June 7, 2010

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 hereby vetoing and returning without my approval H. 4174, R. 276, which prevents certain property transfers from triggering the requirement for a new property assessment for tax purposes.

The underlying details and larger concept behind H. 4174 have real merit because we do not believe state law should interfere with inter-family or inter-business transfers. However, we believe that any amendments to Act 388 should be dealt with in a comprehensive manner rather than through the kinds of piecemeal efforts this bill represents.

In short, we believe this bill is premature given the work that the Tax Realignment Commission (TRAC) is doing to examine our tax code, and that we should wait until TRAC has completed its efforts before attempting to revise our tax laws. Ultimately, we think this bill’s contents should be incorporated into a broader tax reform bill.

Just two years ago, we vetoed similar legislation that would have exempted Sumter County from the millage cap originally imposed by Act 388. Our objection at the time was that, despite the merits of exempting Sumter in an effort to protect Shaw Air Force Base from unwanted encroachment, exemptions have a tendency of growing exponentially as each group points to an existing exemption and ask, “if they could be exempted, why can’t we?” In this way, we believe the General Assembly’s original intent to limit the local tax burden would be undermined and the underlying balance of trade-offs incorporated into Act 388 would be thrown off-kilter with passage of a bill like H. 4174.

It’s important to remember that Act 388 originally capped property tax millage, limited property assessment increases, and imposed a statewide $.01 sales tax increase so that homeowners would no longer have to pay school operating expenses. In exchange, the General Assembly agreed that
property would be reassessed any time there were certain property transfers. What all this means is that if we’re going to look at changing portions of Act 388, then we should do so on a comprehensive basis rather than a piecemeal approach that may well further complicate policymakers’ broader tax reform efforts.

For these reasons, I am vetoing and returning without my approval H. 4174, R. 276.

Sincerely,

Mark Sanford