



**HENRY McMASTER**  
GOVERNOR

June 12, 2017

The Honorable James H. Lucas  
South Carolina House of Representatives  
Statehouse, Second Floor  
Columbia, South Carolina 29201

Dear Mr. Speaker and Members of the General Assembly,

I am vetoing and returning without my approval certain line items in R128, H.3720, the FY 2017-18 General Appropriations Act.

Since January, we have announced nearly 5,000 jobs and over \$1 billion in capital investment. More South Carolinians are working than ever before, and every month that passes drives us to new heights of job creation and economic growth. We are on the edge of unprecedented prosperity. The future is bright, and there is much in this budget that will help keep it that way.

This budget directs \$297 million or 80% of the \$371 million in new recurring funds available this year, to just four core areas: K-12 education, health service annualizations, outstanding pension liabilities and child protective services. Much of the rest is directed to mandatory reserves, economic development and criminal justice.

But in the same year that this General Assembly passed the largest tax increase in state history, there are items I simply cannot support. Those lines vetoed within this message are inconsistent with principles of accountability, transparency and competitiveness or are simply unfunded mandates, unidentifiable “pork” projects or short-sighted impediments to economic growth.

If the government is going to ask the taxpayers to contribute more of their hard-earned dollars, we must have greater oversight and discipline in government spending – not less. Ultimately, the best way to control the growth of government is to reduce the amount of revenue available for the government to spend by lowering taxes, demonstrating fiscal

responsibility, establishing priorities and embracing transparency. The Executive Budget I send you in January will contain proposals consistent with this position, and I look forward to working with the General Assembly on each of them.

I urge you to thoughtfully consider each of these vetoes, and promptly sustain them on behalf of the people of this state.

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**Housekeeping**

**Veto 1            Part 1B, Page 311, Section 1A, Department of Education-EIA – Proviso 1A.64, SDE-EIA: Teacher Supply Study**

This proviso was originally included in Act 91 of 2015. With the study now complete, this proviso is no longer necessary.

**Veto 2            Part 1B, Page 286, Section 1, Department of Education – Proviso 1.75, SDE: Data Maintenance and Collection**

On June 10, 2017, I signed H.3969, which codifies these provisions, making them unnecessary.

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**Promoting Sustainable Health Services**

**Veto 3            Part 1B, Page 344, Section 33, Department of Health and Human Services – Proviso 33.25, DHHS: Personal Emergency Response System**

This proviso is an unfunded coverage mandate that was not requested by the Department of Health and Human Services. It forces the Department to obtain federal approval for the addition of these systems and will require the Department to request state funds in future years to maintain them. Allowing this proviso to become law sets a poor precedent for health service earmarks and is a dangerous precursor to dozens more that will certainly follow behind it.

**Veto 4            Part 1B, Page 441, Section 108, Public Employee Benefit Authority – Proviso 108.12, PEBA: Contraceptives for Dependents**

This proviso was not requested by the South Carolina Public Employee Benefit Authority (PEBA), which manages the State Health Plan, and constitutes an \$8 million annual unfunded mandate. I urge you to sustain this veto because any coverage or benefit additions to the state health plan should be fully funded.

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**Responsible Use of Taxpayer Dollars**

**Veto 5      Part 1B, Page 409, Section 84, Department of Transportation – Proviso 84.12, DOT: CTC Project Expansion**

Last month, over my veto, South Carolinians were subjected to the largest tax increase in state history. This proviso allows tens of millions of gas tax dollars to be diverted away from road paving and maintenance to beautification of sidewalks, landscaping, and other lower priority activities. South Carolinians deserve to have every cent of the gas tax spent on road improvements. A vote to sustain this proviso is a vote for better roads.

**Protecting Natural Capital**

**Veto 6      Part 1B, Page 501, Section 118, Statewide Revenue – Proviso 118.14(A), SR: Nonrecurring Revenue, Item 6, Fiscal Year 2016-17 S.C. Conservation Bank, Subfund 45D7 Carry Forward: \$6,640,817**

South Carolina's natural resources are a central driver of our economic prosperity. Twenty-eight million people visit our state each year, contributing to a \$20 billion tourism industry.

This proviso shuts the Conservation Bank by diverting its funding into the State's General Fund and raiding the balance of the Bank's Trust Fund. The item I have vetoed today will allow it to retain \$6,640,817 currently in the Trust and, combined with the \$10 million appropriated in the budget and Capital Reserve, maintain the Bank's operations at roughly current levels.

While I agree with many of the criticisms regarding the Conservation Bank, I believe it is a useful tool for protecting our environment and maintaining our competitiveness. South Carolina deserves a reasoned debate about the Bank's future and mission through normal legislative processes – not the budget. I urge you to sustain this veto and work with me to properly address the issue next year.

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**Higher Education Accountability**

**Veto 7      Part 1B, Page 330, Section 11, Commission on Higher Education – Proviso 11.23, CHE: Auxiliary Project Approval**

**Veto 8      Part 1B, Page 497, Section 117, General Provisions – Proviso 117.150, GP: Governance Summit**

The Commission on Higher Education (CHE) plays an important part in overseeing our colleges and universities. The first proviso strips CHE of its role in the permanent improvement project process.

