



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

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May 14, 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. 3816, R-252, which increases the amount of a debtor's interest in personal property that is exempt from attachment and sale in a bankruptcy proceeding.

Regretfully, there are two roads to bankruptcy. The first is through no fault of the individual as they are struck with a horrendous illness or plant closure that debilitates them financially. The second comes as a result of expecting good times to always roll and, as a consequence, loading up on debt, not saving, and spending beyond one's means. I am vetoing this bill because it does not discriminate between the two very different sets of personal decisions that lead to the most unfortunate circumstance of bankruptcy.

Were this a bill just about helping people who've been dealt a bad card in life, I would have signed it. Unfortunately, this bill does not do that and instead could serve to reward financially reckless behavior. In the instances where it did this, it would also penalize individuals and families that have been diligent in their approach to spending, as this bill would raise the cost of credit of those very families.

On this larger point of protecting the individuals who have been imprudent, I think in the long run it is destructive for government to limit the consequences of actions taken in voluntary contractual agreements. To do so is to create more in the way of a moral hazard because it means that if things go well, the individual reaps the windfalls of asset appreciation but when they don't go so well, the individual only loses a portion of what they borrowed and the remainder of the cost is spread to others in the form of higher interest payments.

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I genuinely admire the intent of the bill's proponents in attempting to help people in need, and want to again say that if this bill were just about helping those who are temporarily downtrodden, I would have signed this legislation. Unfortunately, because this bill does not distinguish and rifle shot as I think it ought, those individuals who are wealthier but knowingly made poor borrowing decisions will be some of the primary beneficiaries of this legislation.

For these reasons, I am vetoing H. 3816, R-252 and returning it without my signature.

Sincerely,

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

Mark Sanford