

GAH 3/2.2/D 33/1896

C.2

COLORADO STATE PUBLICATIONS LIBRARY



3 1799 00176 8290

DOCUMENTS DIVISION

LENDING COPY

1897
PUBLIC LIBRARY
OF THE
CITY OF DENVER

THE STATE DEBT.

Constitutional Amendment

Providing for

FUNDING.

Financial Statement Prepared by Authority of
the State Legislature.

Explanation of Appropriations and Expenditures.

Cogent Reasons Why the Amendment
Should be Adopted.

To the People of the State:

As the author of House bill No. 113, which became chapter 65 of the laws of 1895, which provides for submitting to the qualified electors of the State an amendment to article XI., section 3, of the constitution, providing for the bonding of the outstanding State indebtedness, I respectfully submit for the careful consideration of the electors of the State the following facts:

First—The effect of the amendment, if adopted, is not to create a new debt, nor to add to the burdens of the tax payers, but is to bond, at a rate of interest not exceeding 4 per cent. per annum, a debt of the State, which is now drawing 6 per cent. interest, and which is acknowledged, by all who have taken the pains to investigate, to be an honest debt of the State.

Second—The now famous Collier & Cleveland, Graham & Webber and Lawrence & Co. warrants are not included in the list of warrants proposed to be taken up by the proceeds of the bonds to be issued under the provisions of the amendment. The holders of those warrants took their cases into the courts in the form of mandamus proceedings, and \$164,000 of the State money has, upon the advice of the Attorney General, been held in the treasury to meet their demands, if they win their cases.

Third—None of the warrants proposed to be provided for are in any sense tainted with fraud. Those so tainted are waiting the decision of the courts, as above stated. The claim has never been made that the State did not get full value for every one of those warrants proposed to be paid under the provisions of this amendment.

Fourth—While these warrants are generally termed "excess warrants," a large majority of them are not in any sense excess warrants. But they were issued strictly within the limits fixed by the constitution and laws of the State.

Why, then, were these warrants not paid?

As the financial standing and good name of the State of Colorado are, to some extent, involved in the proper solution of this question, I will state as briefly as possible the circumstances leading up to the accumulation of these unpaid warrants of 1887, 1888 and 1889.

Our State constitution prohibits any General Assembly making appropriations in excess of the anticipated revenue for the two fiscal years for which it is elected. As the regular session of the Assembly is held at the beginning of the two years, the amount of revenue which will be actually collected can only be estimated or guessed at, and the result has been that, with the exception of the third, every Assembly up to and including the seventh, has made appropriation in excess of the revenue.

No expenditure of the State's funds can be made except as authorized by an appropriation made by the General Assembly. The bills making these appropriations in excess of what the collected or actual revenue amounted to passed both branches of the Assembly, and were approved by the Governor, and the several State Auditors seem to have regarded them as laws which they were bound to obey, and they therefore issued the warrants.

The amount, in round numbers, of these appropriations in excess of the actual revenue, for which warrants were issued, is as follows:

Old Territorial debt.....	\$ 40,000
First General Assembly, fiscal years 1877 and 1878.....	80,000
Second General Assembly, fiscal years 1879 and 1880....	150,000
Third General Assembly, fiscal years 1881 and 1882.....	None
Fourth General Assembly, fiscal years 1883 and 1884....	250,000
Fifth General Assembly, fiscal years 1885 and 1886.....	140,000
Sixth General Assembly, fiscal years 1887 and 1888.....	190,000
Seventh General Assembly, fiscal years 1889 and 1890...	70,000

The decision of the Supreme Court, rendered in 1889, soon after the adjournment of the Seventh General Assembly, declaring all warrants to be illegal which were in excess of the revenue for the year in which they were issued, prevented the issue of a large share of the warrants to cover the excess appropriations made by the Seventh General Assembly. And it is but just to state that to a portion of the daily press of Denver is due the credit of arousing public sentiment to a point that it demanded a judicial decision of the question of the over-issue of warrants and a compliance with the law.

