SUPREME COURT OF SOUTH CAROLINA

Aiken v. South Carolina Department of Revenue

Opinion No. 27944; Appellate Case No. 2017-001790 · No. 2017-001790 · Decided February 12, 2020

SUMMARY

The South Carolina Supreme Court held that the catchall provision of South Carolina Code section 12-60-80(C) bars the plaintiffs' action from proceeding as a class action against the South Carolina Department of Revenue. The court concluded that the provision's plain language prohibits naming the Department, political subdivisions, or their instrumentalities as defendants in any other class action, and rejected the circuit court's ejusdem generis, statutory-placement, and one-subject-rule reasoning. The court reversed and remanded without reaching the merits of the plaintiffs' claims or deciding whether the debts at issue were taxes.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Justice James; Chief Justice Beatty; Justice Kittredge; Justice Hearn; Justice Few
JURISDICTION	South Carolina
DECIDED	February 12, 2020
DOCKET	2017-001790
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Department appealed the circuit court's order granting the respondents' motion to strike an affirmative defense asserting that South Carolina law barred the action from proceeding as a class action. The Supreme Court of South Carolina accepted the appeal by certification from the court of appeals.
STANDARD OF REVIEW	Questions of statutory interpretation are questions of law reviewed de novo.
PRECEDENTIAL VALUE	published state supreme court opinion
PARTIES	South Carolina Department of Revenue v. Jimmie Aiken, Leila Brown, Vernonda Cohen, Carla David, Anthony Sabb, James Ginn, Shirley Rice, named plaintiffs representing a putative class of South Carolina citizens

TOPICS

class actions · statutory interpretation · plain meaning rule · appellate procedure · tax

PRACTICE AREAS

civil procedure · state and local tax · administrative law · appellate procedure

QUESTIONS PRESENTED

1. Whether subsection 12-60-80(C) of the South Carolina Revenue Procedures Act prohibits the respondents' action from proceeding as a class action against the Department of Revenue.
2. Whether the catchall clause prohibiting the Department and specified governmental entities from being named as defendants in any other class action is limited by ejusdem generis to class actions involving tax refunds.
3. Whether the catchall clause is invalid under Article III, section 17 of the South Carolina Constitution's one-subject rule.
4. Whether the debts collected by the Department qualify as taxes under subsection 12-60-30(27) of the Revenue Procedures Act.

HOLDINGS

1. The plain language of subsection 12-60-80(C) prohibits the Department of Revenue from being named or made a defendant in any other class action brought in South Carolina; therefore, this action cannot proceed as a class action against the Department.
2. Ejusdem generis does not limit the phrase "any other class action" to class actions involving taxes because the statute clearly shows that no such limitation was intended.
3. The circuit court erred in concluding that the class-action prohibition violated Article III, section 17 of the South Carolina Constitution because any constitutional defect in the enactment was eliminated by proper codification.
4. The court did not decide whether the debts owed to the governmental hospitals were taxes under subsection 12-60-30(27) because the catchall clause independently disposed of the class-action issue.

KEY QUOTATIONS

> *"We reverse the circuit court and hold this case cannot proceed as a class action against the Department."* (I)

> *"To interpret the catchall clause in this fashion would simply amount to an unnecessary re-recitation of the first portion of subsection (C); this would be an absurd and forced construction of the catchall clause of subsection (C)."* (II.A)

> *"We hold the plain language of subsection 12-60-80(C) prohibits this action from proceeding as a class action."* (III)

FACTUAL BACKGROUND

Each named respondent allegedly owed or had owed money to Allendale County Hospital or The Regional Medical Center in Orangeburg, both governmental entities. The hospitals contracted with the Department of Revenue under the Governmental Enterprise Accounts Receivable program to collect the alleged debts, and the Department allegedly used wage garnishment authority to do so. Respondents challenged the collection practices and sought refunds while attempting to represent a class that also included persons whose wages were garnished for other types of delinquent governmental debts.

PROCEDURAL HISTORY

Respondents filed a declaratory judgment action seeking refunds of amounts allegedly garnished from their wages to satisfy debts owed to governmental entities and sought to proceed on behalf of a class. The Department asserted that subsection 12-60-80(C) of the South Carolina Revenue Procedures Act barred the action as a class action. The Orangeburg County Circuit Court struck that defense, and the Department appealed. The Supreme Court reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded to the circuit court for further proceedings consistent with the opinion. The court did not decide the merits of the underlying claims or whether the Revenue Procedures Act applies to other issues.

CASES CITED

- Lightner v. Hampton Hall Club, Inc., 419 S.C. 357, 363, 798 S.E.2d 555, 558 (2017)
- Univ. of S. Cal. v. Moran, 365 S.C. 270, 274, 617 S.E.2d 135, 137 (Ct. App. 2005)
- Town of Summerville v. City of N. Charleston, 378 S.C. 107, 110, 662 S.E.2d 40, 41 (2008)
- Hodges v. Rainey, 341 S.C. 79, 85, 533 S.E.2d 578, 581 (2000)
- Futch v. McAllister Towing of Georgetown, Inc., 335 S.C. 598, 613, 518 S.E.2d 591, 598 (1999)
- State v. Wilson, 274 S.C. 352, 355, 264 S.E.2d 414, 415 (1980)
- Matter of Decker, 322 S.C. 215, 219, 471 S.E.2d 462, 463 (1995)
- Gardner v. South Carolina Department of Revenue, 353 S.C. 1, 577 S.E.2d 190 (2003)
- S.C. Tax Comm'n v. York Elec. Coop., 275 S.C. 326, 333, 270 S.E.2d 626, 629-30 (1980)
- Colonial Life & Accident Ins. Co. v. S.C. Tax Comm'n, 233 S.C. 129, 148, 103 S.E.2d 908, 917 (1958)
- I'On, L.L.C. v. Town of Mt. Pleasant, 338 S.C. 406, 526 S.E.2d 716 (2000)