

Deducting from the expenses, viz. 132,300 01
 The above saved saving, 15,000
 Leaves for total expenses, 117,300 01
 Which 117,300 01, on the net amt. of 925,523 29, makes the expense a little less than 13 per cent.

TREASURY DEPARTMENT,
 Revenue Office, December 3, 1861.

Sir,
 FOR your information I enclose sundry communications which have passed between the supervisor of Pennsylvania and myself, on the subject of improvements in the distilling business, which have been recently introduced by persons residing in Lancaster county. The notes which are attached to the drawings will fully explain the application of the machinery, which is said to be conformable to col. Anderson's patent.

I do not find that any considerable improvement in the form of the still itself has been attempted, the head and parts connected therewith are materially changed, and the alterations are calculated to answer very valuable purposes to the distiller. By means of the half globe, which is connected with the still head by a pipe of four inches diameter, the capacity of the still is evidently augmented about one quart, for which the distiller presumes that he is not chargeable with duty; by giving the steam room to ascend, the process may be greatly accelerated without the risk of boiling over and injuring the quality of the spirit.

The immersion of the half-globe (or condenser, as it is called) in the mashing tub, for the purpose of heating the wash, saves much time, as it would be impracticable to bring a still to boil, in the ordinary way, in less than half an hour.

As the 1200 annual value of material, nor an increased consumption of fuel, distillers must be great gainers by the new mode, provided they are established in a plentiful country, or where they meet with few impediments in obtaining supplies of grain. Under those advantages I consider the following as nearly a correct result of the business, as it relates to the present excise system.

C. Gillman's distillery, consisting of two stills, viz. 107 gallons,
 \$4 40, for doubling.

101 gallons at 54 cents per gal. is, dolls. 54 54 cents.

These stills produce at present from 50 to 54 gallons of spirit per diem. If employed three hundred working days in the year, at 50 gallons each, is 15,000 gallons at 1/3 of one cent per gallon of spirit, 50 dollars.

I am, with respect,
 Your obedient servant,
WILLIAM MILLER,
Commissioner of the Revenue.

The honorable
 Secretary of the Treasury.

PHILADELPHIA,
 October 26, 1861.

Sir,
 I am honored with your favor of the 17th instant, relative to printed stamps. The instructions contained in it shall be strictly attended to.
 My weekly return, which I enclose, will show what cash I have on hand, deposited in the bank. I should have passed it to the credit of the Treasurer of the United States last week, but I expected Mr. Duane would have called on me for the sum I was directed to pay him. I presume his engagements in the circuit court have hitherto prevented him from attending to this business.

The enclosed letter from M. Graeff, I beg leave to transmit to you. If the subject should be thought to be of sufficient consequence it will perhaps be necessary to lay it before the honorable Secretary. I have written to Mr. Graeff, and requested him to furnish me with every necessary information on the subject.

I am, very respectfully,
 SIR,
 Your most obedient servant,
 P. MUEHLENBERG.
 WILLIAM MILLER, Esq.,
 Commissioner of the Revenue.

LANCASTER,
 October 16, 1861.

Sir,
 IT is my duty, as a collector of the revenue of this country, to give every information respecting the present distilling invention of Mr. A. Anderson: there are now in this country upwards of 30 distilleries; they are getting into York county and Franklin; they can run their stills from 12 to 14 times in twenty-four hours, where the others run theirs but three or four times, and save wood by it, and pay no more duty than before: there are a great many distillers complaining, those patent distillers are generally wealthy people and able to lay in a stock of grain; by that means it injures the distillers that make their livelihood by it. It will injure the revenue in

this country to the year from three to four thousand dollars. If you should think proper to lay it before Congress at the next session, I will furnish you with every particular in what way this machinery is constructed, and in what manner it operates.

I am, sir, with respect,
 Your humble servant,
JACOB GRAEFF,
 Collector.

Gen. P. MUEHLENBERG,
 Letter written on the 10th November 1861, to P. Muhlenberg, Esq.

"I have received collector Graeff's communication of the 16th ult. In order that no time may be lost in ascertaining whether the distillers alluded to possess the advantages which have been ascribed to them, let the collector of Lancaster county visit one or more of the distilleries, and obtain an accurate description of such stills as are now in use. Having taken the dimensions of the still, its head, worm, and other appendages, let him attend to the process, examine its contents, and note the number of discharges and quantity of spirits produced in a given time. To convey his ideas more completely, let a drawing of the still and all the implements which are used in distillation be made out and transmitted with such observations as occur during the examination.

"If practicable, in the course of an experiment of this kind it may be well to discover, whether the wastage of materials and fuel is less or more, than when the business is conducted in the usual way; send your information upon those points in complete, I hope to be favoured with an answer."
 (Signed) "WILLIAM MILLER."

LANCASTER,
 November 24, 1861.

Sir,
 I received your favor of the 21st ultimo, in answer to my communications of the 16th, relative to patent distilleries, wherein you request me to furnish you with all the information I can obtain also, your favor of the 17th instant, requesting me to pay immediate attention to a copy of a letter from William Miller, commissioner of the revenue, dated the 10th, on the operation of Anderson's patent stills, to which I now inclose you the drawing of the still and the manner in which it operates; the disadvantages that arise from these stills, in this country are, that there are a great many furnaces and forges, and a great number of houses that consume a great deal of grain; the distillers who have these stills are generally wealthy, and buy up the grain in great quantities, which prevent those distillers, who distill in the common way, from entering their stills. The advantages are so great, that they can afford to give more for the rye than the common distiller, and yet get the same price for their whisky. There are a number of poor people who make their livelihood by distilling, and on account of the grain are obliged to quit. I am, sir, with respect, your humble servant,

JACOB GRAEFF,
 Collector.
 Gen. P. MUEHLENBERG,
 supervisor.