But the excess warrants issued from year to year, as before stated, had largely passed into the hands of innocent purchasers. In compliance with the law of 1888, the State Treasurers had purchased about \$444,000 of those generally termed excess warrants, as an investment for the public school fund of the State, and \$61,000 for other State funds. About \$150,000 had been invested in these so-called excess warrants by the savings banks of the State of New York. These banks, under the provisions of their State law, are charitable institutions, whose officers received no pay, and if these warrants which came to them in due form, signed by the proper officials and bearing the great seal of the State of Colorado, are not paid, the poor depositors in those banks must bear the loss.

The constitution of this State says:

"The public school fund of the State shall forever remain inviolate and intact. * * * The State shall supply all losses thereof that may in any manner occur."

Thus it is shown to be a duty, solemnly imposed by the constitution, that the people shall take the necessary steps to make good the deficiency in the public school fund of the State.

There is no way by which the warrants held by the public school fund, amounting to about \$444,000, and the interest on the same amounting to about \$215,000, can be paid or the taint of technical illegality removed, except by the passage of this proposed constitutional amendment.

The reason why these outstanding warrants are of the years 1887, 1888 and 1889 is as follows: Until the decision of the Supreme Court, as above referred to, had been rendered, it had been the custom of all State Treasurers, as it is the custom to this day of many of County Treasurers, to pay the oldest outstanding warrants first. Pursuing this plan, a large share of the revenues of 1887, 1888 and 1889 were used to pay the warrants of previous years. Thus several hundred thousand dollars of the warrants of those three years, which were not even technically illegal, were left without any funds to pay them.

It may reasonably be regarded as a partial excuse for the appropriations by the General Assembly and the issues of warrants, in excess of the revenue, that it was done in our early history, when the State was in a similar condition to a newly married couple just beginning housekeeping. We needed many things with which we are now provided, and which we could not have had without these large expenditures. As an example, the revenues of the State to the extent of millions of dollars have been used for the construction of the capitol and the buildings at the various State institutions.

It is very desirable that every voter in the State should carefully examine the accompanying Exhibit "B," which shows the purpose for which every outstanding warrant was issued. It will be seen that they were given in payment for actual services rendered or supplies furnished to the State.

It should be borne in mind that no excess warrants have been issued since the decision in 1889, nor can any be issued in future.

The special attention of all parties is called to the fact that, after a very full discussion and long and careful consideration of this measure in both Houses of the General Assembly, it received more than a two-thirds' vote in each House, there being recorded against it but six votes in the Senate and eleven in the House. In other words, a majority of each of the three political parties represented in the General Assembly voted for the measure.

In conclusion, I say most earnestly and conscientiously that after several years of careful thought and study of the matter, it is my candid judgment that every voter who feels an interest in preserving the good name of Colorado, and in the public school fund particularly, should do all in his power to secure the adoption of this amendment.. Very respectfully,

Your obedient servant,

JOHN W. LOWELL,

Chairman of Committee on Finance, Ways and Means
of the House of Representatives of Ninth and
Tenth General Assemblies.

The following committee report, made to the Lower House of the Tenth General Assembly, is self-explanatory:

Mr. Speaker—Pursuant to House Resolution No. 21, to collect data concerning the State debt, your Committee on Finance, Ways and Means employed an expert accountant under the provisions of said resolution, and beg leave to report as follows:

Exhibit "A" shows every warrant outstanding of the years 1887, 1888 and 1889—3,245 in number, date of issue, number of warrant, in whose favor drawn, on what appropriation drawn, for what purpose in detail, if held by an individual or purchased by the State Treasurer for some State investment fund and for which fund so purchased, the amount and the interest thereon computed up to and including November, 30, 1896.

Exhibit "B" shows a condensed summary of Exhibit "A," giving in detail in a condensed form for what purpose these warrants were drawn as to each fund and for each year. The grand total of warrants outstanding for which there is no provision or possible revenue to pay comprise warrants of 1887, 1888 and 1889, and amount to the total sum of \$784,855.12. Interest on same, computed up to and including November 30, 1896, \$370,672.01. Total principal and interest, \$1,155,527.13. Of the above principal sum of \$784,855.12, the public school fund contains \$443,727.80; the internal improvement permanent fund contains \$36,744.59; the internal improvement income fund contains \$1,202.59; the State University land permanent fund contains \$22,645.22; or total invested in State cash funds, \$504,320.20. The balance, amounting, to \$280,534.92, are held by individuals and about 90 per centum of the warrants held by such individuals are for salaries and supplies for State institutions.

