THE HOUSE RESUMES
At 6:55 p.m. the House resumed, the SPEAKER in the Chair.

JOINT ASSEMBLY
At 7:00 p.m. the Senate appeared in the Hall of the House. The President of the Senate called the Joint Assembly to order and announced that it had convened under the terms of a Concurrent Resolution adopted by both Houses:

H. 4429 -- Reps. Harrell, W. D. Smith, White, Cooper, Harrison, Cato, Walker, Witherspoon and Howard: A CONCURRENT RESOLUTION INVITING HIS EXCELLENCE, MARSHALL CLEMENT (MARK) SANFORD, JR., GOVERNOR OF THE STATE OF SOUTH CAROLINA, TO ADDRESS THE GENERAL ASSEMBLY IN JOINT SESSION AT 7:00 P.M. ON WEDNESDAY, JANUARY 16, 2008, IN THE CHAMBER OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES.

Governor Marshall C. Sanford, Jr. and distinguished party were escorted to the rostrum by Senators Peeler, Setzler, Thomas, McConnell, Hayes and Matthews and Representatives BANNISTER, BALLENTINE, HAGOOD, CLEMMONS, SCOTT and NEILSON. The President of the Senate introduced Governor Sanford who then addressed the Joint Assembly as follows:

2008 State of the State Address
Governor Mark Sanford

Mr. Speaker, Mr. President, Ladies and Gentleman of the General Assembly, Constitutional Officers and my fellow South Carolinians:

It’s an honor to be with you again tonight to deliver my view of the State of our State, but as I’ve done in the past, I’d first ask we pay tribute to the South Carolinians who died fighting in the Middle East over the last year.

From different corners of our State, these thirteen died in efforts to bring greater freedoms to that part of the world, and whether you agree or disagree with that effort, the service and sacrifice of men and women in uniform should serve as a constant reminder to all of us that freedom is not free.
Military families bear this cost, and know the price – and these soldiers made the ultimate of sacrifices while serving in uniform.

CWO Jason G. DeFrenn, USA - Barnwell
Sgt Shawn M. Dunkin, USA - Columbia
PFC Joey T. Sams II, USA - Spartanburg
Sgt Adrian J. Lewis, USA - Mauldin
PFC Anthony J. White, USA - Columbia
Sgt Sameer A. M. Rateb, USA - Ladson
LCPL David P. Lindsey, USMC - Spartanburg
Cpl Juan M. Lopez, Jr., USA - Florence
Spc Zandra T. Walker, USA - Greenville
SSgt Terry D. Wagoner, USA - Piedmont
Sgt Edward O. Philpot, USA - Latta
SSgt James D. Bullard, USA - Marion
Sgt Shawn F. Hill, USA - Wellford

I want to thank a few other people as well. I frequently raise the fact that the cost of our State government is a real problem, but, in identifying this, it is important to recognize that the problem is rooted in our structure, not in our employees. For this reason, I’d ask that you join me in recognizing a state employee who is representative of so many who oftentimes work without recognition. His name is Billy Roberts, and he has worked for the State for about the past 30 years.

I also want to recognize a person who is representative of tens of thousands in the private sector who go about their job without recognition or praise, but who nonetheless are the real heroes in our economy. Folks like Norris Ashford who runs Cottman Transmission here in Columbia. His work creates opportunities for the people who work there, and these businesses and individuals pay the taxes that make government services possible in the first place.

Finally, I’d recognize my Cabinet for their hard work in administering their respective fields of government. We’ve had some changes in the guard since last year, so I specifically want to recognize Colonel Emma Forkner at the Department of Health and Human Services, Scott Richardson at the Department of Insurance, Buck Limehouse at the Department of Transportation, Kathleen Hayes at the Department of Social Services – and Reggie Lloyd, who we just nominated at the State Law Enforcement Division.

