

MARYLAND GAZETTE AND POLITICAL INTELLIGENCER

[VOL. LXXVI.]

ANNAPOLIS, THURSDAY, JANUARY 23, 1848.

No. 4.]

THE COMMITTEE

To whom was referred the Order of the House of Delegates of the 11th of December last, to report what measures, if any, are proper to be adopted in relation to the deficiency of state funds, which appears in the report of the committee of claims, beg leave to submit the following report:

It appears from the reports of the treasurer, that there was due on appropriations to the 1st of November, 1817, and unpaid \$ 55,343 28

Will be due for journal of accounts of this session, say 35,000 00

To meet which there was in the treasury on the 1st of November, 1817, the sum of \$ 38,129 56

There may also be deducted from the above unpaid appropriations the sum ordered by resolution of last session to pay in part the reserved right of the state to subscribe to the Merchants and Farmers Bank \$ 10,000 00 which may also be deducted from the amount to be provided for, or what will have the same effect, add it to the above sum in the treasury making the sum of 48,129 56

Leaving a balance to be provided for, of 42,213 72

To provide for this deficiency, and provide an adequate revenue for the future purpose of the government, the following plans are respectfully submitted; one or the other of which, or some other producing the same effect, should be adopted.

FIRST PLAN.

The state has reserved to itself the right to subscribe to the following banks in this state, and has exercised the right partially in all but one.

| Which right to subscribe, viz. | Amount subscribed. | Am't. unsubscribed. |
|--------------------------------|--------------------|---------------------|
| Bank of Baltimore | \$ 180,000 | \$ 73,800 |
| Union Bank, | 500,000 | 457,600 |
| Merchants Bank of Maryland, | 400,000 | 190,000 |
| Merchants Bank, | 100,000 | 77,500 |
| Merchants & Farmers Bank | 100,000 | 25,000 |
| Merchants & Farmers Bank | 50,000 | 1,500 |
| Marine Bank | 100,000 | 10,000 |
| Banking Bank | 100,000 | 15,000 |
| City Bank | 100,000 | 100,000 |
| | 1,630,000 | 451,100 |
| | | 1,148,900 |

The state has also a right to subscribe to a considerable amount in the Elkton Bank, and in the Cumberland Bank, and perhaps in other country Banks; but as the stock of these banks is not above par, they are useless in the view now to be taken.

It will be seen from the preceding statement, that the state has a right to subscribe to banks in Baltimore, and the Farmers Bank, to the amount of \$ 1,148,900 00

There is a present deficit in the treasury to the amount of 42,213 72

There is also a loan to be reimbursed to the Farmers Bank to the amount, including interest, of 20,300 00

Making a total of 1,211,413 72

To which amount it is proposed to create a stock of the state of Maryland, bearing an interest of 6 per cent. payable quarterly, and to pledge the bank stock of the state, or subscribed, and to be subscribed, as herein after provided, for the payment of the interest and for the redemption of the principal, at the discretion of the state, after the year 1830. This stock, thus secured, can be taken up by the banks and individuals at an advance of from 3 to 4 per cent. and will, in the first instance, produce again to the state of Maryland, estimating it at the lowest advance, of \$ 36,330 00

This sum being applied to the payment so far of the deficit herein before stated, and of the loan from Farmers Bank, leaves of these two items the sum of 26,183 00

Making the two items as above stated the above amount of 26,183 00 be paid by the proceeds of the stock, and then deducted from the whole amount, viz. 1,211,413 72

Leaves a residue of 1,185,230 72

By the proceeds of sale of stock fill up the unsubscribed bank rights as herein before stated, amounting to 1,148,900 00

Leaving in the treasury, applicable to general appropriations, 36,330 72

The above investments in the banks will produce an interest of eight per cent. which will amount to 91,912 00

The interest on the stock created by the state as above will, at 6 per cent. amount to 72,684 78

Leaving clear annual gain to the state, of 19,227 22

There are drawn in the city of Baltimore annually, lotteries, the prizes in which may safely be estimated to amount to \$ 800,000

At five per cent. upon these prizes, according to the principles contained in the bill prepared to be reported, will amount to 40,000 00

