



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

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May 28, 2008

The Honorable Robert W. Harrell, Jr.
South Carolina House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am returning H. 4801, R-294, the Fiscal Year 2008-2009 Capital Reserve Fund Appropriations Bill, with the line-item vetoes detailed below.

- Veto 1** Section 1; Item 4; Clemson University; **LightRail; \$800,000.**
- Veto 2** Section 1; Item 5; University of South Carolina–Columbia; **LightRail; \$800,000.**
- Veto 3** Section 1; Item 6; Medical University of South Carolina; **LightRail; \$800,000.**

These line items allocate \$2.1 million for MUSC, Clemson, and the University of South Carolina to implement SC LightRail, which is a computer network for our research universities. While we understand that this project has already begun, we believe that the research universities have other ways to complete this project. First, we believe that the research universities can and should fund this project through their carry forward and reserve accounts. For example, it has been reported that Clemson has carry forward funds of up to \$80 million, and USC has a similar amount. With some state agencies already projecting a deficit in the next fiscal year, these schools are well ahead of almost all of state government. The universities will argue that these carry forward funds are already committed to other projects, in which case we would simply ask our research institutions to prioritize and decide whether those other projects are more or less important than the completion of SC LightRail. Second, we believe that this project is the exact kind of project that the Research University Infrastructure Act (RUIA) was intended to fund. Funding through RUIA, which encourages public-private partnerships, would allow us to accomplish the goal of implementing SC LightRail in a much more cost-effective manner for the South Carolina taxpayers and the universities.

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Veto 4 Section 1; Item 7; Commission on Higher Education; **Research Authority-Hydrogen Grants; \$2,500,000.**

I am vetoing this line-item for the same three reasons I vetoed Act 83 of 2007, the legislation which authorized this appropriation for the South Carolina Research Authority to receive public and private funds for the purpose of awarding grants for hydrogen development purposes. First, while we are supportive of hydrogen research, we don't believe we should expand our investment by another \$2.5 million until we have seen tangible results of the investments already made. In that vein, we have supported \$3.6 million in recurring state funds for hydrogen-related projects, \$1 million for fuel cell research at USC, and \$400,000 for the South Carolina Hydrogen and Fuel Cell Alliance.

Second, we don't believe the role of government is to lead the private sector. Japan tried it and failed in the 1970's with the Ministry of Economy, Trade and Industry. Korea tried it and failed in the 1980's with cars and steel. I believe it's short-sighted to think government can pick the "winning" industry of tomorrow and beat the marketplace and private capital.

Third, we believe that when government does invest in developing technologies, public monies should be matched with *significant* private investment. That is not the case with this appropriation. Finally, it is ironic that funding for hydrogen grants was prioritized over funding for the Closing Fund at the Department of Commerce. The Closing Fund has proven to be a successful tool for Commerce to attract economic development for the state. However, instead of continuing to fund an effective economic development program, this budget zeros out all of the Closing Fund and finds \$2.5 million for public grants for a developing and unproven industry. For these reasons, I am vetoing this line-item.

For the reasons stated above, and pursuant to the authority granted to the governor by Article IV, Section 21, of the South Carolina Constitution, I am vetoing the specific sections and items of H. 4801, R-294, the Fiscal Year 2008-2009 Capital Reserve Fund Appropriations Bill, as indicated. I look forward to working together toward the goal of disciplined budgetary practices and cooperative service to the citizens of South Carolina.

Sincerely,



Mark Sanford