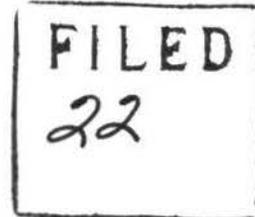


April 15, 1975

OPINION LETTER NO. 22
Answer by Letter - Thomas

Mr. George M. Camp, Director
Missouri Department of Corrections
911 Missouri Boulevard
Jefferson City, Missouri 65101



Dear Sir:

Your recent request for an official opinion is as follows:

May the Department of Corrections retain \$355,750.81 in its Working Capital Revolving Fund, thus making the adjusted balance of the non-reserved retained earnings of \$955,750.81 exceed the \$600,000.00 statutory limit.

Restated, the question is whether the statutory maximum refers to the net cash balance or the retained earnings account.

Section 216.191(4), RSMo 1969 provides, in part, that:

"That portion of the working capital revolving fund exceeding six hundred thousand dollars at the end of each fiscal year shall be transferred to the general revenue fund. Twenty percent of the amount credited to the fund as net profit during each fiscal year may be used during the following fiscal year for expansion and improvement of the prison industry and prison farm programs as the director of the department of corrections requires."

Mr. George M. Camp, Director

As is evident, from the above-quoted text, the applicable statutory provision does not specify what account is to be the focal point of the dollar limitation.

The predecessor of this provision is Section 216.191(5), RSMo 1959 which reads, in part:

"At the end of any fiscal year when the amount previously credited to the working capital revolving fund as net profits from the industrial and farm operations of the department exceeds three hundred thousand dollars, the amount in excess of this sum shall be transferred to the funds of the several institutions in the department. . . ."

The monetary limitation, in this provision, is directed toward the aggregate profits. The legislative objective was clearly to control the amount of profits kept in the revolving fund itself.

In construing the statutes, it is essential to effectuate and implement the legislative objectives and purposes. Stewart v. Johnson, 398 S.W.2d 850 (Mo. 1966); Gladstone Special Road District of Clay County v. County of Clay County, 293 S.W.2d 351 (Mo. 1956). The only substantive changes brought about by the enactment of Section 216.191(4) are the increase in the dollar limit from \$300,000 to \$600,000 and the manner in which the excess funds are to be distributed. Neither the overall objective, nor the reference point of the monetary limitation is changed. That is, the \$600,000 limitation refers to the aggregate or accumulated profits of the revolving fund.

Moreover, to employ the cash account as the focal point of the limitation would bring about a result which would serve no purpose. A year-end limitation on the cash account of the revolving fund accomplishes nothing whatsoever. Such a limitation could be effectively avoided by simply not collecting on accounts receivable and/or satisfying outstanding indebtedness from the cash account, thereby depleting the account prior to year-end auditing. The limitation, then, would have no meaning or purpose. In statutory construction, an absurd or meaningless result must be avoided. State ex rel. Gass v. Gordon, 181 S.W. 1016 (Mo. Banc 1915); State ex rel. Thomason v. Roth, 372 S.W.2d 94 (Mo. 1963).

Mr. George M. Camp, Director

This office is of the opinion that the \$600,000 limitation in Section 216.191(4), RSMo 1969 is directed toward the retained earnings or accumulated net profits account. Thus, the Department of Corrections must transfer to the general revenue the amount by which the retained earnings account exceeds the statutory limit. Therefore, the Department of Corrections cannot retain \$355,750.81 in its Working Capital Revolving Fund, since said sum is the amount by which the non-reserved retained earnings account exceeds the statutory limit of \$600,000.

Very truly yours,

JOHN C. DANFORTH
Attorney General