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Annual Message of the Governor of Maryland to the Legislature.

On Wednesday the 27th ult. the following Message was communicated by the Governor of Maryland to both branches of the Legislature.

Gentlemen of the Senate and of the House of Delegates.

The experience of the last year justifies the large space allotted, in the annual message to your immediate predecessors, to the consideration of the condition of the financial affairs of Maryland. Notwithstanding the laborious and intelligent discussions of the whole subject in both branches of the last Legislature, it has lost none of its interest; it is still surrounded by the most serious difficulties and embarrassments. The laws then passed intended to maintain the public faith, have signally failed to accomplish their purposes. Instead of diminishing, the public debt has daily augmented. At the close of the fiscal year 1842 the debt, including arrearages for interest, was, as stated by the Treasurer, $16 071 079. On the 30th of November last, the close of the last fiscal year, the debt, including arrearages for interest, amounted to $16, 376 657 95. Thus the demands against the Treasury, after exhausting the whole income and revenues of the State, have increased within the period last mentioned, more than three hundred thousand dollars. The causes of this condition of affairs merit your most calm and careful consideration.

It will be found that the ordinary revenue has sufficed to pay only the ordinary expenditures. The annual demands against the Treasury on account of the bond debt of the State, over and above the receipts from all the internal improvement companies in which the State is interested, amount to $626,821.16. The arrearages for interest on the same debt amount to $1 171 872 97. These two sums making $1,798 694 13, constitute the current demands against the Treasury for the ensuing year, for the payment of which provision is to be made.

The existing laws, if faithfully executed, will not supply the means to meet these large engagements.—The Treasury affords no data for ascertaining precisely, the amount of revenue that may be expected from their full and perfect execution. Enough is however known to justify the belief that they will not furnish, annually, supplies to the Treasury amounting to more than $450,000.

The whole property of the State was valued in 1841 at $196 763 849 98 This assessment has been since reduced to $178,108,496 32 Assuming that there are other reductions in those counties from which the Treasurer holds no returns, the whole property of the State subject to the taxes imposed by the act of April session 1841 and its supplements may be estimated at $175 000 000 on which amount the tax of 25 cents in the hundred dollars directed to be levied if the whole be collected and paid, will yield a revenue annually, of $437 500.

In addition to the act of April session 1841, various revenue laws have been enacted imposing taxes on incomes and emoluments, on silver plate and watches on protests, on brokers, and on theatrical and other public exhibitions. These acts have been only partially executed The information collected by the Treasurer from those who are required to enforce them, justifies the belief, that they will not bring into the Treasury annually, an amount exceeding much the diminution of revenue to be expected under the act of April 1841, from the farther abatements in the assessed value of property, and from insolvencies of tax-payers and collectors.

If then the interest in arrear, with the accruing interest, amounting to $1,798, 694 63, are to continue current demands against the Treasury, and the income is not, by additional taxes, increased beyond $450,000 there will be a deficit in the Treasury, at the expiration of the present year, of $1 348 694 13

Past experience has fully demonstrated, that the tax system of the State is destitute of the vigour which is indispensable to its faithful execution. Ever since its adoption, some of the counties have wholly failed to put it in operation, and others have done it in such an irregular and unsatisfactory a manner, as to make it, at all times, questionable, whether it would accomplish the purposes contemplated by its framers Aware that some amendment of it was absolutely necessary to ensure its execution, the Legislature at its last session provided, as a coersive measure, that the collector of the county charges should be the collector of the State tax, hoping, doubtless, that the local authorities of the county would be forced to levy the tax directed to be imposed, for the purpose of raising a sum sufficient to pay the interest on the public debt. The result has sadly disappointed this hope. So far from the delinquent counties being compelled by this measure to levy and collect State taxes, it has only had the effect to prevent the collection of taxes of any kind whatsoever.

