

The State of South Carolina



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March 4, 1986

Honorable Richard W. Riley
Governor
State House
Post Office Box 11450
Columbia, South Carolina 29211

Dear Governor Riley:

You have asked whether the bond provisions in H. 2737, proposed legislation known as the Infrastructure Bill, would require the State or political subdivision involved to incur general obligation debt as that term is defined in §§ 13 and 14, Article X, of the South Carolina Constitution. We have reviewed the bill as set out in House Amendment to H. 2737 sponsored by Rep. Joe Anderson, et al., bearing document number 2378R, and it is our opinion that it does not require the State or local governments to incur general obligation debt.

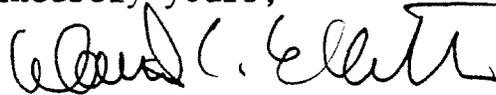
As to the State, the bill authorizes the Board in administering the program to issue bonds. Supra, § 7. However, the bill states explicitly that "[n]either the full faith and credit nor the taxing power of the State are considered to be pledged by the board with respect to bonds issued hereunder...." Id. The bonds further would "not constitute an indebtedness of the State within the meaning of any state constitutional provision or statutory limitation...[and would not] give rise to a pecuniary liability of the Board or the State or a charge against the general credit...or the taxing powers of the State...." Id. Therefore, these bonds would not constitute general obligation debt of the State. § 13(2), S.C. CONST. Id. We find no other provision in the bill which would authorize the issuance of general obligation bonds by the State.

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As to political subdivisions, the bill does provide for "loan agreements" between "project sponsors" and the Board. Supra, § 3(3). However, the bill does not require that the loan agreements be secured by the full faith, credit, and taxing power of the political subdivision involved. Therefore, to the extent that a loan agreement is not so secured, the loan agreement would not give rise to general obligation debt on the part of the political subdivision involved. § 14(3), S. C. CONST.

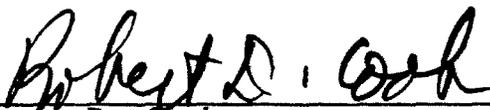
This opinion addresses only the question of whether the bill would require the State or a political subdivision to incur general obligation debt. Our conclusion is that it does not require the State or a political subdivision to incur general obligation debt. This opinion does not address the question whether the bill would provide other authority by which the State or a political subdivision would be permitted to incur general obligation debt.

Sincerely yours,



David C. Eckstrom
Assistant Attorney General

REVIEWED AND APPROVED BY:



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