the Act of 1878, chap. 178. The Commissioner to be appointed by the Governor, Comptroller and Treasurer, for four years, and at an annual salary of $2,500 and travelling expenses, not to exceed $800. In addition to this, although not created by law, there was an appropriation of $1,800 made by Act of 1880, chap. 431, for the salary of a clerk to the Commissioner, at the rate of $1,200 a year, and an appropriation of a further $1,200 for his salary for the year ending the 30th September, 1882. There are, therefore, annual salaries of $3,700 attached to this office, beside the sum allowed for travelling expenses, which, for the last fiscal year, was $681.80.

I regard this office as a subtraction from the duties plainly imposed by the Constitution upon the Comptroller, and the establishment of it a separate and independent department.

The Constitution, Article 6, section 2, provides "that the Comptroller shall have the personal superintendence of the fiscal affairs of the State; he shall suggest and prepare plans for the improvement and management of the revenue and expenditures of the State; superintend and enforce the prompt collection of all taxes and revenue." This was plainly intended to give to the Comptroller an exclusive charge.

By reason of his important functions in relation to taxation and revenue, his term was limited to two years, in order that he might be subject to control, in short periods, and in addition to this frequent responsiblity to the people, he is at the same time put under the supervision of the Executive, with the power of removal, for sufficient cause, upon charges preferred against him. This Act transfers from the Comptroller certain of his duties and powers as to the assessment of the stock of incorporated institutions, to the Tax Commissioner, in the following express words: "The Tax Commissioner shall have all the powers and perform all the duties in reference thereto, which have heretofore devolved by law upon the Comptroller." This was the creation of a new and expensive office, the duties of which has been, could be, and out to be of right, discharged by the Comptroller's office.

It is not only a useless office, but one liable to interrupt the unity that should prevail in the Treasuay Department. The Comptroller has complete and exclusive superintendence of the fiscal affairs of the State; this office of Tax Commissioner is an independent branch appointed by an unusual and exceptional authority and responsible to no one.

It has under its supervision and management all the incorporated capital of the State. Concealed and powerful, this capital comes in contact with a single officer who is the creation of a tripartite appointment for the long period of four years without accountability to any authority.

So jealous is the Constitution in respect to the management of its fiscal affairs that all kinds of safeguards are thrown around the Comptroller and Treasurer. Not only are they made subject to re election every two years, but their offices are open at all times to an examination by the Executive, and they are liable also to removal by the Executive for the causes prescribed by the Constitution. Here are the strongest evidences of the most abundant and vigilant caution. But as to the office of Tax Commissioner there is no such examination, or power of removal, and the personnel of the office cannot be reached for years by the appointing power; and all the incorporated wealth of the State is transferred from the important offices having so much and such guarded supervision, to an office created by law, having none.

I most earnestly recommend that this office be abolished and that all the duties pertaining to it be remitted to the Comptroller.

And so also as to the office of Insurance Commissioner, created by the Act of 1878, chapter 106, the Commissioner to be appointed by the Governor, Comptroller and Treasurer for the term also of four years, and to receive an annual salary, to be paid out of the fees of office. This belonged to the Comptroller's office and was transferred by this Act. The multiplication of independent departments and offices for subjects having relation to the revenue is unwise and not warranted by the Constitution. The segregation of the unity of our treasury management, which is vested in the Comptroller, into detached powers will eventuate at some time in disorder and loss. I recommend that this office be abolished, and the duties pertaining to it, with those of the office of Tax Commissioner, be discharged under one headship—that of the Comptroller.

The Land Office has become a serious charge to the Treasury. During the last fiscal year there was paid out for its support $7,263.23, whilst the revenue paid in was but $1,517.17, leaving a balance paid by the State of $5,746.06. Prior to the Constitution of 1864, this office was at times a source of considerable revenue to the State and never a great charge upon it. Under the old Constitution there were two registers of the Land Office appointed by the Governor, who received the fees of office for their compensation. By the Constitution of 1851, these were abolished and a Commissioner of the Land Office was elected by the people for a term of six years, with a salary of $200, and the fees of office. By the Constitution of 1864, the salary was increased to $2,000 and the

Commissioner had to account to the Treasury for the fees of his office.

By the present Constitution this was changed to appointment by the Governor for his term, with a salary of $1,500, and he to account to the Treasury for the fees of his office. Now there is an added clerkship and the salaries paid out of the Treasury during the last fiscal year were $2,925.

But a material charge upon the Treasury for this office grows out of the Act of 1874, chapter 66, by which the land record books and papers were transferred from the office of the Clerk of the Court of Appeals, where the fees of office was the only compensation, to the Land Office; and by the Act of 1876, chapter 257, the Commissioner was authorized to continue the indexing of certain land records and extracts of deeds transferred from the office of the Clerk of the Court of Appeals under the preceding Act, and by which the whole charge of this service was put upon the Treasury, instead of being paid as it was before out of the fees of office. It will be observed, the revenue from fees is but $1,517.17, whilst the payment out of the Treasury is $7,263.23.

Prior to this Act of 1874, there was no such expenditure, and there should be none such now. I accordingly recommended the repeal of both these acts, and the said land records be returned to the office of the Court of Appeals, where they belong.

