

By calling these bonds in instead of going into the market to buy State securities there has been saved to the Treasury at least \$50,000.00 in premiums.

So, that although no Sinking Fund existed for the redemption of these bonds when I entered office, the Treasury officers, without selling the high interest-bearing securities which had been placed to the credit of the Fund as a *pledge* (as they were called by a distinguished member of the Senate when discussing this measure), have provided for the whole of these debts except the \$100,000.00. This was recommended to be funded at a lower rate of interest, with the other maturing indebtedness, in order to save to the State its profitable assets.

In this view the Legislature concurred. The law to refund was passed. The State now pays 3 per cent. on its \$100,000.00 Deaf and Dumb Loan where before it paid 6 per cent. interest, and the State still holds the securities, upon which it annually receives 6 per cent. interest.

The same power that pledged the B. & O. Bonds to the payment of the debt at maturity deemed it proper not to sell the bonds and pay it, but to retain the bonds and renew the loan by exchange.

The bondholders did not object to this, but were, on the contrary, glad to get the new bonds bearing interest at just one-half the rate of the old bonds. The transaction was advantageous to the credit of the State and has aided in placing Maryland State securities among those which are most sought for.

WHAT PROGRESS IS BEING MADE.

In order that you may see at a glance what progress this Department has made in the reduction of the debt of the State in the past three years, let us look at the Comptroller's Report for the fiscal year 1883, where the aggregate amount of debt is put down at \$11,269,822.89, but in this amount there is an error, which was subsequently found, and the debt at that time ascertained to