

HOUSE....No. 184.

[Reported by the Committee on Finance.]

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, May 13, 1851.

The Committee on Finance, to whom was referred so much of the message of His Excellency the Governor as relates to the Finances of the Commonwealth, and the Reports of the Treasurer and Auditor of Accounts, have considered the same, and respectfully submit the following

R E P O R T:

The ordinary income, last year, (1850,) was as follows:—

Cash on hand, Jan. 1, 1850,	.	.	.	\$4,054	12
The am't rec'd from Bank Tax,	.	\$354,742	22		
“ “ Western R. R.,		80,000	00		
“ “ Alien Pass'ers,		35,136	08		
“ “ Auction Tax,		12,958	93		
“ “ Miscellaneous,		9,972	41		
				492,810	64
Total ordinary receipts,	.	.	.	\$496,864	76

The ordinary expenditures of the government, in 1850, were,—

For the Council,	\$4,918 00	
“ Legislature,	90,912 00	
“ Salaries,	76,108 66	
“ Fuel, light, repairs, and fur- niture of the State House,	6,001 42	
“ Stationery, newspapers, and State printing,	25,567 77	
“ Bank and other Commis- sioners,	8,470 65	
“ Agricultural Societies,	7,450 00	
“ Charitable Institutions,	60,368 40	
“ State Paupers,	112,265 35	
“ Militia,	26,824 86	
“ County Treasurers,	69,947 05	
Interest,	58,082 65	
Miscellaneous,	19,138 71	
		\$566,055 54
Included in the above, is the sum of \$10,000, for buildings for the State Reform School, which was met by an issue of State scrip,		10,000 00
		<u>576,055 54</u>
Total ordinary expenditures,		\$576,055 54

Excess of expenditures over receipts, for the year
1850, \$59,190 78

To meet this deficit, a temporary loan was made of \$65,000,
which, after deducting the amount of the deficit, left a balance
on hand of \$5,809 22.

ESTIMATES FOR 1851.

The ordinary income, for the year 1851, is estimated by the
auditor in a return of this date, herewith appended :—

Cash on hand, Jan. 1, 1851,	\$5,809 00
Bank Tax,	\$390,000 00
Auction Tax,	13,100 00
Alien Passenger Tax,	50,000 00
Western Railroad,	80,000 00
Income of West. R. R. Stock Fund,	30,000 00

Miscellaneous,	5,000 00	
	<hr/>	568,100 00
Total ordinary income,		\$573,909 00
The ordinary expenditures are estimated by the auditor at		621,011 00
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Probable deficit for the year 1851,		\$47,102 00
Add the deficit of 1850.		65,000 00
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Total probable deficit, Jan. 1, 1852,		\$112,102 00

In considering how to provide means to meet the deficit that will probably appear, Jan. 1, 1852, it is well to ascertain how it occurred, and whether it is probable there will continue to be an excess of ordinary expenditure over ordinary income.

One large item of expenditure, of the last two years, drawn from the ordinary revenue, was the amount—say \$52,000—paid for the distribution of standard measures, weights and balances, to the cities and towns of the Commonwealth. The Committee on Finance, of last year, remarked, in their printed report to the Legislature, that this partook rather of the character of an investment than of expenses, and therefore the committee did not consider it as fairly chargeable to ordinary revenue. At any rate it was certainly an extraordinary expenditure, not likely to occur again. So also are the expenses of the Valuation Committee of last year, which were say \$14,000,—an expenditure of only once in ten years. The other heavy item that may be named, is the expense of the present session of the Legislature, which is estimated to cost \$140,000, while last year the session cost \$90,000. These three items will more than cover the total amount of the estimated deficit, and neither of them can be classed properly as ordinary expenditures.

While such is the case as to the expenditures for 1851, what will be the probable state of the finances of 1852? If it be likely that the receipts will exceed the expenditures, it will not be a wise policy; it is apprehended, to add to this surplus, either by a State tax or by a permanent loan; for while a deficit is a check on unwise legislation, there can be no more direct temptation to extravagant appropriations, than a redundant treasury.

The auditor estimates the ordinary receipts and expenditures for 1852, as follows :—

Amount of ordinary receipts,	.	.	.	\$648,100 00
“ “ expenditures,	“	“	“	587,011 00

Surplus income for 1852,	.	.	.	\$61,089 00

This estimate for the expenditure, it should be remarked, is based on the calculation that the Legislature will consist of the same number as the present Legislature, that the session will be one of 124 days, and that it will cost \$120,000. This is hardly likely to be the case. It is more probable, as the auditor remarks, that the cost will be less by several thousand dollars. Hence it is fair to calculate, that if the receipts do not fall off, and there be no extraordinary appropriations, the surplus income will be even larger than \$61,000

It is probable, then, that the greater part of the deficit will be met the next year out of the ordinary income; while it is certain that after 1852 the cost of legislation will be, by many thousand dollars, less than the cost of it for the two previous years. Looking beyond 1852, and it is fair to calculate that the excess of ordinary receipts over expenditures will be sufficient to pay off the remainder of the deficit. Hence the committee, instead of a permanent loan or a State tax, recommend a temporary loan to meet the probable deficit of January 1, 1852.

