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THE STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
COLUMBIA

OPINION NO. _____

March 10, 1986

SUBJECT: Taxation & Revenue - Property Tax Exemptions
For Nursing Homes.

SYLLABUS: A licensed nursing home that cares for the physical and mental needs of its patients is not a manufacturing establishment within the text and meaning of Article X, § 3(g) of the South Carolina Constitution. That provision exempts new manufacturing establishments and certain additions to existing manufacturing plants from property taxation.

TO: A. Ray Godshall, Esq.
Attorney for the City of Gaffney

FROM: Joe L. Allen, Jr. *JLA*
Chief Deputy Attorney General

QUESTION: Does a nursing home qualify for the property tax exemption from municipal taxes that is granted by Article X, § 3(g) of the South Carolina Constitution?

APPLICABLE LAW: Article X, § 3(g) of the South Carolina Constitution and § 12-37-220 of the South Carolina Code of Laws.

DISCUSSION:

Article X, § 3(g) exempts from property taxation new manufacturing plants and additions to existing manufacturing plants. A manufactory was defined in Duke Power Co. v. Bell, 156 S.C. 299, 152 S.E. 865, to mean:

" * * * primarily, a physical plant, or a place or building, where manufacturing is carried on. * * *."

Webster's New Collegiate Dictionary defines "manufacture" to mean:

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"1. A making by hand. 2. The process of making wares by hand, by machinery, or by other agency, often with division of labor and the use of machinery. 3. Anything manufactured. 4. By extension, the making of anything by any agency or process. * * *."

In 84 C.J.S., Taxation, § 274, p. 520, it is stated that:

"The words 'manufacture,' 'manufacturing,' 'manufacturing establishment,' and correlated expressions are difficult if not impossible of exact legal definition, and may mean different things in different statutes. Broadly speaking, however, 'manufacture' means to work, as raw or partly wrought materials, into forms suitable for use, and ordinarily it is necessary that a company process raw material and produce therefrom a different product in order to be entitled to tax exemption as a manufacturer. * * *."

It is here assumed that the nursing home is licensed by the state as such and that its business is that of caring for the physical and mental needs of its patients. No tangible product is produced by the nursing home from other raw materials. Under such circumstances, it fails to meet the definition of a manufacturer or manufacturing establishment and hence the property cannot be exempt as that of a manufacturing establishment.

CONCLUSION:

A licensed nursing home that cares for the physical and mental needs of its patients is not a manufacturing establishment within the text and meaning of Article X, § 3(g) of the South Carolina Constitution. That provision exempts new manufacturing establishments and certain additions to existing manufacturing plants from property taxation.

JLAJr:wcg