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Date: 10/13/2013 1:57:28 PM
Subject: BIRTHDAY MESSAGE: Income Disclosures; Ethics Reform; LOST Tax Referendum Nov 5

Mike Rose Newsletter

Dear Friends,

NEW INFORMATION TODAY:

I consider this information so important that I am sending it to you today, my birthday.

1. INCOME DISCLOSURES:

Many kudos to Dorchester County Councilman Larry Hargett for being the first local elected official in SC to disclose publicly his private sources of income, to the SC Policy Council. Hopefully, other Dor Councilmen will similarly disclose.

I have urged the the SCPC to expand to all local elected and appointed officials its current "Conflict Watch" project seeking disclosure of private income sources to state legislators.

It is important to know the private income sources of decision makers at all levels of government to learn the extent to which their decisions might be influenced by that income. For example, do you think your knowing which County Councilmen receive income from the developer/ real estate industry (e.g., as a mortgage lender, real estate attorney) might give a clue as to why they support LOST and make decisions favorable to that industry?

It is important to understand who is paying money to those who advocate for passage of a referendum. For example, do you think that Ryan Castle's advocacy for LOST is influenced by the fact that he is a paid employee of the REALTORS?

2. PEOPLE WANT ETHICAL GOVERNMENT:

Read 10/12 Post and Courier article below entitled "People Want Ethical Government". The Chairman of the Senate Ethics Committee stated this week he opposes Ethics Reform because no one asks him about that at the grocery store. He does not state what is the "right thing to do" and ignores the pleas for ethics reform by the Governor's Committee on Ethics, the League of Women Voters, Common Cause, the Coastal Conservation League and the Conservation Voters of SC.

Ethics reform is sorely needed in SC, including the following: Senators and House members's should not judge their own ethics violations; they should be judged by an independent State Ethics Committee, as are all other officials. Private sources of income to legislators should be disclosed. Groups advocating for or against a referendum should disclose their contributions and expenditures.

One of the worst aspects of SC's ethics laws is that behavior that many would consider unethical is perfectly legal. For example, no one is required by law to disclose who is contributing the thousands of dollars the REALTORS are spending to obtain passage of LOST.

3. MORE REASONS TO OPPOSE LOST

Please read 10/10/13 Post and Courier article below entitled "Confusion, opposition emerge over Dorchester County local option sales tax referendum". Read below also updated version of REASONS to OPPOSE a LOST TAX.

4. Read today's Post and Courier Editorial entitled "Don't let boom be a blowout", reprinted below.

October 13, 2013

People want ethical government

• Posted: Saturday, October 12, 2013 12:01 a.m.

A committee of state senators thinks that South Carolina's ethics laws are just as fine now as they were in 1991 when they were passed.

How do they know? Two reasons:

1) Nobody has stopped them at the grocery store to urge them to reform the laws.

2) Those unfortunate charges against former Sen. Robert Ford - the Senate Ethics Committee investigation did the trick. Of course, that's not to say the senators who comprise that committee sanctioned their colleague, Mr. Ford. He resigned before that could happen. Attorney General Alan Wilson has opened a criminal investigation in the case. Are the state's citizens to believe that these senators are besieged by grocery shoppers lobbying for a particular physician to be named "doctor of the day," and demanding March be declared Bladder Cancer Awareness Month? Both were approved by the Senate last session.

Are they to understand that the League of Women Voters, Common Cause, the Coastal Conservation League and the Conservation Voters of South Carolina are all insignificant voices crying for reform and not to be regarded because they shop at the wrong grocery stores? And are they to believe that a panel of senators serving as the Senate Ethics Committee, can deliver unbiased rulings on charges against their colleagues and friends? And even if they say they could, are citizens really to believe them?

An impressive committee, put together by Gov. Nikki Haley to recommend ethics reforms, found many reasons to reform the laws, and many ways to improve the laws to protect the state from corruption. It was chaired by two former attorneys general, and it included highly regarded state leaders, none of them office holders. The South Carolina Press Association was represented as well. Four other committees have studied the ethics law, and while all do not agree with each other, all have found room for improvement. Under consideration are issues like how much money politicians are allowed to raise for their campaigns and how they may spend it. How should the laws change to prevent legislators from ignoring conflicts of interest?

Of particular interest is the way the legislative bodies handle complaints that members have violated ethics laws.

