

# HOUSE . . . No. 402.

## Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, May 20, 1870.

The Committee on Finance, who were instructed to report a statement of the details which were included in their estimate that \$3,000,000 only of State tax would be required this year; and also whether any issue of State scrip or bonds will be required to meet any existing engagements of the State this year, stating in detail the items, their probable amount, and the authority of law for such issue, if any such shall be necessary, and stating whether in the interest of the tax-paying people all authority to make further issue or sale of bonds or scrip under existing laws ought not to be repealed and the government of this Commonwealth be supported on taxes rather than by borrowing money, report as follows:—

By referring to the Treasurer's report, page 16, it will be seen that the temporary debt is composed of the following items:—

Certificates of conditional indebtedness issued to W. & F. Shanly, .	\$340,000	00
Balance on account due Baring Brothers & Co., . . . . .	356,989	77
Deposit loan, overdue and unpaid, .	3,000	00
Temporary loan of 1869, . . . . .	722,930	25
Three years' loan, overdue and unpaid, . . . . .	3,200	00
	<hr/>	\$1,426,120 02

2 REPORT OF COMMITTEE ON FINANCE. [May,

Deducting the indebtedness of W. & F. Shanly, which is provided for in the loan for the com- pletion of the Hoosac Tunnel, . . . . .	\$340,000 00
Leaves temporary debt to be provided for . . . . .	<u>\$1,086,120 02</u>
The amount of cash on hand, as per Treasurer's report, January 1, 1870, was . . . . .	\$2,142,808 81
Deduct amount due to sundry funds, (see pages 29 and 30, Treasurer's report,) . . . . .	1,075,496 15
Balance applicable to liabilities and current ex- penses of 1870, . . . . .	<u>\$1,067,312 66</u>

As an offset to part of the temporary debt reduced as above, there is unissued, authorized scrip on account of the Troy and Greenfield Railroad and the Hoosac Tunnel (previous to the commencement of the Shanly contract,) amounting to \$647,960. The money for this scrip has been advanced from the treasury, and this unissued scrip therefore becomes a means towards the payment of the temporary debt, or in other words, its issue would fund a corresponding amount of the floating debt, in accordance with Acts authorizing the scrip.

With these premises we submit the following estimates of the current expenses and liabilities for the year 1870.

*Ordinary Expenses.*

Legislative, . . . . .	\$280,000 00
Judiciary, . . . . .	221,000 00
State printing, . . . . .	85,000 00
Charitable department, . . . . .	450,000 00
Reformatory and Correctional, . . . . .	410,000 00
Military, . . . . .	225,000 00
State departments, . . . . .	128,000 00
Commissioners, &c., . . . . .	76,000 00
Excess of deficiencies over unpaid tax, . . . . .	34,000 00
Cape Cod Harbor, . . . . .	15,000 00
Emergency Fund, . . . . .	10,000 00
State House repairs, . . . . .	10,000 00
Miscellaneous, . . . . .	56,000 00
	<u>\$2,000,000 00</u>

*Extraordinary Expenses and Liabilities.*

Interest on total debt, including in-

crease on temporary loan, . . . . .	\$1,330,000 00
Premium and Exchange, . . . . .	150,000 00
State Aid and Bounties, . . . . .	670,000 00
Debt of 1861, . . . . .	250,000 00
Williams College, . . . . .	25,000 00
Museum of Zoölogy, . . . . .	25,000 00

State printing, viz. :—

Soldiers' Record, . . . . .	\$27,000 00
Soldiers' Memorials, . . . . .	10,500 00
Provincial Laws, . . . . .	10,000 00
Special Laws, . . . . .	7,000 00
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	54,500 00

Special grants, . . . . . 300,000 00

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\$2,804,500 00

Interest on Boston and Hartford Erie Loan, . . . . . 210,000 00

Temporary debt, . . . . . 1,086,120 00

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\$6,100,620 00

The debt of 1861 due this year is a liability, and not an expense.

Deducting from the above total, . . . . . \$6,100,620 00

The debt of 1861, . . . . . 250,000 00

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Leaves a balance, . . . . . \$5,850,620 00

And deducting

Ordinary revenue, . . . . . \$1,840,000 00

Cash in treasury, . . . . . 1,067,312 00

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2,907,312 00

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Leaves, . . . . . \$2,943,308 00

as the balance of *current expenses* for the year 1870. This estimate includes \$261,000 interest on Troy and Greenfield Railroad and Hoosac Tunnel Loan, and \$210,000 for interest on the loan to the Boston, Hartford and Erie Railroad Company.

