

1979 S.C. Op. Atty. Gen. 31 (S.C.A.G.), 1979 S.C. Op. Atty. Gen. No. 79-22, 1979 WL 29028

Office of the Attorney General

State of South Carolina

Opinion No. 79-22

February 7, 1979

***1 SUBJECT: Property Tax Exemption-Property of Quasi-Municipal Corporation**

The property of a quasi-municipal corporation that performs a governmental function is exempt from taxation provided the property is used exclusively for a public purpose.

TO: Honorable Charles N. Plowden
Commissioner
South Carolina Tax Commission

QUESTION:

Is the property of a quasi-municipal corporation exempt from taxation by reason of § 12-37-220(1)?

APPLICABLE LAW:

[§ 12-37-220\(1\)](#), 1976 South Carolina Code of Laws.

DISCUSSION:

The corporation is one created by Act 799, Acts of 1952. Section 1 of the Act provides in part that:

‘There is hereby created a body corporate and politic of perpetual succession to be known as the Fort Hill Natural Gas Authority * * *.’

Membership of the authority is composed of several municipalities that are authorized by the Act to purchase gas and to maintain a distribution system for reselling the gas to residents of the member cities within the designated area. The Constitution in Article VIII, Section 4, before its recent amendment, authorized the General Assembly to grant power to a municipality to erect * * * gas works for public use * * *.’ [Article VIII, Section 16 of the Constitution](#), as amended, continues to authorize this power. The fact that the ‘gas works’ are obtained by several municipalities by means of a public corporation does not negate the fact that the same is for a public purpose. Our court with reference to the South Carolina Public Service Authority held:

‘In our opinion the South Carolina Public Service Authority is a public corporation in the nature of a quasi-municipal corporation, exercising certain governmental functions as an agency of the State. [Floyd v. Parker Water & Sewer Sub-District, S.C., 17 S.E.2d 223.](#)’ [Creech v. South Carolina Public Service Authority, 200 S.C. 127, 20 S.E.2d 645.](#) See also [Words and Phrases, Quasi-Municipal Corporations, Vol. 35A.](#)

The Fort Hill Natural Gas Authority is similar in charter and is thus a quasi-municipal corporation performing a governmental function. The property tax exemption statute provides the exemption to:

'(1) all property of the State, counties, municipalities, school districts, Water and Sewer Authorities and other political subdivisions, if the property is used exclusively for public purposes, and it shall be the duty of the Tax Commission and county assessor to determine whether such property is used exclusively for public purposes;' [Section 12-37-220\(1\)](#).

The section does not by express language include such corporations. Generally exemption statutes are strictly construed with doubt resolved in favor of the tax and against the exemption. [Chronicle Publishers, Inc. v. South Carolina Tax Commission](#), 244 S.C. 192, 136 S.E.2d 261. Such, however, does not apply to municipal property.

'The general rule is that exemptions to private property are strictly construed, because in such cases taxation is the rule and exemption the exception; but exemptions of the property of municipal corporations are liberally construed, for exemptions of such property is the rule and taxation the exception. With us municipal corporations are merely agencies of the state for governmental purposes; and it has never been the policy of this state to tax its own agencies or instrumentalities of government. From which we conclude that the provision should be construed liberally in favor of the exemption claimed.' [Town of Myrtle Beach v. Holliday](#), 203 S.C. 25, 26 S.E.2d 12.

*2 Under this analogy the property would be exempt provided it is used exclusively for a public purpose.

CONCLUSION:

The property of a quasi-municipal corporation that performs a governmental function is exempt from taxation provided the property is used exclusively for a public purpose.

Joe L. Allen, Jr.
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