And further, the office of Land Commissioner itself ought to be abolished, and the records belonging to it be transferred to the office of the Clerk of the Court of Appeals, where, as the office in itself has ceased to be important, the few duties still remaining to it could be be readily discharged.

I recommend also that the offices of weighers of grain and hay be abolished. The former yields nothing to the State, and only encumbers the Treasury Department with accounts. The revenue from the latter for the last fiscal year was $1,825.62. To lease the scales would yield more than this, and, beside simplify accounts, reduce the number of offices and diminish Executive patronage.

The extraordinary legislative expenses for a series of past sessions have been the subject of great public concern and of just complaint. There were 111 members in both bodies, and at the last session there were 105 officers and employees. The per diem, mileage and stationery of the members was $57,767.00,—whilst that of the officers and employees was $59,194.25. This exhibit cannot be repeated without causing widespread dissatisfaction among the people. This large expenditure for officers and employees was made up by regular per diem, additional pay and extra compensation.

There is no law prescribing the number of officers, or fixing compensation with the sole exception of that of 1868, chapter 61, which provides only what officers of the preceding session shall return to the opening of the new session, and confines the number to five for both houses. I may remark here that 19 returned at the last session and were paid. Beside this one provision, the whole subject is left without system or law. To avoid like excesses and abuses in the future, it is indispensible that a well ordered system be established by law for the regulation and conduct of this branch of the service. An Act was passed in 1870, chapter 411, to correct these evils, but it was repealed at the following session, 1872, chapter 211.

A well considered bill was matured at the last session, limiting the number of such appointments for both houses to 39, an ample number in my judgment, and fixing their aggregate compensation at $17,330, a retrenchment in this service alone of $42,000. This bill failed to pass, but I take the liberty of commending it to your consideration. In any law to be passed upon, great care should be taken that any compensation other than that fixed by the law itself should be expressly forbidden to be paid by the Treasury.

The Constitution, Article 3, section 35, provides, "That no extra compensation shall be granted or allowed to any officer, agent or servant of the General Assembly after the service shall have been rendered, nor shall the salary or compensation of any public officer be increased or diminished during his term."

Not only the letter, but the spirit of this provision, should be carried out in every branch of the public service. A practice has attained for each house, by its separate order, to direct not only the payment of the regular compensation of officers and employees, but to vote separately additional or extra compensation, and to direct the payment of it These orders have been recognized by the Treasury. This should be stopped by a well devised system for payment, and the Treasury forbid to pay any demand other than as prescribed by the Constitution, Article 3, section 32.—— Neither house is entitled to a contingent fund to draw upon at will, but whatever is required for the purposes of either must be taken out of the Treasury by law—that is the enacted power of the whole government of the State, and not the separate act or order of each house.

In connection with this branch of the subject, and which has given occasion to one of the most objectionable legislative expenditures, is the payment of additional compensation to members and clerks for service on the engrossing committee. I beg leave to observe that the practice has also obtained for years of having over a number of bills for actual engrossment and to be signed after the adjournment of the Legislature.

No one can justify this upon first impression, and it is only the continued practice that gives to it the character or semblance of legal authority. It is a practice of modern times and is one of the concurrent evils of the loose currents of thought and of action prevailing so much in late years, and it is one that should be arrested by your action. All bills to become laws ought to be signed before final adjournment. Bills should be fully engrossed and always under the control of the houses to correct or prevent unauthorized changes in them until the close of the session, and not afterward should any clerical work of any kind be allowed to be done about them.

The Constitution prescribes in the most exact language all legislative duties and forms in the enactment of bills into laws. Article 3, section 27, provides that no bill shall originate in either house during the last ten days of the session unless two-thirds of the members elected thereto shall so determine by yeas and nays; nor shall any bill become a law until it be read on three different days of the session in each house, unless the like two-thirds so determine, and no bills shall be read a third time until it shall be *actually* engrossed for a third reading, and then to be passed by yeas and nays, to be recorded.

All the legislation intended by the bill must be in it as actually engrossed and then as passed ready for the great seal and the approval of the Governor. Everything must be complete and ended at the passage of the bill and therefore in time at all events for nearly all the bills to receive the approval of the Governor before final adjournment.

A just inference would be that as legislation upon the part of the Legislature is thus to be made complete before adjournment, so also should it be with Executive action.

As to this question, however, there have been differing judicial decisions. In California it was decided by the highest courts that all bills approved by the Governor after the adjournment did not become laws; in New York it is decided otherwise.

In view of these contradictory decisions and of the reasons upon which they are founded, allow me to impress upon you the importance of having all legislation perfected before the adjournment, so that nothing be left to be done afterward by officers of either house or by the Executive.

There is ample time to do everything well before the period limited for adjournment. In view of the general laws providing for so many interests in the State, and which before applied for legislation, the session, with diligent application to business, ought not to extend over sixty days, if even that long.

The Public Printing—that for the Legislature as well as for all the departments—requires your earnest consideration. There is now no system whatever, regulating this important and expensive branch of the service. In no other branch has there been a more inconsiderate or wasteful expenditure of the public money.

