

# HOUSE—No. 38.

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## Commonwealth of Massachusetts.

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HOUSE OF REPRESENTATIVES, February 22, 1840.

The Committee on Finance, to whom was referred an estimate of the Treasurer, relating to the income and expenses of the current year, having considered the same,

### REPORT

in part, as follows :

By the Treasurer's annual statement, rendered in January, 1839, the outstanding demands on the treasury, existing on the first day of the *last year*, were,

1. Certain outstanding demands, more or less recent, not on interest, amounting to \$15,333 58

This amount has since been reduced by payments from the income of the year 1839, and at the beginning of the *present year*, stood at \$7,933 37.

A portion at least of this amount will probably never be demanded, and as the remainder will not be increased by interest, and must form a very trifling portion of the debt of the Commonwealth, no further reference will be made to this item in this Report.

2. The unfunded debt of the Commonwealth, bearing interest, was, January 1, 1839, without deducting the balance in the Treasury at that time, \$125,206 93, which might, however, form a fair offset, . . . . . \$277,864 34

In order to supply the insufficiency of this balance to meet the above debt, and to provide for the deficiency of income anticipated in the year 1839. The act of April 2, 1839, Stat. 1839, C. 78, was passed. This Act authorized the issuing of Scrip, for the above purposes, to an amount not exceeding three hundred thousand dollars.

Accordingly there was actually issued, under the terms and conditions of that Act, an amount of two hundred and ninety-four thousand one hundred and thirty-seven dollars, which was sold at par, deducting a small commission, and produced the sum (Treasurer's Report, 1840, p. 6,) of \$293,437 00.

Of this amount, two hundred and sixty-nine thousand, nine hundred and fifty-eight dollars 67-100, was appropriated to the reduction of the above debt of \$277,864 34, which was thus reduced to a balance of \$7,905 77. After this payment, there remained in the treasury, of the above proceeds of the Scrip, the sum of \$23,478 43, to be applied towards the meeting of the deficiency of income of the year 1839. That deficiency, as stated by the treasurer, in his report of the present year, proved to be \$67,916 93. In order to extinguish it completely, it became necessary to withdraw from the balance in the treasury the sum of \$44,438 50, which, added to the above residue of proceeds, \$23,478 43, made the exact amount necessary for the purpose. By this last operation, the balance in the treasury was reduced from \$125,206 93, at which it stood in the beginning of 1839, to \$80,768 43, the balance January 1, 1840, as appears by the Treasurer's Report, p. 6. Against this balance may be offset the following liabilities :

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|---|------------|
| 1. Balance unpaid of unfunded debt, . . . . .   | \$7,905 77 |
| 2. Outstanding demands of last year, legally due, but not yet paid, on account of a deficiency of |            |

appropriations, being a part of the deficiency of the last year, not made known to the treasurer at the time of making his report for the present year. It is believed, that these demands are now ascertained in full, with the exception, perhaps, of a trifling amount.	\$7,802 38
3. Deficiency of current income to meet expenses of the present year, estimated at,	59,745 00
	\$75,453 15

Which sum, deducted from the balance in the treasury, of \$80,718 43, leaves a residue of \$5,315 28. Consequently, it appears, that the balance in the treasury, together with the current income, will be more than sufficient to meet its liabilities, including the anticipated excess of expenses over income, during the current year.

The subject may be more fully understood, from a brief view of the present position of the treasury.

1. The unfunded debt of \$277,864 34, existing January 1, 1839, has been extinguished, except a balance of . . . . . \$7,905 77
2. The deficiency of the last year has been fully met, except an amount of . . . . . 7,802 38
3. A fund remains in the treasury sufficient to extinguish both the above items, and to defray the estimated deficiency of the present year.
4. The above results have been effected by an addition to the funded debt of . . . . . 294,137 00

The estimate referred to this Committee, like all other estimates, may vary from the eventual result in some particulars. But notwithstanding the diffidence expressed by the treasurer, in its correctness, it cannot be safely assumed, that, if the session is prolonged to the usual period, the excess of expenses over income will be less than therein stated, being about sixty thousand dollars. And although there is money in the treasury sufficient to meet the deficiency, it is borrowed money.