Last year, in my second Inaugural Address, I said that I believed that the “keys to change were in our collective hands.” I still believe that, but for keys to have value they must be used. And so tonight I will
talk about why it’s important we break from the status quo on a range of areas, and why it’s important we do many things differently here in South Carolina – from the way we tax to the way we educate – but before I do, let’s look at a few of the things that have changed over the last year:

We’ve changed the structure of the Department of Transportation for the first time since it was created in 1917; the DOT Director is now a part of the Governor’s Cabinet. We’ve increased government transparency by allowing citizens to check online to see how state agencies are spending their money. Though we still have many miles to go on this front, we passed workers’ compensation reform that represents a down payment in improving soil conditions for businesses large and small. We passed the largest recurring tax cut in State history – $221 million, eliminating the grocery tax and cutting parts of the income tax. We’re slowly but surely giving our students more tools with which to learn by establishing virtual classrooms so young people can draw from experts and resources from across the State.

Last year marked the first year this State fully funded the charter school statewide district. We avoided the pitfalls that Florida taxpayers will see with the next storm that hits Florida by passing coastal insurance reform that keeps in mind the reality of market principles. We’re defending privacy rights by becoming the fifth state in the country to say no to the heavy-handed Real ID legislation from the federal government, and I thank each one of you who voiced your opinion in that important debate tied to the larger principle of limiting federal power.

We took a step toward more sustainable development by passing the Priority Investment Act. In this past year alone, nearly 80,000 acres of land were protected, and in total more land has been protected over the past four years than during any other period in our State’s history. There are 165,082 more people working in South Carolina than there were five years ago. We have seen more investment this last year, $4.1 billion worth, than in any other year in our State’s history – and I might add that those jobs and investments have disproportionately gone to rural South Carolina and places that need them most.

We have instituted the first Medicaid statewide reform plan of its kind in the nation, which will foster innovation as private companies compete within Medicaid to drive down prices and improve quality. We are also breaking new ground in being the only State in the nation offering Health Savings Accounts for Medicaid patients.
We are joining with Georgia and are moving ahead with a state-of-the-art port in Jasper County that will serve the growing shipping needs of businesses across our State.

So in describing the state of our State, some good things have happened over the last year – yet, as Benjamin Franklin said, “When you’re finished changing, you’re finished.” And we still have miles to go in all that needs to change in our State.

In fact, the times dictate it because the state of our State this year comes with real challenges:

We are in a new era wherein change is necessary to survive, compete and thrive. The financial excesses I have warned of over the last few years – spending well beyond our means here in Columbia – are indeed coming home to roost, and, as a consequence, this budget year will be strained and the one following even more so.

Finally, the unique look and feel of South Carolina that has attracted so many, and kept so many more here in the first place, is being threatened at such a rate that unless we are proactive we will forever lose one of our State’s great points of competitive advantage in the global economy.

In short, we have real challenges. In meeting them we can either rise to the occasion and see them as an opportunity for the way they force change that is long overdue – or wait and defer so that South Carolinians five, ten, and fifty years from now face far greater problems.

History is full of stories wherein South Carolinians have indeed risen to the occasion, and we can do so now. If we really understand the nature of change today: We will no longer overlook our government structure and what it costs us, we will take another look at our approach to economic development and the degree to which we are improving soil conditions each year for all business.

We’ll look hard at education in the State – and face the fact that one-size-fits-all programs, in fact, don’t fit all. We’ll look at government spending – and actually draw a line in the sand, or in the budget itself, so that we don’t go on growing government faster than our economy. And finally we’ll look hard at the way quality of life in our State is changing and at remedies to do something about it.

If we are honest in these looks, I think we will really see how desperately change is needed now. Our challenge will lie in whether or not we take action. Whether we do or not time will tell, but what has already been told is how the stakes have never been higher:
According to the guy I quote too often – Thomas Friedman – “The most important competition is between you and your imagination. Because energetic, innovated and connected individuals can now act on their imaginations farther, faster, deeper and cheaper than ever before. And those countries and companies that empower their individuals to imagine and act quickly on their imagination are going to thrive.” He believes “the flatter the world becomes the wider the economic gap we will see between those countries, and for that matter those states, that empower individual imagination – and those that don’t.”

