



State of South Carolina

Office of the Governor

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June 16, 2008

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
P.O. Box 11867
Columbia, South Carolina 29201

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my approval H. 3812, R-416.

This bill grants two additional exceptions to the current cap imposed on local governments' ability to increase millage. First, this bill grants an exception for local governments to raise millage for the purpose of purchasing residential development rights of undeveloped property near a U.S. military base if the property is determined by the local government to be an undesirable encroachment upon the military base. Second, this bill grants an exception for one county – Chesterfield County – to increase millage to purchase capital equipment for the county.

We recognize the value of the exception created in this bill to lessen encroachment on military bases in our State, especially in a city like Sumter that relies on Shaw Air Force as a local economic driver. It is a gross understatement to say that the economic fortunes of the Sumter area very much rest on Shaw Air Force base. As an Administration, we have worked to keep Shaw as a part of the Sumter community, and we will continue to do so. In 2004, we worked with the Military Base Task Force on legislation that would ensure that military bases have a voice in local zoning around the base. H. 3812 allows for the cap to be lifted by the county council in an effort to preserve land around the base. Our bias in this Administration is toward home rule. However, in the case of tax increases, we have always asked that a referendum process be used to give the taxpayers maximum input into the taxes they pay. In this case, given the magnitude of Shaw's impact to the Sumter region we would support bringing back legislation that allowed for the cap to be lifted if that change were approved by local voters rather than limiting this decision to County Council.

The reason we ultimately are vetoing this bill, and my primary objection to H. 3812, lies in the fact that it leads us down a very slippery slope of piercing holes in the *limitation* on local governments' taxing power. In 1997, the General Assembly, in its wisdom, passed a law to limit local governments' taxing power except in four instances – to pay for expenses incurred as a result of natural disasters, a deficit, a judicial order, and the Education Finance Act requirements.

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In 2006, a new exception was carved out to deal with implications of the Property Tax Relief Act. Ultimately, we agree with the General Assembly's original intent to limit the tax burden at the local level, and we believe this legislation undermines their good intentions. As legitimate as the needs are for grading equipment in Chesterfield County, or land around Shaw to protect from encroachment – they also represent a 40 percent increase in the number of exemptions that have traditionally limited local governments' taxing authority. Exemptions have a tendency of growing exponentially as those with a good cause point to an existing exemption and ask, "if they could be exempted, why can't we?"

For these reasons, I am vetoing H. 3812, R-416.

Sincerely,



Mark Sanford
