

# MAINE STATE LEGISLATURE

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yes  
November 27, 1961

Kernit S. Richardson, Deputy Comm'r

Education

Richard A. Foley, Assistant

Attorney General

**Subsidy on Capital Expenditures**

\* See opinion of March 19, 1963, modifying this opinion.

This is in answer to your request for an opinion as to whether or not school district construction may be used as a basis for construction aid under Revised Statutes, Chapter 41, Section 237-E, where funds for the district school construction were obtained through a federal grant-in-aid.

United States Code, Title 20, Sections 236 through 240, provides for federal grant-in-aid to areas impacted with federal employees.

P. S. 1954, c. 41, § 237-E provides in part as follows:

"To provide further incentive for the establishment of larger school administrative districts, the commissioner shall allocate state financial assistance to School Administrative Districts on school construction approved subsequent to the formation of such districts, . . ."

Section 237-E goes on to provide that if the district has contributed money to defray all or part of the cost of capital outlay construction, the commissioner shall determine the amount of subsidy payable to the district for this expenditure.

From the above section it is clear that the subsidy is paid on the construction and there is no requirement that the source of the funds would preclude state aid on such construction. Under the federal law the grant-in-aid to the school district becomes the property of the district for their use for educational purposes and our state subsidy law does not require that we look beyond the expenditure of the funds by the school district for the construction. It is our conclusion that state construction aid is payable even though the funds used for the construction may have been received through a federal grant-in-aid.

raf/s

Richard A. Foley  
Assistant Attorney General