

We have seen how, in the management of the Fishery Force, the board came to exercise a fair amount of patronage, appointing the commander and an increasing number of deputy commanders. The legislature must have been favorably impressed with the manner in which the board carried out that responsibility, for it soon placed additional appointments, of an even more sensitive nature, in its hands.

In 1878 the General Assembly created offices of tax commissioner and insurance commissioner and provided for the appointments thereto to be made by the governor, comptroller, and treasurer. Although the board as such was not designated as the appointing authority, its minutes show that the three designated officials exercised their power while sitting as the Board of Public Works.<sup>42</sup> These were significant appointments, each for a four-year term. The tax commissioner was responsible for the assessment of all corporate stock for state tax purposes; the insurance commissioner licensed all insurance companies and their agents and had the authority to examine the companies and revoke licenses if he found an insolvency or other violation of law.

Subsequently the board's appointment powers were extended to the bank commissioner, the state auditor, and the shell fish commissioners, when those offices were created.<sup>43</sup> The board retained most of those appointment powers until 1922, when, in the course of a comprehensive reorganization of the executive branch, they were vested in the governor alone.

Another new area of responsibility imposed on the Board of Public Works was that of public finance—superintending the issuance, management, and redemption of the public debt. This, too, started small and grew larger.

With the exception of the two correctional institutions and the two normal schools, there were very few public construction projects of any significance until a decade or so into the twentieth century, and thus the need for new borrowed capital for construction purposes was limited. Indeed, the immediate post-Civil War era actually saw a substantial reduction in overall state debt. When the war ended in 1865 the state had an outstanding debt of over \$14 million against which there were sinking fund balances totaling \$8.3 million. By 1899 the aggregate debt had been reduced to \$5.7 million against which there were sinking fund balances of \$2.6 million.<sup>44</sup> The state did continue to float general obligation bonds, however, not to provide new capital but rather to refinance, in whole or in part, existing loans about to mature. These were, in effect, "redemption" or "exchange" loans, and they required the board not only to do the routine work of advertising the proposal, preparing certificates, and receiving and opening bids, but also to supervise the exchange of securities. In the process the board had to determine what proportion of the new issue, if any, should be purchased for the state sinking funds.<sup>45</sup>

An early example of this activity was the defense redemption loans of 1880 and 1882. In 1868 the General Assembly had authorized \$4 million in state bonds, the proceeds of which were to be used to discharge Maryland's obligation for bounties paid to soldiers who had enlisted in the Union army. Apparently \$3 million of these bonds had been sold to the public, with the treasurer having been authorized to purchase

42. Acts of 1878, chs. 178, 106; BPW Minutes, 23 June 1886, vol. 1883-1905, p. 63.

43. Acts of 1910, ch. 219; 1912, ch. 58; 1914, ch. 265. See also chapter 7.

44. "Annual Report of the Comptroller of the Treasury, 1865," *S. Jour.* (1866), doc. B, app., statement J, pp. 14-15; "Annual Report of the Comptroller of the Treasury, 1899," *Maryland Documents* (Baltimore, 1900), app., statement J, p. 22.

45. It was common practice for the board to purchase state bonds for the sinking funds, thereby not only making such funds productive in secure investments but also helping to create a market for the new issue. This practice was authorized by Acts of 1884, ch. 383, which permitted the treasurer, with the concurrence of the governor and the comptroller, to invest the sinking funds in "stocks or bonds of this state, or in such other productive stocks or bonds as [they] may consider safe and reliable." See also Acts of 1884, ch. 419, directing all surplus in the treasury to be credited to the sinking fund and invested as the treasurer, governor, and comptroller agree.