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Begin forwarded message:

**From:** Greg Foster <GregFoster@schouse.gov>

**Date:** June 29, 2011 11:40:35 AM EDT

**To:** Greg Foster <GregFoster@schouse.gov>

**Subject:** Release - House to Take Up Budget Vetoes Today

Office of the Speaker

SOUTH CAROLINA HOUSE OF REPRESENTATIVES

FOR IMMEDIATE RELEASE

June 29, 2011

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## House to Take Up Budget Vetoes Today

*Conservative budget well below proposed spending cap legislation*

(Columbia, SC) – Today, the SC House of Representatives will address the 34 line-item vetoes the Governor issued on the conservative budget approved by the General Assembly last week. The \$6 billion FY2011-2012 state spending plan focuses on vital core functions of government and addresses top areas of concern like debt repayment and increased education funding.

In yesterday's budget veto press conference the Governor stated the fact that there is "**no pork included in this year's budget.**" We appreciate her acknowledgement of this fact.

Given this total lack of pork spending, the Governor's justification for these 34 vetoes is an assertion that the budget exceeds a reasonable growth rate (CPI plus population growth) of 4.83% by \$75.6 million.

**The fact is, this budget does not exceed this cap** and actually is tens of millions of dollars below the 4.83% growth cap. This is because of the unprecedented amount of money that was not spent and instead set aside for items like debt repayment and rainy day reserve accounts:

- \$146 million to unemployment debt repayment

- Up to \$261 million which fully funds increases to the General Reserve Fund five years ahead of schedule

- \$104.8 million dedicated to an additional back-up reserve account

- \$198.6 million to fully fund general obligation bond payments.

The only way to assert that spending in this year's budget went above this cap is to treat hundreds of millions of dollars in non-growth items - like debt repayment and funds set aside for reserve accounts - as "new spending." This irregular accounting practice distorts the actual "spending" included in this budget and disregards the fact that, when accounted for correctly, this budget falls well below the 4.83% growth cap.

**House Speaker Bobby Harrell** said, "Now boasting the lowest state taxes in the nation, this year's budget represents another conservative spending plan that South Carolinians have reason to be proud of and have grown to expect from lawmakers. This budget sets aside an unprecedented amount of money that was not spent and **falls well below proposed growth caps.** Our decisions to cut government spending instead of raising taxes, focus on debt repayment and responsibly plan for our state's future have made our state's economy more competitive and will allow for the private sector job growth our citizens need."

House Members fought hard for fiscal discipline and conservative spending reforms in this year's budget. These efforts paid off and resulted in a **conservative and transparent spending plan** compromise. Due in large part to the General Assembly's consistently restrained budgeting and **\$20 billion in tax cuts**, South Carolina now has the **lowest state taxes in the nation per capita** according to the Tax Foundation, a well-known conservative think tank.

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