

HOUSE No. 57.

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, February 12, 1869.

The Committee on Finance, to whom was referred so much of the Address of his Excellency the Governor, as relates to the finances of the State, have considered the same, and

REPORT:

For the purpose of relieving the Commonwealth, as far as possible, from any burden of taxation for the payment of her liabilities, and also to strengthen still more the provision already made to secure such exemption, it is deemed advisable to recommend some additional legislation therefor, in accordance with the long established and judicious policy of Massachusetts, in providing, beyond a peradventure, for the redemption of her public debts, by the creation of sinking funds properly organized and endowed.

In obedience to this policy, the following recommendations are submitted: *First*, the retirement of the present temporary loans of the Commonwealth, amounting to \$928,450, including the six per cent. "three years loan," so called, the outstanding balance of which is nearly \$920,000, the whole accrued in the payment of war expenses, and properly chargeable to the Massachusetts War Fund, authorized by chapter 122 of the Acts of 1865. *Second*, the redemption at the earliest practicable date of the scrip issued under authority of said Act, and known

as the Massachusetts War Loan—a six per cent. currency loan—amounting to \$3,505,000, payable after five years (1872,) at the option of the Commonwealth ; and *third*, the merging of both in a new issue of five per cent. scrip whose principal and interest shall be payable in gold.

Among the reasons which seem to render this action advisable and necessary, may be named the following : *First*, that the Temporary (three years) Loan referred to, matures during the present year. *Second*, that if the redemption of the Massachusetts War Loan at the expiration of five years from its issue should be thought desirable, as it undoubtedly will be, the sinking fund provided for that purpose will not have reached its necessary maximum at so early a date. *Third*, that by the issue of the loan herein recommended and the provision designated for its liquidation at maturity, a very important element of which will be the greatly enhanced premium insured by a gold over a currency scrip, ample means will be secured for the payment of a large instalment of the public debt, without the contingency of taxation or temporary loans ; and *fourth*, that by the transference of this scrip and the retirement of the present temporary debt, as herein indicated, into a scrip whose principal and interest shall be payable in gold, another guarantee will be added, which, while it imposes no present or prospective burden upon her citizens, will give increased strength to the proverbially high credit of Massachusetts, already so well and so confidently established in the commerce of the world.

Entertaining these views, the Committee submit herewith the accompanying Bill.

MOSES KIMBALL, *Chairman.*

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Sixty-Nine.

AN ACT

In addition to An Act to establish the Massachusetts War Fund, and to create a Sinking Fund for its redemption.

Be it enacted by the Senate and House of Representatives, in General Court assembled, and by the authority of the same, as follows:—

1 SECT. 1. For the purpose of funding the present
2 floating debt of the Commonwealth, incurred on
3 account of war expenses and for the redemption of
4 scrip issued under authority of chapter one hundred
5 and twenty-two of the acts of the year eighteen hun-
6 dred and sixty-five, entitled "An Act to establish the
7 Massachusetts War Fund, and to create a Sinking
8 Fund for its redemption," the treasurer and receiver-
9 general, under the direction of the governor and
10 council, is hereby authorized, instead of any further
11 issue of six per cent. scrip, as authorized under the
12 provisions of said chapter or of chapter two hundred

13 and eighty-four of the acts of said year, to issue ster-
14 ling scrip or certificates of debt, in the name and on
15 behalf of the Commonwealth, and under his signa-
16 ture and the seal of the Commonwealth, to an amount
17 not exceeding five millions of dollars, for a term of
18 twenty years, the principal and interest payable in
19 gold in the city of London. Said scrip, or certificates
20 of debt, shall be issued with interest coupons attached,
21 and shall bear an annual interest of five per cent.,
22 payable, semi-annually, on the first days of March
23 and September in each year. Such scrip, or certifi-
24 cates of debt, shall be countersigned by the governor,
25 and shall be deemed a pledge of the faith and credit
26 of the Commonwealth, redeemable at maturity, and
27 shall be sold and disposed of in such manner and at
28 times and in such pieces and amounts as the governor
29 and council shall deem for the best interest of the
30 Commonwealth.

1 SECT. 2. The sinking fund provided for in said
2 chapter one hundred and twenty-two of the acts of
3 the year eighteen hundred and sixty-five, shall be
4 held applicable to the redemption of the scrip issued
5 under the provisions of this act, as fully as to the
6 redemption of that issued under the original act
7 establishing said fund.

1 SECT. 3. Any premium which may be received
2 from the sale of the scrip, or certificates of debt,
3 issued under authority of this act, together with the
4 income of the union loan sinking fund created under
5 the provisions of chapter two hundred and nine of the
6 acts of the year eighteen hundred and sixty-one, and

7 chapter eighty of the acts of the year eighteen hun-
8 dred and sixty-two, and the income of the Back Bay
9 lands fund, created under the provisions of chapter
10 two hundred and thirty-five of the acts of the year
11 eighteen hundred and fifty-six and chapter two hun-
12 dred of the acts of the year eighteen hundred and
13 sixty, shall be paid into and constitute a part of the
14 sinking fund established under the provisions of chap-
15 ter one hundred and twenty-two of the acts of the
16 year eighteen hundred and sixty-five, and entitled the
17 "Massachusetts War Loan Sinking Fund."

1 SECT. 4. This act shall take effect upon its
2 passage.

