

8 per cent, it will be found, that we may expect, from the 15 cent tax now levied, in 1862 and to July 1863, \$490,000 ; from that time to July 1864, \$392,000 ; then to July 1865, \$408,333 ; to July 1866, \$420,000 ; to July 1867, \$430,000 ; and in each succeeding year \$450,000.

Supposing that the United States annual tax should be \$750,000, and should continue for five years, it is a mere matter of calculation to ascertain what amount must be derived from loans. It seems clear to your committee that the surest way of procuring a loan upon advantageous terms is, not to throw too large an amount upon the market ; and fortunately the position of our State finances enables us by a very simple expedient to obtain at least half the amount which will be needed for five years to come, without borrowing outside of the Treasury Department itself—that is, by investing the increment of the Sinking Fund for that time in the proposed new loan.

The Sinking Fund on the first of January last was \$5,228,828, invested, with the trifling exception of \$154,550 of Baltimore city stock, in our own State stock and bonds. The whole debt of the State is \$14,885,167, bearing various rates of interest, but for the greater part 5 and 6 per cent ; of this State debt the Sinking Fund itself holds \$5,074,278, and on that sum receives, out of the proceeds of the present State revenues, interest quarterly or semi-annually, in the same manner as other holders of the State stocks and bonds. This interest, as fast as it is received, is invested in the purchase of other State bonds and stocks bearing interest, thus operating constantly to diminish the amount of our debt in the hands of outside creditors ; and when the whole of the State debt shall have been absorbed by the Sinking Fund, it will be at once obliterated. In another view, the Sinking Fund represents so much extinguished debt, by a fiction presumed to be still in existence, and furnishing a measure for the application in each year of continually increasing surplusses, received from taxation and other revenues, to the redemption of the State debt still outstanding. Our laws now most wisely provide that this interest of the Sinking Fund, or these surplusses of revenue, increasing in the ratio of compound interest, must be invested in the purchase of our own debt ; which according to the other view, amounts to the application of the surplusses to the extinguishment of so much more of our debt.

But by whatever words the Fund may be described, it is an undoubted fact that its increment is a substantial part of the quarterly receipts of our Treasury ; and that it may be made available for our relief at the present time is just as clear. It is perfectly obvious, that the purpose for which the Sinking Fund was established can be as fully carried out, its continued efficiency for the constantly increasing reduction of our State debt as certainly maintained, and all the requisitions of the