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GOVERNOR'S MESSAGE

TO THE FIFTY-SECOND

GENERAL ASSEMBLY OF OHIO,

At the Adjourned Session, commencing Jan. 5, 1857.

Fellow-Citizens of the Senate,
and of the House of Representatives:

I welcome you, with great pleasure, to the first session of the General Assembly in the New State House.

In simplicity of Design, in Harmony of Proportions, and in massive solidity of structure, it stands, and may it long stand, a monument and a symbol of the dear Faith, the well ordered Institutions, and the enduring Greatness of the People whose House it is.

The year which has just closed, has been marked by the steady advance of the great State, whose interests, for the present, have been confided to our care, in all the elements of wealth, honor and power.

The returns of Agriculture, though less abundant than in some more favored years, have yet been sufficient to supply abundantly our wants at home, and to furnish a large surplus for exportation. The products of Manufacturing Industry have been steadily and greatly augmented. The transactions of Commerce have multiplied in number and increased in importance.—Vast mineral treasures, hitherto comparatively inaccessible, have been brought by the extension of Railroads, within the easy reach of enterprise, and made tributary to the general progress.

While the developement and enlargement of our material resources have been ensured by these and similar agencies, other instrumentalities have been actively employed in the promotion of the moral and intellectual welfare of the people. Public order and private rights have been maintained by our enlightened and impartial administration of justice. Institutions of Education have diffused among the masses the power of knowledge; Institutions of Benevolence have ministered to the children of sorrow the wise and noble charity of the State; Institutions of Religion, sustained by the voluntary contributions of ready sympathies of the people, and made efficient by the self-denying labors of teachers and ministers, have lent their powerful support to public virtue and order, while they have enforced the obligations of private duty, and cherished the aspirations of individual faith.

Nor are these the only benefits which demand our grateful acknowledgements.—Peace is the opportunity of progress, and, peace, unbroken, has prevailed throughout our borders. The pestilence, which, in former years, invaded and desolated so many homes, has not been permitted to approach us. Health, in unusual measure, has cheered our homes and animated our labors.

From this pleasing survey, it is my duty to proceed to a more detailed exposition of the condition of the State.

The primary interests of Ohio, connect themselves closely with the ownership and cultivation of the soil.

The whole area of the State, according to the computions of the Federal authorities, contains 39,964 square miles, or 25,567,960 acres. A little more than half a century ago not an acre of this area had been cleared for cultivation or even reduced to private ownership.

The Federal Government asserted an exclusive proprietary title in the whole, except that portion included in the Connecticut Reservation. The hardy pioneers who pushed forward into the wilderness, were compelled to buy of the government or its grantees the very soil which they subdued. The whole burthen of contributions for the support of the State and its institutions, was cast upon the land thus purchased.—The land of the Government was wholly exempt; and the contributions of the Government by grants of land in aid of public improvements were insignificant in comparison with the enhanced value of the ungranted lands.

Notwithstanding these serious disadvantages the process of purchase and settlement has gone steadily forward until more than twelve millions of acres, occupied for agricultural purposes, and nearly thirteen millions more, classed as uncultivated, have become private property, and contribute to the public revenue.

When, in 1802, Ohio became a State in the American Union, every other of the seventeen members of the confederacy was more populous and better cultivated, and six had larger areas. Now, although the number of the States has increased to thirty-one, of which nineteen are larger than Ohio, not one surpasses her in the extent and variety of her agricultural products.

A general outline of the gradual conversion of public into private ownership, will reward attention.

Prior to 1808, the returns of lands held by individual proprietors are meagre and unsatisfactory. In 1810, the number of acres thus owned was 9,953,101. In 1820 this quantity had increased to 13,319,043 acres: in 1830, estimating the quantity for two counties from which there were no returns, to 16,199,682 acres; in 1840, estimating for one county, to 19,740,281 acres; in 1850, to 21,981,350 acres; and in 1855, to 25,220,083 acres.—These quantities are exclusive to Town and City lots. Nearly all the land in the State, it will be observed, has thus become private property, and is subject to taxation.

