

The "Sinking Funds" hold \$411,209.18 of State securities practically redeemed. The remainder of the State debts, \$7,531,863.05, will mature during the next decade. No provision, either in law or in fact, has been made for the payment of \$6,753,072.23 of these debts, other than the dedication by the Constitution of the State's interests in works of internal improvement to that purpose. This provision is ample, if availed of, but the present policy of the State, which has just been so successfully carried out with reference to the "Defense Loan," is to reserve these securities and to refund these debts as they become due, at a lower rate of interest. Should the prevailing low rate of interest continue, it will be wise to adhere to this policy, and to that end, I respectfully recommend the passage of a general law authorizing and empowering the Governor, Comptroller and Treasurer, to issue new loans from time to time, at a lower rate of interest, for the redemption of the old debts as they mature. It is believed, that the successful continuance of this policy, in connection with the reduction of each debt as it becomes due, to the extent to which the surplus revenue can be made available, will, ultimately, and perhaps, at no far distant day, relieve the people of any necessity for direct taxation for State purposes.

The disbursements during last year were \$1,753,699.99. The disbursements in the year 1879, the first off-year of my tenure, after the session of the Legislature of 1878, were \$1,774,283.26. In the off-year, 1881, they were \$1,757,469.15. This comparison shows no very great decrease in the ordinary expenditures of the off-years. The disbursements in the year 1882 were \$2,038,173.13, of this amount there was expended and invested in "Sinking Funds" the sum of \$208,114.40. The disbursements in the year 1880, were \$2,050,869.40, of which \$59,633.06 were invested in the "Sinking Funds." The disbursements in the year 1878 were \$2,489,079.14, of which \$193,646.46 were expended in the redemption of State stock, and \$125,000.00 in taking up a temporary loan. The expenses of the riots amounting to \$90,440.00, were paid in that year. This comparison of the legislative years, shows a