

The embarrassments under which the financial officers have been almost continuously laboring in maintaining these results, were freely made known in my first report to Governor Carroll. The error in the financial legislation of this State, I beg leave to suggest, consists in requiring a direct tax to be levied for the benefit of her bondholders, who are already sufficiently secured, and in not making any certain or adequate provision for her other creditors.

The receipts during last year were derived from the ordinary sources of revenue, and amounted to \$2,097,376.88. The sum realized from like sources in the year 1878, was \$1,623,643.23, showing an increase in favor of the year 1883, of \$473,733.65. There has been since the year 1878, a regular and steady improvement in the revenues, which if fostered and continued, will enable the treasury officers, in the future, to redeem at par, considerable sums of the debts of the State, as they respectively become due.

The funded debts of the State, their respective rates of interest and their respective dates of maturity, are shown in "Statement J." They amounted, in the aggregate, on the 30th of September last, to \$11,269,822.89.

The "Maryland Defense Loan" of \$3,326,750.66, matured on the 1st day of January, 1884. In my report to the Legislature of 1880, I called attention to this loan, and to the opportunity which its maturity would afford of refunding three millions of the State's indebtedness, bearing six per cent. interest, at a much lower rate. The Legislatures of 1880, and of 1882, each readily passed laws to that end; and I am able to state that the refunding of \$3,000,000 of the 6 per cent. "Defense Loan" into the new \$3,000,000 "Defense Redemption Loan" authorized by the Act of 1882, Chapter 289, at the rate of 3.65 per cent., is an accomplished fact, and reduces the interest on the public debt \$70,500 per annum. The balance of this loan, \$326,750.66, was called in on the first of January, and a further saving of \$19,605.03 in annual interest effected. The new loan of \$3,000,000 will be redeemable in fifteen years from the first of this January.