

would be neither difficulty nor embarrassment in procuring all the money we need. The interest on the Sinking Fund to accrue on the 1st of April and 1st of July next, amounting to about \$138,000, could be invested in the new loan, and the remaining \$233,300 could doubtless be obtained on the most favorable terms by the pledge of the Bank Stocks held by the State. Indeed, the loan negotiated outside of the Treasury, would in that case be but a temporary one, to be refunded within a year out of the proceeds of the additional State Direct Tax recommended by your committee; and after the present year, should the rate of the United States Direct Tax remain the same, our new tax would yield nearly, if not quite enough to discharge it, and any deficiency could be made up by the investments in our new loan of the constantly accruing interest of the Sinking Fund.

But your committee have not considered it safe, to assume that there will be no increase of the Direct Tax by the present Congress. It is true, that the indications now are, that much the greater part of the \$150,000,000, or \$200,000,000, to be annually raised by the United States Government to pay the expenses of the existing war, will be gathered by imposts, excises, and other indirect taxation. But it is probable, that the Direct Tax will be at least doubled, and that a clear annual sum of say \$750,000 will be required from us on this account. Indeed, your committee believe, that such an increase of the Direct Tax would be a most acceptable substitute for such excises as can be made effective sources of revenue only by frequent inquisitorial visits to the homes of our people; and even if Congress should determine against such increase of the Direct Tax, it is to be hoped, that the measure adopted by them will contain some provision, allowing any State an exemption from certain of the proposed domestic imposts, on paying a fixed annual sum in commutation.

It is moreover the obvious duty of the present Legislature, as far as lies in its power, to prevent the necessity for another special session, by providing for any contingency which is at all likely to occur. If its financial measures should be confined to raising the annual sum of \$371,300, now required by the act of August 5th 1861, and if Congress should, after the 10th of March next, make any serious increase of the Direct Tax, an extra session of this Legislature would be unavoidable. On the other hand, if a law is passed authorizing the Treasurer to issue a loan, based upon the proposed addition to our State Direct Tax, and sufficient to meet any increase of the demands of the General Government, now considered probable, and if, after all, no such increase should take place, then no injury will have been done, and no serious debt will have been incurred by the State. It would seem desirable also to establish in the very beginning; for the purpose of raising means to pay the United States Direct Tax, a system which