

The BONDED DEBT of the State at June 30, 1946, was \$20,902,000.00. The General Assembly at the 1945 Session enacted Chapters 747 and 996 authorizing the Board of Public Works to issue and sell State Bonds in the amount of \$4,625,000.00 for construction in connection with the State's Post War Construction Program, and \$2,000,000.00 for the construction of a new State Office Building in Baltimore City. If and when these bonds are issued, they will increase the bonded debt as it will exist at that time.

The ANNUITY BOND FUND, which is the account maintained for servicing the bonded debt, had a credit balance of \$2,189,355.92, at the close of the last fiscal year. This amount represents taxes collected for the purpose of paying interest on and redeeming the State Debt and will be used, along with taxes on real and personal property to be received in the future, in liquidating the bonded debt.

I feel that it is important at this time to renew the recommendations I have made on several occasions in the past for annual budgeting. I believe the most constructive thing we can do in administering the fiscal affairs of the State is to amend our Budget Law so that annual budgets will be prepared and approved, which will keep the State's fiscal affairs in about as current a condition as possible. It has been impossible in the past, and particularly during the past decade, because of changes in economic conditions, to accurately estimate the State revenues and make State appropriations as much as two and a half years in advance. I strongly urge that steps be taken to amend our Constitution to provide for preparing the legislating our fiscal affairs on an annual basis, rather than a biennial basis.

I desire to record in this Report the fact that the Budget for the fiscal year which will end June 30, 1947, as passed by the General Assembly at the 1945 Session, does not appropriate the necessary money to take care of the current operating expenses of the State for that year. You are probably aware, from the publicity which has been given the matter, that the money appropriated for salaries of State employees for the fiscal year 1947 will have to be supplemented by the General Assembly at the 1947 Session, because of the necessity of increasing salaries of State employees during the year, and also because of increased operating costs of the various State institutions and departments. All of this, of course, has been due to changes which have taken place in economic conditions, which have affected the business of the State as well as the business of individuals and others, and unless the appropriations already in existence for the fiscal year are supplemented at the 1947 Session of the General Assembly and additional money made available for use during the year, the appropriations, in many instances, will become exhausted during the middle and latter part of the year and the State Treasury will be without authority to continue the payment of salaries and expenses of the agencies which will be run-