

It is needless for me to say that to properly administer the fiscal affairs of the State, an operating surplus of a million and a half dollars is necessary. Therefore, for the State to be in a proper operating position, the Treasury will be in need of general funds in the amount of \$3,729,000. To be able to promptly transact the business of the State this sum should be available from time to time, beginning not later than February 1st, 1935.

I strongly advocate some method of indirect taxation to meet this situation and avoid the necessity of increasing direct property tax, and such taxes as State sales tax, gallonage tax on beer and probably an inheritance tax on estates should be given serious consideration. I hesitate to recommend a definite method of raising taxes until the subject has been thoroughly discussed with the Executive Department of the State.

I cannot too strongly urge immediate action by the General Assembly early in the session.

This report will further contain a revised statement of the estimate of receipts during the fiscal year ending September 30th, 1935, as shown by Statement "P" herein.

I call your attention to statements herein contained referring to the operations of the License Bureau and the operations of the gasoline tax collections, both handled through this department.

Respectfully submitted,

WM. S. GORDY, JR.

Comptroller.