For sessions in the past, the printing for the Legislature has been hurried to conclusions through the committees, without the opportunity for competing bids. And the large amount to be paid, carried with it extended and multiplying influences, that formed combinations and affected measures of policy. The printing for the departments is done separately for each, and thus done in parts, costs much more than if aggregated and done by a system.

The printing of the Legislature alone, including indexing, &c., for the last four sessions, amounted to $187,639, averaging $46,909 a session, and that for the departments, including advertisements, from $5,000 to $10,000 annually depending upon the work done.

Here is an unquestioned opportunity for a sterling retrenchment.

In the State of Virginia, under its well regulated system, the whole cost for the year ending September 30th, 1879, of the Public Printing for the Legislature and for all its departments and offices, embracing the offices of Attorney General, Adjutant General, Second Auditor, Treasurer, Register of Land Office, Secretary of State, Executive Department, Railroad Commissioner, Auditor of Public Accounts, and Superintendent of Printing, was but $19,723.02. And this includes binding, lithographing, ruling, &c., &c., and for the following year, 1880, there being annual sessions of the Legislature, the cost for all the same was $20,243.55, whilst the cost alone for our Legislative printing and indexing for the last session was $39,050, almost double that of Virginia, with all its departmental printing included.

In Virginia the Legislative printing, distinct and separate from all other, for the year 1880, cost $11,408.27, upwards of three times less than our own. And it should cost us no more. Before the war, for session after session it did not cost as much. Then, in this single item alone there should be a retrenchment of at least $20 or $25,000. I therefore recommend, as pessibly the most expedient thing, the passage of an Act, placing all the public printing of the State for all its various departments in the charge of a Superintendent, to be appointed for a given period; that he be required to let out all the printing, binding &c., that may be authorized by law, to the lowest responsible bidder; and under the supervision of the Comptroller and Treasurer and the Governor, if deemed expedient; that he shall have published all proclamations and advertisements from the Executive or any other officer or department, and that he shall purchase from the lowest bidders, all the stationery that may be needed in the public service. All these powers and duties to be well defined and guarded against all possible intrigue, favoritism or corruption. Beside giving bond for the discharge of his duties, and taking the official oaths of office, he to be subject to severe penalties for any violation of law, and to make detailed reports of his transactions to the Legislature, and to be subject to the supervision of any committee of that body during its session, appointed for the purpose.

I do not question but that by some such law, a good system can be established that would most certainly promote the efficiency and the economy of the service, whilst at the same time it relieves the Legislature from an element which, on account of its large monied interest, is liable to invoke both pernicious and dangerous influences.

The publication of the laws is another subject to which public attention has been attracted. The expenditure is so large, and at the same time so monopolized that it could not escape inquiry and criticism with just men or with taxpayers. It is a sytem of comparatively modern invention. Prior to 1865, such systematic publication was unknown.

The Act of 1865, chap. 31, first inauguarated the practice, and by Act of 1868, chap. 67 and chap. 440, it was more definitely defined, by directing the publication to be made at the expense of the State, and to be paid on the warrant of the Comptroller. This Act provides that every Public General Law, to take effect before the first day of June, is to be published daily for one week, in two daily newspapers in Baltimore City, one of which shall be in the German language, and one newspaper in each county, having the largest circulation. No terms are prescribed nor price fixed, and the Treasury Department paid the sum of $1,200 to each county newspaper, in some instances dividing it between two, and $5,500 to city newspapers, dividing it among three, for the publication of the laws of the session of 1880. The aggregate amount paid for this session for the counties and the city was $33,150; for the session of 1878, $33,064.70; for the session of 1876, $31,689—making an aggregate of $97,-903.70.

In these three items of expenditures alone—the Legislative expenses, the Public Printing and the publication of the laws—there can be a judicious saving of at least $70,000.

In respect to this subject there is probably more animated contention, indeed approaching the personal, than as to any other. A large portion of the press is silent; a small portion of it oppose the system, whilst others defend it with great zeal. The press is the great instrumentality for information, and it can speak with power against wrong, not so much what it may say itself, though this carries a potent influence, but in giving the facts which constitute a wrong to the people for their own judgment. It is said that the expenditure for the publication of the laws is for the encouragement of education and of learning. If bounties are to be paid for such objects, why not equalize and diffuse, and all newspapers and periodicals in the State be recipients? It can only be regarded as an extravagant presumption that could assume that giving $1,200 from the Treasury to a single partisan newspaper in a county is a bounty for education and learning, or could be or was ever intended to be. If bounties are to be paid for the encouragement of everything, why not to the farmer, the mechanic, to any one engaged in meritorious pursuits! Pay no bounties to any one or to any class, but by wise laws and good government present the opportunities to industry, activity and intelligence to acquire the thrift that should never be given by the State.

It is said again that it is done to give the people a knowledge of the laws. If so, why not do it and treat the whole press alike? For it is an equally extravagant presumption that their publication in a single partisan paper in a county, which probably never reaches a tithe of the law-amenable people of a county, could or was intended to do so. The origin of the system in 1865, was to support from the Treasury a partisan press not then supported by the people, and though the cause has ceased the practice still continues. It should stop, and therefore I recommend the repeal of these Acts of 1865 and 1868, and thus whilst relieving the Treasury from a heavy charge, at the same time relieve the press from patronizing influences. If it should be considered necessary, from time to time, to make publication of important laws in newspapers, provision could be made for it.

