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MAJORITY REPORT OF JOINT COMMITTEES ON FINANCE  
AND CLAIMS.

CHARLESTON, February 16th, 1871.

*To the Legislature of West Virginia :*

In compliance with the request contained in Joint Resolution No. 15, a copy of which is attached hereto, calling on the joint committees of the two Houses, of "Finance and Claims" and "Taxation and Finance," for a report on the financial condition of the State, the undersigned, on behalf of said committees, beg leave to state that they have had said resolution under consideration, and submit the following

REPORT.

Your committees have arrived at their conclusion, as contained herein, from the annual message of the governor, the annual report of the auditor, and from a special report made by him to the committees, at their request, as also from personal interviews had with him by some members of the committees. The message of Governor Stevenson to the legislature, and the annual report of the auditor, are, we are constrained to say, well calculated to mislead the public mind, in regard to the actual condition of the treasury, and the available means for State purposes, as distinguished from the educational funds. The latter cannot, and should not, be invaded, for the liquidation of ordinary charges upon the treasury, without disregarding the policy of the State in regard to education. The ordinary charges subject to legislative appropriations, have been the subjects sought to be ascertained.

It will be perceived that neither the governor or auditor have separated the balances due to the several funds, and in that way their message and report are calculated to mislead, as before stated. In fact the balances are made up of the general and irreducible school fund, which are not subject to the general purposes of the treasury, and cannot be so used. The auditor was called on, by a resolution adopted by the Senate, on the thirty-first day of January, 1871, to separate the funds subject to general appropriations from the other funds, so as to show what sums, if any, remained in the treasury of the State, at the beginning of the present fiscal year. The auditor, in compliance with said resolution, has submitted his report, and we quote therefrom so

much as relates to the subject under review. That officer says: "I have the honor to furnish the Senate with the following statement:

Balance in the treasury, October 1, 1870,	\$213,420.08
<i>—all of which belongs to the school fund.</i> "	

He further says: "By reference to my report, page five, it will be seen, that there was standing to the credit of the general school fund, October 1, 1870,	\$248,388.25
To the credit of the irreducible school fund,	25,560.17

Total,	\$273,948.42
From which deduct amount in the treasury, Oct. 1, '70,	\$213,420.08

Showing the indebtedness of the treasury, Oct. 1, 1870,	\$ 60,528.34
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The auditor's report shows that the receipts in the treasury for the year ending October 1, 1870, was	\$643,975.25
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That the disbursements for the year ending on the same day, were	\$430,555.17
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Balance October 1, 1870, in treasury,	\$213,420.08
all of which, as is just stated, belongs to the school fund. Said report of the auditor, is herewith filed as part of this report.	

I have the honor to furnish the Senate with the following statement:

Balance in treasury Oct. 1, 1870, (Report page 1,)	\$213,420.08
all of which belonged to the school fund, and was therefore not subject to appropriations previously made.	

About eighty-eight of said appropriations have been paid, in whole or in part, all of which will be found in my report, table 1, page 6 to 9, inclusive, amounting to the sum of	\$420,063.13
The names of the parties to whom, and on what account paid, will be found in my report, from page 44 to page 94, inclusive.	

By reference to my report, page 5, it will be seen that there was standing to the credit of the general school fund, October 1st, 1870,	\$248,388.25
To the credit of the irreducible fund	25,560.17

Total,	\$273,948.42
from which deduct amount in treasury October 1st, '70,	213,420.08
showing the indebtedness of the treasury,	\$60,528.34

viz: to the general school fund,	\$34,968.17
and to the irreducible school fund,	25,560.17
	\$60,528.34

No transfers from one fund to any other fund have been made on the books in this office.

*Report of Finance  
Committee 1871* 3

The said \$60,528.34 was used to meet the extraordinary appropriations made at the last session of the Legislature, which exceeded the Auditor's estimate by more than \$130,000.00 including the appropriation of \$60,000.00 for the further construction of the Hospital at Weston. Said School Funds have long since been reimbursed by subsequent collections of revenue.