The facts disclosed by these returns, suggest a question of the correctness of the Federal estimate of the area of the State. The difference between the returns of lands for 1855, and the entire area as computed at Washington, is only 256,887 acres. It can hardly be doubted that a larger quantity than this is included within the limits of the fifteen hundred cities and towns enumerated in the Equalization Report for 1858, and in the exemptions from taxation allowed by law. There remained, moreover, on the 30th of June last, according to the statement of the Commissioner of the General Land Office, which I herewith transmit, and to which I shall hereafter have occasion to refer, 43,553 acres of public land undisposed of, within the State.—These facts render it highly probable that the true area of the State exceeds the estimate hitherto received, as correct.

However, this may be, the gratifying fact is certain that federal ownership in Ohio, approaches its termination, and that the drafts upon her resources for the purchase of the soil have nearly ceased.—Henceforth the unembarrassed energies of her people may be directed to the fullest possible development of all her resources.

The General Assembly will cheerfully ecognize the duty of extending to the great agricultural interests of the State all proper securities and encouragements. To this end the State Board of Agriculture was organized in 1846, and provision was at the same time made for the better organization and greater usefulness of County Agricultural Societies. The wisdom of this legislation has been amply vindicated by its results. Through the labors of the State Board and of the County Societies, agricultural improvement has been beneficially stimulated. Their annual Reports embody valuable contributions to agricultural knowledge, the effect of which is becoming more and more visible with the increased skill, intelligence and energy with which the labors of the farm are executed, and the increased production with which they are rewarded.

I respectfully submit to your consideration, the propriety of increasing the funds set apart for appropriation by the State Board and County Societies to premiums for excellence in production and in management, and of making such other provision for the increase and diffusion of agricultural knowledge as your own experience and observation may suggest.

The proportion of our population and of our means engaged in Mining, Mechanical and Manufacturing Industry, is steadily and largely increasing. These pursuits of Industry supply a great market, constantly becoming greater, for the productions of agriculture. Care should be taken that the financial burdens of the State be not permitted to press in disproportioned measure upon them.

I have already referred to the growing extent and importance of our commerce.—No inconsiderable amount of Revenue is collected by the General Government from duties upon the importations of our merchants from foreign countries. The treaty of Reciprocity with Canada has enlarged the field and stimulated the activity of mercantile enterprise, especially in the Northern part of the State. And the great interchange of commodities with our sister States and between different parts of our own Commonwealth, give continual employment to large resources and active energies. Wise legislation is never employed in arresting the development or in cramping the activity of commercial intercourse.

Among the instrumentalities by means of which intercourse is carried on between different parts of the State and different sections of the country, Railroads may be considered the most important. The rapidity and ease of transit by rail gives to that mode of conveyance a decided preference over every other; and the number who commit their lives and property to the skill and fidelity of railroad conductors and other employees, already vast, becomes hourly greater. The number of miles of Railroad in actual operation in this State, in 1855, according to statement made by the late Secretary of State, was 2,593.—The present number is about 2,800.—These Railroads have cost about ninety millions of dollars; more than a million of passengers are annually carried upon them; and their gross receipts are not less than six millions of dollars a year. It is doubtless within bounds to estimate the probable increase for the next ten years, in extent, cost, transportation and income, at one quarter the present amounts. The vast interest, affecting vitally so many other interests, has grown suddenly to its present dimensions, without system, without general organization, and in some important respects, without due responsibility.—The benefits of Railroads are such, and their safety and prosperity is so identified with the safety and prosperity of the people, that no proper protection or support should be withheld from them; while the dangers from mismanagement are so great that no reasonable precaution against it should be omitted. I respectfully recommend, therefore, the organization of a Board of Railroad Commissioners, with power to exercise a general supervision over the construction and operation of the several roads, and required to report from time to time to the Governor, for the information of the General Assembly, a full statement of their condition and management. I cannot, for a moment, doubt that the salutary influence of such legislation would be speedily manifest in the increased value of the roads and the greater security of travelers and freighters.

