

herewith, and the provisions of this act shall be construed as an additional method of supporting and providing for the aged poor."

It is not possible to state specifically those items of expense which may be deducted in all cases from the gross receipts in computing the net income. In the Niland and Andrews cases supra, the courts have indicated what expenses were deductible under the facts there under consideration. Section 1359-5, General Code, establishes the basis for computing the net income on non-productive property. Section 1359-6, General Code, provides what shall be deemed as income after the property has been conveyed to the Division of Aid for the Aged. In all other cases the facts must be the guide in determining what expenses may be deducted in computing the net income. It is obvious that such deductions should be limited to the actual necessary expenses incurred in producing gross income. Taxes, assessments and necessary repairs are examples of deductions which may be properly made. There will be numerous cases no doubt, in which the applicant owns property from which his receipts are derived from rents. In many of such cases the property has been mortgaged. It is my opinion that payments made on the principal of such mortgages are not deductible as an item of expense in computing the net income. Such payments constitute an increase in the capital investment and to permit the deduction would be in effect, employing state funds for the purpose of purchasing property for the applicant. The same reasoning does not apply to the payment of interest on such mortgage indebtedness and I am of the opinion that such interest payments are deductible. If payments on the principal of mortgage indebtedness are deductible, then it may be observed that in many cases the net income from such property would be so small that the Division of Aid for the Aged would be justified in invoking the provisions of Section 1359-5, General Code, which states that if the property does not produce income or a *reasonable income* the annual income shall be considered and computed as five per centum of the net value of such property.

Specifically answering your inquiry, I am of the opinion that the word "income" as used in Sections 1359-2g, 1359-2j, 1359-3, 1359-4, 1359-5 and 1359-19, General Code, is equivalent to "net income" as distinguished from "gross income."

Respectfully,

JOHN W. BRICKER,

Attorney General.

4391.

APPROVAL, BONDS OF VILLAGE OF JEFFERSON, MADISON COUNTY, OHIO,
\$8,750.00.

COLUMBUS, OHIO, July 3, 1935.

Industrial Commission of Ohio, Columbus, Ohio.