It appears from Exhibit "B" that the bulk of the warrants outstanding, namely: \$621,353.52, or 79 per centum of the total, were drawn as follows:

For officers salary	\$302,867.43
For maintenance of the Penitentiary	186,529.31
For maintenance of the Industrial School.....	63,171.20
For maintenance and buildings of the Insane	
Asylum	68,785.58
Total	\$621,353.52

Your committee would recommend that Exhibit "A" be bound and filed with the Auditor of State for inspection by the public; and further recommend that Exhibit "B," together with this report, be printed in pamphlet form in such quantities as the Governor may deem necessary and advisable for distribution to the voters of the State, who will thereby be enabled to form an intelligent idea of the outstanding State debt to be bonded.

JOHN W. LOWELL, Chairman.
WM. B. RUNDLE.
I. J. WOODWORTH.
THOS F. O'MAHONEY.
ELBERT GREENMAN.
W. N. RANDALL.
C. L. WESTERMAN.
CELESTINO GARCIA.
J. C. FUNDERBURGH.

The report was adopted.

EXHIBIT B.

OFFICERS' SALARY.	1887.	1888.	1889.
State officers elect and their deputies.....	\$9,733.24	\$26,299.74	\$20,370.00
Supreme Court judges and commissioners.....	9,999.84	27,499.56	20,000.00
Criminal and district judges and district attorneys.....	19,732.92	57,198.78	42,800.16
State officers, appointed.....	6,683.28	15,666.52	19,203.21
All other clerical help, including mileage and traveling expenses.....	4,521.33	10,468.00	12,510.85
TOTAL, \$302,687.43	\$50,670.61	\$137,132.60	\$114,884.22

PENITENTIARY.			
Salaries of Commissioners, warden, officers, guards, etc....	\$15,746.41	\$27,578.84	\$41,656.97
Meats supplied.....	3,344.30	10,840.50	9,705.14
Coal and wood.....	513.99	1,745.14	3,744.25
Leather and findings.....	62.27	873.33	449.72
Groceries, including flour and vegetables of all kinds.....	2,121.68	6,873.62	12,082.09
Water rent.....	750.00	750.00	-----
Gas, etc.....	368.30	835.18	-----
Photographs of convicts.....	54.00	101.50	214.00
Hardware, steel, iron, powder and fuse.....	871.26	1,753.98	6,077.07
Sewer pipe and cement.....	-----	531.30	507.50
Hay and grain.....	579.51	482.48	1,666.70
Drugs and paints.....	731.18	1,581.53	1,516.48
Dry goods.....	157.37	3,686.38	2,685.77
Clothing.....	334.06	1,145.35	1,385.46
Stationery.....	98.40	81.11	187.25
Advertising and Printing.....	73.56	72.37	252.63
Lumber.....	95.70	1,481.70	2,628.81
Cash paid discharged convicts.....	-----	-----	1,123.35
Rent of farm.....	-----	-----	850.00
Water works and ditch construction.....	-----	303.23	1,236.85
Plumber and steam fittings.....	-----	154.42	971.32
Electric light plant.....	-----	-----	6,691.20
Furniture.....	-----	-----	885.15
All other items not enumerated.....	542.53	751.05	1,944.07
TOTAL, \$186,529.31	\$26,444.52	\$61,623.01	\$98,461.78