At the last session there was a well-matured bill prepared, authorizing the Governor and Attorney General to have such publication made of any laws that might be deemed to be of sufficient public interest, but it failed to pass.

The State Fishery Force, or, as it is commonly called, the "Oyster Navy," is now conducted under the Act of 1880, chap. 198. When the service was first established it was expected that it would not only be self sustaining, but yield a considerable revenue to the State. In both these respects the service has proven a failure, and has not been as efficient in any respect as was anticipated.

Practically the service is a failure. The force is not efficient; the sloops are not suited to the service, and the steamer is unfit for it. And the service itself is regarded by many, more as an instrument of personal or partisan interest than as a means to sustain a public policy.

The disbursements for this service for the fiscal year 1880, were	$41,784 97
Receipts for same year	19,611 04
This deficiency paid out of the treasury	$22,173 93
The receipts from the service for the fiscal year 1881,	$44,925 71
Disbursements for same year	38,403 62
Excess of receipts over expenditures	$6,522 09

This excess, thus for the first time for years relieving the Treasury from a heavy charge, is to be attributed to the more efficient provisions of the Act of 1880. The receipts from licenses are more than double, whilst a reduction of salaries has diminished expenditures. The service is subject to great improvement, if even it be continued as it is, and is to be hoped that you will give to it the consideration this great interest deserves.

Under the present and under preceding laws, there are two classes of oystermen, those who take by rakes or tongs, and those who take by scoops or dredges. The former are obliged to get a license from the clerk of the county of their residence to take oysters within prescribed limits, and the revenue derived from these licenses go to the public schools of such county. The latter get license from the Comptroller to take oysters in the open bay and sounds and within defined limits, beyond which they are not to go, and the revenue from such license is paid into the State Treasury. The whole service for enforcing the laws as to both classes or protecting the rights of either is borne by the State, whilst certain counties get the entire revenue from the one class. This does not appear to be just. There are now a steamer, Lelia, and eight sloops in the service. It would seem to be the rightful policy that the sloops should be transferred to the counties in interest to protect for themselves their local rights, or that the whole revenue go to the State. If the sloops be transferred, the steamer Lelia should be sold; but in any event the steamer should be sold, as her repairs are very expensive, that she is not now adapted to the service, and is no longer efficient; and instead, we should have a light, active, tug steamer or steamers.

The Act of 1880, chapter 36, regulates the taking of oysters in the Potomac river. This Act to take effect requires the passage of a similar act by the State of Virginia. It was passed too late in the session for action of that State, but it is to be hoped that the subject will receive the favorable consideration of the Legislature of Virginia now in session.

I see no reason to doubt but that if there is improved legislation in relation to the oyster interests, the State may be able to derive a substantial revenue from it, and at the same time provide a system for the continued preservation and extension of the oyster beds themselves.

It is to be regretted that such great differences prevail upon the subject upon the interests connected with it.

For myself, upon some consideration, I have formed conclusions that moderate dredging improves the beds, whilst upon the other hand, if it continues as now carried on, the period will not be far distant before the beds are practically destroyed. What is to be done in the conflicting views and interest is the trouble.

A system something of this kind I would suggest:—That the present lines or others that may be more convenient or eligible, be fixed, separating the tonging from the dredging interests; that the sloops be sold or transferred to the counties to protect their local interests and to have whatever revenue can be derived from it without conflicting with the general revenue to be derived from the trade for the State; that the dredgers be obliged to take out licenses as now provided, but at a nominal charge; that the dredging grounds be divided into three districts well defined and easily distinguishable and as nearly equal in oyster surface as can be; that but one of the districts be open to dredging for the season, and the other two in successive years, then returning to the one first opened; that the enforcement of the regulations of this system will require an active service of four or six steam tugs; will be somewhat expensive and will require considerable revenue. To this end the oysters ought to be taxed by the gallon and bushel and the taxes paid through stamps and permits to be sold under rules prescribed by the Comptroller, by Clerks of Courts, officers of the steamers and others that he might designate; that no companies or individuals in the State should transport or carry any packages containing oysters, whether shucked or in the shell, unless duly stamped, and no vessels to carry them out of the waters of the State without having the packages stamped, or if in bulk the quantity permitted. All these to be enforced by severe penalties, and in case of violation of any of its provisions, vessels to be confiscated, or if fined, the vessel to be held for the fine.

I feel that a system perfected upon some such basis would ensure a large revenue, sufficient not only to support the service, but yield a considerable amount to the State. It does appear hard, that whilst real estate and every other industry is taxed for the support of the State, this one great productive branch should be measurably exempt.

Whilst making these suggestions, I beg leave to say, however, that it will give me great pleasure to co-operate in any legislation likely to produce these results.

The State Tobacco Inspections is another subject of great interest to this branch of our industrial power.—Here, also, great differences of opinion exist, both among planters and buyers.

For the fiscal year ending the 30th Sept., 1880, the receipts from the five warehouses were	$ 87,613 05
Total disbursements, except for salaries of inspectors and insurance and ground-rent	82,988 90
Net earnings	$ 4,624 15

But as against these earnings the sum of $13,668 07 was paid by the treasury to the inspectors, for their salaries, and for insurance and ground-rent, leaving a deficiency of $8,645.54, as a charge upon the treasury.

