

interest, as shown by the report of the Treasurer to the last Legislature, amounted on the 1<sup>st</sup> of December, 1844, to the sum of \$1,432,154 <sup>7</sup>/<sub>10</sub>, and on the 1<sup>st</sup> of December, 1845, the entire interest due to the Creditors of the State was \$1,376,891.20. It is not, it cannot be expected, that you will provide for the immediate payment of this arrearage of interest; but some adjustment of this balance is expedient as a preliminary to the resumption of payment by the State, as it would be manifestly unjust, and therefore inadmissible to provide for the future payment of the accruing interest, leaving unliquidated and unsatisfied the interest which is now due.

It is unnecessary to consider the various suggestions which have been made for the attainment of this object. I only, however, I will refer, for the purpose of expressing my conviction that its adoption would violate the faith of the State pledged to her Creditors and to her Citizens. The suggestion, to which, I refer, is one which was mooted during the last session of the Legislature, to stop the operation of the sinking fund, and appropriate its proceeds to the extinguishment of this balance.

The sinking fund commenced with the debt of the State. Each law which authorized a loan upon the public credit, created a fund which would redeem the sum borrowed at the expiration of the period of credit specified in the law. By this means the payment of the principal was secured to the public creditor, and the Citizens protected against the possibility of perpetual taxation, or the ruinous consequences of a tax to pay off the principal of the debt.

The sinking fund on the 1<sup>st</sup> of December, 1844, amounted to \$1,276,306 <sup>7</sup>/<sub>10</sub>, and on the 1<sup>st</sup> of December, 1845, to \$1,404,030 <sup>28</sup>/<sub>100</sub>. It is progressively increasing by the quarterly investment of the interest accruing on it; and its operation has demonstrated its adequacy to secure the Citizen and creditor of the State by redeeming the principal of the public debt within the periods limited in the appropriation laws.

The public creditor, with the certain assurance of the future prompt payment of the accruing interest, will, I am persuaded, be well satisfied to fund the arrearage of interest upon such terms as will comport with the ability of the State, and at any rate rate of interest you may deem equitable and just.

The entire debt of the State, bearing interest amounts to the sum of \$11,986,784 <sup>28</sup>/<sub>100</sub>.

Under the operation of the law which authorizes the payment of taxes in coupons or certificates of interest, the public creditor in fact receives the amount of his interest, less the discount at which the coupons or certificates are sold, and less the tax imposed on his stock in coupons and certificates of interest.