We believe there are five main pillars we can work on this year where change is essential for us as a State, and key to empowering individuals so they can better compete in today’s world.

1. We can’t compete in today’s world with the government structure now in place. It leaks money and lacks accountability. The 1895 Constitution that set today’s governmental structure was built around the fear that a black man would be elected Governor of South Carolina, and any structure built on this foundation is an insane model from which to run your government in the 21st century.

I ask you allow the people of South Carolina the opportunity to vote to change it – not for me because I’ll be gone from this office before any change could be instituted – but for your neighbor, for your cousin, for your grandchildren. With the 1895 Constitution, Ben Tillman was very frank in his intentions: “We of the South,” he said on the floor of the U.S. Senate, “have never recognized the right of the negro to govern white men, and never will.” Think about that quote for a moment – “We of the South have never recognized the right of the negro to govern white men, and never will.”

Leaving aside for a moment the cost and inefficiency of the government model that went with this thinking, all of this is code for a larger operating paradigm that allows a small group of people to control or disproportionately influence the rest of us. This is the plantation model of “we know what’s best for y’all” – and the complete opposite of what Friedman argues in the vital urgency of freeing people and empowering individuals to imagine and act quickly on their imagination.

I believe the Tillman model has held South Carolina back for more than a century, that it is wrong, and that our government should not be operating from this framework given the way it brings too little in accountability, too little in transparency and too much in cost. In business terms, when everybody’s accountable, no one is. One of the most glaring structural problems in South Carolina is that we have a
governmental body – the Budget and Control Board – that handles the executive branch functions performed by the other 49 governors in this country. Whoever this State’s next governor is, don’t saddle him or her with this.

After the legislative branch and judicial branch have vetted a law – let the governor actually administer the laws and act as the executive – as it is done in the other 49 states in the country. Some of what has gone on in the Budget and Control Board is near criminal. For the last 22 years, the Board had given a politically connected company the insurance work for the State. It wasn’t bid so that someone offering a lower price or a better service could compete for the work, it was just given to the family with the connections – and cost the rest of us a little over $2 million a year.

The Board just recently voted to give raises to a number of agency heads, and ultimately spend millions more as we go into a tough budget year – even though no one had asked for the raises, there were no performance reviews, and some of the people had only been on the job a few months. A recent third-party report found more than $500 million in potential savings to taxpayers in the Budget and Control Board alone. In short, the Board needs to go. It hurts our State in its competitiveness, and we ask that we end this complete mockery to the Founding Fathers’ notion of balance of power.

If you choose to do less than this, then I ask you pass Representative Garry Smith and Senator Chip Campsen’s bills on restructuring which move substantial portions of the Budget and Control Board to a Department of Administration. This is not a partisan issue, as Senator Vince Sheheen who comes from a different political perspective than Chip or Garry has a bill that does many of the same things. From wherever you would choose to start, we simply ask for action that brings a change.

We also ask you let the people of South Carolina decide on whether a host of constitutional officers should instead be appointed rather than elected. To me it makes no sense to have a governor elected by the people, and yet have his first check on delivering promises made, not the legislative or judicial branches of government – but the Lieutenant Governor who in our State could be of opposite political persuasion and party. Would it make any sense to have the President and Vice President in Washington elected with opposing agendas and wanting to go in opposite directions? I don’t believe it would, and I think the people of South Carolina deserve the right to vote on this.
2. We can’t go on spending more than is coming in and be competitive.

Sustainable spending matters because unsustainable spending means more private sector activity is crowded out of the economic mix in our State. It matters because it sets the stage for tax increases down the line that hurt individuals and businesses in their ability to compete in the global marketplace. It matters because it sets in motion a cycle of peaks and valleys in government spending that hurts the neediest of the needy in our State.

To avoid each of these things it has been our contention that government shouldn’t grow faster than the rate of growth of people’s wallets and pocketbooks. This issue of whether we should spend more or less of the taxpayers’ money – one that has been the source of fairly enormous disagreements between this administration and some in this chamber – is going to be underscored with what is happening to the national economy. This is no longer going to be a philosophical debate as we are not going to have the luxury of millions in new money coming into Columbia – and as I believe we will likely go into a national recession based on the pinch from higher energy prices, slowing consumer spending, falling home prices and tightening credit. We have got to get serious about spending.