For the fiscal year ending 30th Sept., 1881, the receipts were	$ 75,320 02
Disbursements, except for salaries of inspectors, &c.	64,734 90
Net earnings for fiscal year, 1881	$ 10,585 12

But, as against these earnings, the sum of $10,898.11, was paid by the Treasury to the Inspectors, for their salaries, and for insurance and ground-rent, leaving a deficiency of $312.99 as a charge upon the Treasury, showing, however, in this respect, a considerable improvement over preceding years.

But in my apprehension, this is but a trivial consideration when compared to others involved in these inspections. Great complaint is made of the mode of inspection, that whilst it inspires no confidence or gives no guarantee as to the quality of the article in the package, its imperfections tend to encourage false or careless packing. The market for this important product is impaired in the principal foreign marts. Buyers for shipment abroad are subject to reclamations, and the traffic that should be bouyant, is embarrassed in every stage of progress toward the manufacturer. Our tobacco should rival the like in any market, and with the certainty of a standard character to every package, there would be an unhesitating market. There must be some inherent wrong or error in our modes of inspection to give the opportunity for so much complaint.

I earnestly recommend that the subject be well considered, and I would most respectfully suggest, that upon general economic principles, the people can attend better to their own private business concerns than the State can for them, and that at all events they should have the liberty to do so, and recommend that the compulsory features of the present system be abolished. This interest is the only remaining one in the State subject to these effete and obnoxious restraints upon industries and trade. If the compulsory restraints be abolished, and it still be determined that for a time longer there shall be State supervision and State warehousing of the tobacco that may be brought to the warehouses, then let the sampling to the discretion of the inspector, as to how it should be made, or have a more satisfactory mode prescribed, but in either case the inspector to be responsible for the truth of it, as in case of private inspections.

This would at once lift the system out of partisan politics, prevent it from being at any time used as a political work-house, and establish it as a well regulated business, conducted on business principles.

There was appropriated for the support of the State House of Correction for the fiscal year 1880, the sum of $31,400.00, and there was paid out of the Treasury for such support, the sum of $31,129.27; other expenditures were made, but the receipts of the institution met them.

The appropriation for the fiscal year 1881, to this institution was $45,000; $20,000 of which was to be expended in the erection of additional workshops, and for the purchase of land, thus leaving $25,000 for the support of the institution proper, and in addition, there was appropriated $400, to pay insurance on buildings. The tables of the Comptroller, show that $30,400, was paid out of the Treasury on this appropriation.

The report of the Treasurer of this institution shows that the total expenditures for its support for the fiscal

year 1881, was	$29,894 91
Total receipts from labor, &c...........................	4,158 76
Balance of expenditures......	25,736 15

This shows an excess of $736.15 over the appropriation.

There was $6,687.50 paid for the purchase of land, and as no additional buildings were erected, leaving the balance of the appropriation of $20,000 untouched.

This is a large annual charge upon the Treasury, and there should be well directed efforts to relieve it as far as practicable, by utilizing the inmates and increasing the receipts from the institution. There was during the year 414 prisoners received, and 405 discharged, but one having died, and there remained on the 30th September, 1881, 179 prisoners; of the 414 so received, 202 were white males, and 44 white females; 128 colored males, and 40 colored females.

The institution is just forming into a well ordered system, and I would most respectfully recommend that the number of managers, which is now 13, embracing the Governor, Comptroller, Treasurer and Attorney General, be reduced to 6 or 7, to serve for two years, and to be appointed by the Executive. It should be put upon the same footing with the penitentiary, and be made co-operative and self sustaining, if possible.

The penitentiary paid into the Treasury over and above all expenditures for the fiscal year 1880, the sum of $13,001.85, and for the fiscal year 1881, $7,326.43. The report made by the President and Directors of the Penitentiary for the fiscal year 1880, shows that there was in prison on the 30th day of November, A. D., 1880, being the end of the fiscal year for that institution, 591 prisoners, of which 191 were received during the year. No report as yet being made to the Executive for the last fiscal year, I am not able to give any detailed information in relation to its condition and management for the past year. One thing is apparant, however, as a subject for consideration—that whilst there is an annual decrease of prisoners in the penitentiary, a proportional reduction of expenses cannot reasonably be expected. Upon the other hand, the prisoners are increasing in the House of Correction, but not as yet with correspondingly increasing receipts.

In addition, there are ample accommodations for female prisoners at the penitentiary, whilst at the House of Correction there are none suitable, and the very large proportion of female prisoners are sent to the latter institution.

I have thus far confined myself principally to subjects of administrative reform and retrenchment,

Among the questions of a general public policy, that of taxation has in localities attracted more or less attention, and has given rise to controversy. The equitable distribution of taxes and their just imposition are among the most important offices of Government. The Declaration of Rights says that every person in the State ought to contribute his proportion of taxes, according to his actual worth in real and personal property; whether this means that a person shall only be taxed upon his actual worth in property, after the payment of his debts, can be made a question. As for illustration: A owes B $500.00 on note or mortgage, and B owes C the like sum of money. If B should apply his note to the payment of his debt to C, he is actually worth nothing, unless he has other property.

