

to declare a dividend of more than one and a half or two per cent., for the last thirty years or more.

It is proper, also, to state, in reply to your order, that the Internal Revenue Law of the United States, approved June 30th, 1864, by its 103rd section, imposes a tax upon turnpike companies which is peculiarly onerous, because it is imposed on their *gross receipts* as well as on dividends and any surplus of profits that may remain on hand; and to enable the Companies to meet this tax, the same section authorizes them to increase their tolls so much as may be necessary for that purpose.

In reply to that portion of the order of your Honorable Body which enquires by what authority the President, Managers and Company "are now erecting toll gates as close together as they now have them erected and used," they respectfully report that they have not, for many years, changed the location of any of their toll gates. About twelve years ago, they removed one of their toll gates west of Frederick city about a mile from its original position. This was necessary for the collection of toll from persons traveling on the road, and who would otherwise have used it without paying; and the road having been finished, and the Company licensed to charge toll, they submit that it was, and is, their right to have such gates as may be necessary and sufficient to collect tolls from all persons traveling on the road.

They further report that they have not "demanded and collected tolls from persons using the road who reside between the gates," unless such persons passed through the gates, when of course they paid tolls for so much of the road as they had used. It may be proper to add that the company has no means of collecting toll from persons who do not pass the gates, or of knowing when or how far they travel on the road, and therefore no attempt is made to collect toll in such cases.

We may be permitted also here to say that the damages sustained by the road by the freshet in October last, which, among other things, carried away the bridge at Ellicott's Mills, will amount to from twelve to fifteen thousand dollars, which not only takes away all the surplus means of the Company, but will probably impair the ability of the company for some years to come, to make a dividend of more than one per cent per annum.

All of which is respectfully submitted,

R. MICKLE,

President of the Baltimore and

Fredericktown Turnpike Company.

BALTIMORE, January 21st, 1867.