

From: Tarini Parti <tarini.parti@buzzfeed.com>  
To: Adams, ChaneyChaneyAdams@gov.sc.gov  
Date: 1/21/2016 12:06:42 PM  
Subject: Re: Background from Gov. Haley's office

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Got this. Thanks!

On Thu, Jan 21, 2016 at 11:45 AM, Adams, Chaney <ChaneyAdams@gov.sc.gov> wrote:  
Tarini,

Below you can background discussed by phone of the governor's three part tax reform and transportation plan: an op-ed; excerpts from the State of the State addresses; conservative praise for the governor's plan; recent public polling that shows the governor's approval rating among Republican voters.

I have also included Winthrop University's latest poll that shows Gov. Haley with her highest approval rating among republican voters in SC.

Op-ed from the governor in which she explains her tax reform plan: <http://www.postandcourier.com/article/20150124/PC1002/150129626>

"As I've said many times, I will veto any straight-up increase in the gas tax. It's the wrong thing for South Carolina. So here's the deal. Let's do three things at once that will be a win-win-win for South Carolina. Let's cut our state income tax rate from 7 percent to 5 percent over the next decade. That's a nearly 30 percent reduction in state income taxes. Nationally, it will take us from 38th in income tax competitiveness to 13th. Regionally, it will put our rate back below those of North Carolina and Georgia. It will be a massive draw for jobs and investment to come to our state. And it will put more money in the pockets of all South Carolinians, letting them keep more of what they earn. It will reward work, savings and investment — all the things we need to do to make our state stronger and our people more prosperous. Next, let's change the way we spend our infrastructure dollars and get rid of the legislatively elected transportation commission. Finally, let's increase the gas tax by 10 cents over the next three years, and let's dedicate that money entirely toward improving our roads. That will keep our gas tax below both Georgia and North Carolina, and we can do it without harming our economy, because when coupled with the 30 percent income tax cut, it still represents one of the largest tax cuts in South Carolina history. If we do all of those things, we will have better roads and a stronger economic engine for our people. That's a win-win."

Gov. Nikki Haley's 2016 State of the State Address: <http://www.postandcourier.com/article/20160120/PC1603/160129900>

To that end, transportation has been a topic of great interest and even greater discussion of late, so I will be brief, and also, I hope, clear: I think no differently of our roads situation than when I stood before you one year ago.

I will not sign any piece of legislation that raises taxes – not in year one, not in year five, not in year ten. I will not sign any piece of legislation that does not include real reform to the Department of Transportation – the days of horse-trading South Carolina roads have to end. And I will not buy into the idea that we somehow cannot afford to cut income taxes for our people.

In December, a University of South Carolina economist said, “In 28 years of forecasting our state’s economy, rarely have I seen [it] in such good shape and on such steady footing.” We had \$1 billion in new revenue last year. We have \$1.3 billion in new revenue this year. My Executive Budget includes every dollar needed to pay for this year’s tax cut. Next year’s will too.

This is not our money. It belongs to the taxpayers. We can and we should return it to them.

Pass legislation that cuts our taxes, reforms our flawed transportation system, and invests in our roads, and I will sign it.

Pass legislation that does not do all three of those things, and I will veto it.

Gov. Nikki Haley’s 2015 State of the State Address: <http://www.thestate.com/news/politics-government/politics-columns-blogs/the-buzz/article13941134.html>

There is an important economic convergence going on in South Carolina today.

On one side, we have a growing economy, with more of our people working than ever before, with unemployment down to rates we haven’t seen in many years, with people moving from welfare-to-work by the tens of thousands, and with new companies moving in or starting up all the time. It is indeed a great day in South Carolina.

How did we get here? There are several factors, including our business-friendly regulatory approach, our right-to-work laws, and our strong economic development and recruitment efforts.

But there's also no question that our tax system plays an important part in our economy too.

Our economic competitiveness as a state is in really good shape, but the nature of competition is that just when you think you're doing well, your competitors are gaining on you. In order to continue our state's remarkable progress, we must take further steps to improve our standing.

We are competing for jobs internationally, nationally, and regionally. Where we stand compared to our neighboring states matters.

Some Southeastern and Southwestern states – Tennessee, Florida, and Texas – have no income tax at all. Georgia's tax is a full percent lower than ours, and just last year North Carolina cut theirs by two full points, to below even that.

In that competitive environment, our state's 7 percent income tax rate stands out and puts us at a disadvantage. In order to keep the ball rolling in our economy, we must bring down our income tax.

At the same time, it is widely recognized that we have major infrastructure needs in our state.

We have a very real problem with the way our transportation dollars are spent. Our system screams out for reform and restructuring. The condition of our roads and bridges is a statewide concern and yet our dollars are being spent with zero statewide perspective.

The current system, with commissioners representing congressional districts and selected by local delegations, is the ultimate exercise in parochialism. Instead of fighting for the needs of South Carolina at large, they fight for the needs of their districts, which means they fight each other. I don't necessarily blame them – until we make wholesale changes to the system, doing so is in their best interests.

The problem is it is not in South Carolina's best interest. So I will not support more revenue for our roads and bridges until we restructure the Department of Transportation. Simply shipping more money into the current bureaucracy would be like blasting water through a leaky hose. Some of it would reach the right destination, but too much of it would end up in a mess on the ground. I won't do it.

That said, deficient roads and highways are an economic issue. That's why we supported \$1 billion in new road funds last year, which was the biggest infrastructure investment in a generation. It's why we proposed in our executive budget dedicating an additional \$61 million in auto sales tax funds entirely to roads. But we know that's not enough. We still have very substantial infrastructure revenue needs that have to be addressed.

