

are so applicable to the case here presented that I will repeat them. I said :

“If this reduction is made as it should and I believe
“ will be, it will necessarily lessen the revenues arising
“ from loan taxes and the increment from investments
“ where those investments consist of the cancelled
“ bonds, the annual increase of the sinking funds will
“ be correspondingly reduced, and will therefore defer
“ the time when the whole debt tax can be abolished.
“ Yet I think it is the course which justice to the taxpay-
“ ers and the law creating the loans, authorize and con-
“ firm. Holding these views, I shall recommend to the
“ next Legislature, a reduction in the present tax rate,
“ such reduction to be based upon the amount of taxes
“ applicable to any loan, that is then due, the entire
“ bonds of which or their equivalent, shall by that
“ time be in the sinking fund.”

Since then nothing has occurred to change my views in relation to this question of tax reduction, and I am unable to discover any other course, which can be pursued with justice to the taxpayers and to the property of this State, than to take the tax off just as soon as the necessity which required its creation, has ceased to exist.

It is proper, however, to add that the question of making some provision for the protection of the State's interest in the Chesapeake and Ohio Canal, now engaging public attention, may result in your Honorable bodies directing the treasury officials to purchase the Bonds issued under the Act of 1878, amounting to \$500,000.00, for the sinking funds. In that event, the Baltimore & Ohio bonds would be probably needed, to enable these officers to carry out your directions in relation to this work. The time, therefore, for the reduction in the tax rate, so far as the Treasury Relief Loan is concerned, must in a great measure depend upon the demands on the treasury, which, in this connection, may be made at your hands.