The violent struggles for political power and patronage, which have agitated our State for several years past, have prompted both of the great political parties, from time to time, as they acquired an ascendency in the Legislature, to curtail the power conferred by the constitution originally upon the Executive To such an extent have the abstractions of executive power been carried by successive modifications of its original character, that it is now wholly inadequate to the faithful execution of some of the most important laws upon the statute book. In the case of the acts designed to provide a revenue sufficient to meet the interest on the public debt, the Executive has but little, if any controling influence By these acts, the power of carrying them into execution, is left almost entirely and exclusively with the local authorities of the several counties; and past events have established, beyond all question, that in some cases at least, they are unsafe depositories, as they have failed completely in the discharge of their official duties, to answer the expectations of the Legislature. This being the case, something must be done to guard against a continuance of the open resistance to the legislative authority, which has characterized their proceedings. Already has the failure to execute the laws throughout the entire State, engendered among that portion of its citizens, who have cheerfully borne their part of the burthen, a feeling of discontent, and it will, in all probability, it is feared, unless efficient measures be at once adopted, increase the dissatisfaction to such an extent, as to make the execution of the tax laws hereafter, next to impossible.

The citizen who willingly complies with the requisitions of the law, has a right, undisputed and indisputable, to insist upon the like compliance of all others. It is manifestly unjust, to expect a part of the earnings of a portion of the people only, for public purposes, under the provisions of a law designed to act upon all. If a portion of the people be allowed to withhold all contribution, the law ought to be repealed. It is not therefore to be considered strange, that the non payment of the public dues on the part of the citizens of some of the counties, has created an anxious desire with those who have conformed to the requirements of the laws, that the Legislature should adopt some measure, vigorous and efficient enough, to ensure the faithful and impartial execution of it enactments, or adopt some other mode of maintaining the honor of the State, operating equally on all. Fully convinced both of the justice and absolute necessity of some such action on the part of the Legislature, I cannot too urgently invite their earliest attention to the subject.—What the measures shall be, it is for the to determine But, judging by past events I am myself thoroughly impressed with the conviction, that if the tax laws are ever enforced, with uniformity and impartiality throughout the entire State, it must be, by the certain and decisive exercise of some central controlling power.

The government of Maryland now occupies, in some respects, the same attitude to the counties as did the Continental Congress towards the several States under the old articles of confederation,—exercising the vain power of passing revenue laws but too feeble to enforce obedience to them. Prior to the adoption of the Federal Constitution, Congress had the power of making requisitions upon the States, for their quota of the general charge and expenditure, but inasmuch as the power to raise the required sum resided exclusively in the State authorities there was but little certainty, at any time that these requisitions would be gratified The prejudice of the people of some of the States carried them so far, that it was no uncommon thing for the State wholly to fail to adopt the measures, necessary to enable it to meet the demands of the central government. Seeing this, the patriotic statesmen of that day were convinced, that a government capable of maintaining its own sovereignty and faith, should be authorized to act upon individuals and not communities, and it was their belief of the utter feebleness, in this respect, of the government established by the articles of confederation, which gave rise, in a great degree, to the Federal Constitution.

Under existing statutes, neither of the branches of the Government of Maryland, have the power to enforce obedience to the legislative will as expressed in the acts for the maintenance of the public faith. It cannot be presumed, that the Legislature will allow of the continuance of this state of things. The difficulties now encountered, might be greatly decreased by depriving the local authorities of Baltimore city, Howard District and the several counties, of any control whatever, over officers levying and collecting taxes for State purposes. If their official duties were confined to matters of a purely local character, there certainly could be no just cause of complaint, inasmuch as there is no more reason why the local authorities of a county should appoint persons to make the collection of the State income, than there is why the authorities of a port of entry should have the entire control of the revenue of the General Government, collectable at such place. If the creation of tax courts in each county, Baltimore city and Howard District, independent of local authorities, were authorized, with full power to make the levies and appoint collectors, there would be some guaranty of the general execution of the tax laws However much indisposed a portion of the people might at any time be, to the contribution of their share of the public taxes, there could always be found a sufficient number in each county who would willingly consent to receive an appointment from the State to execute its laws, and thus, there would be no difficlty in putting the tax system in operation throughout the entire State. And if those charged with its execution derived their appointment from the State, there would be no difficulty in the event of their failing to perform their duty, in ensuring their removal and appointing others in their place, who would discharge the duty assigned.

