

The result of this account, the Treasurer finds with regret, shews the condition of the Treasury to be worse than he last year anticipated, by the sum of \$33,632 88 cents.

It will have been seen that of the \$5,097 36 the Directors of the Penitentiary were by law required to furnish in the past year, to pay the interest upon the loans had for the use of the institution they conduct, they supplied only \$974 34, being the interest payable for the quarter ended the 1st January 1838. When the next quarter's interest became payable from the Treasury, a letter from two of the Directors officially apprized the Treasurer, of their inability to furnish the money and that their want of ability had been duly communicated to the General Assembly before it adjourned. No blame therefore is imputable to the Directors. He adverts to the occurrence, to account in part for the unexpectedly augmented deficiency of the Treasury, and particularly to infer from it, the inexpediency of incurring debt for the use of any institution of which the chief purpose is not revenue, with the vain expectation of its paying both principal and interest—and especially of putting the Treasury to *rely* upon it for either.

He is not aware of a single instance in which the State has *loaned* money to such an institution, that it has ever been returned.

The oldest subsisting *debt* of the State (being the first to his knowledge ever incurred for such an institution) was contracted for the use of the medical department of the Baltimore University of Maryland and made irredeemable for thirty years, requiring the Professors to pay the interest only. Before one-third of the time expired they failed to do so.

Four debts in succession have since been incurred for the Penitentiary, requiring the Directors to pay both principal and interest, and before either of them is redeemable the institution is declared unable to comply.

He respectfully suggests therefore, that the future wants of such institutions be supplied by occasional or permanent appropriations, adjusted by their amount, duration and urgency, and the ability of the Treasury to pay presently or by instalments.

It is his painful duty to report too, the failure of the Baltimore and Susquehanna Rail Road Company to furnish the Treasury with the means of paying the interest