



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

Post Office Box 12267
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April 25, 2008

The Honorable Kevin L. Bryant
606 Gressette Building
Senate Finance Committee
Columbia, South Carolina 29201

Dear Kevin,

I wanted to write and express my concerns with H. 4549 – a bill recently sent from the House to the Senate Finance Committee that diverts car sales tax revenue from the General Fund and into the State Infrastructure Bank and DOT. It's our belief that this bill treads on dangerous ground by disregarding today's budget shortfalls and represents yesterday's approach to infrastructure funding. Let me elaborate.

First, the national economy is weakening, and actions like this only dig our state deeper in what is already a \$250 million budget shortfall this year. Even if the economy was rising, this bill would be a problem. As you know there are roughly \$20 billion of unfunded political commitments already on the books, and new federal policy dictates that we begin annually recognizing the \$500 million each year that would be required to address this liability. Therefore, in light of not just today's current shortfalls but the long run structural shortfalls built into the budget, I don't think it makes sense to move \$100 million from the very funding source that would be used to pay down the \$20 billion in liabilities the taxpayers now face. In short, what this represents is simply taking money from one pocket and deepening the state's obligations in yet the other.

Second, this legislation represents what many see as an antiquated approach to highway funding. Increasingly states, counties and even countries are moving to public-private partnerships to fund highway projects. There is a lot of private capital available to fund these sorts of projects, which then obviate the need to pull money from the taxpayers which creates the deeper budgetary holes in other categories that I alluded to in the last paragraph.

We continue to believe that public-private partnerships could help meet the state's \$50 billion infrastructure needs over the next two decades. California, for instance, has used High Occupancy Toll (HOT) lanes to minimize stop-and-go traffic by requiring a toll that adjusts with

congestion levels, while Indiana authorized the 75-year lease of the 157-mile Indiana Toll Road to private investors for \$3.85 billion up-front.

To summarize, we have concerns with the way H. 4549 seems to overlook current budget shortfalls and ignores public-private partnerships – an avenue many believe could help address South Carolina's looming infrastructure deficit. I'd ask that your Committee take a close look at this bill given the concerns above, and I look forward to working with you on these and other matters in the coming weeks.

Sincerely,

A handwritten signature in black ink, appearing to be 'MS', followed by a long horizontal stroke.

Mark Sanford

MS/js.kp

cc: The South Carolina Senate Finance Committee