

Opinion No. 19-2372

September 26, 1919

BY: HARRY S. BOWMAN, Assistant Attorney General

TO: Hon. George R. Craig, District Attorney, Albuquerque, New Mexico.

School Districts Not Authorized to Issue Warrants to Cover Discounts Charged by Banks Upon School Warrants.

OPINION

We have your letter of the 23rd instant, requesting an opinion from this office regarding the authority of your school district to issue warrants for teachers' salaries and to agree to the payment of the discount that will be charged by banks to cash these warrants since there are no funds in the treasury at this time with which to meet them.

We fear that the school district would not be authorized to pay the discount charged by the banks, as we are of the opinion that school districts are limited to the interest provided by statute upon unpaid school warrants.

This office has repeatedly held that school districts are not authorized to pay interest in excess of the six per cent provided for by section 17, Chapter 105, Laws 1917, and section 4855, Code 1915, and we are of the opinion that a school district could not do indirectly what it is prohibited from doing directly, and this, in effect, would be voiding the provisions of this statute if school boards paid the discount charged to cash the school warrants.

It would seem to the writer that a public spirited bank, which had at heart the interests of the community in which it does business, would cash these warrants without any discount, charging only such interest as is provided for by law, and I am certain that this has been done by banks in many of the cities in New Mexico at times when school funds were not immediately available for the payment of the salaries of teachers.