



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

June 11, 2008

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 signature H. 4470, R-385.

H. 4470 gives local governments the option of providing a property tax credit to property owners who install fire sprinklers equal to 25 percent of the cost of installation. This bill also creates a matching 25 percent state income tax credit for fire sprinkler installation costs when the local government implements the property tax credit.

While we applaud the bill's intent to reduce fire deaths and damage, it should come as no surprise that we are vetoing this legislation since this Administration has been clear to members of the House and Senate in correspondence throughout this legislative session regarding its position regarding fire sprinklers and tax subsidies. In correspondence dated February 13th of this year, we outlined this Administration's reluctance to support a fire sprinkler tax credit that was so large as to essentially amount to a near total taxpayer subsidy.

The tax consequences of this bill is smaller than the one originally proposed, and, in that regard, we give the General Assembly credit; however, it still creates a taxpayer-funded subsidy of 50 percent of the total cost of installation incurred by property owners who install fire sprinklers. It has been our position that taxpayers should represent the minority of investment in additions to a privately held concern like a hotel, restaurant or warehouse and, as just mentioned, this bill would involve the taxpayer joining as an equal partner.

Public investing at this level may well bring with it several unintended consequences. First, things get more expensive when someone else is picking up the tab. If the costs are largely paid by a third party as they are in this proposal, competitive pricing becomes a secondary concern and, in this regard, taxpayers suffer.

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Second, we fear that the discriminatory nature of this legislation makes it constitutionally suspect. The South Carolina Constitution and the Fourteenth Amendment of the United States Constitution requires that no person "be denied equal protection of the laws." H. 4470 potentially denies the citizens equal protection because it does not make the income tax credit available to all South Carolina citizens. Some in legal circles have argued it makes no sense to make a distinction as to who is entitled to a tax credit based on the actions of their local government. In this sense, this legislation is similar to the property tax exemption that was struck down by the United States Supreme Court in *Hooper v. Bernalillo County Assessor* because the exemption was not provided on an equal basis.

For these reasons, we are vetoing H. 4470, R-385.

Sincerely,

A handwritten signature in black ink, appearing to be "MS", with a long horizontal stroke extending to the right.

Mark Sanford