sionally cities and states issue bonds after the budget has been approved and it subsequently is discovered that funds are not available for the payment of the first interest charges and principal retirements called for in the bond contract.

Compulsory Debt Service

Constitutional and statutory provisions in a few states compel the inclusion of debt service items in local budgets. Several states, among them New Jersey, Massachusetts and New Mexico, have given state administrative boards the power to check local budgets and insert items for debt service which have been omitted contrary to law. The Model Bond Law for States, drawn up by the National Municipal League and endorsed by many organizations interested in improving bond practices, prescribes that sufficient taxes must be levied or other revenue provided to pay the bonds at their maturity and to see that interest is paid upon them regularly.

Summary

As an incident to the sound administration of sinking funds and to the prompt discharge of governmental obligations incident to bonded indebtedness, it is clear that:

> Attention should be given by the states and by local governments, through machinery set up by the states, to including in each year's budget adequate provision for interest payments, serial retirements and sinking fund deposits on outstanding indebtedness and on that indebtedness which such units may expect to contract during the period for which the budget is devised.

II. *ISSUANCE OF BONDS BY OVERLAPPING JURISDICTIONS*

"The earnest attention of the local chambers of commerce is called to the enormous expense in state and local expenditures which, in the aggregate, now exceed those of the Federal Government. There is imperative necessity for economy in all governmental activities,—Federal, State and local,—in order to preserve and foster the spirit of free business enterprise and thrift."

—Resolution, 1924 Annual Meeting of the Chamber of Commerce of the United States.