

**Investments—Reinvestment—State Board of Land Commissioners—General Fund Warrants—Sale.**

The state board of land commissioners has power to purchase warrants issued on the general fund of the state of Montana and to sell the same and reinvest the proceeds.

Mr. F. E. Williams,  
State Treasurer,  
Helena, Montana.

April 22, 1931.

My dear Mr. Williams:

With reference to the proposal of the state board of land commissioners to sell certain warrants which were issued on the general fund of the state of Montana, and which were purchased by the said board for the public school permanent fund, all as expressed in a certified copy of resolution adopted by the board hereto attached, I wish to advise that these warrants were purchased by the board under authority given by section 1912, R.C.M. 1921, as amended by section 1 of chapter 15, laws of 1927. The purchase of the said warrants, in my opinion was fully authorized by said section and amendment thereto.

The proposed sale of said warrants, in my opinion, is authorized by the provisions of section 3 of chapter 60, laws of 1927, giving the state board of land commissioners general authority, direction and control over the care, management and disposition of the funds arising from school lands, and conferring upon said board all power, whether specifically mentioned in the law or not, which is inherent in the general and discretionary powers conferred by the constitution and which are necessary for the proper discharge of the board's duties.

It is specifically provided that one of the duties of the board is to so administer the common school fund as to secure the largest measure of legitimate and reasonable advantage to the state. Under these broad powers, it is my opinion that the sale of securities in which the funds may be invested is authorized as an incident to the administration of the fund for occasions might arise where, by the sale of securities on hand, the funds arising therefrom could be reinvested so as to secure a larger measure of advantage to the state either in the way of income or safety of the investment.

One of the ways of securing a larger income is the handling of the funds in such a way as to permit the reinvestment of interest earned. It is obvious that the state could secure a larger income by disposing of certain securities from time to time if it can secure at the time of the sale the accrued interest, and reinvesting the principal and interest in

the same kind or other kinds of securities. Furthermore, these warrants afford a quick means of investment of funds on hand where no other investment is available at the time, and I have no doubt the board could invest in these warrants in such cases, and when a more desirable investment from the board's point of view presented itself it could sell the warrants and reinvest in other securities.

I have no doubt that this power of sale and reinvestment is granted, together with other powers, by the general terms of said section 3 of chapter 60, laws of 1927, and it is my opinion that the board is acting within its powers and jurisdiction when it proposes to sell these warrants. This practice has been followed heretofore and in some instances single transactions amounting to as much as a million dollars, wherein liberty bonds held by the board were disposed of in New York, were consummated, and the authority to make the sale was shown by exhibiting the statute containing the general powers of the board aforesaid and the same was accepted as sufficient authority for the board to make said sales.

Very truly yours,

L. A. FOOT,

Attorney General.