

STATE DEBT.

In Statement "J" you will find in detail the Funded Debt of the State as of September 30, 1906. A comparison of this statement with that of the year previous will show marked changes. The gross debt of the State at the close of the fiscal year ended September 30, 1905, was \$8,526,926.13. On September 30, 1906, it was \$6,167,926.13. The net debt of the State on September 30, 1905, was \$3,087,869.13, and the net debt on September 30, 1906, was only \$838,201.41.

You will observe that in said statement no mention is made of the Insane Asylum $3\frac{1}{2}$ per cent. loan of \$100,000. As before mentioned in these remarks this loan was cancelled, as you will remember, by an exchange of the entire loan for a part of the State's interest in the stock of the Baltimore and Ohio Railroad Company in April last. You will also find that the Penitentiary $3\frac{1}{2}$ per cent. loan is reduced from \$500,000 to \$248,000 by a like exchange, while the Consolidated 3 per cent. loan of 1899 was reduced from \$5,401,926.13 to \$3,253,926.13 by a like exchange.

When the Washington Branch of the Baltimore and Ohio Railroad Company was incorporated the State subscribed to \$550,000 of its stock out of an issue of \$3,000,000. As before mentioned in these remarks the said Company had paid to the State dividends regularly on said stock from 1838, with the exceptions of the years hereinbefore mentioned. While the State was a minority stockholder in the said Railroad Company, yet said stock has always been considered very valuable, notwithstanding the passing of the dividend by said Railroad Company for say 10 years. Contention was had by the State that its interest and rights were not being observed and protected by the said Railroad Company, inasmuch as it was applying its surplus revenue not in the payment of dividends justly earned but for the betterment of the entire road. Steps were taken to enforce the rights of the State, but little was accomplished until the meeting of the last General Assembly. On the 21st of February, 1906, a joint resolution was passed by the General Assembly of Maryland, No. 1, "Appointing four members of the bar of the State of Maryland to act as attorneys and solicitors for the State of Maryland, in association with the Attorney-General, to represent and protect its interests, rights and properties in the Washington Branch of the Baltimore and Ohio Railroad Company, and in various mat-