

January 19, 1926.

OPINION No. 1300.

TAXATION—INTEREST ON TERRITORIAL BONDS :

A county or city and county is exclusively liable for interest upon Territorial bonds, the funds from which have been allocated to its use only from the time such funds have been earmarked for some definite project of such county or city and county.

Honorable Henry C. Hapai,
Treasurer of the Territory of Hawaii,
Honolulu, T. H.

Dear Sir:

You have requested advice as to whether the Treasurer should levy under sub-division 4 or sub-division 4-A of Section 1315, R. L. 1925, as amended by Act 192, S. L. 1925, for the interest upon \$200,000.00, obtained from bonds for the North Kohala Road. The question is whether a city and county or county is chargeable with interest upon funds secured by the sale of Territorial bonds, from the time of such sale or merely from the time when that money becomes definitely earmarked for the purposes of the city and county or county.

I advise you that it is the opinion of this office that the county or city and county is liable only from the time of the allotment. Until that time, whatever the informal indications have been prior thereto, the money is general Territorial funds and the county or city and county has no claim upon such funds. Therefore, it would be grossly unfair, as well as contrary to legislative intent, to charge a governmental subdivision of the Territory exclusively with interest upon

funds over which it had no control and which were not yet earmarked for its use.

Very truly yours,,

MARGUERITE K. ASHFORD,
First Deputy Attorney General.

APPROVED:

WILLIAM B. LYMER,
Attorney General,