Last year roughly $1.5 billion in new tax dollars flowed into Columbia and state government spending has increased 42 percent over the last four years. The budget has grown from roughly $5 billion four years ago to $7.2 billion this last year. South Carolina has been fifth in the nation when it comes to government spending growth, and number one in the Southeast.

If this weren’t bad enough, there was also a sizable increase last year in annualizations – the process of robbing Peter to pay Paul – to the tune of $270 million. This means we’ll have to grow by at least four percent just to break even budget-wise next year. I think there are six constructive things that we can do that systematically get at spending in South Carolina.

One is the restructuring I already mentioned because a lot of the duplication of effort and cost in our government come from its very structure.

Two, establish a statutory cap on new spending at population plus inflation with a requirement that all money above this cap be returned to the taxpayers or dedicated to our State’s unfunded pension plan. Senator McConnell has also suggested that we write a similar common sense spending cap into the State’s Constitution and allow the people
of our State to vote on it in November. I am in full support of that, but let’s not wait on the two-thirds vote required for constitutional change, and a November vote in the future, when we can get a simple majority vote this year for this budget.

Three, let’s act on Representative Herb Kirsh’s bill to address the more than $20 billion in un-funded retiree benefits and health care promises owed by South Carolina’s government.

Four, let’s acknowledge the fact we can no longer afford the Teacher and Employee Retiree Incentive program, and the defined employee benefit option in its present form, and limit it to the people already in the system.

Five, let’s pass Representative Michael Thompson’s bill that ends the so-called “Competitive Grants Program,” and let’s also apply the idea of requiring a name beside an earmark and apply it to both the House and the Senate.

And six, let’s do as Florida and some other states have done and for all intents and purposes prohibit one-time money going to start, or fund, recurring programs.

These things would set us on a course toward more sustainable spending, go a long way toward avoiding what has been an annual food fight here in Columbia on spending, and most importantly help us to be more competitive in today’s global contest for jobs, capital and way of life.

3. It’s vital we do things each year to improve the soil conditions for, not some, but all business and this year four items top our list. In bettering soil conditions let’s first pass the Small Business Health Care bill in the first 30 days of the session.

It is a step in the right direction in making health care more available and affordable to small businesses and the people who work there. Groups like the National Federation of Independent Business are pushing hard for its passage for the difference it could make – and we ought to do the same.

Two, let’s take a step back from the practice of having people in politics pick winners and losers in the commercial market. Our focus should lie in making this State a better place for all businesses, and toward that end, we think it is important to strip out the special legislation voted in for Cabela’s and Bass Pro Shops. I am a hunter and would love for them to expand in our State, I just do not believe we should pay each of them $9,000,000 to do so – and in that process wipe out smaller businesses that have been here for years. No one I have talked to understands why it makes good sense to offer one hunting and
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fishing store lots of incentives and then nothing for others that have been here for years. I believe if we are serious about bettering the business climate for all businesses, this repeal is a great place to start. In the same vein you will see an economic development package from the Department of Commerce that ends some long outdated state subsidies and uniformly reemploys them in helping all small businesses.

Three, we previewed in our budget a flat tax alternative that would allow someone the option of forgoing exemptions and instead pay a 3.4 percent flat tax in this State. We continue to believe finding ways to lower the marginal tax rate is vital to our economy, vital to competitiveness and in this case vital to the taxpayer’s pocket. It is worth noting that a recent report from the Federal Reserve documented the connection between lower income tax rates and higher economic and employment growth. This is something we can do to better the economy of our State, and I’d thank Representative Merrill for introducing a bill toward this end.

Four, we continue to know that a good business environment rests on certainty. Our Workers’ Compensation Commission awards are anything but predictable for the way that they are subjective and treat workers differently. It’s not fair to workers, and not good for business, and so I ask you to help us in pushing toward objective standards in workers’ compensation.

