

A few of the foreign holders of the old bonds, have hesitated at exchanging them for the new issue, probably from a fear, that the value of the new issue, might be impaired by the operation of the Legal-Tender Act of the United States. Believing this apprehension to be entirely groundless, I have expressed my opinion to that effect, in the most decided manner, assuring such holders, that the faith of the State would be maintained to the fullest extent, and that no obligation pertaining to the old bonds, would be lessened in the the smallest degree, by the exchange for those authorized by this Act.

The Legislature not having provided for the expense of engraving and printing the new bonds, I have, since the close of the fiscal year, authorized the payment of the same, out of the Contingent Fund of the Comptroller's Office.

TAXATION OF RAILROAD COMPANIES.

The Act of 1870, chapter 362, repeals all exemptions from taxation contained in the charters of Railroad Corporations chartered by this State, and provides for the taxation of the stock and property, real and personal, of each and every such Railroad Company.

Steps have been taken by this department, to ascertain how far the provisions of this Act can be made effective, for the benefit of the Treasury.

Notwithstanding the payment of the large amount of extraordinary appropriations made by the last Legislature, the finances of the State exhibit a healthy status, and I fully expect to be able to show at the close of the present fiscal year, a condition of the Treasury which will justify a reduction of the present taxation.

I confidently believe that an economical course on the part of the next Legislature, in regulating their expen-