With an anxious desire to remove, to some extent the financial embarrasments of the State, the Legislature, at its last session, directed a sale of the interest of Maryland in the several works of internal improvement, for the aggregate sum of $11.700 000 payable in its bonds issued either as loans or for subscription to the capital stock of said companies. The favor with which the proposition was originally received, by the Legislature, as a measure of relief, will, in all probability, induce action on the same subject at this session. The intensity of the desire, which so naturally exists with patriotic citizens, to remove the difficulties which environ the State, may, as under circumstances of similar pressure, prompt, precipitate and incautious legislation, which in the end, may eventuate in the serious injury of the very interests it was meant to subserve, and an invocation therefore, of the most calm and dispassionate consideration of the Senate and House of Delegates, of a question of such vast and momentous import, as that of disposing of the entire interest in the corporations referred to, cannot here be out of place. It is a question, which should be approached with the utmost delicacy and circumspection; for in its satisfactory disposition is concerned perhaps, the prosperity and rights of the people of Maryland for many years to come.

The act of the last session, for the sale of the public works has proven, contrary to the most confident expectations of its friends, wholly incapable of achieving the gratifying results anticipated by its authors This very circumstance, it would seem, should admonish the necessity of great caution in the framing of the details of any bill, having for its purpose, the same object. At the time of its passage, there were inducements to bold holders and speculators, to avail themselves of its provisions, which will not obtain in reference to any bill that may be passed this session. The bonds of the State were then at a very low rate, being offered for sale at forty cents in the dollar. The Treasurer was authorized to exchange, our interest in the various internal improvement companies, for $11 700,000 of State bonds, which could then have been purchased for $4 680 000, of current money, As capitalists have refused to give that sum for these public stocks, there can be no reason to expect, that $7,190.000 of them could now be had for the whole interest of the State in the same companies, when such securities are held at seventy cents in the dollar, with every reason to anticipate an increase of their value, if the authority of the State be extended throughout its entire limits, and its revenue laws be enforced upon all. If this amount only of the public debt is to be absorbed in exchange for this vast public property, our financial embarrassments would not be materially, if at all improved.

The debt of Maryland, at the close of the fiscal year as shown, was $16,376, 657,95. A sale of its entire interest in the works of internal improvement, for the sum $7,190 000 of bonds, would still leave a debt of $9 186,657 95

The debt created for the use of the Baltimore & Ohio and Washington rail roads, has never been a burden on the Treasury. So far from it, the Baltimore and Ohio Rail Road Company has not only paid the interest upon it, but has also paid into the Treasury, a sum beyond. During the last year, one of almost unexampled tightness in monetary affairs, it paid into the treasury the sum of $43. 315,17 for dividends upon stock and capitation tax upon passengers, besides paying the interest upon the bonds issued by the State for its use, including the $500 000 issued for subscription to the stock of the Washington branch. If the interest of the State in these works be sold, of course the income from the Baltimore & Ohio Rail Road Company ceases. It was stipulated in the act of the last session, that if that held in the Baltimore & Ohio road, should be disposed of at the sum mentioned in it, the sum of $30,000, annually, should be reserved to the State as a revenue, in lieu of the capitation tax on the Washington branch. If a similar provision be made in any bill which may be adopted at this session of the Legislature, then the State will lose, annually, $13 315 57 of the sum now appropriated for the purposes of education.

