

1981 S.C. Op. Atty. Gen. 13 (S.C.A.G.), 1981 S.C. Op. Atty. Gen. No. 81-2, 1981 WL 96529

Office of the Attorney General

State of South Carolina

Opinion No. 81-2

January 9, 1981

***1 SUBJECT: Interest—Expenditure of Interest Earned On Bond Anticipation Notes**

Interest earned by investing the proceeds of a bond anticipation note is to be expended for the same purposes for which the bonds are to be issued.

To: Honorable Elrid M. Moody
Beaufort County Treasurer

QUESTION:

Can interest earned on a bond anticipation note be applied to purposes for which the bonds are to be issued or must the same be held for payment of the principal and interest of such bonds?

APPLICABLE LAW:

[§ 11-17-90, 1976 Code](#) of Laws.

DISCUSSION:

As understood, the Beaufort County School District issued a 'Bond Anticipation Note'. The proceeds or some portion thereof were invested and interest was earned. The inquiry is the purpose for which this interest may be expended.

The payment of the note is from the proceeds of the bond issue. Section 11-17-100. Additionally, [§ 11-17-90](#) provides: 'It shall be the duty of the governing body to apply the proceeds of any notes issued pursuant to this chapter to the purpose for which bonds are to be issued, but no purchaser of any notes shall be liable for the proper application of the proceeds.'

Interest earned on the investment of the note proceeds is an increment of the principal fund and the same is to be expended for the same purpose. [University of S. C. v. Elliott, 248 S.C. 218, 149 S.E.2d 433.](#)

CONCLUSION:

Interest earned by investing the proceeds of a bond anticipation note is to be expended for the same purposes for which the bonds are to be issued.

Joe L. Allen, Jr.
Deputy Attorney General

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