

similar provisions, scattered through our Revenue Laws, has limited the taxation upon the National Banks to the shares of their capital stock.

This method of taxing these Institutions gives them an immense advantage over individuals, from the fact that the loans and discounts, and other available assets of these Institutions, as a general rule, amount to about three times the amount of the shares of their capital stock, at its nominal value. In the hands of individuals, the whole amount of these securities (except mortgages) would be liable to taxation, while the National Banks, although favored by the Federal Government with privileges not attainable by individuals generally, or by other Corporations, are to this extent also favored by *State legislation*. The capital stock shares of the several National Banks in this State in 1870, as appears by the Report of the Comptroller of the Currency, amounted in the aggregate to the sum of \$13,240,202.50, while, by the same Report, it appears that the loans and discounts of said Banks, at the same time, amounted to \$20,132,076.78, and with the addition of other available assets, amounted to the large sum of \$27,779,531.07.

When the large advantages which these Institutions have over individuals is considered, it seems very unreasonable that they should be backward in paying into the Treasury the small amounts which the General Assembly have thought proper to tax them; but experience has shown that a large number of them have taken advantage of the want of penalties and forfeitures for non-payment, to omit the payment of their taxes altogether.

In consequence of the exemption above spoken of, and other exemptions which the nature and plan of taxation adopted for these Institutions render available to that end, the visible property of these Institutions cannot be levied upon or distrained for their taxes in arrear, and no adequate penalties or forfeitures being provided by law to compel payment, the same has from time to time been successfully evaded.

In addition to other amendments of the Revenue Laws, I recommend the passage of such laws as will provide penalties and forfeitures against the Institutions, and their financial or other proper officers, which will compel the payment of the taxes in arrear, and ensure promptness in their settlement hereafter; an Act providing for these alterations and amendments will be proposed to the General Assembly by this Department.