



State of South Carolina
Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE BOX 12267
COLUMBIA 29211

March 31, 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 H. 4728, R. 170, which allows the Fort Mill School District No. 4 of York County to issue general obligation bonds of up to \$2 million to cover an expected operating deficit in FY 2011.

We are sympathetic to the difficulty this school district, and others like it, find themselves, but we must do as we have done in the past and veto this legislation because we believe that bonded indebtedness should not be used by school districts to fund operating expenditures. A cardinal rule of prudent financing is that you do not fund short-term operations with long-term debt. States like California have attempted to do so and it has come with disastrous consequences.

Although these bonds would be backed by existing funds that have been raised by school impact fees, these fees were instituted to offset the impact of new construction and capital improvements – not to fund operating expenses. In fact, under existing law the school district may not use impact fees directly for operating expenses. This legislation would for all practical purposes void this limitation by allowing them to be used for operating expenses which would be funded through the proceeds of general obligation bonds. Using impact fees like this sets a dangerous precedent with statewide implications, and it would likely lead to future tax increases to fund new and future construction since the impact fees would be drained to finance operating expenses.

For this reason, I am vetoing H. 4728, R. 170.

Sincerely,

A handwritten signature in black ink, appearing to be "Mark Sanford".

Mark Sanford