

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

STATE OF MAINE

REPORT

OF THE

ATTORNEY GENERAL

for the calendar years

1945-1946

MAINE STATE
LIBRARY

close their books every six months. In the meantime the income from all investments is accumulated from week to week in an "Income Account" and when the books are closed the total of this "Income Account" is transferred to the "Undivided Profit Account;" and in arriving at the average of the undivided profits, it has been the custom to consider the undivided profits as shown in the account plus the income as it accumulates in the "Income Account."

You further state . . . that one bank arrives at the average of the undivided profits by taking the total of the "Undivided Profit Account" for five months and the new total for the sixth month, after the accumulated income for the period has been transferred to it, and that this computation results in an average figure more than \$100,000 less than the actual average for the period.

You further state that the treasurer of this bank maintains that the bank is in no position to invest this accumulated income and derives no profit from it, because 90% of the accumulated interest is paid out at the end of the period and does not stay with the bank in the form of deposits; and for this reason you ask for an interpretation of this provision of the statute. . . .

It is my opinion that the wording of the statute, "the average of the undivided profits" means the actual average, and the statute should be construed strictly in favor of the State and that the tax on this bank should be computed in the same manner as is now being used to compute the tax on the other savings banks in the State of Maine.

RALPH W. FARRIS
Attorney General

November 21, 1945

To David H. Stevens, State Tax Assessor

I received your memo . . . in regard to certain savings banks whose condition at the time of the bank holiday was not considered satisfactory, but which were allowed to re-open after having borrowed money from the Reconstruction Finance Corporation through the issue of debentures. You state in your memo that the proceeds from these debentures were mingled with other moneys of the savings banks and became part of all the assets of such banks, many of which are exempt from taxation. You call my attention to Section 143 of Chapter 14, R. S. 1944, as amended, and state that this provision of the statute does not contain any specific application to these debentures and that you desire a ruling from this office as to whether or not the proceeds of these debentures should be considered as part of the deposits, due to the fact that some of the investments made with the money are subject to exemptions.

It is my opinion that these debentures should be included with the deposits, undivided profits and reserves in computing the tax on savings banks.

RALPH W. FARRIS
Attorney General