

Previous and up to the year 1864, there had accumulated in the vaults of the Treasury Department bonds and certificates of indebtedness, which the State had paid, to the amount of \$5,649,656.83. These bonds and certificates, with the exception of \$154,550.00 in Baltimore City Stocks, and to the amount of \$5,495,106.83, consisted exclusively of her own obligations and debts, which she had paid and redeemed, and deposited in what is called a "Sinking Fund," and upon which she annually transferred to said fund, from her general treasury, the accruing interest to be invested in like manner.

The General Assembly of 1864, with the approval of the then Governor—Act of 1864, chapter 285—directed \$4,495,106.83 of these bonds to be canceled and destroyed, and to that extent relieved the Treasury of—in the language of Ex-Gov. Grason, Chairman of the Finance Committee of the Senate in 1852—"an imaginary creditor, and the Treasurer of the employment of counting his liquidated bonds, and calculating how much interest he would be entitled to receive from himself."

Up to that period, though the direct tax had been heavy, no special tax for the payment of a particular debt had ever been levied upon her people; and since that period no tax has been imposed for the payment of principal or interest of her previously created debt.

The existing "Defence Loan," to which I have referred, was created in 1868, for the payment of bounties, and a bounty tax of  $5\frac{1}{2}$  cents on the one hundred dollars was imposed, and dedicated to the payment of this loan. The Comptroller, in his report for the year 1867, states that "the amount disbursed for bounties from 1864 to 1867, inclusive, is shown to be \$4,196,864.25, and the receipts are \$2,364,107.94, being a disbursement of \$1,822,756.31 in excess of receipts."

The entire amount of bounty tax collected from January 1864 to September 30th, 1880, embracing the period during which bounties were being paid, is \$4,057,040.96. The entire amount disbursed during the same period for interest on the "Defence Loans," is \$2,443,724.26, showing balance of this