A sound currency and secure exchanges are not less important to the intercourse of society than safe means of transportation. In almost all, and, perhaps, in all civilized communities, the currency is composed of coin and of circulating notes, convertible into coin, supplied either directly by the Government, or by Banks organized under its authority. In this State the powers, functions, duties and liabilities of banks have been defined by law; sometimes by special laws under the name of charters, and sometimes by general laws, amendable and repealable at the pleasure of the Legislature. Whatever difference may exist upon the abstract questions relative to a mixed currency, none, I apprehend, will be found among the practical men in regard to the certainty that such a currency will continue, for an indefinite period, to constitute the actual medium of purchase and sale, in this, as well as every other State of the Confederacy. Certainly no power, less ample than that of the federal government, is competent to the effectual exclusion of such notes from circulation as money; and no present indication suggests any probability that that power will be exercised for that purpose.

While opinion upon this point thus approaches unanimity, the public judgement in this State, remains divided upon the question whether the franchise of banking should be limited to a defined number of institutions, or extended to all who are willing to give the required securities and guaranties against abuse. I have, upon former occasions, expressed my preference for the most liberal extension of the franchise, with such restrictions upon its exercise as will effectually protect the community against a mere paper money currency.

The act to incorperate the Bank of Ohio and other Banks, passed April 11, 1856, and submited to the people in conformity with the provisions of the Constitution, on the second Tuesday of October last, not having been approved by a majority of all the electors voting at that election, has failed to become a law. More recently, the Supreme Court of the State has unanimously decided that the act to authorize free banking, passed March 21, 1851, but supposed by some to have been abrogated by the new Constitution, remains in full force, unaffected by any provisions of that instrument. I submit to your better judgement whether sound policy does not suggest the expediency of observing the practical operation of this act, and of so amending it, from time to time as may be necessary to protect and secure the interests of the community, without invoking the decision of the people upon a new banking law.

Considerable practical difficulty has arisen in carrying into execution the provisions of the act of April 1, 1856, for the taxation of property employed in banking. To determine the precise rate to be levied upon the property and means included in the first statement, required by the act, in order to produce the sum which would be produced by the general rate if levied upon the second, and to levy that precise rate when ascertained, prove, not unfrequently, to be complex and embarrassing operations. The requirement, also, that the gross amount of property and means embraced in the first statement, shall be entered upon the duplicate for taxation and taxed by a different and usually much less rate than that levied upon the property of individuals, is calculated to produce an impression in the public mind that property employed in banking is not charged by the act with its fair proportion of the public burdens.—Such an impression, in my judgement, cannot fail to prove injurious. It is the true interest of banking institutions, as well as of the people, that all legislation concerning them should avoid even the appearance of special favor. The most absolute imparciality in the distribution of burdens is demanded by every consideration of policy as well as of justice. I, therefore, respectfuly suggest such amendments of the law as will require all property employed in banking to be embraced in one schedule and entered upon the duplicate for taxation at the same rate as is imposed on other property.

The constitution authorizes the establishment in the Secretary of State's Office of a Bureau of Statistics. Some provision for the collection of statistical information is already made. The Township Assesors are required to make returns of the quantity of wheat and corn produced in their several townships each year. The District Assesors are required to report, under a certain classification, once in six years, the number of acres of taxable land in the different counties. Various acts require the collection of other statistical information, more or less specific, in relation to production, education, population, and crime. Under these acts, although from want of system and of adequate means of enforcement, they are often very imperfectly executed, a large amount of useful information is collected.—It is scattered, however through many disconnected reports, and consequently fails to yield the full advantage which might be derived from it. To combine this and collect other similar information, and to present the whole so arranged as to exhibit the mutual relation of facts and classes of facts, together with their general bearing upon the public welfare, is the proper function of a Bureau of Statistics. I can perceive no insurmountable obstacle to the collection of all or nearly all the information required through agencies already existing, without incuring much new expense.—For the present, little more would be necessary than to provide for the appointment of a thoroughly qualified person to superintend the whole work, prepare and prescribe all necessary froms, and receive, classify and report the returns. I cannot doubt that such a provision for the collection and publication of the Statistics of the State. Agricultural, Industrial, Social and Educational, would repay ten fold its costs in benefits.

