

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
DEPARTMENT OF THE ATTORNEY GENERAL  
AUGUSTA

February 9, 1934

Honorable Frank H. Holley  
State Tax Assessor  
Augusta, Maine

Dear Mr. Holley:

In response to your letter of February 6, relative to taxes assessed against the SUMMIT LUMBER COMPANY, I beg to inform you that from the information contained in the letter of H. A. Little to you, it appears that this corporation is in bankruptcy. It is provided in the United States Bankruptcy Act that,--

"Taxes legally due and owing from the bankrupt to the United States, or to any state, county, district, or municipality must be paid before any dividends are paid to creditors. This applies to all taxes, irrespective of the question of lien, and although they were not payable until after the adjudication of bankruptcy, or were levied on property which did not pass into the hands of the trustee."

"The term tax is not used in this connection in any restricted or narrow sense but is used broadly to include all obligations imposed by the state and general governments under their respective taxing or police powers for governmental or public purposes, and the priority extends to interest and penalties on taxes in default."

7 Corpus Juris, §543, p/328.

It has been held in many cases that expenses of the bankruptcy are to be paid first, second, the claims of workmen and employees for wages due within three months of the adjudication in bankruptcy, and, third, taxes.

Trusting that the foregoing will give you the information you require, I am

Very truly yours,

Deputy Attorney General

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