And the question is should he be taxed, being actually worth nothing? And therefore the reason urged that the taxation of the real estate and mortgage both, is a double tax or not according to actual worth. The just mode of treating this question, if it be deemed advisable, would be the equitable distribution of the tax between the mortgage debt and the real estate covered by it, taxing each according to their relative proportions.

It will always be gratifying to me to co-operate with you in all measures to secure just taxation and a fair distribution of it.

I must express my regret that I did not see the reports of the Treasury Department and the Tax Commissioner before making this communication, to get the benefit of any information, suggestions or recommendations contained in them.

The appropriations to the contingent fund of the Executive for the fiscal year ending 30th Sept., 1880, was $7,500, and of this there was to the credit of this fund in the treasury on the 14th day of Jan'y, 1880, the beginning of my term, the sum of..	$7,010 60
Amount for fiscal year ending Sept. 30, 1881.......	7,500 00
Total..	$14,510 60
Disbursements from the 14th Jan'y, 1880, to the 30th Sept., 1881..	$5,231 98
Leaving this balance in the treasury the 30th Sept., 1881, to the credit of this fund.......................	$9,278 62

In connection with this subject, I beg leave to say that this fund allowed to the discretion of the Executive is the only contingent fund known to the Constitution, and it excludes any other such fund to any person or department, by requiring specific appropriations to be made in every other case. Therefore, the practice of making appropriations to such funds should cease, and that specific appropriation made to the object whether ascertained or estimated.

I regard it as my highest duty to direct your special attention to that great subject of supreme importance to the friends of free government—that of popular elections. They belong to the people—is their great factor in government, and the peaceful mode of declaring their will. If they be free and pure and honestly conducted, they are the bulwarks of public order and the certain peaceful means of removing any grievance or wrong of which the people have a right to complain.

Public sentiment has unmistakably declared for a new Registration of Voters; not to be a registration in name or form only, but one that will in fact carry with it the impress and power to work out assured fair results. A Registration Law should be passed in the just and manly spirit that honesty would dictate, and in no feature of it should there be a single suspicion that could give color to an unfavorable criticism.

The public demands for a new rigistration is to get rid of the present lists, and to establish a system through which none but qualified electors in the future shall be able to vote. If this be our candid intention and unreserved purpose, the surest way to do it is the best way; and in doing it, all personal and partisan considerations must be discarded, as we should in all public measures affecting the whole people or the body of the State. It should therefore, be entirely non-partisan.

I beg leave to suggest that any bill to be passed should provide that the registration be made by election precincts, and in the city not to exceed in number 400 voters to a precinct; that no one be registered without his personal appearance before the Register and qualifying as an elector. That the registration be had biennially in the city, and at longer periods in the counties; and in the meantime there can be revision. That it be open to the public and to their view and observations as in the Courts, and that it be conducted at suitable places. That opposing parties be represented by sworn challengers, who should have defined privileges and duties; that the Registers should be members of the board of judges of election in their several precincts; and that they be obliged to serve.

and at nominal pay. As the registration of so limited a number of voters should not assume large proportions, or consume much time, the obligation to discharge this duty by good citizens should not be regarded as a hardship, especially when we reflect that every citizen owes a certain kind of personal service to the State without reference to adequate compensation, and as particularly exemplified in the cases of jurors, judges of election and soldiers. There are of course many details to make up a perfect bill of the kind, but to which I cannot refer.

Next to the registration of a true vote is that it be polled and counted as cast, and this depends upon the conduct of the elections themselves, by the officers appointed for that purpose.

The registration itself will avail but little, unless more perfect provision be made to receive and count the vote. It is notorious that in certain localities most discreditable and illegal acts have been committed by officers of election.

In Calvert County no vote was taken at the late election in one of its most populous districts, and this also occurred in that county at the preceding State election.

In Anne Arundel County at the late election, at certain polls, not a citizen was allowed to witness the taking of votes, and all were refused permission to see the votes counted. True the latter was in flagrant violation of law, and the same may be done with any law. But this makes it only the higher duty of the law-making power to provide every possible safeguard against repetition and as against violence, fraud or wrong of any kind.

The notorious practices in these counties, so far apparently free from any legal correction or punishment, are becoming offensive to the State—nearly as much as did

Lobbying is another of the great evils of the day, possibly not so bold or carried to the same extent as in some years past.

It is the corrupt and oppressive system that would levy toll on all good legislation and be paid for bad; that gets up legislation on controverted subjects, whether good or the elections in Baltimore from 1855 to 1859, and it is the duty of the Legislature to make strict enquiry into them.