Under the auspices, of former legislation, a Geological Survey of the State was commenced and prosecuted for some time, with valuable results. I respectfully submit to your consideration whether the time has not arrived for the resumption of that work, and whether there should not be combined with it such an Agricultural examination as will fully ascertain and disclose the productive capacity of the different soils which compose the surface of the State, and the physical laws and influences by which that productive capacity is determined.

In accordence with the provisions of an act of the last session, I have caused to to be printed the Reports of the Auditor and Treasures of State, of the State House Commissioners, of the several Boards of the Benevolent Institutions, of the Directors of the Penitentiary, and of nearly all the other officers and Boards who seem to fall within its requirements. These Reports are now ready, and subject to your disposition, The long delay in printing the Reports of the Public Officers after the assembling of the Legislature, and the consequent want of necessary information relating to public affairs, has, heretofore proved a most serious obstruction to legislative business. I congratulate upon the almost complete removal of this obstruction under the salutary operation of the act of the last session; and I suggest the extension of its provisions, so as to embrace every officer and board having charge of any department of the public service not now included by it.

I refer you to the Reports of the State Auditor and State Treasurer for full information concerning the financial condition of the State.

The state of the Public Debt, the amount and distribution of taxation, and the uses of revenue, will necessarily engage your careful attention.

The Debt of the State had its origin in Internal improvements. Nearly the whole of it was contracted to defray the cost of the State Cannals, and to provide for subscriptions in aid of Turnpikes, Railways, and Cannals projected and controlled by companies. Whatever may be thought of the policy of these undertakings, no one doubts the duty of the State to fulfill with scrupulous exactitude her duties to her creditors. On this subject, happily, there is no diversity of opinion in Ohio.

To pay the interest of this debt; to reduce and finally extinguish the principle; to provide for the necessary expences of the State Government and Public Institutions; and to defray the charges of County, City, Township and District administrations, are the legitimate objects of taxation. To insure responsibility for the disbursment of revenue, and thereby promote economy, the Constitution strictly enjoins that no money shall be drawn from the Treasury except in pursuance of specific appropriations made by law. The faithful observance of this provision should be ensured by your care.

It is the duty of the Public Officer to disburse appropriations honestly, economically, and solely to the purposes to which they are applicable. He has no right to go beyond them, either by overdrafts upon the Treasury or by contracts in behalf of the State for work to be done or supplies to be furnished, within the time for which the appropriations are made: nor, unless specially authorized, has he any right to contract any other obligations of any description which will require future appropriations. The Constitution contemplates the payment of each year's expenses out of each year's income. It sanctions no debts for the expenses of one year to be paid by increased taxation the next.

It will be seen on reference to the full and able report of the State Auditor, that during the last year, in the absence of the salutary check of an annual legislative session, the expenditures in several departments of the Public Service greatly exceeded the amount properly applicable to them, and that large debts were thus contracted, the payment of which was cast upon the revenues for the service of 1855–6.

The amount of these debts has not been precisely ascertained. The amount actually paid during the year was $517,373 65: and the balance unascertained is estimated by the Auditor at $100,000; making an aggregate of debts to the amount of $617,373 65, which should either have been paid out of the revenues of 1854–5, or should not have been contracted at all

The effect of this anticipation of revenues will be clearly presented by the following statsment:

The balance nominally in Treasury on the 15th day of November 1855, according to the report of of the late Auditor of State was		$703,570 08
To this sum should be added the Bank Taxes due in 1854-5 but received 1855-6	$180,961 20	
Less this sum refunded as having been illegally collected	60,180 43	
		$119,760 77
Making the total apparent means on Nov. 15. 1855		823,350 85
From which in order to ascertain the real cash means should be deducted the amount debts of 1854-5, paid 1855-6	517,373 65	
And also the unascertained balance of such debts	100,000 00	617,373 65
Making the balance means apparently applicable to the service of 1855-6		$205,977 20
But of the balance reported by the late Auditor, the sum of $225,819 39 never came into the hands of the present Treasurer, being retained by the late Treasurer as paid for exchange or having been placed by him with deposit ries who have used the money and have hitherto failed to restore it to the Treasury. There should therefore be deducted from the above apparent balance the further sum of		$225,819 30
Showing, instead of a balance of $823,350 85, an actual deficit of of available means, as a charge upon the revenues of 1855-6 of		$19,842 10

