

statesmen, who despaired of her recovery from the universal bankruptcy, which swept over the country. At the close of the fiscal year of 1863, her sinking fund had increased to such an extent as to justify a large reduction of the taxes, and her Treasury contained more than a million of surplus over and above her legitimate wants. It may be gratifying to the people of the State to know that the whole increase of the permanent debt, referable to the expenditures of the war, owing to the healthy condition in which the Treasury was found, and the aids furnished by taxation, does not exceed up to this time \$501,000, and our claim upon the General Government, should the war debt of the States be assumed by Congress—a measure not unlikely to be reported during its present session, will amount to \$5,000,000 and upwards.

In referring to this subject, at the present time, it is not my purpose to venture, to any great extent, suggestions and recommendations, in advance of the official reports of the Comptroller and Treasurer, which belong more appropriately to the business of the regular session. The brief period, during which I have been connected with the Executive office, and the undeveloped results of measures inaugurated by the new Constitution, would render necessary a more thorough and detailed examination into the general subject of the Finances, before I should feel justified in asking your co-operation in plans which would be subject to modifications and changes, by events yet to transpire. How the annual receipts of the Treasury may be affected hereafter, by the change in our system of labor, and the reorganization now going forward, will be fully ascertained and reported before the next stated meeting of the General Assembly.

#### EXEMPTION OF BOUNTY BONDS FROM TAXATION.

The Act of February 6th, 1864, Chapter 15, passed at your last session, appropriating four millions of dollars, to be used in bounties to the Maryland troops enlisting under the last call of President Lincoln, has failed to answer the object of the Legislature. The Treasurer, after advertising for a portion of this loan, deemed it advisable, from the inadequacy of the bids, to suspend further action until the Legislature could be convened, and the subject brought again to their consideration. It could hardly have been expected that, in competition with Government and other securities offering the strongest temptation as to soundness at much more favorable rates of interest, the Bonds of the State of Maryland could be thrown upon the market, unless at great disadvantage. The bounties paid by the Comptroller, up to the present time, have reached \$3,678,600. I would recommend that the Bounty Act be so amended as to exempt these Bonds from both State, County and Municipal taxation, before another