

HOUSE....

.....No. 35.

REPORT AND BILL

MAKING PROVISION FOR THE

UNFUNDED DEBT OF THE COMMONWEALTH.

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, March 5, 1839.

The Committee on Finance to whom was recommitted a Report made by them on the state of the Treasury, with instructions, “to consider the expediency of passing a bill authorizing the issuing of the scrip of the State, for such sum as may be necessary to pay the amount of the deficiency of the revenue of past years to meet the expenditures of those years, said scrip to be payable in —— years or —— successive years from date; also, to consider the expediency of providing, that one half of all the proceeds of sales of the Commonwealth’s land in Maine, made after April 15, 1837, and any sums which may be received on account of the Commonwealth’s claim upon the United States, for militia services, shall constitute a sinking fund for the purchase or redemption of said scrip; and, that the proceeds of said lands, and claim for militia services, be discharged from the lien thereon, created by the statute of 1837, ch. 172, for the payment of the scrip issued for instalments of the Commonwealth upon their stock in the Western Rail-road Corporation; also, that said Committee consider the expediency of

providing by loan, for any deficiency of the revenue of the current year to meet the ordinary expenditures of the year," have attended to their duty and

REPORT, IN PART, A BILL,

Authorizing the issuing of scrip for such amount as may be sufficient to meet the deficiency already incurred, referred to in the above instructions; and also, to provide for any deficiency of the like description, which may be anticipated in the present year, being an amount in the whole of three hundred thousand dollars.

It is not without reluctance, that your Committee recommend the adoption of the above measure. To contract debts for the purpose of paying current expenses, is a course which no government can systematically pursue, without serious detriment both to its finances and its character.

Did not your Committee therefore, anticipate, in common with many others, that provision would be speedily made for striking off, or greatly reducing some of the largest branches of public expenditure, they would feel compelled to recommend a State tax as the only proper mode by which the ways and means of the Commonwealth could be rendered sufficient for her ordinary wants, *and if after all the above anticipation should prove fallacious, they trust that the imposing of such a tax during the present session, will be deemed no less than an imperative duty.* But they are confident, that such measures can and will be adopted by the present Legislature, as will reduce the expenses of succeeding years within the limits of the current income, and that too without injury to any great public interest. They therefore, think

it inexpedient to resort to a system of taxation for the present year only, (especially after the late vote in this House upon an order relating to that subject,) and have adopted the only remaining alternative.

The question of withdrawing from the sinking fund created by the statute 1837, ch. 172, one or both of the items appropriated to it, till otherwise appropriated, (viz: one half of the anticipated sales of eastern lands, and the whole of all moneys yet to be received on account of the Massachusetts claim,) has been seriously considered by your Committee.

That sinking fund was created in behalf of such scrip, as might be issued on account of the subscription of the Commonwealth to the Western Rail-road. No other public funded debt was then in existence or in contemplation, and the creation of a sinking fund, was a measure highly proper in itself, though probably by no means necessary for procuring upon reasonable terms, any loan on the credit of the Commonwealth.

As the limitation of the pledge till a different appropriation should be made, is clearly expressed, (however unusual may be such a limitation in the establishment of sinking funds,) there can be no doubt of the power of the Commonwealth to withdraw one or both the items of which that pledge is composed. Your Committee however, would be utterly unwilling to recommend any deduction, unless such as should leave a residue amply sufficient of itself for the security of all scrip heretofore issued.

This, however, can unquestionably be effected, as will appear from a brief comparative statement of the debt and of the sinking fund in question.

The whole amount of stock actually issued up to the

present time, under the statute of 1837, is three hundred thousand dollars, all of which is redeemable in the year 1857.

The two items comprising, with a very trifling exception, the whole of the sinking fund, are as already briefly stated,

First—One half of the proceeds of all public lands sold after April, 1837.

Secondly—The amount yet due on account of the Massachusetts claim.

The first of these items is clearly sufficient to fulfil all the purposes of the proposed fund.

Massachusetts owns within the undisputed territory of the state of Maine, no less than nine hundred and sixty thousand acres, including her undivided portion of land, held in common with that state. The proceeds of one half of this amount, that is of four hundred and eighty thousand acres, are appropriated to the school fund. If the remaining four hundred and eighty thousand acres, may be estimated as saleable before the year 1857, at a price not less than three hundred thousand dollars, and your Committee think this estimate abundantly safe, the scrip issued up to this time under the act of 1837, will be amply secured by this item of the sinking fund, and there can be no violation of good faith or propriety in exercising the power clearly reserved to the Commonwealth, by withdrawing the remaining item, viz : the anticipated receipts on the Massachusetts claim.

Your Committee have therefore, inserted in the bill reported by them, the following alterations of the act of 1837 :

1. The money to be received on account of the Massachusetts claim is withdrawn, (in pursuance of the pow-

er reserved to that effect,) from the sinking fund established by that act, and pledged as a sinking fund for the final redemption of the scrip to be issued in virtue of the proposed bill.

2. The pledge made in the act of 1837, until further order, of one half of the proceeds of public lands sold after April, 1837, is made irrevocable and restricted in its application to the principal of scrip actually issued in virtue of that act up to the present time, leaving as a security to the holder of any such scrip hereafter to be issued, the simple promise of the Commonwealth, a security which your Committee do not apprehend will require any addition.

Respectfully submitted,

JOHN C. GRAY, *per order.*

Commonwealth of Massachusetts.

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

AN ACT

Making provision for the Unfunded Debt of the Commonwealth.

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

1 SEC. 1. The treasurer is hereby authorized and
2 directed to issue scrip or certificates of debt, under
3 his signature and the seal of the Commonwealth, to
4 any amount not exceeding three hundred thousand
5 dollars, bearing interest at a rate not exceeding five
6 per cent. per annum, redeemable at any time not ex-
7 ceeding three years from the date thereof. And the
8 said scrip shall be countersigned by His Excellency
9 the Governor, and the faith of the Commonwealth is

10 hereby pledged for the redemption of the principal
11 and interest of the same.

1 SEC. 2. The said scrip shall be disposed of in
2 such manner as may be directed by the Governor,
3 with the advice and consent of the Council.

1 SEC. 3. The funds arising from the disposal of the
2 said scrip, shall be applied to the payment of the un-
3 funded debt now existing against the Commonwealth,
4 and to the supply of any deficiency which may arise
5 in the current income of the present year to meet
6 the current expenses of the same.

1 SEC. 4. All sums of money which may be here-
2 after received from the General Government on ac-
3 count of the principal or interest of the claim of this
4 Commonwealth against the same for militia services,
5 are appropriated exclusively as a sinking fund for the
6 final redemption of the principal of all scrip issued in
7 virtue of this act, and all portions of such fund shall
8 be invested by the treasurer as may be directed by
9 the Governor with the advice and consent of the
10 Council: *provided*, that the Governor may, in like
11 manner, cause any of the above sums to be applied to
12 either of the purposes mentioned in the preceding
13 section.

1 SEC. 5. The moiety of the proceeds of certain
2 sales of public lands appropriated to a sinking fund
3 for the object, and on the condition set forth in the
4 statute 1837, ch. 172, is hereby irrevocably appropri-
5 ated for the redemption of the principal of all scrip
6 heretofore issued, for the purpose of providing for the
7 subscription of the Commonwealth to the Western
8 Rail-road.

1 SEC. 6. So much of any act or resolve as is in-
2 consistent with any of the provisions of this act, is
3 hereby repealed.

1 SEC. 7. This act shall go into operation from and
2 after the passing of the same.