I have the honor Sir to be your most obedient Servant,  
T. BOGGESS,  
*Auditor.*

It will be seen from the foregoing that, while, the Governor in his message, claims a balance in the Treasury of \$213,475.58—to which he adds \$229,300, on account of the school fund, making a total of \$442,775.58—the auditor, in his answer to the resolution before referred to, entirely disproves the Governor's conclusion, and shows, that instead of there being a balance in the treasury of \$213,475.48, exclusive of school funds, there is an actual deficit of \$60,528.34.

The auditor also shows, in his annual report, that on the first day of October, 1870, (see page 17) there were balances of former appropriations unpaid, at the treasury, (after excluding the school funds) amounting to \$32,023 82—this sum was appropriated and remained undrawn at the end of the last fiscal year, and being payable during the current year, must be added to the above balances, as follows :

Deficit October 1, 1870,	\$60,528.34
Former appropriations unpaid October 1, 1870,	32,023.82
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Actual deficit October 1, 1870,	\$92,552.16

The treasurer reports that on the first day of January, 1871, there was \$131,554.60 in the treasury, belonging to all funds, but does not say how much of it belongs to each fund.

*Charges upon the Treasury as estimated and recommended by the Senate Committee on Finance and Claims and the House Committee on Taxation and Finance, in joint session, for the fiscal year ending September 30, 1871 :*

Deficit in the Treasury October 1, 1870,	\$ 92,552.16
General appropriations to pay per diem and mileage of members of the Legislature, and pay of their officers, salaries of judges, and contingent expenses of courts, and criminal charges, salary of the Governor, and other State officers and other usual miscellaneous charges upon the Treasury,	214,416.50
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Making a total of	\$306,968.66

being the sum actually necessary to make up said deficiency, and to provide for the ordinary expenses of the government. But, if you add to the foregoing sum, the following items of appropriations, asked for by various parties, and which appropriations have been recommended by the Senate Committee on Finance and Claims, and the House Committee on Taxation and Finance, to-wit:

For Commissioners on Virginia debt,	\$ 1,500
For the further construction of the Insane Hospital,	50,000
For the further construction of the Penitentiary,	40,000
For the Institution for the Deaf, Dumb and Blind,	15,000
For Immigration Agency,	2,500
For Geological Survey,	2,500
For West Virginia University,	10,000

It would make a total of \$428,468.66

If you add to this whatever may be appropriated by the Legislature to roads, bridges, and other works of internal improvement, &c., it will, of course, increase the amount to be raised that extent.

*Estimated receipts of the Treasury for the liquidation of general appropriations.*

<i>Total Revenue for State purposes for the year 1871,</i>		
On lands of the value of	\$95,385,387	\$190,770.77
On personal property of the valuation of	\$37,739,986	\$75,479.97
	<u>\$133,125,373</u>	<u>\$266,250.74</u>
Less Sheriffs' commissions and delinquents equal to 15 per cent.,		\$39,937.61
		<u>\$226,313.13</u>
Add license tax \$46,040.91, less Sheriff's commissions equal to 7 per cent.,	\$3,222.86	\$42,818.05
		<u>\$269,131.18</u>
Hospital tax on all property of the valuation of \$133,125,373,	\$66,562.68	
Less Sheriffs' commissions and delinquents equal to 15 per cent.,	\$9,984.40	\$56,578.28
		<u>\$325,709.46</u>

Railroad tax for general purposes,	\$ 14,725.68
Railroad tax for hospital purposes,	3,681.42
Receipts from delinquent Sheriff's, &c.,	30,000
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	\$374,116.56

## RECAPITULATION.

Total disbursements, &c.,	\$ 428,468.66
Total receipts,	374,116 56
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Estimated deficit Oct. 1, 1871,	\$54,352.10

It will be seen from the foregoing statement that we commence the present fiscal year with a balance against us, which must be supplied by taxation, amounting to the large sum of \$92,552.16 and that we will probably end the year with an estimated deficit of \$54,352.10, which is a reduction of \$38,200.06. This establishes the further fact, that the rate of taxation is only sufficient to meet the ordinary expenses of government, economically administered; and the deficit which is found to exist, at the commencement of the present fiscal year, has been produced, in part, by the expenses of registration, and other causes, which it is the policy of the present Legislature to reform, and, as far as practicable, to economize and also to reduce the expenditures of the State Government. The present rate of taxation will only satisfy the charges upon the treasury, without materially diminishing the temporary deficit, and it is true wisdom that this fact should be known. It is not necessary for us, now, to discuss the questions which have led to this condition of things. The retiring administration has produced it.

