

**Opinion No. 59**

**State Board of Land Commissioners, Authority of — Investment of Permanent Funds, May Not Be Made in Bonds of Other States.**

**Held: 1. The State Board of Land Commissioners may not invest permanent funds under its jurisdiction in investments other than those enumerated by Section 1805.98, Revised Codes of Montana, 1935. Bonds of States other than those of the State of Montana are not listed under Section 1805.98 and therefore are not allowable investments.**

September 24th, 1949.

Mr. William Pilgeram, Commissioner  
State Lands and Investments  
Helena, Montana

Dear Mr. Pilgeram:

You have requested my opinion concerning the authority of the State Board of Land Commissioners to invest any of the permanent funds of the State in bonds issued by other states.

Your question is answered by the provisions of Section 1805.98, Revised Codes of Montana, 1935, which reads as follows:

**"All moneys belonging to the Public School permanent fund and to the other permanent funds of the educational, charitable and penal institutions of the State, and all permanent funds subject to the administration of the Board under Article XXI of the State Constitution shall be safely invested by the State Board of Land Commissioners in bonds of school districts within the State of Montana; in bonds of the several counties and cities of the State of Montana; in bonds of the State of Montana, or of the United States; in Capitol Building bonds of the State of Montana, now issued or which may hereafter be issued; in bonds issued by the Federal Land Banks, in interest-bearing warrants upon the general fund of the State and in interest-bearing warrants upon the general fund, the poor fund, the road fund, or upon the bridge fund, of the several counties of the State of Montana; all of such investments to be subject to the regulations and limitations of this act."** (Emphasis mine.)

From the language used in the above quoted statute, and in particular the emphasized portion, it is reasonable to assume that the investment powers of the Board are limited to the enumerated bonds and warrants. The statute establishes a conservative investment plan and is a limitation upon the powers of the Board. The language used could not be more specific and is not susceptible to an interpretation that would allow wide latitude in the selection of securities.

It is my opinion that the State Board of Land Commissioners is not authorized under the law to purchase bonds of states other than those

of the State of Montana for investment of permanent funds under its jurisdiction.

Very truly yours,  
ARNOLD H. OLSEN,  
Attorney General.