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To: Veldran, KatherineKatherineVeldran@gov.sc.gov
Date: 10/29/2013 11:05:52 AM
Subject: See TV Ads + Post Courier Editorials re LOST

Mike Rose Newsletter

Dear Friends,

Three TV ads opposing LOST are being played several times a day. Take a look at those three ads by copying and pasting the links below into your internet browser.

See below the following published today in the Post and Courier:

1. Editorial for LOST by five County Councilmen, followed by one posted comment.
2. Editorial against LOST by me.

Which editorial do you find more persuasive? Why? (Try not to be biased.)

Note the following errors in the editorial by the County Councilmen:

1. **INCORRECT:** "every town and the county will have to give property tax relief of at least 71 percent of what is collected every year this is in effect."

CORRECT: At least 71% of what is RECEIVED from Columbia (NOT of what is COLLECTED in Dorchester County) must be used for property tax relief. The amount received by Dorchester county and its municipalities-- as little as 81% of the total collected -- is much less than the amount collected, as shown in my editorial below.

2. **INCORRECT?** "A Summerville homeowner in Dorchester County pays 40 percent more in property taxes

than a Summerville homeowner in the same priced house in Berkeley County." County Councilman Larry Hargett states that the 40% quoted above is not correct. Five Councilmen say it is correct. Who and what is correct? I would not vote for a "forever" tax increase without knowing all the facts for sure.

3. INCOMPLETE: The five Councilman misled by quoting part of the SC Republican Party Platform without quoting another relevant passage which states the following:

"The South Carolina Republican Party, the state party of opportunity, supports a tax policy designed to help the economy grow, not stunt the taxpayer. We realize that free people maximizing the power of free markets will do more to enhance the wealth and economic security of South Carolinians than any government program ever could. We therefore support policies that allow hardworking South Carolinians to keep more of their own money rather than be given to the state " (Section 1 Tax Policy (emphasis added)).

Again, Which editorial do you find more persuasive? Why? (Try not to be biased.)

Mike

October 29, 2013

Family: <http://youtu.be/hhRKUcY2uNI>

Fixed Income: <http://youtu.be/06eViSokPRo>

Another Tax Increase: <http://youtu.be/frl75LQ5D3s>

Vote to lower property taxes

- By Bill Hearn, George Bailey, Jay Byars, David Chinnis and Carroll Duncan

Posted: Tuesday, October 29, 2013 12:01 a.m. Post and Courier

By voting "yes" on Nov. 5, Dorchester County voters will lower property taxes for homeowners and business owners throughout the county and become a competitive force in attracting new business. Lower property taxes on homes and cars are at the heart of the referendum and job growth is its by-product.

This is the classic "win-win" - as Dorchester County residents will save money on their property tax bills, while helping to encourage the expansion of future economic development in the county.

We have worked diligently to create a better environment for job creation as we believe that is what you elected us to do. Since joining council (we were sworn in in 2009, 2011 and 2013), we've drastically cut taxes for business owners in School District 4, cut stormwater fees by 30 percent and have not increased taxes for county operations. We're committed to the same fiscal integrity and good budgeting procedures you elected us to have to help lower your tax burden, and we feel we've accomplished quite a bit. However, there is another tool out there that can help us do a better job, but we need your help to utilize it.

Every day Dorchester County homeowners cross the county line and shop (at Azalea Square, for example) and by doing so, they gladly spend an extra penny to lower taxes on Berkeley, Charleston and Colleton county homes.

Yet, when the same homeowner shops in Dorchester County, there is no property tax relief provided. A Summerville homeowner in Dorchester County pays 40 percent more in property taxes than a Summerville homeowner in the same priced house in Berkeley County. A "yes" vote closes that gap.

Right now, homeowners and business owners are responsible for fully funding the property tax burden to operate government. When a passer-by drives down Interstate 95 or Highway 17-A and stops in Walterboro, 1 percent of what's spent is distributed to homeowners and business owners countywide in Colleton, but when they stop in St. George or Summerville - no tax relief. But, a "yes" vote changes that and gives property tax relief.

We believe job creation starts with looking at our economic competitors

in the region and determining where we can improve. A business will look at a county's property tax as part of their decision to locate. In that vein, we are not competitive - lower taxes across county lines, mostly due to other counties having local option, are preventing this growth opportunity. Berkeley, Charleston, and Colleton counties already have a higher retail sales tax than Dorchester County. Since Berkeley County passed local option 15 years ago, its retail sales have grown exponentially - look at the Exit 199 interchange for that proof.

Dorchester County Council took a proactive step and passed a resolution saying 100 percent of our revenue generated through the passage of local option will go toward property tax relief. Local option is the only mechanism the county has at its disposal under state law to try to lower property taxes while simultaneously protecting the quality of life and core services you demand of local government. And let's be very clear - every town and the county will have to give property tax relief of at least 71 percent of what is collected every year this is in effect. That is state law and there is no way around that.

We were elected as fiscal conservative Republicans and we feel this is in line with that. In fact, this initiative is also supported by the S.C. Republican Party Platform: "The Party recognizes that high property and income taxes repel capital migration and therefore retard economic growth. We strongly support the successful efforts of our Republican Governors and legislators, which have repeatedly reduced property taxes."

