

seventh section of a supplement to the Act of 1813, chapter 122, entitled, "An Act to incorporate a company to make a Turnpike Road leading to Cumberland, and for the extension of the charters of the several banks in the city of Baltimore, and for other purposes." The deficiency has been occasioned by reason of a demand which was made by the former Comptroller, upon the several banks, for the payment of this tax in advance, *on the first day of each year*, by which he succeeded in collecting, and embracing within the fiscal year of 1863, the taxes for the years 1862 and 1863. The banks at that time paid this tax in advance, protesting that they were not required so to do by the Acts of the General Assembly, and that their present payment should not be construed as a *precedent* for their future action. A similar demand was made by me, and the most of the banks refused to pay, upon the ground that the course established in this department before my immediate predecessor came into office, was the proper one, and that this demand for the payment of this tax *in advance*, could not be enforced at law. I have left the matter to be adjusted by the proper tribunal for the adjudication of such questions, or by further legislation.

The other surces of revenue for the support of the Schools, consisting of the surplus revenue received from the United States Government in 1836, and of the dividends on stock held by the several counties in the banks of the State, being fixed and permanent as specified in Statements "E" and "G," have been distributed and paid to the counties entitled thereto, in accordance with the principles of distribution established by the Acts of Assembly directing the same.

There has been no receipts from the Annapolis and Elk Ridge Rail Road Company, their profits having been absorbed in the repairs of their road, and the purchase of rolling stock, as represented in their semi-annual reports. Although their revenues have largely increased within the present year, there seems to be little probability, under the construction of the several Acts of Assembly relied on by this corporation, that the State will ever be reimbursed for even the interest on the advances made in its behalf. I would respectfully call the attention of the Legislature to the 2nd, 3rd, 4th and 5th sections of the Act of 1841, chapter 168, passed on the 1st of March, 1842, and the ambiguity of the language employed therein, giving rise to all the difficulties that have been experienced by the present and former officers of the State. The character of these difficulties have been so particularly alluded to in the report of my predecessor, as to supersede the necessity of their repetition. If the construction of the officers of the company be further acquiesced in, then the State revenues will be made tributary to, and available for the payment, not only of the interest, but the ultimate redemption of the bonds of a company in which she has invest-