

conviction that all the burdens of taxation must be borne by it, while capital invested in more profitable enterprises is allowed to escape taxation altogether.

STATE LEVY.

Statement "K" shows the State Levy for all purposes for the year 1871, to be \$802,288.24. Of this, the amount designated as "Direct Tax," and which the Legislature is under no Constitutional or other special obligation to continue, is \$125,014.88. This tax was originally laid for the purpose of realizing the amount necessary to pay the interest on the debt of the State, contracted for Works of Internal Improvement, and has been reduced from time to time, in ratio and amount, and if the legislation, suggested in this report, be adopted by the present General Assembly, they may and ought to repeal the Direct Tax altogether. I recommend this course in the strongest manner, and have no question that the experience of another two years will evince the wisdom of repealing a much larger portion of the general taxation imposed by existing laws.

I merely recommend the repeal of this item, at this time, leaving future reduction to be governed by the success of the measures which this Legislature may adopt. I also suggest that the day for declaring the Levy in the several counties of the State, be uniform by law, and recommend that the first Monday of June be fixed as the legal day for that purpose.

As the law now stands, some of the counties are compelled to make their Levy before the end of the session of the Legislature, and from this fact discrepancies have occurred, which would be guarded against by fixing a later day.

PUBLIC SCHOOL TAX.

Statement "L" shows the Levy, Receipts and Disbursements on account of the Public School Tax, as authorized by the Acts of Assembly of 1865, chap. 160, 1868, chap. 407, and 1870, chap. 311. The receipts for the year ending 30 September, 1871, on this account, were \$410,065.54.

BOUNTIES.

Statement "M" shows the sums paid as Bounties to Volunteers, Drafted Men, &c., during the fiscal year ended 30th September, 1871, and also a condensed statement of the total disbursements made in various years on that account. The amount paid for Bounties during the fiscal year ended 30th September, 1871, was \$71,150.00.

The Navy Department at Washington has been enabled, during