Net salary to 3 com'rs. 4,500 00

And of a clerk, of 1,000 5,500 00

Net product of this tax to the state to guard against danger of accident or mistake in the amount to be drawn, estimated the product of this tax at clear gain being difference between interest paid on stock and received from banks as above stated 25,000 00

Making the sum of 19,227 22

Add revenue for next year from present sources, as estimated by treasurer, 96,564 18

Clear revenue next and succeeding year 140,791 40

The expenses of this present year, including journal of accounts of next session, estimated by treasurer, and which may be put down as the standing expenses of the government, are 115,476 84

Leaving a clear annual balance in favour of the treasury of over and above the expenses of government 25,314 56

Several unascertained appropriations, as referred to in the treasurer's report, will be covered by the \$ 36,330 72 gained, as herein before stated, on sale of stock, and leave still of that sum a considerable surplus. No notice has been taken in the foregoing statements of debt estimated at 40,000 incurred for altering and repairing the penitentiary; but the payment of that is provided for by the city of Baltimore, agreeably to the bill also herewith reported and submitted, without touching any of those funds, or burthening the state with additional debt.

A bill to provide for and authorising the issuing of the stock by the state, and for the disposal thereof, is also herewith reported and submitted.

SECOND PLAN.

The present deficit of the treasury, excluding \$ 10,000 ordered by resolutions of last session to be invested in Farmers and Merchants Bank, \$ 42,213 72

The debt due the Farmers Bank is 20,300 00

Making a total now to be provided for the deficiency may be provided for by selling \$ 400,000 00 worth of our unsubscribed right in the Union Bank, which will at 12 per cent advance produce \$ 48,000 00

Exceeding the deficiency of 42,213 72

By the balance of The residue of our unsubscribed bank rights in the Banks of Baltimore, and the Farmers Bank, amounts to 748,900 00

To which add the debt due Farmers Bank 20,300 00

It makes a total of 769,200 00

For this amount issue stock of the state, to be secured as is proposed in the first statement, the interest on the stock will annually amount to 46,152 00

With the proceeds of the stock sold, subscribe the residue of our bank shares \$ 748,900 00, which will give an annual revenue of 8 per cent. amounting to 59,912 00

Which exceeds the interest on the stock as above 13,760 00

And is added to the annual revenue and tax on lotteries as above proposed, 25,000 00

And present annual revenue 96,564 18

Gives an annual revenue of 135,324 18

Deduct annual expenditures 115,476 84

Annual surplus of revenue 19,844 34

To which at the end of the next year, may be added the balance arising from the sale of the right of the state to subscribe in the Union Bank after discharging present deficiency of the treasury as above stated, 5,786 28

To which may be still further added the premium for which the stock, so to be created by the state, will probably sell, say 3 per cent. upon 796,200 00 amounting to 23,076 00

Making at the end of the present year a surplus in the treasury, of 48,706 62

The reason why it may be most advisable to sell to the Union Bank so large a portion of the right of the state to subscribe to its stock, is that experience has fully proven, that the actually subscribed capital of that bank, in its relative situation to other banks, is too unwieldy, and the sale of the right to individuals who would fill it up, or subscribing it by the state, would still further augment the inconvenience under which the bank labours. That bank has been enabled to divide 8 per cent. lately, only from the profits made by the sale of its United States' stock, and this source of profit, which has put a surplus in their vaults, will enable them to make a similar dividend once or twice more. But the persons best acquainted with that bank, and most capable of judging, are of opinion that it will not be able to continue to divide 8 per cent; and they think, that if the state's right is filled up, and thereby a great augmentation of capital made, that it will not in future give more than 6 per cent.

This operation would not only defeat the object which the legislature would have in filling up this stock, but would also materially injure the bank, and thus diminish the future dividends of the state's stock in that bank, and also reduce the stock to par, or nearly so.

It is from these considerations it is thought, that instead of subscribing the whole sum of \$ 457,600 00 in that bank, it would be more expedient only to subscribe \$ 57,600 00, making the interest of the state, then in that bank, \$ 100,000 00, and to sell to the bank the remaining right to subscribe \$ 400,000 00, which it is supposed may produce 12 per cent. advance, thus reducing or keeping down the capital of the bank to the mutual benefit of the state and the bank.

