

**Irrigation Districts—Taxes — Interest — Indebtedness—
Warrants.**

An irrigation district may issue warrants to pay interest on the bonded indebtedness and charge the same against the next district assessment.

L. Q. Skelton, Esq.,
State Examiner,
Helena, Montana.

My dear Mr. Skelton:

You have submitted the question of whether the Chestnut Valley Irrigation District has the right to issue warrants in payment of the interest due on outstanding bonds of the district.

It appears that the taxes paid for this year did not amount to sufficient to take care of the interest due on the outstanding bonds. It further appears that this district was organized under the provisions of Chapter 146 of the Session Laws of 1909. Section 8 of this chapter, now Section 7232, R. C. M. 1921, is in part as follows:

"In the event that for any reason any special tax or assessment hereinabove provided for cannot or shall not be levied and collected in time to meet any interest falling due on any bonds issued hereunder, then the Board of Commissioners shall have the power and authority, and it shall be their duty, to provide for and pay such interest when due, either out of any of the funds in hand in the treasury of the district not otherwise appropriated, or by warrants (which may bear interest at a rate not to exceed six per centum per annum) drawn against the next district tax or assessment levied or to be levied. Said warrants shall be in addition to those mentioned in Section 7208."

Under the provisions of Section 7208, the Board of Commissioners are limited to the creation of any debt or liability, either by issuing bonds or otherwise, except as provided in this Act, except that an indebtedness of one dollar per acre may be incurred in any one year for a survey, plans and specifications, or for stream gauging and gathering data, or for meeting any unforeseen contingency.

Section 7251 provides for the limitation of indebtedness on irrigation districts, and is as follows:

"No irrigation district now existing or hereafter created shall become indebted in any manner or for any purpose in any one year in an amount exceeding fifteen per cent of the assessed valuation of said district, except that for the purpose of organization, or for any of the immediate purposes of this Act, or in order to meet the expenses occasioned by any calamity or other unforeseen contingency, the Board of Commissioners may, in any one year, incur an additional indebtedness not exceeding ten per cent of the assessed valuation of said district, and may cause warrants of the district to issue therefor, bearing interest at the rate not to exceed six per cent per annum; provided, however, that this limitation shall

not apply to the indebtedness for which bonds have been or may be issued as provided for by law, or to warrants issued for unpaid interest on the bonds of any irrigation district."

While Section 8 of Chapter 147, Session Laws of 1923, limits to one dollar per irrigable acre the amount of warrants issued in any one year, this chapter does not affect this particular district which was organized in 1920 under Chapter 146, Laws of 1909.

It is, therefore, my opinion that this district may issue warrants drawn against the next district assessment in payment of interest due on its outstanding bonds, which warrants may bear interest at a rate not to exceed six per cent per annum.

Very truly yours,

L. A. FOOT,
Attorney General.