The facts exhibit in a clear light the importance of guarding against expenditures beyond appropriations. The constitution permits no debt to be contracted on behalf of the State, without express legislative warrant. It restricts the total amount of all indebtedness to supply all deficits and failures in revenue or expenses not otherwise provided for, to the sum of $750,000. As a security against unauthorized debts, it expressly declares that no money shall be paid on any claim the subject matter of which shall not have been provided for by the existing law, unless allowed by two-thirds of the members elected to each branch of the General Assembly. Experience has demonstrated that even these provisions are not adequate guarantees against the unauthorized contracting of debts within a single biennial period, to an amount not exceeding three-fourths of the total indebtedness which can be incurred for such purposes by the Legislature itself.

It is proper to say here, however, that there was transferred to the Sinking Fund of Public Works Income, on the 15th November, 1855, the sum of $200,000. If this transfer had not been made, the Public Works Expenses for 1854–5, would have been paid out of the Public Works Revenue for the same time; and the apparent balance of the Sinking Fund would have been $200,000 less.

It is due, also, to the late State Auditor to say, that the balance of 1855 was correctly stated from the books in his office, and that the unauthorized debts and liabilities which absorbed it were contracted against his earnest and repeated remonstrances. I respectfully invite your attention to a suggestion made by him, of provision by law, that parties, by whose unauthorized acts debts of this character may be hereafter created, shall be held personally responsible for them.

The following table will present a comparative view of the Receipts and Disbursements of the two last fiscal years:

Disbursement from the State Treasury for all purposes during the Years ending Nov. 15, 1855, and Nov. 15, 1856; the payments during the last year, on account of current expenditures, and on account of debts of preceding year, being placed in separate columns.

Purposes.	1854-5	1855-6	To pay debts incurred prior to Nov. 15, 1855.
Common School Fund	$1,218,394 60	$1,232,216 96	
District School Library	84,095 35	82,906 57	
Interest on the Public Debt	977,345 69	961,322 92	
Redemption of the Public Debt	466,681 00		
Expenses of the Fund Commissioners	11,736 18	3,034 54	138,090 18
Superintendance and repairs of Canals	290,571 56	331,615 52	
Executive Officers	7,394 46	9,905 50	
Commissioners of Com. SeLools and Librarian	2,040 00		
Judiciary	56,164 83	56,789 91	
Reports of the Supreme Court	1,119 60		
Ohio Legislature	105 00	70,117 93	
Printing—Legislative and Executive	6,363 13	22,723 77	
Stationary	6,235 67	21,612 78	
Distribution of Laws and Journals	509 51	1,010 73	249,768 71
New State House	111,633 80	43,424 92	3,488 00
Deaf and Dumb Asylum	14,838 03	18,854 45	2,300 00
Blind Asylum	12,954 22	14,302 07	24,025 41
Columbus Lunatic Asylum	26,294 06	40,233 15	47,515 88
Dayton Lunatic Asylum	62,665 04	28,978 75	48,434 48
Newbugh Lunatic Asylum		32,004 81	
Officers and Guards of Ohio Penitentiary	22,890 51	24,753 96	
General Expenses of Ohio Penitentiary	41,202 05	46,622 69	
Prosecution and Transportation of Convicts	22,367 44	24,789 54	
Clerks in Public Offices	12,814 33	12,727 11	
Military—Public Arms, &c.	1,704 29	1,714 20	
Governor's Contingent Fund	760 46	975 24	
Auditor's Contingent Fund	1,726 30	1,532 25	
Treasurer's Contingent Fund	1,285 57	1,418 76	
Secretary's Contingent Fund	864 92	1,910 98	
Attorney General's Contingent Fund	163 14	333 18	
School Commissioner's Contingent Fund	911 81	722 02	
Expenses of the Library	2,193 28	1,512 45	
Furnishing Legislative Halls	900 00	1,954 95	
Treasurer's Mileage	1,609 93	1,696 85	
Taxes Refunded	3,084 10	63,152 57	
Fuel and Lights	590 22	4,117 88	
State Board of Agriculture	3,000 00	2,813 51	
Expenses of Free Banks	4,409 63	1,238 32	
Three per cent. Fund paid to Counties	8,293 12	2,609 04	
Salary of Secretary of School Commissioners		300 00	
Expenses of Legislative Committees		3,775 30	
Payments for Building and Repairs on Deaf and Dumb Asylum		7,956 77	
Payments for Expenses of Presidential Election		2,590 95	
Payments of Appropriations for Special Claims		85,749 45	
Payments from Governor's Contingent Fund by special order of the Legislature		*1,523 75	
Payments for Swan's Revised Statutes	2,500 00		3,750 00
Miscellaneous Items	19,181 44	653 42	
Total amount of Drafts issued	$3,509,574 23	$3,189,600 12	$517,372 65
Total amount of Dafts redeemed	$3,512,484 20	3,588,353 81	
Balance in Treasury 15th of November	703,370 08	579,353 18	

