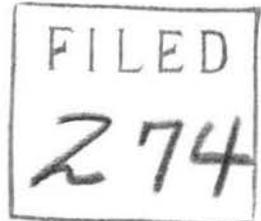


June 27, 1966

OPINION NO. 274  
Answered By Letter (Ashby)

Honorable Ray V. Jeffrey, Industrial Director  
Division of Commerce and Industrial Development  
State of Missouri  
8th Floor of Jefferson Building  
Jefferson City, Missouri 65101



Dear Mr. Jeffrey:

This letter is written in response to your two questions, recently submitted by letter, wherein you asked if the proposed House Bill No. 24 of the 73rd General Assembly was sufficient to exempt the leasehold interest of property constructed by a municipality using funds raised by industrial bonds and whether it is permissible to make mandatory payments as rent in lieu of all property taxes.

Inasmuch as the question of taxability of leasehold interests is presently pending on appeal before the Supreme Court of Missouri and an opinion is expected to be handed down in the near future, we believe it advisable to defer answering your question at this time. As soon as the court's opinion is announced, we will send you a copy for your information.

Subject to the ruling of the Supreme Court as noted above, the amount of rent paid as the consideration for leasing the premises by the city as lessor to the private enterprise as lessee is a matter of contract. There is imposed by law only a minimum to the effect that "the rental shall be sufficient to meet the interest and sinking fund requirements on the bonds" as required by Section 71.847, RSMo Supp. 1965.

We trust this will constitute a sufficient answer to your questions.

Yours very truly,

NORMAN H. ANDERSON  
Attorney General