

A Direct Tax, to raise the necessary amount would, in my opinion, fall heavily upon the people at this time, because of the partial prostration of mercantile and industrial pursuits. Of course, if the money can be procured in no other way, Direct Taxation must be resorted to. But, as such a tax is always unacceptable, and would be onerous, under all the circumstances, I trust you will be able to devise some method by which its imposition at this time may be avoided.

The Legislature being constitutionally empowered "to contract debts, to any amount that may be necessary for the defence of the State," it seems to me that the best method of raising the required sum would be to borrow, on the Bonds of the State, an amount sufficient for our purpose after deducting therefrom a proper proportion to be reserved as a Sinking Fund for their redemption.

The interest on the Bonds might be met by a very slight increase of the present small rate of direct taxation; which, so increased, would not amount to the rate so long and so cheerfully borne by our people when no rebellion threatened the Union. By thus pledging the State's credit, the people will be relieved from paying, at once, the debt which has been fastened upon us by the insane conduct of the rebels.— We shall also be spared the mortification which would certainly ensue in consequence of our inability to collect the necessary amount by Direct Taxation in due time to meet our obligations to the Government.

It may not be inappropriate to suggest here that you cannot reasonably expect any assistance, to meet the exigencies of such an occasion, from the current receipts into the Treasury. The Comptroller of that Department informs me that on the 30th of September, 1861, at the close of the fiscal year, the condition of the Treasury was as follows:

Balance on hand as of Sept. 30th, 1860,	\$255,587 75
Receipts during the year,	960,813 08
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	\$1,216,400 83
Disbursed during the year,	1,046,356 41
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Leaving a balance of	\$170,044 42
as of Sept. 30th, 1861.	<hr/> <hr/>
Probable demands upon the Treasury for the	
current fiscal year,	\$1,000,000 00
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Amount of the Sinking Fund on the 30th of	
September, 1860,	\$4,823,229 35
Accumulation therefor during the year,	231,189 02
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