

From: Adams, Marcia S
To: 'mcrawf@gov.sc.gov' <mcrawf@gov.sc.gov>
Date: 3/28/2006 11:00:06 AM
Subject: FW: FYI - Bobby Harrell's Editorial -- See note in Red

Marisa,

I think it is interesting that he does not point out that DMV has voluntarily identified money to be given back. Also, we have suggested that we be moved from appropriated dollars to revenue funds. I don't think many agencies have done so when the opportunity has presented itself.

Sorry, it just gripes me that we are singled out for doing what I believe is the right thing to do. Thanks for listening. Have a good day.

Marcia

House made hard choices to stay in the black

BOBBY HARRELL

A major debate going on in Columbia is over how much government should be allowed to grow per year. This discussion has glossed over the fact that South Carolina's state budget has only increased by an average of 3.9 percent per year since Republicans took control of the S.C. House of Representatives in 1994, and that includes this year's proposed budget. Our population and inflation have grown an average of 4 percent per year since 1994. Personal income has grown an average of 5.4 percent per year during this time. The state budget has increased slower than inflation or personal income growth.

The state budget passed by the Ways and Means Committee, which is chaired by Rep. Dan Cooper, R-Piedmont, sends more than \$116 million back to the taxpayers in the form of property tax relief, which helps every hard working South Carolinian hold onto the American dream of owning a home. This relief is important to homeowners all over our state. More than \$98 million of revenue not being spent has been set aside to repay all of our state's true trust funds. That means more than \$200 million in new revenue is either going back to the taxpayers or is being set aside and not spent from this year's revenue. In addition, the budget has more than

\$420 million of homeowner tax relief that started back in 1995.

A few people have tried to say the House is spending every penny of the taxpayer's money this year. Not true. The House Ways and Means Committee has refused to spend more than \$200 million of the new revenue that is coming in this year and \$420 million of continuing tax relief.

Also, some have suggested we need to establish a "rainy day" fund. In fact, we have two, the general reserve fund, currently at about \$168 million, and the capital reserve fund, currently at about \$112 million - a total of about \$280 million. Add this to the more than \$116 million of new revenue for homeowner tax relief, the \$420 million being used for continuing homeowner tax relief and the \$98 million being used to restore all of our state's true trust funds and it totals almost \$1 billion that our General Assembly is not spending in this year's budget.

This budget restores all trust funds that are truly trust funds. A few of the so-called trust funds the governor and others have referred to are actually reserve accounts that agencies have used to accumulate money over the years. We need to make sure agencies do not just name their reserve accounts trust funds so they can keep those funds to themselves. It is the General Assembly's duty to review all accounts that are held by agencies and make sure our taxpayers are getting the most effective use of their money.

The Department of Motor Vehicles has one of these reserve accounts that generates more money than it needs to operate. The governor himself has taken \$10 million from that account over the past two years. If the

agency does not need the money, it just does not make sense to let them keep it.

For four years our state had a shortfall in revenue. The House produced budgets four years in a row that had deep cuts in agencies and did not raise taxes. Other states raised taxes because they thought that was the only way they could deal with their shortfalls in tax revenue. In South Carolina, we did not consider that to be an option.

The decision not to raise taxes left us in the House with tough decisions to make. In South Carolina, we made cuts to the state budget to keep government spending out of the red. Unlike the federal government, South Carolina is constitutionally obligated to have a balanced budget. In Washington, it used to be tax and spend; now it seems to be borrow and spend. The result in Washington has been huge budget deficits. In South Carolina, we have lived within our means and maintained a balanced budget.

It is easy to pick one or two years and criticize. It is more accurate to look at performance over the long haul. The General Assembly has clearly controlled the growth of government over the past decade. You will hear a lot of campaign rhetoric during this week's budget debate in the House, but the actual numbers from the past 10 years speak for themselves.

The writer, R-Charleston, is speaker of the S.C House.

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