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To: Tim Pearson <tpearson@gmail.com>
Date: 2/10/2015 9:11:40 AM
Subject: Fwd: Index Funding Points

Begin forwarded message:

From: "Baker, Josh" <JoshBaker@gov.sc.gov>
Date: February 9, 2015 at 6:31:16 PM EST
To: "Burns, James" <JamesBurns@gov.sc.gov>, "Haley, Nikki" <govhaley@gov.sc.gov>, "Patel, Swati" <SwatiPatel@gov.sc.gov>, "Veldran, Katherine" <KatherineVeldran@gov.sc.gov>
Subject: Index Funding Points

Good afternoon,

1. Sets a dangerous position heading into conference. I remember in 2012 when the budget went into conference and the House version of this Chamber's budget moved \$2.5 million from salaries to operating, and the Senate version made no changes. Through the magic of conference, the House of Representatives gave itself a \$2.5 million raise and never justified it to the public, never debated it, and no version of the budget ever contained the raise before conference.

So let's say this bill goes into conference with this overly-complex funding model that will ultimately have little actual value to businesses and citizens, but goes in with a cap. Let me be clear - If, through the magic of conference, it comes out without a cap – I will veto it. Let's avoid this situation altogether.

2. Unnecessarily complex. This plan creates a complex formula for using statewide average prices to change tax rates on business and individuals every six months. Instead of creating the predictability we know businesses prefer, our State is going to add to the volatility and complexity of gas prices.

I have worked to do the right thing for the people of this state to meet our transportation needs, stay competitive to recruit talent and business, and do so in a way that people understand. Half of this caucus doesn't understand this plan – what makes us think we can make the people of this state understand it – people who have families, who run businesses, and have real concerns. This isn't government thinking about what's best for the people, this is government that has lost touch with people.

3. Ultimately, it will be of limited value. Although the tag-line on this is that there's a chance for taxes to decrease, this is only true when the average gas price is at or below \$2.66 per gallon. We shouldn't make long-term decisions based on where gas prices are today. The fact of the matter is, we're going to trade all of this complexity and uncertainty in the short-term for no real benefit once gas prices return to normal levels.

Let me know if you all need more.

Josh