



# State of South Carolina

## Office of the Governor

MARK SANFORD  
GOVERNOR

POST OFFICE BOX 12267  
COLUMBIA 29211

June 2, 2009

The Honorable Robert W. Harrell, Jr.  
Speaker of the House of Representatives  
Post Office Box 11867  
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am writing to inform you that I am vetoing and returning without my approval H. 3018, R. 88.

The bill provides a property tax exemption for improvements on newly constructed houses until they are either sold or within six years of a certificate of occupancy is issued. It also allows for the owner-occupied rate of four percent on a second home if a dependent child lives there.

Given the glut of new homes on the market in some communities around our state, and the obvious good intentions in this bill in trying to lower the cost to the developers, investors and builders holding these buildings – easing their financial pain in this instance would add to the financial pain of the remaining homeowners across this state. All this simply means is that our objection to this legislation is ultimately about fairness to all property taxpayers within a county. Today, new homes are reassessed in the next tax year after they are completed. The same holds true for homeowners or businesses that make major improvements to their property. This legislation would carve out only those homes built for sale, while leaving all other taxpayers with the burden of those same increased assessments as before.

The Board of Economic Advisers estimates that \$1.5 million of property taxes will be shifted onto current homeowners and businesses. When large developments are approved, they add costs to the affected community for construction and operation of water and sewer, fire and rescue, and school construction. Typically, permanent improvements are built in conjunction with the demand these developments will create. In short, taxpayers provide financing in support of residential development and will now be asked to maintain more of it because homes are not sold. This hardly seems equitable to those who already shoulder a significant tax burden at the local level.

The Honorable Robert W. Harrell, Jr.

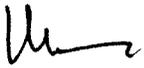
Page Two

June 2, 2009

We also see this legislation as a mixed message with regard to tax reform. The inherent danger of tax law is that there will be constant and repeated efforts to exempt certain classes or people from taxation without looking at the impact as a whole. It seems counterintuitive that the General Assembly would spend a whole session debating a Commission to look at state and local taxes for the purposes of reform, while enacting further exemptions such as this into the law. Perhaps the Legislature should consider a moratorium until a more holistic approach to taxes can be taken.

For these reasons outlined above, I am vetoing H. 3018, R. 88.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Sanford", with a stylized flourish at the end.

Mark Sanford