We encourage everyone to take the time to explore the facts and statistics to answer the determining factors before voting Nov. 5:

1) Does this make sense for my family and our spending habits and the home and cars we own to lower our property taxes?

2) Do I want a better economy in Dorchester County, one where we have a better environment for entrepreneurship and job opportunities?

From there, make your personal decision as to how you would like to vote Nov. 5.

Bill Hearn, George Bailey, Jay Byars, David Chinnis and Carroll Duncan are Republican members of Dorchester County Council.

Bill Phipps

10/29/13 at 05:15 AM

If you believe the lies above, please read Mike Rose's editorial "LOST" in

this same edition of the paper to get the truth. This "tax swap" will only benefit the wealthy and large business owners (and the State coffers).

Council is pushing voters to get LOST

• by Mike Rose

Posted: Tuesday, October 29, 2013 12:01 a.m. Post and Courier

The Post and Courier's Oct. 10 article, "Tempers flaring over tax debate - Confusion around Dorch. referendum" accurately describes how many Dorchester citizens feel about the prospect of a 1 percent local option sales tax (LOST) increase. They are angry that their County Council has scheduled its fourth attempt to pass LOST in a special election on Nov. 5, when they know that low voter turnout and \$33,000-plus special costs are assured, rather than in a regularly scheduled, no-extra-cost election in say, November 2014. They also are angry about council's misinformation (until corrected by citizens) that LOST would not tax groceries (it does) and its annual costs would be much lower than they are.

Citizens are angry to realize that, while LOST would give property tax relief to some, large numbers of citizens essentially would not benefit at all; most would pay more sales tax than they would save in property tax; most benefits would go to a wealthy few (including commercial property owners living outside of Dorchester County) who need them the least; the costs of getting LOST benefits would be exorbitant; and the LOST would grow government by increasing government spending.

LOST is a regressive tax that disproportionately hurts the poor and middle class by taxing food and other necessities to benefit those rich enough to own a lot of property. It's called the "Reverse Robin Hood" effect. Over 14,000 (more than 28 percent) of Dorchester households are renters who pay property taxes as part of their rent but would derive zero benefit from LOST since they own no residential property. Renters should take little comfort from Councilman David Chinnis' suggestion in a recent WCSC-TV interview that landlords benefitting from LOST might, in return, lower the rent they charge. That is "Alice in Wonderland" logic. Rent reductions are not realistic; lowering rents would negate property tax benefits to landlords.

LOST would reduce economic activity as residents paying increased sales taxes would have less income to spend. That reduction is quantified by the state Board of Economic Advisors, which notes that

historically a 1 percent increase in the sales tax rate has resulted in a 5 percent reduction in spending. This 5 percent spending reduction means layoffs and fewer new jobs for businesses that depend on spending.

Since Dorchester already has a 7 percent sales tax (17th highest nationally compared to the 45th lowest owner-occupied property tax nationally), a 5 percent spending reduction would actually decrease revenues collected on all of that already existing 7 percent tax. This spending reduction of 5 percent would also decrease tax revenues collected on all purchases subject to the current sales tax of 7 percent.

LOST would also greatly expand government spending and the size of government. According to the BEA, \$11.7 million would be generated by LOST during its first full year in Dorchester County. But, by law 5 percent of that \$11.7 million must be redistributed annually to other, smaller "donee" counties. That is like paying 5 percent "interest" on a loan each year, except it is paying 5 percent to use our own money, not a lender's money!

Further, Dorchester County would not get 95 percent of the total generated. After paying an annual fee (\$26,677 in the first year) to the S. C. Department of Revenue, paying the 5 percent reduction in revenue above, and subtracting \$1.1 million in one-time "compliance/ start up" costs, the BEA estimates that Dorchester County would actually receive only \$9.5 million, or 81 percent, of the total tax collected in its first year.

Hence, Dorchester citizens in effect would pay 19 percent "interest" for the privilege of having 81 percent of their own money returned to them by Columbia. Of that \$9.5 million, 29 percent, or \$2.7 million, by law would be "distributed to the county and its cities that can be used at their discretion" (chief financial officer, Dorchester County). Thus, voting for LOST on Nov. 5 would be voting to allow Dorchester County and its municipalities to increase their spending by \$2.7 million, "at their discretion", and require that fees in excess of \$500,000 be paid by Dorchester taxpayers to others outside Dorchester County, annually.

Growing government by giving it more taxes to spend is the opposite of what we should do.

The county and municipalities could vote to use some or all LOST revenues to give additional property tax relief. That vote would be taken each year by each entity. Dorchester County voted recently to use its share of LOST for 100 percent tax relief next year. But that can be changed each year and predictably would, as occurred when Berkeley County reneged on its commitments to use all of its LOST money only for property tax relief. No Dorchester municipality has voted to spend its share for property tax relief, and presumably all will spend it to grow government.

LOST will be virtually impossible to rescind if it is passed on Nov. 5. Another referendum would be held to do this, but only if 15 percent of Dorchester County voters signed a petition to hold one and presented the petition to County Council. Thus, passing LOST will impose it forever.

Michael T. Rose is a Summerville attorney and former Republican state senator representing Dorchester, Berkeley and Charleston counties.

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