INSANE ASYLUM.	1887.	1888.	1889.
Female, or east wing building	\$2,099.00		\$22,013.87
Male, or west wing building	10,749.70		7,38.45
Coal and wood	121.77	434.69	
Water and Irrigation	150.00	150.00	259.50
Light		100.50	185.20
Groceries, flour and vegetables of all kinds	2,822.28	2,344.31	3,457.93
Hardware	137.04	360.29	360.27
Dry goods	227.37	414.24	145.26
Drugs and Paints	208.90	207.70	126.80
Clothing	260.40	231.30	430.60
Meats	510.44	457.83	635.41
Lumber, cement and roof paint		920.04	
Furniture and furnishing		65.82	1,725.02
Steam fitters' and plumbers' supplies		236.43	
Hay and grain		381.65	148.49
Insurance			650.00
Salaries	3,588.39	3,557.70	91.79
All other items not enumerated above	44.00	137.50	97.70
TOTAL, \$68,785.58	\$20,919.29	\$10,000.00	\$37,866.29

CONTINGENT DEPARTMENT.			
Stationery supplied to State officers	\$1,228.81	\$192.77	\$700.12
Janitors	900.00	1,125.00	1,800.00
Postage	429.73	529.05	1,182.00
Calsomining and plumbing repairs	187.95		119.54
Other repairs and furniture	85.14	152.00	323.80
Express and telegrams	22.75	74.34	275.23
Keys, locks, repairing and rubber stamps and stencils	38.00	55.25	189.90
Telephone	71.55	70.00	265.70
Insurance	202.50	161.20	155.25
Gas	46.00	199.20	63.55
Safe for State Treasurer			1,000.00
Miscellaneous items		28.98	53.00
TOTAL, \$11,928.31	\$3,212.43	\$2,587.79	\$6,128.09

INDUSTRIAL SCHOOL.	1887.	1888.	1889.
Salaries of board of control, sup't and all other employes	\$4,104.21	\$5,726 63	\$5,919.78
Meat supplied	263.95	1,239.01	603.10
Coal and wood	121.77	753.68	391.68
Leather and findings	371.25	976.26	588.60
Groceries, flour, and vegetables of all kinds	1,359.54	5,210.78	3,880.17
Feed, hay and grain	885.71	545.48	247.02
Hardware and furnishing goods	493.53	2,021.58	999.64
Dry goods, carpets, notions, boots and shoes, hats and caps	1,454.45	2,544.07	864.55
Drugs, paints and medical attendance	354.82	489.04	217.45
Books and stationers	409.91	565.14	285.51
Lumber and material	242.62	481.31	203.89
Water		249.17	150.00
Broom corn and supplies	2,810.18	297.74	
Advertising and printing	70.90	140.90	150.10
Iron pipe and fittings, blacksmithing and repairing	882.87	234.77	163.15
Insurance		450.00	86.62
Purchase of 40 acres of land		4,000.00	
Dormitory building and repairs			5,498.00
Irrigation			542.53
All other items not enumerated above.	614.66	1,136.55	876.93
TOTAL, \$63,171.20	\$14,440.37	\$27,062.11	\$21,668.72

GENERAL CONTINGENT FUND.			
Board of canvassers expenses	\$30.00	\$300.00	
Board of equalization	150.00	425.00	1,300.00
Semi-annual examinations state treasurer's accounts	125.00	250.00	125.00
Telegrams	193.55	55.70	81.66
Supreme court costs in state cases		710.25	
Clerical assistance		173.60	1,024.06
Special agents			405.30
Legal advice			2,540.00
All other items	6.15	215.42	3.50
TOTAL, \$8,114.19	\$504.70	\$2,129.97	\$5,479.52

LAND COMMISSIONERS' FUND.	1887.	1888.	1889.
Advertising and printing.....	\$180.51	\$395.43	\$680.22
Recording patents, etc.....	140.15	20.80	47.85
Traveling expenses.....	62.65	314.74	150.80
Appraising and inspecting.....	46.00	811.81	714.94
Salaries and clerical assistants.....		2,478.39	1,600.18
All other items.....	32.00	216.75	595.62
TOTAL, \$8,488.84	\$461.31	\$4,237.92	\$3,789.61

FISH COMMISSIONERS.			
Salaries, commissioner, superintendent, etc.....	\$583.32	\$1,500.00	\$916.64
Labor, hatcheries.....	240.00	500.00	888.10
Feed, lumber, supplies and erecting new buildings.....	460.47		1,836.48
Expenses selecting sites for branch hatcheries.....			448.00
Express and other expenses distributing young fish.....			276.78
TOTAL, \$7,649.79	\$1,283.79	\$2,000.00	\$4,366.00