With a tax of \$3,000,000, the estimated resources will be—

From State tax, . . . . .	\$3,000,000 00	
ordinary revenue, . . . . .	1,840,000 00	
cash, . . . . .	1,067,312 00	
Troy and Greenfield and Hoosac Tunnel scrip, . . . . .	647,960 00	
	<hr/>	\$6,555,272 00
Deduct liabilities and current expenses, . . . . .		6,100,620 00
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Balance in treasury at end of the year, . . . . .		\$454,652 00

By reference to the Auditor's report, pages 12 and 13, it will be seen that our estimates of ordinary expenses exceed his by \$186,600. We confidently hope that a very respectable sum may be saved from this portion of our estimates.

The estimate for interest is on the whole public debt, with an allowance for a temporary loan in addition of over \$1,600,000, with a margin of over \$50,000.

A part of the Committee were desirous of raising by tax enough to meet the whole balance of expenses and liabilities without reference to the scrip before mentioned, claiming that when the scrip is sold, the whole proceeds should remain in the treasury as a working balance and that the amount should be even larger; on the other side it was claimed to be poor policy to have too much money idle in the treasury as at any time money is easily obtained temporarily in anticipation of regular revenue, and consequently there would be no loss of interest to the State, and also that *maturing debts* should at least be paid from the proceeds of this scrip. The majority of the Committee accordingly agreed to report a tax bill of \$3,000,000 as covering the principle of raising the full amount of current expenses for the year and of leaving a fair working balance in the treasury at the end of the year.

The authority for the before mentioned scrip will be found as follows:—

Chapter 51, Acts of 1868, for the purpose of funding the unfunded debt which had been before created in the construction of the Troy and Greenfield Railroad and the Hoosac Tunnel, authorizes the issue of \$3,000,000, of which amount £610,000

was issued and sold to Messrs. Baring Bros. & Co.; £9,800 has also been printed and signed, to complete so far as may be the amount authorized by this Act, but this last amount is unsold and is now in London subject to the order of the State.

Chapter 333, Acts of 1868 authorizes the issue of \$600,000 for the further prosecution and completion of the Troy and Greenfield Railroad and the Hoosac Tunnel, and for the payment of interest upon such scrip as has been or may be issued, and the same is appropriated as follows: \$250,000 for completion of the road, \$350,000 for the payment of interest.

Sections 2 and 3 of the same chapter authorize the governor and council to contract for the completion of the Troy and Greenfield Railroad and the Hoosac Tunnel, and authorize the issue of scrip to the amount of \$5,000,000 for the purpose of executing the contract.

Chapter 350, Acts of 1868, makes an appropriation of \$250,000 of the \$5,000,000 to the finishing and settlement of existing contracts.

Under chapter 333, Acts of 1868, there have been issued 4,133 sterling bonds of £100 each, which are now in London awaiting a more favorable condition of the market for a sale, and are subject to the order of the State.

The before mentioned \$647,960 of unissued scrip includes the £9,800 unsold under chapter 51, Acts 1868, and the balance belongs to the scrip issued under chapter 333, Acts 1868.

To repeal the authority for issuing this scrip would be to reverse the policy of the Commonwealth in relation to this enterprise, and impose burdensome taxes upon the people now, for what is expected to produce beneficial results hereafter.

#### *War Loan.*

Chapter 91, Acts of 1869, for the purpose of funding the present floating debt of the Commonwealth incurred on account of war expenses, and for the redemption of scrip issued under the authority of chapter 122, Acts of 1865, authorizes the issue of sterling scrip to an amount not exceeding \$5,000,000.

Under this Act, 1,033 sterling bonds, of £200 each, have been executed and prepared for sale, and are now in London subject to the order of the State.

There proved to be no floating debt incurred on account of war expenditures, and therefore the design of the Act is to fund the debt made under chapter 122, Acts of 1865, at a lower rate of interest.

If this Act should be repealed, the debt created under chapter 122, Acts of 1865, would remain at six per cent. interest in currency.

*South Boston Flats Loan.*

Chapter 446, Acts of 1869, authorizes the issue of not exceeding \$300,000 gold dollar bonds for the purpose of extinguishing any claims to title in lands and flats on the westerly shore of South Boston, lying westerly of the easterly line of E Street extended.

No scrip has yet been issued under this chapter, but \$213,039.09 has already been paid out of the treasury on this account.

The Committee find no reason for the repeal of "authority to make further issue or sale of bonds or scrip under existing laws."

Per order.

A. W. BEARD.



