

4630.

BOND ISSUE—POLITICAL SUBDIVISION—WHERE NOT PAID AT MATURITY CONTINUE TO BEAR INTEREST.

SYLLABUS:

Bonds of a political subdivision which are not paid upon presentation at maturity continue to bear interest until they are paid.

COLUMBUS, OHIO, September 20, 1932.

HON. PAUL A. FLYNN, *Prosecuting Attorney, Tiffin, Ohio.*

DEAR SIR:—I acknowledge receipt of your communication which reads in part as follows:

“A political sub-division pays bonds some period of time after the date upon which the bonds were due. For instance, the bond was due in April and was not paid until the following October by a county in Ohio which had issued the bonds. Now the question arises as to whether or not the bond holder is entitled to interest upon the amount of the bond for the period of time between April and October.”

The general rule supported by the weight of authority is that, in the absence of statutory provisions to the contrary, bonds of a political subdivision which are not paid at maturity continue to bear interest until they are paid.

As to municipal bonds see 44 C. J. 1236 and McQuillen on Municipal Corporations, Vol. 6, sec. 2431. As to county bonds, see 15 C. J. 630. The above citation from McQuillen reads as follows:

“Municipal bonds ordinarily bear interest. And interest does not stop running at the maturity of the bonds, and this is so although the coupons attached do not extend beyond the maturity of the bonds.”

In the case of *Kendall vs. Porter*, 120 Cal. 106, the following was held:

“Matured municipal interest bearing coupon bonds continue to bear interest after their maturity, when there is nothing in the statute providing for them to indicate the contrary; and the fact that the coupons for interest attached to the bonds extend only to maturity of the bonds is indicative only of a presumption that the bonds will be paid at maturity, and does not affect the continuance of interest, if the bonds are not so paid.”

As to county bonds, the case of *Caldwell vs. Dunklin*, 65 Ala. 461, holds as follows:

“The statute expressly provides for the issue of interest-bearing bonds; and although they are made payable in five years, there is no indication of any purpose to prohibit interest after their maturity; consequently, they, and the coupons attached, are governed by the general principle, which allows interest as an incident to a debt after its maturity.”

To the same effect is the case of *Williamson vs. Fanson, Leach & Co.*, 199 Ill. 71. See also 15 R. C. L. 18; *Rolling Mill Co. vs. Elymira*, 5 Misc. 194; *People, ex rel., vs. Getzendauer*, 137 Ill. 234; *Jeffersonville vs. Patterson*, 26 Ind. 15; *Scotland vs. Hill*, 132 U. S. 107; *Cario vs. Zane*, 149 U. S. 122.

Section 2293-8, General Code, provides that bonds shall bear interest at not to exceed six per cent per annum. I find no statute which indicates an intent that unpaid bonds should cease to bear interest after maturity. Of course, if the money is available to pay the bonds at maturity and they are not presented for payment at the place at which they are payable, interest would cease to run at maturity.

I am therefore of the opinion that bonds of a political subdivision which are not paid upon presentation at maturity continue to bear interest until they are paid.

Respectfully,
GILBERT BETTMAN,
Attorney General.

4631.

EXEMPTION—TAX AND TAXATION—STADIUM AND PLAYGROUND
OF OHIO UNIVERSITY.

SYLLABUS:

1. *Property owned by a university and devoted to use in furtherance of a proper university purpose is exempt from taxation, although, as an incident to such use, certain income is derived therefrom, which income is wholly devoted to university purposes.*

2. *Where property would otherwise be exempt from taxation, the fact that the title thereto is in another in trust solely for the purpose of facilitating the acquisition of what is in effect a mortgage loan to finance the improvement of such property, does not destroy the right to exemption.*

COLUMBUS, OHIO, September 20, 1932.

HON. E. B. BRYAN, *President, Ohio University, Athens, Ohio.*

DEAR SIR:—Acknowledgment is hereby made of the following request from you:

“I have the honor to request an opinion on the exemption of the Stadium and Playground of Ohio University from taxation. The grounds for asking exemption are, as follows:

The Stadium and Playground, including 35 acres of land, are used exclusively for university activities—tennis, intramural games, track and field sports, as well as intercollegiate football. All are carried on within the boundaries of this tract. The Stadium was planned and built after plans were formulated and developed by university officers as directed by the Board of Trustees.

The contract and trust agreement by which the university Board of Trustees, through their regularly constituted officers, acquired complete control and use of this property was set up, as follows:

The Bank of Athens, National Banking Association, is Trustee of the property for and in behalf of the holders of \$150,000, principal sum in land trust certificates. Funds were provided by the Trustee. The agreement sets forth that the Board of University Trustees shall set aside annually sufficient funds from athletic activities, receipts and athletic fees, to pay the annual leasehold rental as well as \$3,000, principal