In this view of the matter, which is believed to be correct, so far from the State being benefitted by such a sale it would only be deprived of its interest in these works, without decreasing, one cent, the present rate of tax. It has been shown that the existing tax laws; if enforced throughout our entire limits, will not yield more than $450 000 annually, and this sum would not suffice to pay the interest upon the debt which would still remain.

Instead of a sale on such terms, it would be well to enquire, whether one could not be effected in a manner which would obviate many of the objections to the plan of last year; and at the same time, diminish our financial difficulties.—If the Treasurer was authorized to exchange for each bond of the State a share of stock in the respective companies, at such rate as the Legislature may prescribe there would be doubtless, many who would avail themselves of the provision of such an act.

The advantages to the State, and to the people, as well as to the bond holders from such a plan of disposition, are obvious. By the existing laws, no sale of the interest of the State, in any of the works, can be effected, unless the whole of it be sold to the same purchaser. This very feature may have prevented the sale of any part of the interest of the State in any of the works, inasmuch as it may have been impossible to find bond holders, to an amount equal to that fixed by the Legislature, as the value of any one of the works, willing to engage in such a speculation. But if the Treasurer was authorized to dispose of this interest in shares, there might be found bond holders who would be willing to commute their bonds into stock of the several companies; and thus, to the amount of such commutation, lessen our bond debt. The division of the interest in each work into shares, is in consonance with the ordinary dealings of individuals. Rarely, if ever, are the stocks which an individual [illegible] are disposed of so as to create competition and afford an opportunity, to those of limited means to become purchasers to the extent of their ability. It would seem to be the part of wisdom not to disregard this principle of action.

Whatever bill may be adopted, for the sale of this interest in the public works, there should be carefully prepared provisions, effectually guarding the supervisory and controlling power of the State, as a sovereignty, into, and over the proceedings and acts of these immense corporations. By their charters, they are restricted from increasing the rate of their tolls beyond a specified *maximum* or from reducing them below a certain *minimum* The range between these points is sufficient to allow of the exercise of great injustice to the public. As matters now are, there is a sure guaranty against such injurious exertion of power in the representation which the State has in the several boards of directory Our interest once parted with, this security is gone, unless the terms of transfer be sufficiently protective of the rights designed to be secured by the representation of the State in all their proceedings.—The creation of these works was authorized avowedly, for the public convenience and the public good To relieve them of all restraint, except that prescribed by their charters, might defeat the very purpose of their creation

Operating capriciously within the limits indicated by their charters, they might as has been frequently the case with corporations in this country and elsewhere, effectuate the ruin of such of the enterprising citizens of the State who should bring their skill and enterprize in competition with the facilities for public travel and transportation of merchandize, afforded by such companies. Where the rates of toll increased in all cases, to the *maximum* allowed, and the public unreasonably taxed, private enterprize would hesitate long, before it would engage to compete with such a power; for, the individual capital embarked in any such undertaking, would by a sudden reduction of the tolls be rendered almost instantly of comparatively little or no value. The stability and uniformity of a reasonable rate of tolls on the line of these works, constitute one of their chief advantages to the public, for whose benefit they were originally authorized. A fluctuating system of tolls, would be not only annoying, but a source of serious oppression.

The reservation of power to the state, should be such as to preserve its sovereignty over its entire territorial limits. Although these corporations should be held amenable to the authority of the State, there is no reason to apprehend it would be exercised in a manner injurious to the rights of those, who may have invested their means in such enteprizes. The past history of the State authorizes the firm belief, that such persons, in no event, will have just cause to apprehend that it will, under the right which such a reservation of power would confer, interfere beyond the line prescribed by the stern demands of the public interests. So far from the affairs of corporations being arbitrarily, or detrimentally interfered with by the Legislatnre, unfortunately as the past events too clearly establish the immense power they in general enjoy for the most part, has secured to them a perfect immunity for any contumacy of the law of the land. While, therefore such guards and restrictions, are of the first importance to the people, to shield them from effects of an improper exercise of corporate power, they can with no propriety, occasion alarm to those whom they are intended to restrain.