At present, a committee of senators handles ethics complaints against senators - a system that offers "little transparency, ... and [leaves the public to] wonder if the majority of offenders are being identified and appropriate action taken," in the opinion of Lynn Teague, advocacy director for the state chapter of the League of Women Voters. The governor's committee recommended an independent ethics committee made of private citizens. That, and other recommendations, so far has failed to win Senate support.

When it reconvenes in January, the Senate is scheduled to continue debate on the ethics reform bill passed by the House. Senate

President Pro Tem John Courson, R-Richland, indicated the bill might be changed significantly in the Senate.

Senators should know that the people of South Carolina want open, honest government.

They want ethics reform.

Confusion, opposition emerge over Dorchester County local option sales tax referendum

- **Bo Petersen**
- Posted: Thursday, October 10, 2013 9:00 p.m.

Larry Hargett might be right: Dorchester County residents might not know enough about a local option sales tax yet to vote on it.

Breaking down the tax

The tax: 1 percent.

The revenue: estimated \$8 million. Individual savings would depend on property value and sales tax paid.

The distribution:

5 percent of the total revenue could be withheld by the state to be distributed among counties with a local-option sales tax with low revenue.

At least 71 percent of remaining revenue to property tax relief as a tax-bill credit based on property value.

29 percent to property tax relief or other county and municipal uses. Dorchester County Council has committed all its first year proceeds to property tax relief; The resolution must be re-voted on each year. 67 percent of the 71 percent to county property owners.

33 percent to municipal property owners, based on population. Municipal property owners would receive the county and municipal credit.

The ballot question: "Must a one percent sales and use tax be levied in (Dorchester) County for the purpose of allowing a credit against a taxpayer's county and municipal ad valorem tax liability and for the purpose of funding county and municipal operations in the (Dorchester) County area?"

Sources: Municipal Association of South Carolina, Dorchester County, S.C. Legislature

If the county councilman is, that's not good news for leaders pushing the Nov. 5 referendum.

Earlier this year, County Council unanimously approved a referendum for the local election Nov. 5. Now they are visibly frustrated by the sometimes hostile opposition.

As Election Day approaches, campaigns for and against the measure are heating up and tempers occasionally flaring.

If the 1 percent sales tax were approved, revenue generated by it would be used by the county and municipalities in place of some property tax, bringing down that bill.

The concept and execution of the tax are complex, and the county already has failed four times to get it approved by generally tax-ried voters.

The measure deliberately has been put on the ballot in an "off-year" election without state or national races. Council members said that allows voters to focus on the issue. Opponents say it's an attempt to get it approved by supporters, with only a small percentage of eligible voters expected to vote.

One way or another, a lot of people appear to be relatively clueless about it.

Hargett proposed earlier this week that council delay the vote until the 2014 general election, when a full slate of races will be on the ballot, bringing more voters to the polls.

"I don't think the voters are ready to make a choice," Hargett said, citing confusion about the issue in his district.

An informal sampling of residents in two Summerville area neighborhoods appears to back this up. Seven of nine people asked weren't aware the question would be on the ballot. One of the two who did, said he didn't think his neighbors were. And most of the people asked said they planned to vote.

"We're kind of taxed to death, aren't we? I don't know which (a yes or no vote) is worse," said Jean Ogden, a Bridges subdivision property owner.

Quinton Reeves, a Greenhurst subdivision resident, didn't know which way he would vote either.

"If they say it's going to decrease taxes and it's actually increasing taxes, I feel like my vote wasn't worth anything," he said.

Hargett has heard that in his district along Dorchester Road, he said. "I couldn't find one in four people" who thought they knew enough to vote on the issue, he said. "We (the council) did not do due diligence at all on this issue."

Hargett said he learned the tax would be applied to groceries after being told it wouldn't, and now opposes it.

County and civic leaders who support the tax are scrambling hard to overcome the uncertainty and opposition, holding a series of public information sessions and making presentations.

Council Chairman Bill Hearn said the tax isn't just a short-term property tax relief; lower property taxes will attract industries whose hefty tax payments could potentially lower taxes overall.

It sounds a little disingenuous at first, because industries usually get tax breaks when they set up shop, Hearn said, but industries look for low property tax locations as a quality of life perk for their employees.

"The unfortunate part (for the referendum campaign) is the use of the word 'tax,' " Hearn said. "It's a hard concept for people to understand. (But) unless property owners spend huge amounts of money in Dorchester County, their taxes undeniably will go down."

Opposition has gotten vocal among a not-so-often affiliated mix of groups that include anti-tax associations and the county Democratic Party. They say the tax is inherently unfair, particularly to lower income residents.

