



State of South Carolina Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE BOX 12267
COLUMBIA 29211

May 12, 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 vetoing and returning without my approval H. 4511, R. 202, which creates the South Carolina Rural Infrastructure Authority. I am vetoing this legislation because it creates a new government entity to perform functions the Department of Commerce (Commerce) currently performs.

H. 4511 creates the seven-member South Carolina Rural Infrastructure Authority (SCRIA) to distribute grants to entities in rural parts of the state for infrastructure projects like road or sewer construction and repair. We are well aware of the impact that functioning, critical infrastructure has on our state's economic development potential – particularly in rural parts of South Carolina. Commerce has worked hard to recruit jobs to these rural counties. In fact, of the nearly 20,000 new jobs created in South Carolina in 2009, 28 percent of those jobs and 30 percent of the projects went to rural areas where only 21.8 percent of the workforce resides. This administration has been an active proponent, through Commerce, of rural infrastructure projects. What we *do* oppose, however, is the creation of a new state entity that merely duplicates existing state programs.

Currently, Commerce's Rural Infrastructure Fund provides financing for infrastructure projects and other activities to counties in the state's rural areas. These funds may go toward traditional infrastructure projects like a water treatment facility or bridge repair project, or for job creation and product development. Commerce gives priority in funding for distressed counties, and then distributes funds after receiving approval from the Coordinating Council for Economic Development based on its strategic development plan. Because Commerce oversees the Rural Infrastructure Fund, Commerce can coordinate Rural Infrastructure Fund financing with the agency's various other economic development efforts to ensure the funds are used as effectively as possible. In fact, Commerce's Rural Infrastructure Fund supported projects in counties represented by eleven of the bill's sponsors, representing over \$20.45 million in grants in the last five years for local projects including road construction, bridge maintenance, industrial park

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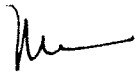
development, and business site preparation. As recently as 2008, there were 2,308 people in South Carolina working on community and rural development projects, with a combined program budget of over \$1 billion in federal, state, and other funds. The Budget and Control Board also operates a similar program, but on a smaller scale. We also believe this program should be consolidated with Commerce's efforts.

Ultimately, we cannot support H. 4511 because it duplicates what we already do. It would create yet another government agency and spread already scarce state resources even thinner. This is particularly troubling given that, next fiscal year, the General Assembly will be forced to cut nearly \$1.2 billion from the state budget -- much of it from core areas of government like education and law enforcement. We have seen no evidence that Commerce is unable to fill local needs relating to financing infrastructure projects let alone enough evidence to justify creating a new state entity. Additionally, H. 4511 restricts the SCRIA's scope of authority to funding construction or repair of actual infrastructure, but would not allow the kinds of economic development projects of which Commerce's Rural Infrastructure Fund is capable.

In past legislative budgets, we have consistently vetoed appropriations for the Budget and Control Board's Rural Infrastructure Bank on the grounds that it is redundant of Commerce's program, and we believe that Commerce should coordinate all of the state's economic development efforts. In addition, there are myriad other programs at the federal and state level related to rural economic grants, like the \$21 million Community Development Block Grants program. Based on the results we've seen, Commerce is more than capable of coordinating and encouraging economic development in rural areas; therefore, we see no reason to create a duplicative government agency that will consume valuable state resources.

For these reasons, I am vetoing and returning without my approval H. 4511, R. 202.

Sincerely,



Mark Sanford