

IN THE SENATE OF THE UNITED STATES.

MARCH 3, 1886.—Ordered to be printed.

Mr. HAMPTON, from the Committee on Military Affairs, submitted the following

REPORT:

[To accompany bill S. 1729.]

The Committee on Military Affairs, to whom was referred bill (S. 1293) "to authorize the Secretary of the Treasury to settle and pay the claim of the State of Florida on account of expenditures made in suppressing Indian hostilities, and for other purposes," have considered the same, and they beg leave to report :

That in the Forty-eighth Congress they had under consideration the same subject, and they reported by bill to the Senate. A report accompanied the bill, and this report, now annexed, is adopted. They recommend the indefinite postponement of bill 1293, and the substitution of a bill hereby reported, that being the bill reported favorably by the committee in the Forty-eighth Congress.

[Senate Report No. 109, Forty-eighth Congress, first session.]

The Committee on Military Affairs, to whom was referred the bill (S. 230) "to authorize the Secretary of the Treasury to settle the claim of the State of Florida on account of expenditures made in suppressing Indian hostilities," beg leave to submit the following report :

In accordance with the requirements of the joint resolution of Congress approved March 3, 1881, the Secretary of War has investigated, audited, and made a report to Congress, May 22, 1882, of the amount due the State of Florida for expenditures made in suppressing Indian hostilities in that State between the 1st day of December, 1855, and the 1st day of January, 1860. (Ex. Doc. 203, 47th Congress, first session.)

The expenditures grew out of the Seminole war of 1855, 1856, and 1857, the State authorities being compelled, in the presence of an anticipated and subsequently actual outbreak of the Indians, to call forth the militia of the State, the force of United States troops then on duty being inadequate to the protection of the people. The report of the Secretary of War (Ex. Doc. 203) fully sets forth in detail the items of expenditure allowed and disallowed, the total amount found due the State being the sum of \$224,648.09.

It is established that the funds at the command of the executive of the State of Florida in the years referred to were insufficient to equip, supply, and pay the troops in the field, and, relying upon the approval given by the President of the United States and the Secretary of War, on the 21st day of May, 1857, of the services of these volunteers, the State legislature, in order to provide their equipment and maintenance, authorized the issue of 7 per cent. bonds.

A portion of the bonds, amounting to \$132,000, was sold by the governor to the Indian trust fund of the United States, and the proceeds of such sale were disbursed by the treasurer of the State for the "expenses of Indian hostilities," as appears from his report to the legislature for the year ending October 31, 1857. Another portion

was hypothecated to the banks of South Carolina and Georgia as security for a loan of \$222,015, and \$192,331 of this loan was disbursed directly by a disbursing agent of the State in payment of "expenses of Indian hostilities," including pay of volunteers.

The portion of the bonds sold to the United States for the "Indian trust fund" is still held by that fund and accrued interest since 1857.

The State of Florida paid out through a disbursing agent, as shown by

War Department report.....	\$193,330 16
And through warrants from State treasurer.....	78,056 11

Total	271,386 27
Interest on this sum from January 1, 1857, to April 1, 1883.....	498,672 27

Total cost to the State to date.....	770,058 54
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We quote from a statement made by the United States Treasurer of the State indebtedness to the "Indian trust fund," June 12, 1882, as follows:

Loan on 7 per cent. bonds of the State of Florida.....	\$132,000
Coupons due and unpaid January 1, 1877.....	138,040
Interest to July 1, 1882, from January 1, 1857.....	50,820
Interest from July 1, 1882, to April 1, 1883	6,930
	<hr/> 327,790 00
Due the State	442,268 54

There appears, therefore, lawfully due the State of Florida, according to the State treasurer's account, the sum of \$770,058.54, being the principal and interest of the sums which she borrowed and expended on behalf of the United States.

If from this sum be deducted the amount loaned the State by the Indian trust fund, principal and interest, \$327,790, there still remains due the State the sum of \$442,268.54.

In auditing the accounts of the State, however, the Secretary of War has disallowed many items under the rules and regulations governing payments to the regular forces, and yet, with all his disallowances, after an exhaustive examination, he finds due \$224,648.09. Now, if we add the interest on this sum from January 1, 1857, to April 1, 1883, to wit, \$412,790.86, we have \$637,438.95. Now, if we deduct the amount due the Indian trust fund, to wit, \$327,790, there is still due the State the sum of \$309,648.95.

This case is one where the Government, through the President of the United States and Secretary of War, promised to pay these troops when mustered into the United States service, and they would have been long since paid by the Government, if so mustered, but the mustering officer arrived in the State after they had been mustered out, and the State was compelled to borrow money with which to pay them.

Congress has universally paid interest to the States where they have paid interest. We cite the cases where interest has been allowed and paid for moneys advanced during the war of 1812-15 as follows: Virginia, act March 3, 1825 (4 Stat. at L., p. 132); Maryland, act May 13, 1826 (4 Stat. at L., p. 161); Delaware, act May 20, 1826 (4 Stat. at L., p. 175); New York, act May 22, 1826 (4 Stat. at L., p. 192); Pennsylvania, act March 3, 1827 (4 Stat. at L., p. 241); South Carolina, act March 22, 1832 (4 Stat. at L., p. 499); Massachusetts, July 8, 1870 (16 Stat. at L., p. 198).

For advances for Indian and other wars the same rule has been observed in the following cases; Alabama, act January 26, 1849 (4 Stat. at L., p. 344); Georgia, act March 31, 1851 (9 Stat. at L., p. 626); Georgia, act March 3, 1879 (20 Stat. at L., p. 385); Washington Territory, act March 3, 1859 (11 Stat. at L., p. 429); New Hampshire, act January 27, 1852 (10 Stat. at L., p. 1).

Thus it will be seen that the precedent for the payment of interest under the rule adopted for the settlement of claims of war of 1812-15 is well established.

The committee are of the opinion that the urgent necessity for the services of these troops and the action of the President and the Secretary of War create an equitable obligation on the part of the General Government; and as the State of Florida not only borrowed money from the Indian trust fund, but also from the banks of the States of Georgia and South Carolina, for their payment, upon which the State has since paid interest, your committee have concluded to recommend the sum of \$92,648.09 as a full payment to the State of all Indian war-claims, this being the difference after deducting the sum borrowed by the State from the Indian trust fund (\$132,000) from the amount found due the State by the Secretary of War (\$224,648.09), and to further recommend the delivery to the State of all bonds and coupons held by the trustee of the Indian trust fund.

The committee have amended the bill in accordance with the views expressed in this report, and they recommend the passage of the bill as thus amended. Accompanying the report is a communication from the Secretary of War, explaining the origin and the present condition of the claim of the State of Florida against the Government of the United States.