By some, the hope is entertained, that the balance of our debt remaining, after a sale of the public works is effected, will be assumed by the General Government Even a cursory examination of the difficulties in the way of any such assumption must show, that this hope is delusive in the extreme and can never be realized.—Apart from the fact, that there is a total absence of all constitutional power, on the part of Congress, to adopt any such measure, there are causes operating against it which render the measure wholly impracticable. It ought not to be presumed, that the States that have followed wise counsels, and thus kept themselves free from the painful and mortifying annoyances of a heavy public debt, will ever consent to bear the burden imposed by the ruinous improvidence of others. There is not only no reason, founded in justice that can require it of them but on the contrary, every idea of justice forbids that they should be called upon to do so. Any attempt to cast the burden from off our own shoulders on to those of indifferent parties must be met, on their part by an opposition which will defy all successful resistance. Calamitous as a refusal of a State to pay its debts would be confessedly, it ought not to be avoided by compelling others to pay them, in no way connected in their contraction.

The proceeds of the sales of the public lands, are looked to in all the schemes devised for throwing State debts upon the General Government. If, in defiance of the constitutional inhibition, and the most obvious dictates of justice, Congress was to undertake the payment of that portion of our debt now bearing upon the [illegible] by the General Government would be unavoidable. Our tax system is intended to pay the interest on about $10 000 000 annually. If that amount is to be assumed by the United States for Maryland and the other States are to have a just proportion of the national stock to be issued, the whole amount to be issued would be $100 000 000; the annual interest on which, at three per cent, would be $12, 000 000. The proceeds of the sales of the public lands, would fall far short of the sum required to pay this very large interest. By the late report of the Secretary of the Treasury of the U. States: it will be perceived, that he estimates the gross receipts into the Treasury, from the sales of the public lands, for the fiscal year, commencing July 1 1844, and terminating June 30 1845, at only $2 500, 000. Of this amount he estimates, that the sum of $250.000 is dependent upon the sales of the Miami, lands in Indiana, or in the Choctaw cession of 1830, in Mississippi. Whether or not these tracts will be brought into the market, he has no means of judging. But if we suppose the annual yield of the public lands will equal the sum of $2 500.000 (and the Secretary declares, he is not aware of any modification of the land laws that can be made which will permanently increase the revenue from the public domain) the amount would be insufficient by $9 500,-000, to meet the interest required. This being the case, it is manifest, that all hopes of relief to the indebted States, based upon such measures, are doomed to disappointment

Apart from these considerations, the proceeds of the sales of the public lands, are indispensably necessary to the General Government. The deficiency in the National Treasury, for the fiscal year, ending 30th of June, 1845 including outstanding treasury notes to an amount upwards of $1 600 000, the loan of 1841 of $5 672 976 88, which falls due on the 1st Jan. 1845 and the other estimated deficiency, of $1,500,000, amounts to $14 772 976 88. If the proceeds of the sales of the national domain were abstracted, this deficiency would be increased to $17 272.976 88 How it would be supplied, is a question which must occur to all. The deficiency of $1 500 000, the Secretary states, can be met only in two ways: either by a direct tax, or by an increase of the tariff.

From the examination of reports he has caused to be made from the principal ports, and from a general view of our commerce, and after the best consideration which he could give to the subject, he says, he has not been able to discover any of the existing duties which can be increased, with any reasonable prospect of augmenting the revenue. As the only means of avoiding the necessity of a direct tax, on the part of the General Government, he suggests the imposition of duties on tea and coffee, which together with light money & duties upon tounage, he anticipates, will yield a sum equal to the estimated deficiency of $4,500,000. He contemplates resorting to a paper issue, as he did the last year, to provide for the other deficiencies, amounting to $10 372,976 88. It is scarcely necessary to observe, that a continuance of such expedients, would be attended by most injurious consequences.

