



State of South Carolina Office of the Governor

MARK SANFORD
GOVERNOR

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June 11, 2010

The Honorable André Bauer
President of the Senate
State House, 1st Floor, East Wing
Columbia, South Carolina 29202

Dear Mr. President and Members of the Senate,

I am hereby vetoing and returning without my approval, S. 950, R. 305, which amends the Municipal Improvement Act of 1999 by authorizing municipalities to secure an improvement district's bonds with their taxing powers. It also eliminates the requirement that owners of residential property must consent before being included in an improvement district. We oppose S. 950 as we have opposed similar Tax Increment Financing legislation because we do not believe local governments should be able to unilaterally increase taxes on homeowners in this way. In its present form we think the bill takes from the bundle of private property rights now enjoyed by a homeowner. This is particularly the case as the impact of this law would fall on people who, in many cases, do not benefit from whatever services the tax revenues fund.

This bill allows local improvement districts to raise taxes on property located outside the improvement district in order to fund projects within the district. The original improvement district legislation states that local governments may not place any assessment, revenues, or debt service on bonds that are used to fund municipal improvements on property that is located outside the improvement district. However, S. 950 changes that common sense arrangement, meaning that all property in the municipality – including property outside the improvement district's borders – would potentially be subject to taxation in order to secure additional bonded indebtedness. This is similar to raising a tax in Charleston County to pay for a local project in Georgetown. Ultimately, we believe this arrangement would contradict the legislation's original structure and be detrimental to taxpayers.

We are also vetoing S. 950 because it fails to protect private property rights given that there is no requirement for local governments to obtain a property owner's permission before including their property within the improvement district. The Founding Fathers believed that, at its core, government should protect life, liberty, and personal property – the physical manifestation of one's accumulated efforts as a free man or woman. Given that a local district's "improvements" will affect local property values, either positively or negatively, we believe property owners

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should have more authority over whether an improvement district expands to include their property.

For these reasons, I am vetoing and returning without my approval S. 950, R. 305.

Sincerely,

A handwritten signature in black ink, appearing to be 'Mark Sanford', written in a cursive style.

Mark Sanford