RECEIPTS

For the Fiscal Years ending November 15, 1855, and November 15, 1856.

	1854-5	1855-6
Balance reported in Treasury at close of last Fiscal year	$584,681 00	$703,370 08
Taxes.		
Proceeds of State Taxes including delinquencies, viz		
For State Debt or Sinking Fund	1,014,749 49	838,234 82
For State Expenses or General Revenue Fund	566,448 04	501,403 69
For State Common School Fund	1,209,418 19	1,249,122 94
For District School Library Fund	80,639 75	83,257 20
Total State Taxes	$2,871,255 49	$2,672,018 45

MISCELLANEOUS RECEIPTS.

	1854-5	1855-6
Pedlers' Licenses, Show Licences & Auction Duties	7,107 74	6,366 48
Proceeds of Sales of School & Ministerial Lands	129,332 18	126,565 16
Principal and Interest of Surplus Revenue	52,906 66	52,585 06
Rec'pts from Sales of Western Reserve She'l Lands		4,742 90
Rec'pts from Sales of Virginia Military School lands		5,063 13
Dividends on Railroad, Canal and Turnpike Stocks	33,400 25	35,968 07
Proceeds of Tells and Rent of National Road	6,010 64	3,052 50
Proceeds of Tolls on W. Reserve & M. Road	2,141 04	4,252 14
Proceeds of Sales of Land by B'rd of Public Works	4,944 73	3,957 60
Proceeds of Convict Labor of the O. Penitentiary	64,249 69	56,155 52
Rec'pts on account of three per cent. Fund	2,609 04	263 30
Rec'ts from Banks for taxes due prior to Nov. 1, 1855		180,961 20
Rec'ts from Banks for taxes due May and Nov. 1856		44,444 49
Receipts from Free Banks on account of expenses incurred	4,223 71	1,001 44
Canal Tolls, Water Rents and Fines	444,827 76	388,463 92
Ohio University	2,513 84	
Miscella'ous Items	7,650 51	2,292 27
Totals	$4,215,854 28	$3,581,353 81

The foregoing statements exhibit these facts:—

First—

That the apparent expenditures of 1854-5 were		$8,509574 23
But to this amount should be added debts of 1854-5 paid 1856	517,372 65	
And the estimated amount of such debt yet unpaid	100,009 00	617,372 65
Making the aggregate of actual expenditures		$4,036,946 88
From which should be deducted payments in reduction of Public Debt		466,681 01
Making the amount of current expenditures for 1854-5		3,570,255 37
And secondly—		
That the apparent expenditures of 1865-6 were	$3,706,972 81	
From which should be deducted the am't paid debts of 1854-5	517,372 65	
Making the true amount of current expenditure for 1855-6		3,189,600 16
And showing the expenditures of 1855-6 less than those of 1854-5 by		$380,665 71

It will not escape attention that the current expenditure of 1855–6 was largely increased by the biennial session of the Legislature in 1856, and whereas no session was held in 1855. This difference being taken into the account, the balance in favor of 1856 will be better appreciated.

I beg leave to submit another statement intended to exhibit the Property Basis of the taxation which supplies the means of these expenditures and the taxes levied thereon, not only for State, but also for County, Township and other local purposes.