TREASURY DEPARTMENT,
 January 6, 1862.

Sir,
 I have the honor to enclose, for the information of the committee of Ways and Means, a copy of an order of the President of the United States, abolishing sundry offices of inspectors of the internal revenue, and erecting a new district, to include the two territories of Indiana and north-west of the river Ohio. Heretofore those have, as a distinct survey, made part of the same district, which included the state of Kentucky, and been under the superintendance of the supervisor residing in that state.

That arrangement, made whilst the population of those two territories was so inconsiderable that hardly any revenue could be derived from them, although always incompetent to the complete execution of the excise laws, had now, on account of the great increase of population, become extremely inconvenient in practice.

The laws which have authorized the President to erect new districts, not giving him since the act of 11th July, 1789, the power of fixing the compensation of officers employed in the collection of the internal revenues, it remains with Congress to determine whether any, and if any, what compensation shall be allowed to the supervisor of that district. It is of some importance that this should be ascertained, as, in the mean while, the duties of supervisor are done by an inspector, who, in the existing laws, has no power to fill the vacancies in the offices of collectors. I have honor to be very respectfully,
 Sir, Your obedient servant,
 ALBERT GALLATIN.

The honorable
 JOHN RANDOLPH, junior,
 Chairman of the Committee of Ways and Means.

Efficiency of the proposed law, having been already published, supercedes the necessity of republication.

Sir,
 AGREEABLY to the request of the committee of Ways and Means, I have calculated the relative expense necessary for the support of the present military establishment, and the proposed peace establishment, and find the difference very little more or less than five hundred thousand dollars annually.
 I am, sir, with real respect,
 Your humble servant,
 H. DEARBORN.

Mr. JOHN RANDOLPH.

ESTIMATE of the sum requisite for the naval service for the year 1862.

Annual expense of a Frigate of 44 guns.
 Pay of the officers, subsistence of ditto; pay of the seamen, 120 able seamen, 142 ordinary, 30 boys; provisions, medicine, instruments, hospital stores, contingent expenses, 96,615 dollars.
 Frigate of 56 guns.
 Pay of the officers, subsistence of do; pay of the seamen, 150 able seamen, 180 ordinary, 30 boys; provisions, medicine, instruments, hospital stores, contingent expenses, 84,920 dollars.

Annual expense of a Frigate of 32 guns.
 Pay of the officers, subsistence of do; pay of the seamen, 60 able seamen, 75 ordinary, 60, 30 boys; provisions, medicine, instruments, hospital stores, contingent expenses, 65,895 dollars 74 cents.

Frigate of 32 guns, smaller.
 Pay of the officers, subsistence of do; pay of the seamen, 60 able do, 57 ordinary, 30 boys; provision, medicine, instruments, hospital stores, contingent expenses, 38,655 dollars 28 cents.

Annual expense of a Schooner 12 to 14 guns.
 Pay of the officers, subsistence of do; pay of the seamen, 20 able do, 14 ordinary do. 10 boys; provisions, medicine, instruments, hospital stores, contingent expenses, 21,651 60 cents.

Frigate of 44 or 36 guns, laid up in ordinary.
 Pay of the officers, subsistence of do; pay of the seamen, provisions, contingent expenses, 6,334 dollars.

Annual expense of a Frigate of 32 guns, laid up in ordinary.
 Pay of the officers, subsistence of do; pay of the seamen, provisions, contingent expenses 5,900 dollars.

Half pay to officers not in actual service.
 Three captains, at 50 dollars, 1,800
 11 Lieutenants, at 20 do, 2,240
 60 Midshipmen, at 9 50 do, 6,660
 3 Surgeons, at 25 do, 960
 3 Purasers, at 20 do, 720

Dollars, 12,900
 Annual expense of the marine corps.
 Pay, Subsistence, provisions for the men included, Forage, clothing, military stores, contingent expenses, comprising quarters for the officers and barracks for the men at different stations, officers travelling expenses, transportation, quarter-master's stores, camp utensils, hospital stores, stationary, fuel, postage, stew, bedburns, armourers, carpenter's bills, &c., 99,102 23 cents.

General estimate of the sum requisite for the naval service, for the year 1862.

For the maintenance of two frigates of 44 guns, in actual service, 199,530
 1 do, of 56 guns, 84,920
 1 do, of 32 do, 65,895
 1 schooner of 12 do, 21,651

374,794

489,459

25,336
 17,600
 43,036

From which deduct 1 of 44 and 1 of 32, whilst relieving the squadron in actual service, say 4 months, 4,078

38,958

Half pay to officers not in active service, 12,900
 Marine corps, 99,109
 Compensation to navy agents, superintendents, clerks and storekeepers, 50,000
 Proving materials for 74 gun ships, 190,475
 Improvement of Navy-yards, docks, and wharves, 50,000
 900,000

NAVY DEPARTMENT JAN. 30, 1862.

ROBERT SMITH.