THIRD PLAN.

The deficit of the treasury on the first day of November 1817, excluding \$ 10,000 ordered by resolutions of last session to be invested in the Farmers and Merchants Bank, was \$ 42,213 72

The expenses of the present year, including journal of accounts of next session, estimated by the treasurer, are 115,776 84

Making the sum of 157,990 56

From which deduct the revenue of the present year derived from existing resources as estimated by the treasurer, 96,564 18

And it will leave a deficit of to be provided for, 61,426 38

This deficiency may be provided for by selling \$ 548,900 worth of our unsubscribed right in the several banks of Baltimore, and the Farmers Bank, which will, at 12 per cent. advance, produce exceeding the deficiency of the last and current year 65,868 00

By the balance of 61,426 38

The permanent authorised demands on the treasury for one year, as estimated by the treasurer, are 4,441 52

To which add the interest on 40,000 00 dollars directed to be borrowed to pay the debt incurred by the inspectors of the penitentiary, 115,476 15

Making the sum of 2,400 00

To be annually provided for, 117,876 15

The present revenue of the state, receivable on the state's capital, and the probable amount of receipts on the miscellaneous and incidental branches of revenue for one year, as estimated by the treasurer, is 96,564 18

Leaving an annual deficiency of 21,311 97

To provide an adequate revenue for the future purposes of government, it is proposed to create a stock of the state of Maryland, as is proposed in the first plan, to the amount of the balance of our reserved rights to subscribe in the several banks, &c. to wit, the amount of 600,000 00

With the proceeds of sale of this stock fill up the remaining unsubscribed bank rights, as herein before stated, amounting to 600,000 00

The above investment in the banks will produce an interest of 8 per cent, which will amount to 48,000 00

The interest on the stock created by the state as above, will at 6 per cent. amount to 36,000 00

Leaving a clear annual gain of 12,000 00

To this sum add the proposed revenue from lottery prizes, 25,000 00

It is also proposed to grant to the city of Baltimore the power to tax sales at auction, pleasure carriages and horses, and to double the tax on retailers, &c. in the city of Baltimore, and to give the increased tax to the said city, provided the city of Baltimore will pay into the treasury annually, the sum of 15,000 dolls. and also increase the amount of the salaries of the judges of Baltimore city and county courts, to the sum of 5,000 dollars 15,000 00

Add the annual revenue of the state from the present sources as estimated by treasurer, 96,564 18

And there will be an annual revenue of 148,564 18

The expenses of the present year, including journal of accounts of next session, estimated by the treasurer, and which may be put down as the standing expenses of the government, are 115,776 86

Leaving a clear annual balance in favour of the treasury of 32,787 32

In this estimate no notice is taken of the gain that may be produced in the sale of the stock created by the state, which your committee feel themselves authorised to say, will sell at an advance of 3 or 4 per cent.

The several unascertained appropriations, as referred to in the treasurer's report, as also other appropriations that may be made during the present session, will be covered by the gain in the sale of the stock, and the receipts from the tax on lottery prizes during the present year.

The state has a claim against the United States for the sum of \$ 295,912 61; should this sum be recovered, and advantageously invested, it will considerably augment the annual revenue of the state.

These estimates are, it is believed, founded upon calculations entitled to full confidence, and present to the people of Maryland the pleasing and consoling reflection, that notwithstanding the heavy debts incurred during the late war, that the resources of their treasury are such as to furnish, under judicious management, an annual revenue considerably beyond the expenses to be borne by it, without the imposition of a cent upon them.

This surplus of revenue can be appropriated by the legislature to the establishment of county schools, the endowment of a college or university, and to other objects of public utility and importance, connected with the improvement of our state, and the general diffusion of the arts and sciences.

Your committee herewith submit a list of the several and respective chartered banks in the state of Maryland, in which the state is authorised to be a stockholder, and also a statement of the present market price or value per share. Your committee also beg leave to submit to the consideration of the house a bill, entitled, "An act to establish a comptroller of the treasury." All of which is respectfully submitted.

By order, GILBERT SMITH, Clk.