The school fund, which is maintained by taxation and the income from investments, should, always, at the end of each fiscal year, be set apart for its own purposes, and should never be estimated with the funds of the general treasury, which are subject to legislative appropriations. Each fund should be applied to its own legitimate purposes, and should never be used to supply a deficiency in any other department, which has heretofore, been the case.

The accounts have, hitherto, been kept together, which we are of opinion should not be done, and we therefore recommend a change in that respect.

The school fund will shortly be called upon to relinquish one of its sources of revenue, and it would be the part of wisdom, to so manage the remainder, that no detrimental or violent shock shall be given to the great cause of education, which it is the true policy of this State to foster and maintain, and which we believe it will be the pleasure of the

party about to come into power in this State, to ever sustain, protect and encourage. The subject alluded to is the stock owned by the State in banks and corporations, which were set apart by the seventh section of article eight of the Constitution, to be sold and applied in payment of the public debt.

The proportion of the public debt of the Commonwealth of Virginia, which this State assumed, is now being pressed upon our consideration. It must be ascertained and met in that spirit of fairness, which is the distinguishing characteristic of our people. Until the bank and corporation stocks shall be needed for the purposes of the public debt, it is needless to repeat the history of legislation, by stating more than to say, that the income therefrom, has been, and will be, appropriated to replenish the school fund. The sum which will then be withdrawn, under the operation of the provision of the Constitution before referred to, will be more than one half of the irreducible school fund.

In regard to the debt of the Commonwealth of Virginia, your committee have to say, that they have labored under great difficulties in procuring accurate information. There is very little, if anything, to be had upon the subject, in any of the departments of our State Government, and they have therefore had to rely upon such information as they could procure from other well informed sources; they, therefore, file a statement herewith, of the amount and character of said debt, derived from such sources, but would say, that it is, of course, not entirely correct, though in their opinion it closely approximates to correctness.

STATEMENT OF PUBLIC DEBT OF VIRGINIA.

Unredeemed debt, January 1, 1860,	\$32,976,666.33
Debt and interest bearing	35,719,328.68

HELD BY COMMONWEALTH PROPER.

Bank stocks,	\$ 2,243,100.00
Bonds of James River and Kanawha Company,	268,645.33

HELD BY INTERNAL IMPROVEMENT FUND.

In Banks,	\$ 1,103,850.00
“ Railroad companies,	16,102,993.78
“ Navigation “	4,762,966.30
“ Plank road, “	410,337.53
“ Turnpike, “	2,420,893.35
“ Bridge, “	136,054.66
“ State roads, “	1,765,543.54
Bonds of Railroad companies,	288,372.00
“ James River and Kanawha Company,	4,500.00

Bonds of Chesapeake and Ohio Canal,	35,400.00
“ Norfolk and Petersburg R. R. Co.,	300,000.00
Loans to Railroad Companies,	2,883,333.33
“ James River and Kanawha Company,	2,486,000.00
“ Trustees of Town of Bath,	2,500.00
“ Old James River Company Stock,	142,000.00
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	\$35,357,469.82

Of these \$10,057,584.65 produced a dividend of 6.18 per cent.

Total stocks &c., owned by Virginia,	\$35,357,469.82
Dividend paying stocks &c., owned by Virginia,	10,059,584.65
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Total non-dividend paying stocks &c.,	\$25,299,885.17

JAMES M JACKSON,  
Ch'n. of Committe Taxation and Finance.  
H. G. DAVIS,  
Ch'n. of Committee, Senate.

JOINT RESOLUTION NO 15.

*Requesting the Joint Committee on Finance and Claims to report on certain matters.*

RESOLVED, By the Legislature of West Virginia:

That the Joint Committee on Finance and Claims of the House and Senate, report the condition of the State Treasury on the first day of October and January last; the amount of revenue last year from all sources, and the expenditures; the probable revenue and expenditures for the present year, together with any information they may deem proper concerning the debt between the States of Virginia and West Virginia; and any other information they may have connected with the finances of this State.

ADOPTED February 8th, 1871.