

1977 S.C. Op. Atty. Gen. 50 (S.C.A.G.), 1977 S.C. Op. Atty. Gen. No. 77-49, 1977 WL 24392

Office of the Attorney General

State of South Carolina

Opinion No. 77-49

February 7, 1977

*1 Mr. Maceo Nance

State Development Board

P. O. Box 927

Columbia, South Carolina 29202

Dear Mr. Nance:

You have requested an opinion from this Office as to whether or not South Carolina municipalities are authorized to expend tax revenues to support local non-profit development corporations as part of the GREAT TOWN program. In my opinion, they are not.

As I mentioned in a previous opinion to you dated December 15, 1976, I think that the fact that the GREAT TOWN program is carried on by a private, albeit non-profit, corporation makes it likely that certain language of new Article X, Section 11 of the South Carolina Constitution of 1895, as amended, which will be ratified during the current session of the General Assembly, will be violated if a municipality supports such a corporation with tax revenues. Moreover, the current provisions of Article X, Section 6 of the State Constitution also prohibit the credit of the State and, by interpretation, the credit of its political subdivisions [see, [Elliott v. McNair](#), 250 S.C. 75, 156 S.E.2d 421] from being pledged or loaned for the benefit of an individual, company, association or corporation. While it is true that the South Carolina Supreme Court has determined that industrial and economic development is a public purpose as far as county revenue bonds are concerned [see, [Elliott v. McNair](#), *supra*], again, the fact that such an undertaking, which, if undertaken by the municipality directly, would be constitutional, is carried on by a non-public corporation might very well negate the validity thereof. Cf., [Bolt v. Cobb](#), 225 S.C. 408, 82 S.E.2d 789.

I am enclosing a copy of a recent opinion which the Attorney General issued to the members of the Aiken County Legislative Delegation containing a thorough discussion of the restrictions of Article X, Section 6 of the State Constitution upon public expenditures in support of private entities. I would again advise you that the opinion rendered herein is not free from doubt and that a judicial determination pursuant to Sections 10-2001 *et seq.*, CODE OF LAWS OF SOUTH CAROLINA, 1962, as amended, would provide the only definitive resolution of the question.

With kind regards,

Karen LeCraft Henderson

Assistant Attorney General

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