COPYING, TRANSLATING AND INDEXING.			
House and Senate Journals.....	\$215.00	\$245.54	\$2,483.35
Indexing session laws and proof reading.....			420.00
Translating Spanish.....	265.00		
TOTAL, \$3,628.89	\$480.00	\$245.54	\$2,903.35

INCIDENTAL PRINTING.			
Supplies to state officers.....	\$2,352.62	\$5,522.90	\$11,103.96
Supreme Court reports and books.....	31.75	220.50	590.10
Advertising.....	276.95	512.10	203.30
Stock brand books.....			600.00
TOTAL, \$21,414.18	\$2,661.32	\$6,255.50	\$12,497.36

LEGISLATIVE PRINTING.			
Supplies, state officers.....	\$1,801.81		
Printing House and Senate Journals.....		\$2,420.50	\$2,796.61
Printing reports of state officers.....		1,227.31	6,483.97
Printing session laws.....			4,416.92
Printing constitutional amendments.....		202.00	
TOTAL, \$19,349.12	\$1,801.81	\$3,849.81	\$13,697.50

ATTORNEY GENERAL'S CONTINGENT.			
	1887.	1888.	1889.
Assistants	\$472.75	\$2,927.50	\$1,500.00
Clerical assistants and traveling expenses	20.90	493.18	
TOTAL, \$5,414.33	\$493.65	\$3,420.68	\$1,500.00

LABOR BUREAU EXPENSE.			
Supplies	\$104.05		
Clerks	146.24	1,827.55	
Mileage	262.16	423.00	
TOTAL, \$2,763.00	\$512.45	\$2,250.55	

STATE ENGINEER'S ASSISTANTS.			
Salary, engineer			\$2,233.30
Salary, assistants			2,361.55
Expenses at gauging stations			333.28
Traveling and other expenses			223.40
TOTAL			\$5,151.53

BUREAU OF IMMIGRATION.			
Salaries, assistants and clerks			\$1,083.75
Traveling and other expenses, gathering exhibits and statistics			243.05
File of all State newspapers			443.25
Expenses Chicago exhibit			3,819.10
TOTAL			\$5,589.15

BOILER INSPECTORS			
Salary, deputies and clerks			\$2,427.98
Mileage and drayage			1,045.01
TOTAL			\$3,472.99

Partly building Reformatory			\$4,376.19
Partly building Agricultural College			7,124.00
Partly building Soldiers' and Sailors' Home			1,000.00
Colorado muster roll	\$566.40		
Secretary of State's clerical (brand clerk)	600.86	\$1,083.33	895.55
Encampment of the Colorado National Guard			7,332.31
Executive and judicial rent (Barclay block)	4,842.64	12,667.26	9,109.62
TOTAL, \$49,598.16	\$6,009.90	\$13,750.59	\$29,837.67

	1887.	1888.	1889.
Publication of session laws			\$2,278.
Publication of session laws, Spanish	\$1,000.00		
Printing 50,000 copies preferable climate			791.
Printing meteorological data			745.
Historical society—purchase curios (Cliff Dwellers, etc.)		\$998.25	1,500.
Horticulture and forestry			1,000.
Legislative expense			369.
Supreme court library	14.10	11.32	2,231.
Contingent rent			180.
TOTAL, \$11,119.12	\$1,014.10	\$1,009.57	\$9,095.
TOTALS	\$130,910.25	\$277,555.64	\$376,389.
Interest on same computed to Nov. 30, 1896	70,980.68	139,709.41	159,981.
GRAND TOTAL	\$784,855.12		
Grand total interest	370,672.01		
	\$1,155,527.13		

Photomount
Pamphlet
Binder

Gaylord Bros., Inc.
Makers
Stockton, Calif.
PAT. JAN. 21, 1908

RECEIVED

MAR 15 2019

STATE PUBLICATIONS
Colorado State Library