I. Taxable Property Valution.

	1854-5.	1855-6.
Number of Acres	25,220-083	25,191,639
Value of Lands	$432,261,785	$433,245,177
" " Towns	145,596,754	147,389,310
" " Chattels	283,018,815	240,026,550
Total Taxable Val.	$860,877,354	$820,661,037

II. State Taxes.

For Sink'g Fund	$860,877,35.4	$574,456,33,0
" Gener'l Rev. Fund	516,526,41.2	820,669,37.0
" State Com. School Fund	1,291,316,02.7	1,231,007,13.0
" Dist. School Lib. Fund	86,087,72.3	
Total S. Taxes	$2,754,807,51.6	$2,726,132,83.0

III. County Taxes.

For Co. Exp'ses	$1,188,508,29.2	$903,803,35.2
" Bridge purposes	332,078,65.3	229,065,07.2
" Poor purp's	238,332,84.5	212,213,33.3
" Build'g purposes	272,538,05.2	276,552,99.1
" Road purposes	364,715,12.1	243,070,49,1
" Railroad purposes	366,072,06.5	367,588,76.1
Total Co Taxes	$2.762,305,02.8	$2,232,294,00.0

IV. Other Local Taxes.

	1855	1856.
For Tp. Expenses	$302,841,50.0	$278,009,62.6
For Schools and School Houses	1,246,346,00.8	1,285,938,94.8
For City & Town Expenses	1,194,093,57.5	1,090,076,34.0
For other special purposes	200,336,91.7	184,917,26.3
Total Tp. City & Spec'l Taxes	$2,943,618,00.0	$2,838,942,67.7
Delinquencies & Forfeitures	$493,781,35.3	312,144,41.3
Total Local Txs.	$6,199,704,58.1	$5,381,381,09.5

V.—Recapitulation.

	1855.	1856.
Total Co. Taxes	$2,762,305,02.8	$2,232,294,00.
Total Tp., City & Spec'l Txs.	2,943,618,00.0	2,838,942,67.7
Delinquencies & Forfeitures	493,781,35.3	312,144,41.8
Total Local Txs.	$6,199,704,38.1	$5,383,381,09.5
Total State Txs.	2,754,807,51.6	2,626,132,83.0
Excess of Local over S. Taxa'n	$3,444,896,86.5	$2,757,248,26.5
Total Taxes on Duplicate	$8,954,511,89.7	$8,009,513,92.5

The attention of the Legislature was earnestly invoked by my predecessor, to the large excess of County, Municipal and other local taxes over the taxes for State purposes. That disproportion has been, in some measure, corrected by the prudent legislation of the last session; but it is worth your consideration whether some further legislation may not be usefully directed to the same end.

The Report of the Commisioners of the Sinking Fund is not completed, but will soon be laid before you. It will contain full information in regard to their proceedings under the act of April 8, 1856, authorizing a new loan, for the payment of the debt of $2,423,359 79, payable at the pleasure of the State after the 15th inst. Proposals for this new loan, fixed by the Commissioners at $2,400,000, were invited by advertisement in the leading journals of Europe and America, and, on the 1st of October 1856, it was awarded to the highest bidder for the whole amount, at a premium of three and a half per cent. All the bonds of the old loan which have been present for payment, have been promptly redeemed; and the debt payable after 1856 will soon be entirely extinguished.

The experience of the State in this transaction, however, indicates the danger of relying upon new loans for the payment of maturing debts. It was confidently anticipated that this loan would command a premium of at least nine or ten per cent.; while the premium actually realized was only three and a half. It is not difficult to conceive of a state of the money market in which Bonds of the State could not be negotiated at par. In such a case a new loan would be attended with great pecuniary loss.

It is the part of wisdom to guard against the occurrence of such an exigency, and I therefore suggest the expediency of providing, by reasonable and suitable legislation for the debt of six millions four hundred and thirteen thousand three hundred and twenty-five dollars, which will be payable after 1860. To raise the whole amount by taxation during the four years which will intervene before it can be paid, would impose too serious a burden upon the people. I recommend, therefore, the sale of such stocks and other property of the State as can be disposed of for its real value, and the appropriation of the proceeds of the sale, together with the proceeds of such a rate upon the grand list as will produce the needed sum, to the payment of at least one-half the debt; distributing the remainder over so many of the following years as will bring its payment within the reach of moderate taxation. As every bond is payable at the pleasure of the State after 1860, the right to do this seems unquestionable.

