

loans made thereon, bearing interest, usually at not less than eight per cent per annum, and the result is a surprising loss to the State, the aggregate amount so paid in interest last year having been \$6,628.12. In a word, we spend our money before we get it. It may be possible, when present financial adjustments are completed, that this disadvantageous condition will be materially improved, but a permanent remedy should be found and enforced immediately. To this end the following suggestions are submitted: A helpful expedient would be to authorize the collection of taxes in semi-annual instalments, the first half payable in May and the second half in November, with the added privilege, perhaps, to the taxpayers of obtaining a small discount for full settlement before the date of delinquency. To put such a plan into execution would necessitate changes in the revenue law that would provide for assessment of property earlier in the year and that would hasten completion of the assessment rolls, but the results could not be otherwise than to provide revenue more nearly the time when it is needed, and thus accomplished, at least approximately, the object sought. Another meritorious plan which, in my judgment, would mitigate and, perhaps, correct the existing evil, would be to authorize the State board of land commissioners to invest the proceeds arising from sale of lands in loans secured by State warrants, at say seven per cent per annum interest. The law now in force authorizes the investment of these funds in State, county, municipal or school district bonds, or in first mortgage loans on farming lands at seven per cent. Opportunities for the proper investment of these funds in any of these securities will not be found adequate, and it will be developed that moneys belonging to the State will be lying idle, while the very institutions sought to be benefited by such investments are borrowing money from the banks for maintenance. If the law be amended as proposed, the State would become its own banker, the institutions would secure loans at a less rate, the various land funds would derive a better interest rate upon unquestionable security, and prevent anomalous, business-like and disadvantageous conditions would be done away. Whether the authorization of this additional investment of the land funds would wholly accomplish the desired end of placing the treasury upon a cash basis or not, I recommend it as a proper thing to do, on the ground that strict business maxims should control the administration of public finances, and it is manifestly foolish to store moneys for difficult and perhaps remote investment, when such perfectly gilt edge security as our own warrants may be within our grasp. The first State Legislature was careful to provide ample resources to cover all liabilities. Let us not adjourn this session until, by the adoption of some of these suggestions or such other as your united wisdom may determine, the problem of making all State paper as good as cash shall have been permanently solved.

The Legislature at its last session provided for the collection of a fee of twenty-five cents per thousand on the capital stock of each corporation incor-

porated after the passage of the law, and the same fee for each company filing with the secretary of state amended articles increasing its capital stock. These fees have yielded \$6,888.90 in nine months. Another law authorized the collection of a tax on the gross annual premiums of foreign insurance companies doing business in the State. This tax yielded \$8,645.25. Such collections are in no sense oppressive, but tend to equalize the burdens of taxation by requiring corporations doing business in the State to bear a just portion of the expenses of the government.

I commend to your consideration the propriety of further increasing the revenue, by legislation that will authorize a moderate inheritance tax to be paid by wealthy estates in probate. In other states such a tax is productive of much revenue, which lessens correspondingly the direct taxation. It seems to me also to be only just, considering the well established fact that a very large proportion of the crimes committed are the result of liquor drinking, and that the State is charged with the expense of criminal prosecutions and the maintenance of the State prison, that the State ought to get a percentage of the revenues resulting from liquor licenses, now collected entirely by cities and counties. This view receives further emphasis in the fact that a large proportion of the insane, supported wholly by the State, have their brains stolen away by rum. If this subject is viewed in a logical sense, or considered in the light of precedent set by other states, an adjustment of policy to give the State its proper share of the revenues derived from the liquor traffic is now in order.

The sale of \$200,000 of State bonds, drawing 4 per cent per annum interest and running twenty years, was effected by the State board of loan commissioners June 1st, at a premium of \$3,212.50, and the proceeds paid into the State treasury in July. Considering the strained financial conditions and business uncertainties incident to the time generally and to the presidential election year particularly, the sale was an exceptionally good one. It is the first sale of 4 per cent bonds emanating from this State that I have any knowledge of, and the success attending it places our State bonds in the category of the best securities. The board of loan commissioners has authority also to refund outstanding 5 per cent issues of Territorial bonds, and negotiations are now pending for refunding the issue of \$150,000 of 1888, running twenty years, but optional after ten years. When this is done it will produce a saving in interest on this issue of \$1,500 per annum, and if the board is successful in refunding the other two Territorial issues, a further saving of \$5,500 per annum.

There were two provisions in the act creating the State board of land commissioners and providing for the location and sale of State lands, which prevented the board from making any sales or leases during the year, and retarded the appraisements of land. The first provision referred to was the one that gave settlers or occupants of State lands six months within which to file their applications for the preference right to purchase the land occupied by

them. The board deemed it unsafe to attempt to sell any lands until the settlers or occupants had filed their applications and it was definitely determined what State lands were actually settled or occupied. The second provision gave settlers or occupants of State lands the preference right to purchase land in any sized tract not exceeding 100 acres. Until the preference rights were determined, it was impracticable to appraise the lands for the reason that the appraisements ought to be made in tracts conforming to the settlement or occupancy, and until the applications were made the board could not determine how the quarter sections would be subdivided. The board proceeded with due diligence and caused to be made necessary plats, which were filed in the offices of the county treasurers of the respective counties. The time has now elapsed within which the settlers of most of the counties had to file their preference rights, and will consequently in the other counties. The board is now proceeding to hear and determine the applications for preference rights and causing the appraisements to be made as fast as possible. It is believed that during the spring months all of the State lands upon which a preference right of purchase exists, will be disposed of. While the appraisements have not proceeded far enough to make an exact estimate of these lands, it is believed that the State will, this year, realize upwards of fifty thousand dollars in interest and rentals of its public lands. The board has made a general inspection of the lands of the State, and has the necessary information to make selections of State lands promptly as the interest of the State may require.

As is well known, all of the agricultural lands of the State that are susceptible to irrigation from the present sources of water supply, are taken up. By the construction of expensive reservoirs, large tracts of lands may be brought under cultivation. The State has a grant of five hundred thousand acres of land for the establishment of permanent water reservoirs for irrigation purposes. The lands included in this grant may be sold and the proceeds thereof used in the construction of reservoirs at such points as to benefit the lands selected for the State. To realize on this fund in the usual course of selection and sale of the grant would require a great many years. I recommend that this fund be anticipated by the sale of bonds in such sum as you may deem best, to be known as reservoir bonds, to be secured by the proceeds of all land selected under this grant; the proceeds of the sale of such bonds to be used in the construction of reservoirs to supply water to State lands, thereby increasing their value manifold and bringing them immediately into market. This plan, I believe, will give the State an opportunity of realizing on a part of its lands within a brief period, and will thereby reduce taxation. Under the grant of lands to this State the board of land commissioners was, and is of the opinion that the grant includes mineral lands, and made application to have the same set apart to the State under its grant. The application was rejected by the register of the land office, but as the