



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

June 28, 2011

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
506 Blatt Building
Columbia, South Carolina 29201

Dear Mr. Speaker and Members of the House,

I am vetoing and returning without my approval H.3701, R-107, the Capital Reserve Appropriation Joint Resolution, in its entirety. My veto of H.3701 is based on the fundamental premise set out in our state's Constitution, which requires reserves to be set aside and utilized to cover revenue shortfalls. Accordingly, I am asking that last year's Capital Reserve funds appropriated through this resolution be held in reserve.

In two of the four most recent fiscal years, the Capital Reserve Fund was needed to offset substantial General Fund shortfalls. We need to replenish and further build on that, leaving these funds unspent and moved to the Contingency Reserve Fund to weather another possible economic downturn. Some may say this action is being overly cautious, but that is not the case. Looking back at the last several years, we have had to institute mid-year budget cuts and furloughs to balance our state's budget. Therefore, it is clear that the two percent set aside in the current year's Capital Reserve Fund proved not to be enough in two of the last four years.

To be clear, I am not questioning the merit of many of the projects funded in this Bill – simply that these funds should be held in reserve as we continue in the current budgetary crisis. In addition, I would ask that in January the General Assembly provide a supplemental appropriation authorizing funds for our state primary elections scheduled for June 2012.

In the interest of maintaining contingency funds in a manner consistent with prudent planning, I respectfully ask that you sustain this veto.

Sincerely,


Nikki R. Haley