

1977 WL 37053 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

June 17, 1977

*1 Interest on bonds issued by the Elderly Housing Corporation of Rock Hill is not includable in income and is not subject to taxation.

Mr. O. H. Brooks
Director
Income Tax Division

QUESTION

It interest on bonds issued by the Elderly Housing Corporation of Rock Hill subject to South Carolina income tax?

STATUTES

Section 65–253(4) and Section 65–4.1 of the South Carolina Code of Laws, 1962.

DISCUSSION

Briefly, the Elderly Housing Corporation of Rock Hill was organized as a nonprofit corporation to promote and advance a housing project for the City of Rock Hill by arranging the acquisition and financing of the project and thereafter conveying it to the Housing Authority of Rock Hill subject to the obligations created. When its purpose is completed the Elderly Housing Corporation will be dissolved.

The Internal Revenue Service has previously ruled in a ruling dated January 18, 1977, that the corporation is exempt from taxation and has further ruled that interest upon its obligations, i.e. 'bonds', are excludable from income by [Section 103\(a\)\(1\) of the Internal Revenue Code](#). This section is similar to Section 65–253(4) of the 1962 South Carolina Code of Laws. Further, Section 65–4.1 of the South Carolina Code provides that such bonds shall be exempt when issued 'by or on behalf of * * * municipalities * * * and all agencies thereof.' Added support for exempting the interest is found in this language.

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