4. Educated minds are one of this State’s biggest keys to unlocking the doors to opportunity.

Accordingly, I don’t think we should ever be trapped in the thinking that rests on doing things the way they have always been done. Around the world better prices, better service and better innovations have always accompanied the American notion of competition. The product of education is no different and in the places with more competition better educational outcomes have gone hand in hand. I find the idea of South Carolina’s system of only wealthy people having educational choice, in something as crucial to success as education, morally wrong. It is, and will continue to be my belief, that for whatever the reason – if a school isn’t working for you or for your child, you be given the option to go to the place that works better for you.

Here are a few things we can do this year:

One, let’s give the families of modest incomes a lifeline, and a scholarship, out of a failing school.

Two, I’d commend the Speaker, Senator Wes Hayes and others for moving us to a debate on educational funding this year. In it, let’s
move toward a funding system based on a per-pupil public expenditure – rather than funding districts in lump sums.

Three, let’s be open to very different approaches as we proposed in the Executive Budget, like offering a scholarship for students who graduate early from high school.

Four, let’s further improve the grounds on which charter schools are established in our State, as too often new public charter schools are still not able to use existing educational facilities or be afforded transportation options.

Five, let’s pass Representative Ken Kennedy’s bill that consolidates school districts – our lines are still too often tied to the 1950’s – the cost of which can be measured in facilities and administrative duplication.

Six, let’s link the price of higher education to its cost. By capping its increase we would force coordination – key to preventing higher education from continuing to spiral out of the reach of working families. And finally, as a part of the charge of a task force I’ll mention in just a second – we need to seriously address how we build schools as our population grows. Neighborhood schools are now allowed, but to date we have not really seen them implemented.

5. It is essential we enhance the quality of life in our State if we are going to retain and attract talented people; in large measure this is tied to how we look and feel as a State but it is more than this alone.

Reforming DUI laws in our State is long overdue. Every day someone in South Carolina dies because of a drunk driver; and more than a third of all drivers arrested for DUI are repeat offenders. We rank second-worst in the nation in DUI because our laws are anemic. And we can’t afford this carnage on our roadways and expect to be competitive; I beg for change in the first 30 days of the session. As you contemplate action on this I’d ask you think of Sullivan Spradley who was killed by a DUI repeat offender in 2005. It was Father’s Day, and he was riding his bike along with his dad. Sullivan would have turned eight years old this past Thanksgiving.

Unfortunately, because a repeat offender used loopholes in the State’s DUI laws to stay on the road, there’s tragically now an empty seat at the Spradley dinner table. We can’t bring Sullivan back, but we can prevent a lot of other families from going through that same sort of unimaginable pain.

Second, you can’t enjoy a quality of life if you are not healthy.

Sadly, too many people in our State suffer from a host of chronic diseases that could be avoided if they took health and wellness into their
own hands. I’d give credit to Education Superintendent Jim Rex and my wife Jenny for their work with the Healthy South Carolina initiative for bringing these facts to light in a video contest. We have one of the winners of the contest here tonight, Jesse Gavigan, who inspired not only folks in his hometown in what he did – but in his case his parents – who were led to some life-saving lifestyle changes that I admire.

Third, a real immigration standard matters in the larger theme of quality of life. The federal government will ultimately determine what happens here, but given their inaction we need to pass Senator Ritchie’s reform bill requiring more businesses to document the citizenship status of their workers. It is not a cure-all, but it is a meaningful step forward and I’d ask we also do this in the next 30 days.

Finally, the biggest thing I think of when I think of quality of life is how we look and feel as a State. It is unique and different and if we lose it, we will lose a big part of what makes this State so special – and a big part of what drives our economic engine.

Keeping what is special won’t just happen, though – it will require foresight, vision and action given that over the next two decades, one million people will be moving to South Carolina, making us the tenth-fastest growing state in the nation. It will require a multi-pronged strategy if we are not to lose what we have.

