

**Opinion No. 495.****Schools—School Districts—Bonds—Delinquent School District Bonds and Coupons—Interest on Delinquent School Bonds and Coupons  
—State Treasurer.**

HELD: Under Chapter 147, Laws of 1927, the state treasurer must charge at the rate of six per cent per annum on school bonds, amortization coupons and interest coupons on which payment is delayed, from the time they

become due until they are paid; and said rate must be charged irrespective of the rate of interest on the bonds themselves.

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March 17, 1934.

Your letter to us of recent date is as follows:

"The State Treasurer's office charges various school districts interest at the rate of 6% on their delinquent coupons and bonds owned by the State of Montana. Interest, accordingly, has been charged on interest coupons and amortization coupons—that is, interest has been charged on both principal and interest.

"In view of the fact that there has been a question raised as to our right in charging this interest, we would like to obtain your opinion on the following:

"1. Should interest be charged on delinquent bonds from the date of the last interest payment to date of payment of bonds?

"2. Should interest be charged on amortization coupons as a whole, or only on the portion of the coupon representing principal?

"3. Should interest be charged on coupons that are interest on the principal?"

Section 29 of Chapter 147, Laws of 1927, provides that any and all installments of interest and principal on school bonds held by the state not promptly paid when due shall draw interest at the rate of six per cent per annum from the date due until actually paid, irrespective of the rate of interest on the bonds themselves.

By this statute the legislature undoubtedly intended that school bonds, amortization coupons and interest coupons, on which payment is delayed, should bear interest at the rate prescribed from the time they become due until they are paid. (*Kalman v. Treasure County*, 84 Mont. 285; *Roswell Drainage Dist., v. Parker*, 53 Fed. (2d) 793; 33 C. J. 205.)

We are constrained, therefore, to answer the first and third questions propounded in the affirmative and to answer the second question propounded in this way: Interest should be charged on the full amount of the amortization coupon and not on the full amount thereof less the included interest.