We have studied every option.

Some have advocated raising the state gas tax. Yes, we do have the third-lowest gas tax in America. Gas prices are now down to their lowest level since 2009. Non-South Carolinians who visit our state would pay a portion of the tax. And we would boost the revenue stream that is dedicated to improving our roads and highways.

But there are also major problems with it. We have not gotten to where we are as a state, with our strengthening and growing economy, by raising taxes. Quite the opposite. If all we do is increase taxes, whether it's the gas tax, or some other tax, we will hurt our citizens, we will discourage job creators, and we will dampen our economy. As I've said many times, I will veto any straight-up increase in the gas tax. That's just not going to happen while I'm governor. It's the wrong thing for South Carolina.

So here's the deal. Let's do three things at once that will be a win-win-win for South Carolina.

Let's cut our state income tax rate from 7 percent to 5 percent over the next decade. That's a nearly 30 percent reduction in state income taxes. Nationally, it will take us from 38th in income tax competitiveness to 13th. Regionally, it will put our rate back below those of North Carolina and Georgia. It will be a massive draw for jobs and investment to come to our state.

And it will put more money in the pockets of every South Carolinian, letting them keep more of what they earn. It will reward work, savings, and investment – all the things we need to do to make our state stronger and our people more prosperous.

Next, let's change the way we spend our infrastructure dollars and get rid of the legislatively elected transportation commission so the condition of South Carolina's roads is no longer driven by short-sighted regionalism and political horse trading, and we stop wasting our tax money.

Finally, let's increase the gas tax by 10 cents over the next three years, and let's dedicate that

money entirely toward improving our roads. That will keep our gas tax below both Georgia and North Carolina, and we can do it without harming our economy because when coupled with the 30 percent income tax cut, it still represents one of the largest tax cuts in South Carolina history.

Now, I hope everyone listened carefully to what I said. This is a three-part package deal. In order to get my signature on any gas tax increase, we need to restructure the DOT, and we need to cut our state income tax by 2 percent. If we do all of those things, we will have better roads and a stronger economic engine for our people. That's a win-win.

I'd like to personally say thank you to Speaker Jay Lucas for his leadership and his commitment to working with us on this and many other issues going forward. And I'd like to thank (House Ways and Means) chairman Brian White, Rep. Gary Simrill and the other dedicated members of the House Transportation Committee, who have worked for months to find a solution to our crumbling road system.

I appreciate the House taking a formative, thorough lead on this issue. We can all agree that our state's Department of Transportation must be reformed in order to bring more jobs to South Carolina, and I look forward to working with both the House and Senate to solve this very real problem this year.

#### Support of Gov. Haley's Three Part Tax Cut / Transportation Plan

The South Carolina Club for Growth: <http://www.scclubforgrowth.org/sc-club-for-growth-statement-on-governor-haleys-roads-plan>

Tonight, in her State of the State address, Governor Haley outlined the details of her infrastructure plan. Her proposal calls for restructuring the Department of Transportation, decrease the state income tax over the next ten years and increase the gas tax over the next three.

Governor Haley's plan asks for Department of Transportation reform. Currently road construction and repair is motivated by politics. This needs to stop. The reforms under the Governor's proposal would ensure that road funding would focus on maintaining the roads we have first and take politics out of the process.

In order to ensure that there is not a net tax increase the Governor's infrastructure plan calls for a 30% cut of all income taxes over the next 10 years. Currently South Carolina has the highest income tax rate in the southeast. Only New York and California have higher income and sales taxes. Under this plan South Carolina would have the 3rd lowest marginal income tax rate in the southeast and would return over \$8 billion to taxpayers.

Finally, to pay for the roads Governor Haley recommended that the gas tax is raised by ten cents over the next three years. This would send \$3.5 billion to road repair over the next 10 years. This would go a long way in solving a problem that took decades to develop.

The SC Club for Growth supports Governor Haley's proposal. We hope that the legislature will take the Governor's plan seriously and pass it quickly. South Carolina's infrastructure crumbling and the roadmap outlined by these recommendations will not only improve roads but the quality of life for South Carolinians.

The plan drew praise from South Carolina's former senator, Jim DeMint, president of The Heritage Foundation: <http://dailysignal.com/2015/01/23/nikki-haley-plans-make-south-carolina-competitive/>

"Gov. Haley continues to show why she's a national conservative leader," DeMint told The Daily Signal. "She deserves credit for promoting tax reform that provides opportunity for all South Carolinians, and rejecting favoritism by taking on the transportation bureaucracy. Reforms like this make our state more economically competitive with our neighbors. It's a great step forward for South Carolina."

Americans for Tax Reform: <http://www.atr.org/atr-applauds-south-carolina-gov-nikki-haley%E2%80%99s-call-income-tax-relief>

"Gov. Nikki Haley has proven time and again to be a tremendous defender of taxpayers," said Grover Norquist, president of Americans for Tax Reform. "This latest proposal demonstrates that she recognizes the need for pro-growth, rate-reducing tax reform. It also stands in stark contrast to President Obama, who used his recent address to call for hundreds of billions in higher taxes. Once again, Gov. Haley shows us that the best policy reforms are coming out of the states."

How do likely GOP voters view their governmental leaders? Here's a snapshot:

S.C. Governor Nikki Haley, 81% approve, 84% approval among Tea Party supporters

Huffmon noted, "While some had speculated that Governor Haley's stand on the Confederate Flag this summer might hurt her with the Republican base, her approval of the S.C. GOP core – likely Republican voters – is as strong, or stronger, than ever."

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