

1975 WL 29244 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

November 28, 1975

*1 A laundry or linen service is not a business that is exempted from ad valorem taxes by the provisions of Section 65-1540.1.

To: Honorable Francis L. Kindt
Chairman
Beaufort County Equalization Board

QUESTION

Is a business engaged in furnishing linens, towels, etc., to motels, hotels, condominiums and hospitals exempt by the provisions of Section 65-1540.1 of the Code of Laws from ad valorem tax as a new manufacturing or processing establishment?

STATUTES

Section 65-1540.1 of the Code of Laws of South Carolina, 1962.

DISCUSSION

Section 65-1540.1 provides:

‘In Beaufort County all new manufacturing or processing establishments or additions to existing manufacturing or processing establishments shall be exempt from all county taxes, except for school purposes, for five years from the time of the establishment of or addition to such manufacturing or processing establishments if the capital investment is not less than one hundred thousand dollars and the establishment or addition thereto provides employment for not less than fifteen persons.’

This section provides for an exemption from taxation. According to the general rules of construction it must be strictly construed against the exemption and in favor of taxation. Thus any doubt as to its applicability must be resolved in favor of the tax.

It is believed that the terms ‘manufacturing’ and ‘processing’ as used in this statute have reference to manufacturing or some stage or process of manufacturing. In the case of [Pellerin Laundry Machinery Sales Company v. Cheney](#), 237 Ark. 59, 371 S. W. 2d 524, involving a similar tax exemption statute, it was said that a laundry was not a manufacturing operation. Further, in resolving the question, it was said that the ‘process’ of laundering was not a manufacturing process and that the exemption statute using the term ‘processing’ was to be applied only to those establishments commonly engaged in manufacturing or engaged in a manufacturing process. In the decision the Court defined a laundry and dry cleaning establishment to be a business that sells a service.

This office has therefore concluded in accord with the general rule given to tax exemption statutes that a laundry or a linen service is not the type of business that is clearly exempted by the aforesaid statute.

CONCLUSION

A laundry or linen service is not a business that is exempted from ad valorem taxes by the provisions of Section 65-1540.1.

G. Lewis Argoe, Jr.
Assistant Attorney General

1975 WL 29244 (S.C.A.G.)

End of Document

© 2018 Thomson Reuters. No claim to original U.S. Government Works.