

OFFICE OF THE ATTORNEY GENERAL



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Honorable Jack Floyd
State Senator
Alabama State House
Montgomery, AL 36130

Counties - Courthouses -
Construction - Funds -
Interest

Interest follows principal.
Restrictions on principal
apply to interest.

Dear Senator Floyd:

This opinion is issued in response to your request for an opinion from the Attorney General.

QUESTION

May the interest earned on the net proceeds from the one-cent sales tax be transferred to the General Fund of the county and used for General Fund purposes?

FACTS, LAW AND ANALYSIS

Acts No. 91-158 and 91-818 authorize a one-cent sales tax in Etowah County to be used only for the principal and premium, if any, and interest on bonds or the like issued by the county to finance the construction and maintenance of a county jail and renovation of the courthouse.

The Department of Revenue collects the tax for the county and remits monthly to the county the proceeds of the tax, which are placed in an interest-bearing account until

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needed for the purposes set forth in Act Nos. 91-158 and 91-818.

We have previously held that interest follows principal. Opinion of the Attorney General, A.G. No. 86-00278, to the Honorable L. W. Noonan, dated July 1, 1986. Therefore, restrictions in the expenditure of the principal also restrict expenditure of the interest realized upon the principal.

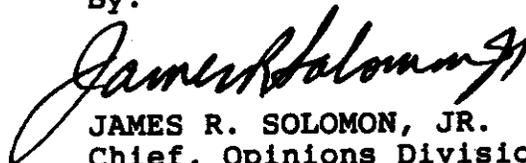
CONCLUSION

Accordingly, interest upon the proceeds of the one-cent sales tax must be used only for the purposes set forth in Act Nos. 91-158 and 91-818.

I hope this sufficiently answers your question. If our office can be of further assistance, please do not hesitate to contact us.

Sincerely,

JIMMY EVANS
Attorney General
By:



JAMES R. SOLOMON, JR.
Chief, Opinions Division

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