In the bill to be passed, I would most respectfully suggest, among its other provisions, that the County Commissioners, or any other constituted authority, fix the places for the polls, and provide suitable rooms, and so in the city, and not leave it in the power of the judges, so that if the judges should refuse to hold the election at the places fixed or undertake to remove the polls elsewhere the people themselves there assembled could hold it; that the elector go into the room and there vote, and see his ballot deposited; that provision be made to secure ballots appearing to contain more as handed to the judges, from opening or separating until counted; that the three judges now authorized by law, together with the Register of the precinct, constitute the board of election judges; that the judges be selected so as to make, with the Register, a board equally opposed in party affinities; that in making these judges, provision as far as possible, should be made to guard against the appointment of surreptitious ones for either side, or that there be astute ones on one side and ignorant or inefficient ones on the other; that the polling of votes be open to public view, and that all parties be represented by sworn challengers, who shall have their duties and privileges defined, one of them being the right to examine the ballot box before any votes be cast, of being present in the room during the whole election, and to inspect the poll-books and the registration books, which the Register shall be required to have with him at the board; that the clerks of election to be of opposing parties, and where there are but two officers, then each to be taken from the leading or principal opposing parties; and that the vote, when so canvassed, shall be publicly declared and certified. There are other details and safeguards to be incorporated in a bill of the kind to make it perfect, but I have stated enough to indicate my views upon the subject.

Public sentiment also demands that primary meetings be put under the protection of law. These assemblages of the people are being recognized as important factors in the machinery of our government. Other States have already passed laws of the kind; there can be no objection to such a law. The people who meet for lawful and legitimate purposes should be protected in their deliberations and actions against fraud and violence, bribery and corruption, and I trust that you will give the subject your most favorable consideration.

Bribery and corruption are the growing evils of our popular elections. Existing laws seem to be powerless in arresting them. Whilst they are notorious and open handed, and are known and felt, there is entire immunity from prosecution or punishment of any kind. So prevalent has the use of money become to these purposes, that the law is silent before its power, and the influential interests and agencies which wield it. It is not alone in the direct bribery which is prohibited by the Constitution and laws, but in the kindred vices and evils now so demoralizing and corrupting to electors, and most certainly affecting our elections, and which is the more pernicious and dangerous, because openly and so generously practised, without any fear of punishment or any restraints of law.

The promise of office, or of work or place, the payment of wages for the day's voting, or for holding tickets, or for attendance on the election, or the payment of fare to or from it, all being done with the intent to influence the elector, and all conspiring to produce the same corrupt result—all contributions for election purposes by office holders, whether State or National, within the jurisdiction of the State, or by candidates, should all be made illegal and punished.

Could the office holders and candidates for office in the country be reached by some such legislation, Congressional and State, the largest fund ever gathered by the agencies of men for use in election purposes might be dissipated, and to that great extent render elections free from such influence. Everything that tends to the corruption of the voter, or to his freedom of choice, should be the subject of legislation. The Constitution, Article 3, section 42, enjoins this upon you in the following expressive words: "The General Assembly *shall* pass laws necessary for the preservation of the purity of elections." Here is a comprehensive power and an imperative duty, and the one should not fail to be discharged and the other exercised to suppress, or at least to mitigate the evils. It is to be regretted that the Constitution of 1867 omitted what the Constitutions of 1851 and 1864 required to be done—that any person elected or appointed to office was obliged to swear that he had not violated the provisions of the Constitution in relation to bribery.

Besides the punishments you may impose upon persons guilty of these practices, you still possess the power, in my judgment, of imposing official oaths of the kind. In respect to all this, I would further most respectfully refer you to my message to the General Assembly of Feb'y 5th, 1880. I can only commend in a communication of the kind, this subject generally, to your good judgment and favor.

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It is the corrupt and oppressive system that would levy toll on all good legislation and be paid for bad; that gets up legislation on controverted subjects, whether good or bad, to be paid to pass or defeat it, as the pay is the best. The most pointed legislation should be had against the evil and those engaged in it be made to disappear.

I beg leave to refer to another subject of importance—that of the appointing power.

The declaration of Rights, Article 8, says: "That the Legislative, Executive and Judicial powers of Government ought to be forever separate and distinct from each other, and no person exercising the functions of one of said departments shall assume or discharge the duties of any other."

To the Legislature is confided the law-making power, and beyond its organization, it was a mistake, I most respectfully submit, to give to it any appointing power.

Had it none, there would be nothing of a personal character to interrupt the prompt discharge of its primary duties; and in view of the general laws now covering so many subjects of Legislation, there should not be prolonged sessions. The Legislature has now the appointment of State Treasurer and Police Commissioner for the City of Baltimore. The Treasurer should be elected by the people, and the Police Commissioners appointed by the Governor or some other authority.

To the Executive is confided the due execution of the laws, and as one of its functions, the appointment of all officers not otherwise provided by the Constitution and laws.

To the judiciary is confided the administration of justice, and of late years has not been constituted an appointing power, except the single instance of that of County School Commissioners. The legal power of the judiciary to do this has been questioned by some, and the policy of it doubted by others, and the subject has been one of contention. As a correct general principle, the judiciary should have no appointing power, put upon it, and it would require very special controlling reasons to justify it.

If it be true, that it is wise, that neither the Legislature nor the judiciary should have any appointing power, then the question resolves itself into the very simple one, as to the authority that shall possess it. There is the same reason for the Legislature to appoint a great class of other officers, such as Police Justices, Supervisors of Election, &c., as to appoint Police Commissioners, and there is no reason for it, but reason and policy both are against any such appointing power for any of these officers, and the Legislature should be relieved from such duty.