In making this recommendation, the committee would not be understood as sanctioning the policy of borrowing money from year to year to meet the current expenses of the government, and thus creating debt for posterity to pay. Far from this. Massachusetts, so rich in character, intelligence and resources, will never justify such a policy. Her credit rests on a solid foundation. There is no dishonor upon her pledges. There is no blight upon her name. She is ready and willing, whenever it be necessary, to tax to the fullest extent to fulfil her engagements. But her means are ample to meet her wants; and it is, at the present time, solely a question of financial policy, whether or not, it be expedient to sell enough of her unpledged property to meet the deficit of the Treasury, and thus to avoid either a temporary loan or a State tax.

It may not be out of place to present a condensed statement of the indebtedness of the Commonwealth.

The liabilities of the Commonwealth are as follows :

1. *For debt contracted on its own account.*

Western Railroad Scrip authorized in 1837 to pay for 10,000 shares, \$1,000,000, of the stock of this road, due in 1857, - - - -	\$995,000
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A fund was created to redeem this scrip by appropriating one half of the proceeds of the sale of the Maine lands. This, "The Western Railroad Stock Sinking Fund," has reached the sum of \$765,668 83. As an act passed last year diverted the income of this fund from it to ordinary revenue, hereafter it will accumulate solely from the proceeds of the land sales and the interest on the land notes. Of the scrip (\$995,000) this fund is created to redeem, the Massachusetts School Fund holds \$190,000: this Sinking Fund holds \$110,000: and the public holds \$695,000.

Scrip issued for the enlargement of the State Prison, of the \$100,000 authorized, - - - -	50,000
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Scrip issued for the building of the State Reform School, - - - - -	100,000
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Temporary loan unpaid to meet the deficit of 1850,	65,000
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\$1,210,000

2. *Liabilities for Scrip loaned to Railroad Corporations.*

Western Railroad Scrip due in 1868-71, -	4,000,000 00
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Less for £100 not issued, - -	444 44
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\$3,999,555 56

This scrip is payable in Great Britain; to this amount, therefore, is to be added the difference in the currency, - - - -	300,000 00
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\$4,299,555 56

As security for the redemption of this scrip, the State, in addition to a mortgage on this road,

holds in trust the Western Railroad Loan Sinking Fund. This consists, 1. of the amount which was derived from the premium on the sale of the scrip, and 2. of an annual payment on one per cent. of the amount of the loan \$40,000, together with the accumulating interest. This fund amounts to \$620,000; and at the ratio of its present increase, will at the time the scrip matures, amount to a sum nearly sufficient to redeem it.

Andover and Haverhill Railroad,	\$100,000	
Boston and Portland, now Boston and Maine,	- - - -	50,000
		<u>\$150,000 00</u>

The State holds as security a mortgage of the road; and 1,000 shares of the Andover and Haverhill Road which are liable to be sold, on failure to make prompt payment of either principal or interest.

Eastern Railroad,	- - - -	500,000 00
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The State has a mortgage on the road, and 3,000 shares of its stock, as security.

Norwich and Worcester Railroad,	- -	400,000 00
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The State holds a mortgage on the road and 4,000 shares of its stock, as security.

1. Total liability on account of loans of scrip to Railroad Corporations,	- - -	\$5,349,555 56
2. Total liability on its own account,	- -	1,210,000 00
		<u>\$6,559,555 56</u>

When the amount of scrip (\$100,000, due in 1860) authorized for the enlargement of the State Prison, be all issued, this together with the scrip (\$100,000, due in 1857-60) issued for the State Reform School, and the loan herein proposed, to meet the deficit of January 1, 1852, will make the sum of \$300,000 To meet which the Commonwealth has her large employed available property, namely, 10,000 shares in the Western

Railroad, with the corresponding rights in the Western Railroad Loan Sinking Fund. While the \$200,000 of scrip cannot be paid until maturity, the proposed temporary loan may be met by an excess of revenue as previously stated.

The other subjects referred to in the message of his excellency, namely, the increase of the School Fund, and the division of the Maine lands, and also the important subject of the Pauper Laws, the committee refrain from acting upon, as they are in the hands of able special committees.

The committee recommend the passage of the accompanying Resolve.

Respectfully submitted,

RICHARD FROTHINGHAM, Jr., *Chairman.*

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Fifty-One.

