

Opinion No. 41-3865

August 14, 1941

BY: EDWARD P. CHASE, Attorney General

TO: Mr. C. C. McCulloh Assistant Special Tax Attorney State Tax Commission Santa Fe, New Mexico

{*87} Your letter dated August 13, 1941, requests an opinion by this office on the following questions.

If there are sufficient valuations in the various school districts now comprising a new consolidated district and if a levy may be made within the 20 mill constitutional limit, can an item for interest be included in the budgets of the various school districts, which districts now compose the consolidated district; and can the fund created be used to pay off interest on bonds heretofore approved by the new consolidated school district, and whether a levy to meet this budget may be made this year?

Section 4, Chapter 123, Laws of 1941, provides in part as follows:

"All consolidations made hereunder shall be effective for taxation purposes as of January 1 following such {*88} consolidations."

It would seem that since the new consolidated district became consolidated in 1941 that a tax could not be levied for that consolidated district until January 1, 1942.

However, Section 2, Chapter 121, Laws of 1941, provides that school budgets may include as a direct charge interest on bonds.

In view of the foregoing section, we are of the opinion that a levy for interest on bonds may be made where the valuations are sufficient and if the levy is within the 20 mill limit in each of the school districts which now compose the new consolidated district.

This interest may be placed in the direct charge budget of the old districts for this fiscal year regardless of the provisions of Section 4, Chapter 123, Laws of 1941, and the fund created may be used to pay interest on the bonds of the consolidated district.

Trusting that the foregoing sufficiently answers your inquiry, I am,