One, we need to be proactive about setting aside open land while we have opportunities to do so. In our budget we have asked for $50 million in a one-time supplement to the Conservation Land Bank and I’d ask you fund it. I also would ask you to think about how rare this opportunity is given the real estate market slowdown and once in a lifetime timberland sales by the big timber companies. In life, some opportunities only come once and I believe this is one of them. We need to also look at more options in the way our State grows and develops. Accordingly, I will be forming a Land Use Planning Task Force. Before we simply throw more money at roads, we need to look at the root causes of congestion, a full menu of options to better roads in our State, and the way that our towns grow and connect.

I think there are some great new market-based ideas in impacting congestion and transportation and growth that are worthy of a careful study and policy implementation. We need to take another look at home rule and finding ways to allow counties the option of connecting the cost of growth with the people moving in and causing the need for more infrastructure. Common sense local institutions like the Berkeley Electric Cooperative are instituting this idea with new customers, and if
we don’t allow local governments some options on this front existing citizens and businesses will be left with the tab in paying for the infrastructure necessary to accommodate the one million people coming to our State.

On this front, it also strikes me that we need to look at annexation laws in our State because I don’t think it makes any sense to have a municipality buy a twenty foot strip down the side of a road for miles as their way of growing a town.

I could go on with a lot of other challenges that face our State, but if we are able to take action on the list that I have outlined it will be an exceedingly good year, so I think I will stop here.

The real question of this State of the State, though, lies not in what I have said – but in what we will do. If we have keys before us that open doors to change, will we be so bold as to use them? For those of us who agree on the precepts I have laid out – can we get others to do the same? For those of us with differences – can we look past them to make changes that will better people’s lives here in our State.

In short, do we have the will? For where there is a will there is always a way. It is indeed my hope and prayer that we will find both the will – and the consequent way to make the changes I have outlined tonight. In thinking about the notion of will, I heard a story a few years ago that hit me hard for the way that it can remind all of us that if we put our heart behind something it is remarkable what can be done. I’d like to close with it tonight.

It’s a story about a father and a son – in some ways a love story that began 43 years ago when son Rick was strangled by an umbilical cord during birth, leaving him brain-damaged and unable to control his limbs. The Hoyts were told to put their son into an institution, that he would be in a vegetative state for the rest of his life – but the family would have none of it. And years later after a high school classmate was paralyzed in an accident and the school organized a charity run for him, son Rick pecked out on his computer, “Dad I want to do that.”

“Yeah, right,” was Dick’s reaction. How was a self described “porker” who never ran more than a mile at a time going to push his son for five miles? Still he tried. And the day after changed Dick’s life when his son typed, “When we were running, it felt like I wasn’t disabled anymore.”

He became obsessed with giving Rick that feeling as often as he could, and got into such good shape that before long they were ready for the Boston Marathon – and since then he has pushed his son through 85 marathons. When somebody suggested triathlons, how was
a guy who never learned to swim and hadn’t ridden a bike since he was six going to haul his 110 pound kid through one? Yet Dick tried.

Now they have done 212 triathlons – including four grueling 15-hour Ironmans in Hawaii, that not only consisted of pushing his son 26 miles in a wheelchair – but also towing him 2.4 miles in a dingy while swimming and then pedaling him 112 miles in a seat on the handlebars – all in the same day.

Certainly nothing can match a parent’s love for a child. I’d ask you to think about ways in which we can match just a small part of Dick Hoyt’s “can do” spirit in our efforts to fulfill this sacred obligation that each of us in this chamber has been granted in representing the people of South Carolina.

Thank you and good night.

**JOINT ASSEMBLY RECEDES**

The purposes of the Joint Assembly having been accomplished, the PRESIDENT announced that under the terms of the Concurrent Resolution the Joint Assembly would recede from business.

The Senate accordingly retired to its Chamber.

**THE HOUSE RESUMES**

At 7:56 p.m. the House resumed, the SPEAKER in the Chair.

Rep. YOUNG moved that the House do now adjourn, which was agreed to.

**RETURNED WITH CONCURRENCE**

The Senate returned to the House with concurrence the following: