

Opinion No. 31-262

September 3, 1931

BY: E. K. Neumann, Attorney General

TO: Hon. J. M. Lujan, State Comptroller, Santa Fe, New Mexico.

{*102} Regarding the letter of Mr. Remigio Lopez now auditing the books of Santa Fe County. In Mr. Lopez's letter he states that it has been the practice of the Board of County Commissioners of Santa Fe County for a period of years to pay premiums on bonds for the depository Bank of the funds of Santa Fe County.

We have examined the various laws regarding boards of finance and the provisions which are required of banks in order to qualify as depositories and we are unable to find that any board of finance has authority to pay the premium on the bonds which are furnished by the depository qualifying. Examination also fails to disclose where such practice is prohibited. It is our opinion, however, that such practice is bad practice and should be stopped.

Discussing the matter with the State Tax Commission we have discovered that in very few counties or in very few instances do the boards of finance, whether they be institutional, county, or city or whatever pay the premium on depository {*103} bonds and in those few instances the Tax Commission informs me such practice is being stopped by them.

It has also been specifically ascertained that the Tax Commission in the present year has cut out that part of the Santa Fe Budget which was asked for the purpose of paying the premium on these bonds.

Due to the fact that the law is not specific in the matter, it is our suggestion that in those cases wherein heretofore the various boards of finance have paid the premiums on depository bonds, be overlooked and the practice stopped in the future.