

bonds during the year—Public Buildings Loan—for the completion of the Maryland Penitentiary.

You will notice that no mention is made in said statement of the Penitentiary Loan of \$248,000. As before explained, these Bonds were all redeemed and the Loan extinguished. Stocks standing to credit of its sinking fund, viz:

Consolidated Loan of 1899.....	\$ 80,000 00
State Building and Improvement Loan.....	126,000 00
Public Buildings Loan.....	30,000 00

were transferred to their own respective sinking funds, making them, therefore, active assets for such loans, indeed, virtually cancelling those loans for a like amount.

The gross debt of the State September 30th, 1907, was \$5,978,926.13, yet the State holds in the Sinking Funds securities of its own bonds to the extent of \$3,388,554.72, and other securities—municipal and county bonds—amounting to \$440,000. But of the State securities, statement "F," I wish to more particularly call your attention, to wit:

Consolidated Loan of 1899.....	\$1,567,354 72
State Buildings and Improvement Loan.....	411,200 00
State Loan of 1902.....	600,000 00
Public Buildings Loan.....	810,000 00
Total.....	<u>\$3,388,554 72</u>

If these securities were all cancelled, the gross debt of the State instead of being \$5,978,926.13, would be but \$2,590,371.41. Of course it would make no difference whatever in the net debt, because credit has already been given for these securities. It does look a little odd, however, that the State should be paying interest on a Loan, every bond of which it owns, as the State Loan of 1902, practically all of the State Building and Improvement Loan, and about one-half of each the other two Loans of the State, even though the increment therefrom does accrue to the State for its Sinking Funds. In my judgment, all these State securities in the sinking funds should be cancelled and charged off the books of the Treasury. The debt statement would then be as follows: