

MAINE STATE LEGISLATURE

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PUBLIC DOCUMENTS OF MAINE:

1903

BEING THE

ANNUAL REPORTS

OF THE VARIOUS

DEPARTMENTS AND INSTITUTIONS

For the Year 1902.

VOLUME I.

AUGUSTA
KENNEBEC JOURNAL PRINT
1903

STATE OF MAINE

REPORT

OF THE

ATTORNEY-GENERAL

FOR THE TWO YEARS ENDING

November 30, 1902.

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“TIME DEPOSITS” IN TRUST COMPANIES AND BANKS.

The scope and meaning of the term “time deposits” which appears in chapter 286, Public Laws of 1901, relating to interest bearing deposits in trust and banking companies, are clear and definite.

The following opinion was rendered to answer the general query of trust companies as to the kind of deposits then held by them which would be liable to taxation under the provisions of chapter 286 of the Public Laws of 1901, the Auburn Trust Company being taken as a basis.

May, 1901.

First. I understand that the terms “time deposits” and “demand deposits,” as employed by banks generally, have come to have a definite meaning, which is generally understood and accepted both by depositors and by bank officials. “Time deposits,” as generally understood, are deposits drawing some rate of interest, but not necessarily for a definite and absolute time, subject, however, to be drawn out as the depositor desires if not otherwise agreed, but not subject to be checked out in the ordinary course of business.

“Demand deposits” are deposits which are subject to be drawn out by check in the ordinary course of business without notice to the bank. Such deposits I conceive may also carry interest.

If these two definitions are in the main correct as to the two kinds of deposits, then the question simplifies itself to the extent of deciding the nature of the deposits as appears in the Auburn Trust Company's Bank.

Second. As to demand deposits subject to check, I assume that no question can arise whatever, it being simply a naked deposit without deposit receipts or certificates being issued, the same being subject to being checked out in the ordinary course of business by the depositor.

As to the other class of deposits in said bank, the question is more difficult. Section 5 of the Auburn Trust Company's rules and regulations provides that the company will also issue deposit receipts or certificates, payable on demand, with interest, at such

rates as may be agreed upon. This would give every appearance of a time deposit similar to deposits in a savings bank, not being subject to check in the ordinary course of business.

Section 11 provides that deposits may be withdrawn on demand, etc., provided, that whenever the trustees deem it for the interest of the bank, and shall so order, no money shall be withdrawn except after thirty days notice. This is virtually a savings bank provision, providing against any harmful results from a run on the bank, and taken in connection with the first provision under the words "Rules and Regulations," which provides that "this company will receive deposits in its interest department upon the following terms," would indicate to my mind that deposits so made would be almost identical with those made in the regular savings bank.

I do not understand from the provisions of these rules and regulations that such deposits would be subject to check in the ordinary course of business as deposits in national banks. Such being the case I have no doubt that this class of deposits would be subject to the tax provided in chapter 286, section 1 of the Public Laws of 1901 as time deposits.

Very respectfully,

GEO. M. SEIDERS,

Attorney-General.

SCHOOL LANDS—TITLE—THE OWNER OF THE PROCEEDS THEREOF.

The proceeds of school lands held by towns go to the school fund. When school lands become vested in a town by reason of incorporation, the title thereof is not divested but remains in the town although that portion of the towns in which said lands are located may be set off and erected into a plantation or other municipality, unless in the division of the town special provision is made to convey the title thereof to the plantation or new municipality.