R E S O L V E

To authorize the Treasurer to borrow Money to meet the Deficit in the Revenue for 1850 and 1851.

Resolved, That the treasurer of the Commonwealth be, and he is, hereby authorized and directed to issue scrip or certificates of debt under his signature and the seal of the Commonwealth, to the amount of one hundred thousand dollars, bearing interest at a rate not exceeding five per cent. per annum, payable semiannually, on the first day of July and January, and redeemable at any time within two years from the first day of July, one thousand eight hundred and fifty-one, at the pleasure of the Legislature. Said scrip to be sold at not less than its par value, and the proceeds thereof applied to the payment of any debt, now existing or to be incurred during the present year, for money borrowed in anticipation of the revenue.

Commonwealth of Massachusetts.

AUDITOR'S OFFICE, BOSTON, }
May 13, 1851. }

To Hon. N. P. BANKS, Jr.,

Speaker of the House of Representatives :

SIR,—I have the honor to enclose herewith, an estimate of receipts and expenditures for the years 1851 and 1852, prepared in compliance with an order of the House of Representatives of this date.

Very respectfully, your obedient servant,

DAVID WILDER, JR., *Auditor.*

Corrected estimate of Receipts and Expenditures of the Commonwealth for the year 1851, prepared by the Auditor of Accounts in compliance with an order of the House of Representatives, dated May 13, 1851, to which is added also an estimate for 1852 :

RECEIPTS FOR 1851.

Attorney for Suffolk County,		\$2,500 00
Auction tax, received to May 1,	\$7,100 00	
Do. estimated further,	6,000 00	
		13,100 00
Bank tax, received to May 1,	\$190,323 00	
Do. estimated further,	199,677 00	
		390,000 00
Alien passengers,		50,000 00
Hawkers and pedlers, for licenses,		2,000 00
Interest on deposits,		500 00
Dividends on Western Railroad Stock,		80,000 00
Income of Western Railroad Stock Sinking Fund,		30,000 00
		\$568,100 00
Cash on hand, January 1, 1851,		5,800 00
		\$573,900 00

EXPENDITURES, 1851.

Council,	\$5,000 00
Legislature, 144 days,	140,000 00
Salaries,	76,000 00
Valuation Committee of 1850,	13,845 00
Fuel and light for State House,	1,300 00
Repairs and furniture for do.,	5,000 00
Stationery,	3,000 00
Library,	300 00
State printing,	20,000 00
Postage,	600 00
Sheriff's accounts,	1,000 00
Contingent fund,	2,000 00
International exchanges,	300 00
Bank commissioners,	3,000 00
Commissioners for various purposes,	5,000 00
Miscellaneous warrants,	2,000 00
Term Reports,	2,000 00
Annuity to Harvard College,	666 00
Agricultural societies,	7,500 00
Asylum for the Blind,	9,000 00
School for Idiots,	5,000 00
Deaf and Dumb,	8,000 00
Eye and Ear Infirmary,	2,000 00
Lunatic Hospital,	3,200 00
Annuities of Martha Johonnot,	2,200 00
State paupers,	109,000 00
Coroners' inquests,	2,000 00
Pensioners,	1,500 00
Indians,	1,800 00
Adjutant and Quarter Master General,	4,150 00
Militia bounty,	23,750 00
Military accounts,	1,100 00
County treasurers,	70,000 00
State Reform School,	22,500 00
Discharged Convicts,	550 00
Prevention of counterfeiting,	1,000 00

Arrest of fugitives,		500 00
Weights and measures,		1,000 00
		<u>586,761 00</u>
Interest on temporary loans,	\$5,000 00	
Do. on 5 per cent. do.,	4,500 00	
Do. on State Reform School do.,	5,000 00	
Do. on Western Railroad scrip,	49,750 00	
	<u>64,250 00</u>	
		<u>\$621,011 00</u>
Receipts and cash on hand, page 9,		573,900 00
Deficit for 1851,		47,111 00
Deficit for 1850,		65,000 00
		<u>\$112,111 00</u>

ESTIMATE FOR 1852.

RECEIPTS.

Amount for 1851, page 9,		\$568,100 00
Add for increase of bank tax,		80,000 00
		<u>\$648,100 00</u>

EXPENDITURES.

Amount for 1851, page 9,	\$621,011 00	
Less, Valuation		
Committee,	\$14,000 00	
Less, Legislature,	20,000 00	
	<u>34,000 00</u>	
		<u>587,011 00</u>
Excess income for 1852,		\$61,089 00

The above estimate allows for the Legislature the same number as for the present year, for a session of 124 days, being, as is believed, beyond the probable cost, by some five or six thousand dollars. Other items of expense, so far as can be judged now, will not vary much.

