

of \$14,164.90 brought down from the close of the fiscal year ending September 30th, 1903, making a total of \$2,347,751.90.

The State has also had extraordinary expenses on account of the Maryland Agricultural College, the Frostburg Normal School, Troop "A" Armory, the 4th Regiment, the Emergency Hospital, Annapolis, the Springfield Hospital, the Training School for the Feeble Minded, the Johns Hopkins University and other worthy objects.

And not withstanding a reduction of the State Tax Rate of $\frac{1}{2}$ cents on the \$100, making a difference of \$166,000.00 in the State taxes and bond issues for the new State building, the Annex to the State House, the Penitentiary, the Insane Hospital, the Annex to the House of Correction, the 5th Regiment Armory, the new heating plant, and other substantial and necessary improvements, the net debt of the State has been reduced since January 1st, 1900, to the extent of \$271,338.72.

The net debt of the State amounting to \$2,616,704.23 above the par value of the stocks, bonds and securities held by the Treasurer, could be easily paid out of the premium on the said assets, could they be sold for their intrinsic cash value in the market, and the proceeds devoted to the payment of the State debt, so that virtually the State is out of debt.

Encouraging as this showing is, however, it would seem impossible to further reduce the State tax rate of 17 cents on the \$100 without crippling and even destroying the public school system of the State, as 4 $\frac{1}{2}$ cents of the State tax is alone devoted to the payment of interest on the State bonds and to the creation of a sinking fund to pay the said bonds at maturity and when redeemable.

The entire balance of the direct tax imposed by the State, 12 $\frac{1}{2}$ cents on the \$100, is devoted to the support of the public schools and to the purchase of free text books, while as every one knows all other expenses of the State Government are paid from fees, licenses, fines, investments and other sources of revenue.