"The beneficiaries of this referendum would be owners of commercial real estate, rental homes, boats and other 6- or 10-percent assessed properties. In other words, those rich enough to own those properties would benefit the most," said county Democratic Party Chairman Richard Hayes.

"It's a tax increase, not a tax decrease. The tax on groceries and everything else we buy at retail in Dorchester County will increase," said John Braund, of the Dorchester County Taxpayers Association. "Put a pen to paper and I'll bet you'll find you're getting ripped off; that is, unless you have no conscience, like higher taxes and live in a great big ol' house in Summerville."

Hearn points out that much of Dorchester resident shopping already takes place at locations such as Summerville's Azalea Square, which is in Berkeley County, or at businesses in Charleston County. The tax has long been in place in both counties.

"People have been paying it for 16 to 23 years in other counties, to benefit other property owners," Hearn said. "Our neighbors' success proves (the opponents) are wrong. When people see reductions on their tax bills they're going to realize they have been sold a bill of goods. "

Reach Bo Petersen at 937-5744, @bopete on twitter or Bo Petersen Reporting on Facebook.

REASONS TO OPPOSE A LOCAL OPTION SALES TAX INCREASE - DORCHESTER COUNTY

LOST IS A NET TAX INCREASE -- Dorchester County CFO's published data shows that an estimated \$2,469,012 of LOST tax would be "distributed to the county and its cities that can be used at their discretion." Those additional taxes (increasing a lot after year one) will fund **EXPANSION OF LOCAL AND STATE GOVERNMENTS**. In addition, annually 5% (est. \$500,000) of taxes collected in Dorchester County must be redistributed to poor donee counties outside of Dorchester County and thousands of dollars of fees paid to Columbia (Sect 4-10-60, 4-10-90(B)). These new taxes "place the government's hand in taxpayers' pockets" (Senator Ted Cruz).

"REVERSE ROBIN HOOD" EFFECT -- By adding a 1% tax to purchases of food and other necessities and items, LOST would transfer part of the real estate tax burden from Dorchester County residents who own property to Dorchester County residents who do not own property, including the poor, who least can afford additional taxes. LOST is a **REGRESSIVE TAX** that disproportionately hurts the poor and middle class to profit those rich enough to own a lot of property (e.g., rich out of state developers). Renters, in 14,186 Dorchester County households, 28% of the total households in Dorchester County (<http://www.city-data.com/county/DorchesterCounty-SC.html#ixzz2fptFA9m1>), will receive **NO RESIDENTIAL PROPERTY TAX CREDIT** from LOST. Those who own little or no property will **PAY MORE IN SALES TAX THAN THEY WILL SAVE IN PROPERTY TAX**. LOST benefits wealthy property owners at the expense of ordinary citizens.

ECONOMIC DEVELOPMENT HURT BY LOST -- Dorchester County has a competitive advantage by having a lower percentage (7%) sales tax than that of Berkeley (8%) and Charleston (8.5%) Counties. Raising Dorchester County's sales tax would cause **LESS SPENDABLE INCOME**, which would result in **LESS SPENDING AND LESS ECONOMIC GROWTH**. The SC Board of Economic Advisers acknowledges that consumer expenditures should decrease as the tax rate increases, and that there has been about a 5% decrease in spending in a county following a 1% increase in its tax rate. That is proof that a higher sales tax reduces consumer spending, which hurts businesses and decreases jobs. Whether marginally lowering the property tax of **SOME** to increase the sales tax on **ALL** would benefit economic growth more than would retaining Dorchester County's current lower sales tax rate is, at best, speculative. Retirees are more likely to retire to lower sales tax locations outside of DC if DC increases its sales tax rate. The best way to stimulate growth and jobs is to let people keep their money to spend rather than take it from them as taxes.

SALES TAX ARE HIGH AND PROPERTY TAXES ARE LOW RELATIVELY ALREADY -- The amount of sales taxes in Dorchester County and South Carolina are already among the **HIGHEST IN THE U.**

S. (average state and local sales tax rate (7.19%) ranks SC 17th highest in US; using LOST to raise to combined 8% rate would worsen Dorchester's ranking (<http://taxfoundation.org/article/state-and-local-sales-tax-rates-midyear-2013X>)). Property taxes in Dorchester County and in South Carolina on owner-occupied residences are among the LOWEST IN THE U.S (only five states higher as of percentage of median income (<http://www.tax-rates.org/southcarolina/property-tax>)). It is better to keep what exists than to make a high sales tax higher and a low property tax lower. (High commercial property taxes caused by Act 388 should be fixed by comprehensive tax reform by the state Legislature which created those high taxes, not by increasing sales taxes on non or low property owners in Dorchester County.)