When we consider the appointment of officers, the first important thing is to see that we have none that is not absolutely needed for the public service. That next, the people elect all of sufficient importance, so that they keep well in hand the direct and indirect control of the whole machinery of the government; that the heads of Departments appoint their subordinates; and that then the Executive appoint all others unless there be in exceptional cases controlling reasons to the contrary.

A reprehensible practice has grown up of constituting the Governor, Comptroller and Treasurer, or a majority of them, an appointing power; a species of Board for the appointment of some of the most important offices under the State Government, and a Board unknown to the spirit of in order that such intelligent action be taken as the exigency requires.

Whatever sound reason there may be for lengthening the locks by the use of the earnings or other appropriate means, is one thing; but the use of this loan, secured as it is by a mortgage which gives such great and plenary powers of sale and disposition, is a very different thing. The State itself is prohibited by the Constitution, Article 3, section 34, from loaning its credit to the Company for any such construction or aiding in any way, and therefore, how carfeul we should be in placing this great work, which yet will be of value to the State, in the absolute power of individual interest, to be wrested, it may be, from the State, and perchance at a great sacrifice, and without the State being able to come to its own relief.

I most respectfully recommend that this Act of 1878, be revised, so that it defines more certainly the objects of this loan, and that it be used for no other purpose, or that the power to issue any more bonds under it be repealed.

The carrying capacity of the canal in its present condition has never yet been anything like reached. I do not myself question, but that the canal kept in a state of preservation and repair as constructed, could, with thorough business management, be made a reasonably successful work.

I also renew the recommendation made in my message to the last Legislature, that the authorities of towns, cities and counties being in debt, report to the Governor before the meeting of each Legislature their indebtedness; for what purpose contracted; when payable; the rate of interest. and what provision is made for ultimate payment. The debts of the several towns, cities and counties, exclusive of Baltimore City, as near as I have ascertained, The company is now proceeding to appropriate the balance of this loan to the reconstruction of the canal by lengthening the locks—a purpose not contemplated or designed by the act, and only to be construed to be within the letter of the act, by giving an unnatural meaning to the words "putting in condition," when taken in conjunction with the then existing injuries to the body of the canal; the common mind did not then, and does not now, so understand it; and the present application of this loan which was supposed to be for a special use, present or future, is proposed to be diverted to a different one. The fact is that the act itself is an extraordinary one in terms, as compared to preceding legislation upon the subject of this great work, in the comprehensiveness and curtness of the powers to sell it; whilst the long and worded preamble is not correct in detail or inference.

This reconstruction of the canal is upon the speculative or assured opinion, if you please, that it will afford cheaper, and therefore, competitive and increased transportation; and the cost of the reconstruction of all the locks—70 in number—is estimated at $490,000, but that proposed for the present is the lengthening of but 33 of them at an estimated cost of $231,000.

By the terms of this loan the body af the canal and all its franchises can, upon default, be sold by trustees, and the State deprived of it, and of all its direct and remote interest, unless in the emergency it could, in some way, serve or pretect them.

If this loan is to be exhausted upon objects not contemplated by the act at the time and not within its interest, and the canal is to be deprived of this resource for repairs from similar disasters, the Legislature should be advised, in order that such intelligent action be taken as the exigency requires.

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I renew the recommendation made in my message to the General Assembly at its last session, that the veto power conferred by the Constitution, Article 2, sec. 17, upon the Governor, be extended to distinct and independent items of expenditure in any appropriation bill.—This obviates the necessity of being obliged to veto an entire bill to defeat an objectionable item of expenditure or of allowing it to become a law with the item in it. It is so in the Constitution of New York, and has been found a great protection against improper or improvident expenditures.

Considerable interest has been recently manifested upon the subject of immigration into the State.

Correspondence, both foreign and with sister States, is becoming frequent with this Department for information respecting our industries, productions, resources, and so forth.

I would suggest that it be made an official duty of the Secretary of State to attend to all matters connected with it. This would involve no expense for salary and the small means required to supply what would be required, if in our power to do it, could be paid out of the contingent fund of the Executive.

Furthermore, I would recommend in addition, that the Executive be authorized to appoint a non-paid commission of gentlemen who would be likely to take an interest in the matter, and who would give to the subject some special attention.

In making this official communication, I have confined myself to the strict line of my constitutional duty, in referring only to our domestic affairs. In making suggestions and recommendations I fully appreciate the fact that some will honestly differ with many, and some probably with all. There are differences of opinion upon all questions, and more especially upon those that relate to the details of government; but the frank and conscientious expression of them is always attended with good, if not with accordant results.

In what I have said you have the expression of my own views, and they are given in the earnest and disinterested desire solely to promote good government in the State.

Elevated to the honorable and responsible position of Chief Magistrate of this State, and upon a declaration of principles and measures having my unqualified approval, I regard it as one of my highest duties to aid in carrying out what of them can be put into the forms of law.

Coming fresh from the people, you may be able the more significantly to give expression to their just expectations and demands, and I beg to assure you that it will be always most gratifying to me to co-operate with your honorable bodies in every measure calculated to protect the honor of the State, promote the interests of the people and secure to them pure, good and economic government in every branch of the public service.

WILLIAM T. HAMILTON.