Bond Case Briefs

Municipal Finance Law Since 1971

TAX - SOUTH CAROLINA

Richland County v. South Carolina Department of Revenue

Supreme Court of South Carolina - March 7, 2018 - S.E.2d - 2018 WL 1177700

County brought action against Department of Revenue (DOR), seeking declaratory, injunctive, and mandamus relief after DOR stopped remitting transportation penny tax funds, and DOR counterclaimed for an injunction and a declaration that county's expenditures of funds were unlawful, or the appointment of a receiver.

The Circuit Court issued a writ of mandamus, denied injunctive relief, and refused to appoint a receiver. County and DOR appealed, and the appeal was certified to the Supreme Court.

The Supreme Court of South Carolina held that:

- DOR had standing to pursue affirmative defenses and raise counterclaims;
- DOR had ministerial duty to remit tax revenues, as required to entitle county to mandamus relief;
- County would not suffer irreparable harm, and thus county was not entitled to injunction;
- DOR was entitled to injunction forbidding county from making further expenditures; and
- DOR was not entitled to appointment of receiver.

Department of Revenue (DOR) had standing to pursue affirmative defenses and raise counterclaims regarding county's alleged misuse of transportation penny tax funds, in county's action challenging DOR's withholding of tax funds; DOR was agency statutorily tasked with administering penny tax program, and expenditure of millions of dollars of tax revenues was issue of wide concern both to DOR and to residents and taxpayers of county.

Department of Revenue (DOR) had ministerial duty to remit transportation penny tax revenues to State Treasurer for disbursement to county, as required to entitle county to mandamus relief, despite DOR's concerns that county was misusing tax funds; even though DOR had broad investigative and enforcement powers, statute indicated that DOR "must" remit revenues.

County would not suffer irreparable harm, and thus county was not entitled to injunction prohibiting Department of Revenue (DOR) from issuing directives, demands, or orders that county adopt and implement appropriate safeguards to ensure that expenditures of transportation penny tax funds were proper; county did not suffer any negative financial consequences in light of writ of mandamus directing DOR's continued remittance of tax revenues, and DOR's actions in auditing county were squarely within DOR's statutory duties.

Department of Revenue (DOR) was entitled to injunction forbidding county from making further expenditures of transportation penny tax revenues until county adopted and implemented appropriate compliance safeguards; Transportation Act required nexus between expenditures and transportation-related capital project, and county had many suspect expenditures of tax funds.

Trial court was not required to grant Department of Revenue's (DOR) request for appointment of receiver over county, even though county made many suspect expenditures of transportation penny

tax revenues; trial court could order repayment of any improper expenditures from county's general fund, and county was expected to abide by injunction imposed to prevent improper expenditures.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com