The condition of the Sinking Funds demands your attention. The Constitution provides that no tax shall be levied except in pursuance of law, and that every law imposing a tax, shall state, directly, the object of the same, to which only it shall be appled. The same instrument provides for the creation of a Sinking Fund, sufficient to pay the accruing interest on the State Debt, and to reduce the principal, annually, by a sum not less than 100,000 dollars, increased by six per cent compounded annually. The act of March 14, 1853, designated the revenues which should constitute the Sinking Fund, and required the Auditor of State to set apart, annually as a specific fund for the payment of the principal of the debt, one hundred thousand dollars, in 1853, and in each subsequent year, the same sum, increased by compounding annually at six per cent. The act of May 1, 1854, directed the levy of one and a quarter mills on each dollar of the grand list of that year, to be applied to the payment of interest on the debt; and a further levy of one mill on the grand list of 1855, for the same purpose.

Under these constitutional and legislative provisions, the sinking fund was created an organized; but the revenues appriated to it, have not been kept distinct from other moneys in the Treasury, or reserved from other applications. The act of May 1, 1854 provides for the transfer, in a contingency then apprehended, of the sum of $130,000 from the Sinking Fund, to the General Revenue; and the act of April 11, 1856, authorized similar transfers, to the amount of $554,809 32. Under this last act transfers have been made to the General Revenue and to the Canal Fund, to the amount of $160,000. The natural consequence of this legislation, and this practice, has been the absorption of the Sinking Fund balances in the general expenditures. Thus, according to the Report of the late Auditor, there was, on the 15th of Nov. 1855, an apparent balance, to the credit of the Sinking Fund of $537,499 06. But, it must be observed that this balance constituted part of the general balance of $703,370 08, said, by the Auditor, to be "awaiting legislative appropriation" to the discharge of "temporary outstanding liabilities," and "to the necessary expenditures" of 1855–6. I have already shown that the payment of the debts of '54–5, incurred for the current expenses, more than absorbed all that was available of this reported balance. In like manner the present Auditor reports a general balance, to the credit of the Sinking Fund, on the 15th of November, 1856, of $481,749 06; while the same officer reports the total general balance, on that day, including the Sinking Fund balance, as $579,517 59, of which only the sum of $350,950 63 was then available; and this sum constituted the only fund for the payment of the current demands of every description upon the Treasury. In view of these things I think it my duty to recommend the levy of a sufficient rate upon the grand list to restore to the Sinking Fund the sums which have been transferred from it, or in any way diverted to other uses, and to increase it to the full extent of the constitutional requirement. I also recommend such legislation as will ensure the future reservation of the entire fund from every use except that of paying the interest and principal of the Public Debt, and the safe investment of that part specially applicable to the reduction of the principal, until wanted for that purpose.

The chief sources of our public income are the Grand Levy; Charter Taxes of Banks; Proceeds of Public Works; collections of Surplus Revenue loaned to Counties; sales of School and Ministerial Lands held in Trust; sales of Lands granted to the State in aid of Improvements, and otherwise acquired; dividends of Stocks; Convict Labor; Payments by the General Government on account of the three per cent. Fund; and Licences and Auction Duties.

Some of these sources of revenue are nearly exhausted; others were never productive; and the receipts from others are in the nature of loans rather than of income.

Only about forty thousand acres of land in Ohio yet remain the property of the General Government. Very little more can be expected, therefore, from the State's three per cent. proportion of their sales.—Not much land belonging to the State remains unsold. The amount of Surplus Revenue unpaid by Counties, is reduced to $206,349,77. The proceeds of convict labor are absorbed in the support of the Penitentiary, and avail nothing to the General Revenue. And the proceeds of the School and Ministerial Lands, as they accrue, become part of the Irreducable Debt upon which the State is bound to pay six per cent, interest to the use for which they were granted.

These facts admonish us that for the expenses of the State Government, of the Public Institutions, and for the payment of the State Debt, our main reliance must

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