



HENRY McMASTER
GOVERNOR

May 9, 2017

The Honorable James H. "Jay" Lucas
South Carolina House of Representatives
State House, Second Floor
Columbia, South Carolina 29201

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my approval R-51, H. 3516, a bill that raises the state gas tax in an effort to address the needs of South Carolina's roads, bridges and highways. I am vetoing this bill because it represents the single largest tax increase in our state's history, and places its greatest burden on South Carolina's working families, young workers and senior citizens. Moreover, this increased levy would be unnecessary if the General Assembly would use existing gas tax revenues more efficiently, without diverting them to non-road agencies, non-priority roads and office overhead.

Members of the General Assembly are right to make fixing our roads a priority, and I strongly agree that South Carolina's infrastructure – including our port, roads and rail – represents a vital engine of our economic growth. Unfortunately, this year, as in recent years, the first and last solution embraced by the legislature is yet another tax on the people, many of whom cannot bear the burden of existing taxes. Requiring South Carolinians to pay more than 70% in additional taxes at the fuel pump is not reform; rather, it is an oversimplified, misguided and ineffective solution to systemic problems of long standing which require thoughtful analysis, restructuring, transparency and prioritization. Clearly, our roads must have additional funding, but this is not the right or necessary way to get it. This is not "legislating" in the proper sense of that word; it is an act of capitulation. Moreover, the income tax breaks in this bill, if utilized, are grossly insufficient to offset the massive liability our citizens will shoulder in the coming years. Also, they are too cumbersome for most families, they further clutter our tax code with yet more exemptions and deductions and – unlike the tax increases – they are temporary.

As stewards of our state's infrastructure, we have a duty to refurbish our roads, and I stand ready to work with the General Assembly to do so. I propose that we enact much-needed reforms at the Department of Transportation (DOT) which will create a long-term funding solution. Under

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the current system, over one-fourth of gas tax revenues never make it to the pavement in the first place; they are diverted to state agencies for overhead at DOT and other costs. The rest of these funds are spent through an inefficient, complex system of political influence and parochial patronage that fails to address our urgent needs and priorities; that is, most of the money is spent on lightly and rarely travelled roads.

It is a disservice to taxpayers to raise gas taxes for a dysfunctional system while promising efficiency, accountability and progress from that same system. For the foregoing reasons, I am respectfully vetoing R-51, H. 3516 and returning the same without my signature.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Henry McMaster", is written in a cursive style.

Henry McMaster