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Gentlemen, I am apprehensive that the detail necessarily incident to the examination of this subject, may render this communication in some to many of you, but a sense of duty, and the conviction that the subject has never received from the Legislature, that minute investigation which the interest of the State requires, compels me to trespass still further upon your attention. I propose now, to refer, to the Chesapeake & Wide Water Canal, the Baltimore & Chesapeake Rail Road, & to the Chesapeake & Ohio Canal for the purpose of suggesting for your consideration, such legislation in reference to each, as will in my judgement promote the public interest.

The Chesapeake & Wide Water Canal Companies, during the fiscal year which ended on the first of December, 1845, paid into the treasury, the sum of \$74,800, which only left due from them for all their liabilities to that date, the sum of \$9,750. During the fiscal year ending on the first of December, 1846, the Treasurer has only received from those companies, the sum of \$11,550, being the interest on their bonds for \$192,500, paid to the State for arrears of interest. The diminution in the revenue from this work, has been caused by the extensive repairs rendered necessary by the destruction of freshets which occurred in the Spring and Summer of the present year, and by the loss of tolls consequent upon the suspension of navigation, notwithstanding those repairs were being made, I am informed by the President of those companies, that the gross receipt for tolls on the Canal, for the present year, have exceeded the receipts of the last year, notwithstanding the interruption of navigation, during that period of the year in which the business of the Canal would have been most active, and I am, therefore, of opinion that the Chesapeake & Wide Water Canal Companies would have met their liabilities to the State but for the unforeseen expense & loss, to which they have been subjected. You have seen from the tabular statement which I have furnished, that the liabilities of the Chesapeake & Wide Water Canal Companies, consist of their bonds for \$1,000,000, their bonds for \$192,500, paid in liquidation of the arrears of interest on the original loan, to the 1st of July, 1844, and of interest unpaid since that liquidation, amounting to \$64,750, making their aggregate liabilities \$1,257,250. I have reason to believe, that an exchange might be effected of the bonds & liabilities of those companies, for an equal amount of the bonds of the State, bearing the same interest. If this arrangement could be made, I have no doubt, that it would be beneficial to the State & acceptable to her people. It would lessen the State debt to the extent of such exchange, & expedite the period at which the public debt would be extinguished by the operation of the sinking fund by the number of years which it would take that fund to pay off \$1,257,250, the amount of the debt which would be obliterated by this arrangement. I do not hesitate, therefore, to recommend the legislation which may be necessary, to empower the Treasurer & Commissioner of Loans to make such an exchange as I have suggested.

The Baltimore & Chesapeake Rail Road Company have given a construction to several Acts of Assembly, conferring certain powers, and imposing certain obligations upon them, in which I cannot concur. By their construction, they claim the right to apply the whole, or any portion of the revenue of the road, which they may think proper, not simply to the repairs of the road, and to the payment of the ordinary expenses, but to the building of depots, and to the purchase of such additional cars, engines, &c. as they suppose may increase the business of the road. By the construction which I place upon those Acts of Assembly, I make it the duty of that Company to pay into the State Treasury all the revenue received from the road, after the payment of the