ever, was willing to accept the responsibility of imposing such levies. Gov. William Grason, a Democrat, proposed a property tax in 1839, but the General Assembly, though controlled by the Democrats, refused to enact it. By 1841, however, time had run out. Without a new source of revenue the state would be unable to meet the interest payments due in 1842.

With its back truly against the wall, the 1841 legislature yielded and reluctantly levied a property tax of 20 cents per $100 of assessable property. The tax created political reverberations in the ensuing gubernatorial election campaign, but from a fiscal point of view it was a case of too little too late. The Democrats charged the Whigs, who they said had controlled the state since 1830, with being profligate; the Democratic candidate, Francis Thomas, accused the Whigs of having "squandered the public money, bankrupted the treasury, and imposed an onerous Direct Tax." It was a legitimate and successful campaign issue. Thomas won the election (by 479 votes), and the Democrats regained control of the House of Delegates.[30]

Unfortunately the property tax did not provide the needed revenues. The assessable base upon which the tax was laid was too small, and thus under the best of circumstances the yield would have been inadequate. Moreover the counties were negligent in collecting the tax. As a result Governor Thomas had to suspend payment of the interest due in January 1842—a suspension that was to last for five years.[31]

With the state now facing bankruptcy, people scrambled for ways to discharge the debt, ranging from new taxes and assistance from the federal government to liquidating the state's investments, severely retrenching governmental expenses, and outright repudiation. In 1843 the General Assembly decided to sell the state's investments in the various transportation projects, believing that $11,700,000 could be obtained for them. In fact, despite advertisements in both European and American newspapers, only one bid for one stock was received, and it was rejected because it was less than the minimum acceptable price.[32]

In an effort at fiscal frugality the legislature reduced the salaries of various state officials, including the governor, abolished other positions entirely, and decided to meet biennially instead of every year. In 1844 a special tax on the state debt itself was imposed. Initially the tax (one–fourth of 1 percent) was levied only on the assessed value of the state debt held by nonresidents, but the following year it was extended to Marylanders as well.[33]

Actual repudiation of the debt was also under serious consideration, although it was never implemented. According to W. Wayne Smith:

> Advocates of repudiation could be found in all counties, but the Harford and Carroll County Democrats seemed most interested in that approach. They intended to make repudiation the Democratic party's solution to the state's financial difficulties. But not all Democrats, and in particular the Baltimore Democrats, would accept repudiation, and the issue threatened to divide the party in the 1843 elections.[34]

In 1846 the General Assembly, responding to Gov. Thomas G. Pratt's request to find new sources of revenue, enacted a stamp tax, which required that specially stamped paper be used for certain legal documents.[35] With this tax and a general improvement in the national economy the fiscal picture brightened, and by mid–1846 the state treasury again had a surplus.

30. Acts of 1841, ch. 23; W. Wayne Smith, "Politics and Democracy in Maryland, 1800-1854," in *Maryland,* ed. Walsh and Fox, p. 290.
31. Smith, "Politics and Democracy," pp. 290-91.
32. Hanna, *Financial History of Maryland,* p. 94.
33. Acts of 1844, ch. 172; 1845, ch. 170.
34. Smith, "Politics and Democracy," pp. 291-92.
35. Acts of 1845, ch. 193.