



HENRY McMASTER
GOVERNOR

June 22, 2022

The Honorable G. Murrell Smith, Jr.
Speaker of the House of Representatives
State House, Second Floor
Columbia, South Carolina 29201

Dear Mr. Speaker:

Today, I have signed R-265, H. 3346, which will increase the required annual General Fund appropriations to the State's General Reserve Fund from 5% to 7% and the appropriations to the Capital Reserve Fund from 2% to 3%, effective upon ratification of the constitutional amendments recently proposed by R-261, S. 1106.

As you are aware, I have twice proposed, in previous Executive Budgets, that the General Assembly set aside \$500 million in non-recurring revenue for our State's General Reserve Fund (commonly referred to as the "rainy day" account), with the goal of maintaining a balance equal to 10% of General Fund revenue from the prior fiscal year. However, rather than depositing \$500 million into the rainy day account, which would increase the balance to almost \$1 billion, the General Assembly chose to leave \$447,840,393 "unallocated" in the the FY 2022–23 General Appropriation Act. If unspent this fiscal year, these funds will be considered unrestricted surplus funds and will be available to the General Assembly for appropriation in next year's budget. Although I appreciate the General Assembly's restraint in not seeking to appropriate these additional funds, this is analogous to stashing cash under the mattress, rather than depositing it into a savings account at the bank.

H. 3346 is a positive first step, but it is clear to me that the General Assembly has more work to do. As stewards of taxpayer resources, I believe that our State's rainy day account must maintain a more robust balance to ensure that state government remains prepared to weather any future economic uncertainties, should they arise. I ask the General Assembly, as soon as practicable, to send to my desk legislation appropriating the unallocated \$447,840,393 into the General Reserve Fund. By doing so, the General Assembly can simultaneously safeguard these surplus funds and enhance our State's rainy day account.

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For the foregoing reasons, I have signed H. 3346, which will take effect upon ratification of the constitutional amendments recently proposed by S. 1106. I look forward to continuing to work with the General Assembly on this important matter.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Henry McMaster", written in a cursive style.

Henry McMaster