

1978 WL 34818 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

March 28, 1978

*1 Mr. Robert Muller
Standard & Poor
347 Hudson Street, 15th Floor
New York, New York

Dear Mr. Muller:

A question has arisen as to the scope of the following language of new Article X, Section 14(5) of the South Carolina Constitution, 1895, as amended:

. . . If at any time any political subdivision shall fail to effect the punctual payment of the principal of or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due.

Article X, Section 14(1) defines 'political subdivisions' as the counties of the State, the incorporated municipalities of the State and special purpose districts. School districts are not included within the definition of 'political subdivisions', but the language hereinabove quoted also appears with reference to school districts in Section 15(4) of Article X.

In the opinion of this Office, the general obligation debt included within the scope of Article X, Sections 14(5) and 15(4) is debt created both before and after the effective date of new Article X. The provision is not expressly limited to debt incurred after the effective date of new Article X, i.e., after November 30, 1977, and it need not be impliedly so limited since the intent appears to be to include all outstanding general obligation debt as evidenced by the broad language used. Moreover, the applicability of Section 14(5) and 15(4) of Article X to debt created before its effective ratification date would not effect any impairment of contractual obligations or disturb other vested rights. Cf., Pulliam v. Doe, 246 S.C. 106, 142 S.E.2d 861 (1965).

With kind regards,

Karen LeCraft Henderson
Senior Assistant Attorney General

1978 WL 34818 (S.C.A.G.)