

the Treasury of the State, as is proper they should ; but the receipts from Auction Duties, unless they amount to a sum exceeding twenty thousand dollars, annually, go to the Mayor and City Council of Baltimore, for the improvement of a channel in the Chesapeake bay and Patapsco river.

During my official term there has not been received, in any one year, one-third of the sum named. It has moreover been difficult for this Department to obtain from certain of the licensed Auctioneers reports of their sales, and several of them are now in default in regard thereto.

At best this office is only made, by the existing laws, on that subject, Code, vol. 2, art. 4, the accountant between the Auctioneers and the Mayor and City Council in regard to the duties, whilst the receipts from this source only enter the Treasury to be shortly withdrawn therefrom ; thus imposing an unnecessary labor upon this Department. I suggest that the law be so changed in regard to the duties, as to cause the Auctioneers to render their accounts to some officer of Baltimore City, and that the payment of the duties be made directly to him.

Sometime in the early part of the past Fiscal Year, the Assessors and Collectors of the United States' Tax, set up a claim on their part, to bring the revenues of the State from Dividends and Interest received by the State from its Stocks and Mortgages in Banks, Rail Roads and other Corporations, under the operation of the United States' Tax Law of 1862. I did not consider this claim well founded, and consulted with Thomas S. Alexander, Esq., of Baltimore City, whose judgment of the question, I found to agree with my own. With his valuable aid the whole question was argued before the Commissioner of Internal Revenue, and resulted in the exemption of the State, by the decision of the Commissioner, from the payment of any Tax whatever. By this decision, at least twenty thousand dollars, annually, will be saved to the Treasury.

Whilst this exemption was thus secured to the State, and the Banks and other Corporations having Dividends and Interest to pay the State, were absolved from the payment of the Tax of three per cent. on these Dividends and Interest