From what has been stated, it is clear, that if the land fund be withdrawn from the National Treasury a direct tax on the part of the General Government, is inevitable. Was our foreign commerce capable of sustaining greater burdens than those imposed by existing laws, the opposition in a large portion of the country, to the present high rate of duties, and the excited feeling and the deplorable consequences it threatened, which prevailed but a few years ago, in a part of the Union, should seriously admonish all, who desire to perpetuate the public welfare and tranquility, to avoid any measure calculated to open anew the wound that was then with so much difficulty healed. Surely it is not the part of patriotism to divide the American people by engendering local jealousies; and it cannot be believed that those charged with the legislation for the whole Union will regardless of the teachings of the past, seek to wring from a portion of the people an unjust tribute to the balance, Under these circumstances, all expectation, of relief from the National Government, it cannot be too emphatically stated, ought to be abandoned as delusive.

The debt of Maryland however unwisely contracted, was created by the representatives of her people. This being the case, every principle of honour, as well as of justice, makes it the imperious duty of the people to essay every effort to meet the obligations which their own agents have imposed. Any movement to avoid the responsibility of so doing cannot but react most prejudicially, upon the good fame of our State

If the Legislature, at its present session, will so modify the tax system of the State, as to ensure its faithful execution; and exchange its stocks in the public works, in the manner already indicated and will use its bank capital for the liquidation of its indebtedness, there is reason to hope, that, in a short time, the Treasury will be in a condition promptly to meet all demands upon it. The necessity of bank stock seems to be obvious. Prudence, as well as justice, would suggest this measure The fluctuations peculiar to the banking system, may at some day when least expected, render this investmant wholly valueless. The State should moreover, have no monied connection whatever with joint-stock companies that can be well avoided. To its alliance with them, may be justly ascribed most of its financial embarrassments; and so long as the connection subsists, there can be no satisfactory guaranty, that they will not be augmented

You cannot gentlemen of the Senate and House of Delegates, too earnestly, seek to establish some permanent policy that will eventuate in making a final disposition of every question connected with, or growing out of our complicated and embarrased finances. Our large public debt, is a serious public calamity.—it sits like an incubus on the hearts of an enterprizing and patiotic population. It will if not removed, drive from the jurisdiction of the State, vast amounts of capital; many of its best citizens; and by turning the whole tide of emigration, to other and more favored lands, will leave within our boundaries broad tracts of territory deserted and waste, blasted memorials of unwise, evil and cruel legislation. It will poison the source and fountain of all our laws, by congregating as it has for years congregated in the avenues of our halls of legislation, crowds of men eager and clamorous for measures to draw from the body politic, more and more, of that vital fluid, which, by its circulation through the channels of trade, gives life and vigour to all the industrial pursuits and avocations of man. No Maylander ought to shrink from the responsibilities, that the condition of our public affairs imposes upon every good citizen. Each and every man in public and private life, must stand ready to take his share of the difficulties, with which your legislation is surrounded.

By the 8th section of chapter 269, of last session, it was provided, that in all cases in which any collector of State taxes shall fail to pay the amount due, by him into the Treasury, at the time required by law, it shall be the duty of the Treasurer to report the fact to the Governor, who is required, if in his judgement, the interest of the State requires it, to order suit on such collectors bond. By the 6th section of the same act, the taxes for 1841 and 1842 were made payable into the Treasury, one half on or before the first day of June, and the residue on or before the first of September, last. In the execution of this act, a principle was adopted, similar to that contained in the second section of the act of December session 1829, chapter 90, which requires the Treasurer to put in suit any pecuniary right of the State, that has been withheld three months or more, and the bonds of collectors, in arrear on the 1st September, for the June instalment, were ordered to be put in suit. The Senate and House are now respectfully informed that the bonds of all such collectors, as shall be in arrear on the 20th day of January for the September instalment, will also be put in suit, unless the Legislature shall otherwise direct.

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