It should be constantly borne in mind, that the above funded debt of \$294,137 has been incurred for the purpose of supplying the aggregate excess of expenses over income, for several years. It should not be forgotten, on the other hand, that much of that excess has arisen from expenses which, though charged as current, were in truth incurred for objects of a permanent character, such as the revision of the statutes, for instance, which was effected at a cost exceeding one hundred thousand dollars. Still, a debt contracted to meet expenses, of whatever description, should be extinguished as speedily as practicable, and not left to press on the resources of our distant successors. The debt in question is payable in the year 1842, and it is the bounden duty of the present, and of succeeding Legislatures, to spare no effort for its extinction at that period, and to avoid, as equally discreditable and ruinous, the continual practice of contracting debts for the payment of current expenses.

These results can be effected only by taxation or retrenchment. Your Committee have not deemed it necessary to discuss any measure of the first description, as they are satisfied that nothing of the kind could be made acceptable to the House, and as they believe that the other alternative could be adopted to a great extent, without injury in any way to the public welfare. The measure of retrenchment which first presents itself, and the only one which can be properly carried at once into full effect, is to close the present session on or before the fifteenth day of March, a measure which might require much exertion, but which your Committee consider as clearly practicable. The length of the session is estimated, by the treasurer, at one hundred days, and its expenses, at twelve hundred dollars a day, or *one hundred and twenty thousand dollars*. Of this sum, no less than *thirty thousand dollars*, or one quarter part, might be saved by rising at the time specified.

There are one or two other large items of public expenditure, which appear to your Committee, as they have fre-

quently done to the Legislature in years past, well deserving of serious investigation.

The first is the allowance for State Paupers, which your Committee are inclined to believe might be advantageously dispensed with, although they do not feel authorized to report definitively on the subject, without further instruction from the House.

The amount necessary for this branch of expenditure during the present year, is estimated at not less than forty-eight thousand dollars.

The second item of expense referred to is the amount payable in balances to county treasurers, estimated for the present year, at more than sixty-seven thousand seven hundred dollars, and amounting last year, including demands outstanding, January 1, 1840, to more than seventy-four thousand dollars. But the question of a reduction or abolition of this item, is one requiring for its proper decision, a knowledge of many particulars, more especially of a legal character not possessed by any one of this Committee.

Should the Legislature feel warranted to abolish both the above items of expenditure, the saving annually to the Commonwealth would exceed one hundred thousand dollars, only a part of which, however, viz. one half of the last item, would go into full operation before the year eighteen hundred and forty-one.

At the last session, the expense arising from the size of the House of Representatives, was a subject of serious consideration. An article of amendment to the Constitution was accordingly proposed, providing among other objects, for a material reduction of the numbers of that body. That article has lately been finally acted upon, so far as the power of the House of Representatives extends. Should it eventually become a part of the Constitution, a reduction of the amount annually expended for legislation for several years past, may be anticipated, to the extent of at least thirty thousand dollars, and to a much larger extent, if the legislatures chosen under the article,

should rise at an early period. The bounty on wheat expires after the present year, and a saving will thus be made of ten or twelve thousand dollars annually.

From the above statements and suggestions, it must be evident, that the finances of the Commonwealth, if not in a desirable, are in any thing but a desperate condition.

A debt, indeed, of nearly three hundred thousand dollars, has been contracted for the payment of expenses, and it is therefore one, which ought on every sound principle to be extinguished when it becomes due, or at an earlier period if possible, from the surplus of our income. But your Committee believe that such a surplus may be created in proper season, by measures, which will inflict no injury or any great public interest.

No reference is made to the sinking fund, established for the debt in question, being the remainder of the claim of Massachusetts on the General Government, estimated at about two hundred and seventy thousand dollars. However unquestionable the justice of this claim, the time when its payment may be expected, is quite uncertain.

In their report thus far, your Committee have confined themselves exclusively to the topics of the expenses of the past, and of preceding years, and the debt created by the act of April 2, 1839.

The remainder of the public debt consists,

1. Of scrip, to the amount of three hundred thousand dollars, issued to pay the assessments on the shares held by the Commonwealth in the stock of the Western Rail-road Corporation. This is secured by a sinking fund amply sufficient for its extinction, as appears by the table contained in the annexed document, received from the treasurer. Reference may also be made to the printed documents of 1839, H. 35.

