

Special Improvement Bonds—Bonds—Warrants—Investments—Security—Deposits—Public Funds—Banks and Banking.

Special improvement bonds or warrants not being among those securities authorized to be taken as security for the deposit of public funds or among those in which capital of saving banks is authorized to be invested, cannot be used for either purpose.

Jay G. Larson, Esq.,
Superintendent of Banks,
Helena, Montana.

December 14, 1926.

My dear Mr. Larson:

You have requested my opinion whether special improvement bonds or warrants are eligible to secure the deposit of public funds as pro-

vided in section 4767, as amended by chapter 137 of the session laws of 1925, and also whether the capital of savings banks may be invested in this class of securities under the provisions of section 6039, R. C. M., 1921, as amended by chapter 72 of the session laws of 1925.

Regarding security for the deposit of public funds, section 4767, as amended, provides that "such security shall consist of * * * bonds and securities of the United States Government and its dependents, bonds and warrants of the State of Montana, or of any county, city, town or school district of Montana * * *."

Section 6039, providing for the investment of capital of savings banks, as amended provides that "capital of a savings bank, * * * must be invested in bonds or other securities of the United States, or of the states of the United States, or of any county, city, town or school district of this State on which interest is regularly payable."

Section 5249, R. C. M. 1921 provides the form of an improvement district bond or warrant and contains the following provision:

"This warrant (or bond) is payable from the collection of a special tax or assessment which is a lien against the real estate within said improvement districts, as described in said resolution hereinbefore referred to."

A special improvement bond or warrant is the obligation of the particular improvement district against which it is issued and is not an obligation of the city or town within which the improvement district is situated. Inasmuch as the legislature presumably knew this when it made a designation of the securities as set out in both sections 4767 and 6039, as amended, and did not expressly or impliedly include improvement district warrants or bonds, it is my opinion that such warrants or bonds cannot be used for either of the purposes indicated in your question.

Very truly yours,

L. A. FOOT,
Attorney General.