

May 18, 1926.

Mr. Joe Craine,  
Winnsboro, Tex.

My dear Mr. Craine:

This is in further answer to your letter of May 11 addressed to Mr. Carter, requesting information concerning the condition of state finances and particularly with reference to the prison system. We believe we have this information for you.

The report of the penitentiary system, as of Dec. 31, 1925, showed it had an indebtedness of \$1,516,973.41 against \$1,349,388.95, as shown by the auditor's report on Dec. 31, 1924, an increase of \$167,584.46. On January 1, 1925, the system had on hand in cash \$289,642.27. On January 1, 1926, the amount was \$210,691.82, nearly \$80,000 less. On January 1, 1925, outstanding vouchers totaled \$91,000. On January 1, 1926, they totaled \$151,000. In other words, the liquid assets of the prison system on January 1, 1926, were \$140,000 less than on January 1, 1925. On January 1, 1925, the current outstanding notes of the system amounted to \$111,000. On January 1, 1926, the same were \$284,000. In 1924 the system showed a profit of \$145,000. For the year 1925 it showed a loss of \$92,000. The actual operating loss is given as \$58,000, but to this is added a loss of \$34,000 upon approximately 3,000 bales of cotton sold during the year at just that much below the inventory price at the beginning of the year.

The cost of operating the system is shown to have been more per man under the Ferguson administration than under the Neff administration. The per capita cost per month in 1924 was \$33.28 and in 1925, \$36.35.

The system, of course, derived its largest income from its farms. The net income from the farms in 1924 was \$427,000 and in 1925 it was \$235,000.

It is probably true that the cash balance in the treasury at this time, and for the past couple of months, is greater than at any time heretofore. However, the responsibility for this excellent showing is due largely to the comptroller and the treasurer, both of whom have been active in persuading county tax collectors to remit taxes at earlier dates than customary. In addition to this, the present comptroller has very actively

pushed the collection of inheritance taxes and this source of revenue has brought in several hundred thousand dollars more than ever before. As an instance of the prompt remission of taxes by the counties, collections for the month of March to the credit of the general revenue fund totaled more than \$13,000,000, whereas in March, 1925, the collections were only \$9,000,000. The difference is approximately \$3,886,000 in favor of this year; all of which naturally would make an unusually favorable showing at this particular time in the matter of state funds. However, the expenditures for March, 1926, charged against the general revenue fund exceeded by \$112,000 the expenditures for the same month of last year. In the matter of the administration's economy, the increase in expenditures is a much more important factor than that of tax collections.

It is not true that taxes are lower now than during the Neff administration. The tax rate for the present year has reached the constitutional limit of 77 cents and was fixed at that figure by the tax board, of which the governor is the head. This is an increase in rate over the Neff administration.

I believe these answers cover all the points raised in your letter and since we wrote to Austin to have the information looked up so as to be certain of its accuracy, we naturally assume that the figures are correct.

Yours very truly,

J M North Jr,  
Editor.

JMN/EB