2. Certain loans made in aid of certain rail-road corporations, and secured by the property of such corporations respectively, a security deemed sufficient when such loans were made, and as your Committee believe, with good reason.

These loans are also distinctly stated in the annexed document, which contains a like statement of the school fund and other funds belonging to the Commonwealth, and devoted to special purposes.

All which is respectfully submitted,

JOHN C. GRAY,

*Per order.*

## FUNDED DEBT OF THE COMMONWEALTH.....JANUARY 1, 1840.

DESCRIPTION OF SCRIP.	Law by which created.	Amt. authorized.	Amt. issued.	Payable.	Rate of Interest.	SINKING FUND.
Western Rail-road, - - -	Feb. 21, 1838,	\$2,100,000	\$2,100,000	1868	5 pr. ct. semi-ann'ly.	The profits on the sales of scrip, and, after the road shall be opened for use, one per cent. on the amount of scrip issued.
" - - - -	March 23, 1839.	1,200,000	- -	1868	do.	
Eastern Rail-road, - - -	April 18, 1837,	500,000	500,000	{ 1857 & 1859	do.	
Norwich and Worcester Rail-road,	March 20, 1837,	400,000	400,000	1857	do.	
Andover and Haverhill, - - now—	April 18, 1837,	100,000	100,000	1857	do.	
Boston and Portland, - -	April 9, 1839,	50,000	50,000	1859	do.	
Nashua and Lowell Rail-road, -	April 17, 1838,	50,000	50,000	1846	do.	
New-Bedford and Taunton Rail-road, - - - -	April 13, 1838,	100,000	50,000	1853	do.	
Western Rail-road, to pay the Commonwealth's subscription, - - - -	April 15, 1837,	1,000,000	300,000	1857	do.	One half of the proceeds of public lands sold after 15th April, 1837.
To pay the unfunded debt of the Commonwealth existing January 1st, 1839, - -	April 2, 1839,	300,000	294,137	1842	5 pr. ct. annually,	All sums of money which may be received from the General Government for militia servi's.

UNFUNDED OR FLOATING DEBT.—On the first day of January, 1840, the unfunded debt amounted to \$7905 77. Interest to March 1st, 1840, would be \$271 87. - - - - - \$8177 64.

*Statement of Funds.*

The School Fund consists of the amount of notes for money loaned to sundry banks in the city of Boston under the act of March 19, 1831,

March 19, 1831,	\$281,000 00
Boston and Portland Rail-road scrip, interest 5 per cent., payable semi-annually,	50,000 00
New Bedford and Taunton Rail-road scrip, interest payable semi-annually,	48,000 00
Cash on deposit in the City Bank, on interest at 4½ per cent. per annum settled monthly,	58,592 20
Amounting in the whole to	<u>\$437,592 20</u>

The Warren Bridge Fund consists of the amount of cash in the Eagle Bank, on deposit, bearing an interest of 5 per cent. per annum, payable semi-annually,

semi-annually,	34,802 16
And a Note assigned to the Commonwealth by the late treasurer of the Warren Bridge Corporation, on interest, at 6 per cent. per annum, secured by mortgage on real estate in Charlestown,	1,861 16
Amounting in the whole, to	<u>\$36,663 32</u>

The Sinking Fund, provided for the redemption of the Scrip issued in the currency of Great Britain, and loaned to the Western Rail-road Corporation, amounts to \$118,817 75, and is invested as follows, viz :

In notes secured by mortgage, at 6 per cent. interest semi-annually,	\$104,500 00
In similar notes secured by a pledge of stock in the Worcester Rail-road,	7,100 00
do. Lowell Rail-road,	7,217 75
	<u>\$118,817 75</u>

If there be added to the above, the interest accrued but not due, it will amount on the first day of January, 1840, to \$120,005 92, which would be the whole amount of the fund on that day.

The Sinking Fund, for the redemption of the scrip issued to pay the Commonwealth's subscription to the Western Rail-road, amounts to \$590.

The School Fund for certain Indians, consists of a note signed by the president and cashier of the Barnstable Bank, dated 22d April, 1837, for the sum of twenty-five hundred dollars, with interest at  $5\frac{1}{2}$  per cent., payable annually on the first day of March. (See act of 21st March, 1837, concerning the deposite of the Surplue Revenue.)