

At the last session of the Legislature, my predecessor invited its attention, to the embarrassment encountered at the Treasury since the sale of the Sterling Bonds of the State, held by the Baltimore and Ohio Railroad Company, and issued pursuant to Chap 386, of 1838, arising from the difficulty of estimating, in view of Legislative appropriation, with any degree of certainty, the quarterly interest accruing on the Currency debt of the State.

The difficulty then experienced still remains, and will continue to exist with increasing force, in proportion as these bonds are converted from Sterling to Currency. The suggestion offered by the late Comptroller, that this embarrassment may be removed by a law requiring the entire interest to be paid directly into the Treasury, merits your careful consideration.

In connection with this subject, your attention is solicited to a claim set forth by the Messrs. Barings, in a Communication to the Treasurer, under date of 9th August, 1853, by which it appears they have advanced the sum of £743.08.3, on account of interest on the Sterling Bonds of the State, payable in London. To understand properly the cause of this deficiency, it is necessary to remark, that provision for paying the semi-annual interest on these bonds is made at the Treasury three months in advance, in order to guard against any possible contingency, that might occur to prevent its timely arrival. When the Treasurer placed the sum necessary for this purpose to the credit of the State's Agent, the bill reducing the Direct Tax had not passed, and he very properly retained the existing rate. Prior, however, to paying the interest in London, the Messrs. Barings received notice from the President of the Baltimore and Ohio Railroad Company that the tax had been reduced to 15 cents, and instructing them to pay the coupons on the bonds issued in favor of that company, on the reduced scale. Acting upon this information, and upon the supposition that the State's Agent, by an oversight, had neglected to give them similar instructions in reference to the bonds provided for directly by the State, they paid the entire amount of interest, at the reduced rate of taxation, which has occasioned the deficiency. The payment of this sum they now ask at your hands.

Statement 16 also shows the amount paid by the Susquehanna and Tide Water Canal Companies, during the fiscal year, to be \$33,550. It is proper to state, as will be seen by reference to the Supplement, that the further sum of \$33,550 has been received from these Companies, on account of interest accruing during that year, which leaves a deficit on their part of only \$387.50.

From the Baltimore and Susquehanna Railroad Company no part of the interest due, has been received, except the sum of \$25,000. (See Statement 16.) This sum was paid shortly after the close of the last fiscal year. It is noticed in the Report