NO SUNSET -- If LOST passes, it will be ALMOST IMPOSSIBLE TO RESCIND it. The high sales tax would be imposed FOREVER. Rescission could occur only by referendum requested by a petition of 15% of all Dorchester Voters. Section 4-10-35. However, any property tax relief greater than 71% can be rescinded by simple majority vote of Dorchester County or municipal governments at any time and be used to increase spending for their operations. Both Berkeley and Charleston County Councils reneged on their promises to credit 100% of their LOST taxes against property taxes, by using LOST taxes to increase Council's spending.

OFF YEAR, SPECIAL ELECTION = LOW TURNOUT, INCREASED COSTS Council is holding this critical referendum when there is no county wide election. That ensures low voter turnout and increased costs. It would be better public policy to hold the referendum during a general election, such as in November 2014, when there would be much higher voter turnout and no special election costs.

REPUBLICAN TAX POLICY PLATFORM -- "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).) **WHO ARE WE? REPUBLICANS WHO WILL ADHERE TO OUR OWN REPUBLICAN PLATFORM? FREE MARKET FISCAL CONSERVATIVES LIMITING GOVERNMENT GROWTH OR PRO-GOVERNMENT GROWTH CRONY CAPITALISTS?**

Don't let boom be a blowout

• Posted: Sunday, October 13, 2013 12:01 a.m.

From all indications, the Charleston metropolitan area is rapidly leaving the Great Recession behind. Employment growth is twice the U.S. average since 2011. Last month's housing starts are up 29 percent over the previous year. The port is booming - the value of

exports increased 33 percent between 2010 and 2012.

And the area's population is growing at an astounding rate - three times the U.S. average, according to a recent report from the Charleston Metro Chamber of Commerce and the Regional Development Alliance.

All that good news needs to be tempered by one projected figure included in the Chamber report.

The metro area's population is expected to rise from roughly 700,000 to 1 million by 2029. That's an increase of more than 40 percent in little more than 15 years.

To accommodate such astounding growth while preserving the area's quality of life will require an intensified focus. Otherwise the region will be overwhelmed by sprawl and gridlock. It demands planning that doesn't shy away from respecting where growth should be allowed and where it should not, as the urban growth boundary already does on Johns Island.

Intergovernmental agreements, such as the 2005 pact to preserve the Francis Marion National Forest by limiting growth in and around it, need to be applied more broadly and adhered to assiduously. The standard response to the transportation difficulties that accompany growth is more highways and additional lanes. But the kind of growth projected by the Chamber and the RDA is of a magnitude that can't be managed merely with paving projects. Not if residents want to retain something of our area's culture, character and landscape.

It will require a regional approach to mass transit, and must accelerate the development of a light rail system connecting growth areas with the central metro areas of Charleston and North Charleston. The Charleston Area Regional Transportation Authority doesn't have the resources to do the job. And the recent debacle over its intermodal transportation center says that CARTA needs more than additional funding; it needs attentive leadership. The center was abandoned 15 years into the planning stage because of a fundamental error that would have required \$24 million to fix. The Chamber report is clear evidence that CARTA doesn't have another 15 years to spin its wheels on an essential element of a functioning mass transit system. Pedestrian and bicycle accommodations need to be more than an afterthought to road projects. Every commuter who walks or bikes to work means one less car choking the highway.

Charleston County's greenbelt program needs to be revived on a regional basis, and its assets used to greatest effect by acquiring land and easements that restrain development and retain habitat. Greenbelt funds need to be used to forestall sprawl, not for high-cost urban park projects.

And developers should look to the model established by

MeadWestvaco for the East Edisto project in Dorchester and Charleston counties. It allows for substantial development while preserving forest and farmland nearby. Economic development is essential to the plan to put jobs near at hand instead of at the end of a long commute.

Over the years, as the Charleston metro area has become a favored destination not just for tourists but for those seeking a new place to live, residents have clearly stated their support for restraints on growth. Limits include the regional growth management plans approved by their elected representatives after long study and intense debate.

Since the economic downturn the attentiveness to growth issues has relaxed.

But the boom is back.

The upturn is to be celebrated for its accompanying jobs, prosperity, optimism and entrepreneurial energy.

Yet it also demands a renewed attention to growth, how to limit it and how to mitigate it, as needed.

Only then can our community be assured of retaining the quality of life that is attracting so many to the Lowcountry.

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