CHE currently reviews proposed college and university construction and deferred maintenance projects prior to consideration by the Joint Bond Review Committee (JBRC) and the State Fiscal Affairs Authority (SFAA). SC Code 2-470-40(b).

However CHE cannot unilaterally veto an athletic or auxiliary project. Colleges and universities are able to proceed through the normal regulatory approval process (JBRC, SFAA) should CHE express any concerns over a proposal.

Every building, brick, fixture and square foot of our public institutions belongs to the people of South Carolina. The CHE must be allowed to exercise its oversight authority. As governor, I look forward to appointing commission members who exercise prudent and fair judgement.

The second CHE proviso directs each college and university board of trustees chairman to participate in a summit to facilitate an exchange of ideas regarding best practices for the future of higher education governance. South Carolina taxpayers have borne the cost for too many study committees, summits and reports on higher education.

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### Good Government

**Veto 9            Part 1B, Page 374, Section 49, Department of Parks, Recreation and  
Tourism – Proviso 49.17, PRT: Welcome Center Complex Mowing**

I have instructed the Director of the Department of Parks, Recreation and Tourism to ensure that the state's welcome centers are mowed and in good appearance at all times, as they should be as South Carolina's front porch. This proviso is unnecessary.

**Veto 10           Part 1B, Page 356, Section 34. Department of Health and Environmental  
Control – Proviso 34.61, DHEC: Hazardous Waste Fund County Account**

Under current law, the South Carolina Hazardous Waste Management Act allows legislative delegations in Orangeburg and Dorchester Counties to direct funds for infrastructure improvements from the Hazardous Waste Contingency Fund to county councils. This proviso would bypass local government control over these funds and allow individual legislators to use them for pet projects in parts of the county they represent. Further, this proviso broadens the definition of infrastructure to include almost any activity, including services, relevant to a project with any economic impact. This end-run around accountability invites abuse of the Fund and should not be allowed to become law.

**Veto 11      Part 1A, Page 85, Section 34, Department of Health and Environmental Control, Item I. Administration, New Position Info Resource Consultant I: \$0 General Funds; \$0 Total Funds;**

Of all the urgent needs at the Department of Health and Environmental Control – including the need to rebuild its public dam regulation program and replace failing information technology infrastructure – directing resources to create three full-time positions for an even larger communications staff should be a low priority.

**Veto 12      Part 1B, Page 409, Section 84, Department of Transportation – Proviso 84.16, DOT: Rest Area Contractual Payments**

This proviso places government in the middle of relationships between private employers and employees. It requires the Department of Transportation to insert itself into its vendors' payroll practices and impose arbitrary payment schedules on private businesses. While well intentioned, this proviso is a clear example of government overreach that should not become law.

**Veto 13      Part 1B, Page 405, Section 81, Department of Labor, Licensing and Regulation – Proviso 81.13, LLR: Amusement Park Rides**

This proviso suspends safety regulations for the benefit of a single go-kart track in South Carolina which uses a kart that does not meet established standards for use as an amusement ride. This places children – whose parents reasonably assume a public amusement ride is appropriately regulated – at risk and should not become law.

**Veto 14      Part 1B, Page 277, Section 1, Department of Education – Proviso 1.52, SDE: Lee County Bus Shop**

This proviso is a solution to a problem that does not currently exist, as the Superintendent of Education has expressed no plans to close either facility mentioned in this proviso.

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**Lottery Scholarships**

**Veto 15      Part 1B, Page 319; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 1 Department of Education – School Bus Lease/Purchase: \$17,500,000**

**Veto 16      Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 2 Commission on Higher Education – Research University STEM Equipment: \$1,000,000**

- Veto 17** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 3 State Library – Aid to County Libraries: \$800,000
- Veto 18** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 4 Commission on Higher Education – Carolina Career Clusters Grant (1:1 Match): \$300,000
- Veto 19** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 5 Commission on Higher Education – Memorial Professorship: \$50,000
- Veto 20** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Net lottery proceeds and investment earnings above the Fiscal Year 2016-17 certified surplus – Item 6 State Board for Technical and Comprehensive Education – SPICE Program: \$250,000
- Veto 21** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Unclaimed prize funds in excess of the Board of Economic Advisors estimate – Item 1 Department of Education – School Bus Lease/Purchase: \$3,000,000
- Veto 22** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Unclaimed prize funds in excess of the Board of Economic Advisors estimate – Item 2 Commission on Higher Education – PASCAL: \$1,500,000
- Veto 23** Part 1B, Page 320; Section 3, Lottery Expenditure Account – Proviso 3.4, LEA: FY 2017-18 Lottery Funding; Unclaimed prize funds in excess of the Board of Economic Advisors estimate – Item 3 Department of Education – School Bus Lease/Purchase: remaining balance

I am vetoing these items because allocating funds before they are certified and available for use is not a responsible budgeting practice. If additional lottery proceeds become available in the next year, they should be carried forward for use as scholarships for South Carolinians.

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**Earmarks and Pork**

**Veto 24**      **Part 1A, Page 76, Section 28, Arts Commission, II. Statewide Arts Services, Aid to Private Sector, \$350,000 Total Funds; \$350,000 General Funds**

This new line in the budget gives private artists a permanent toehold in the state budget. A better use of these funds would be on classroom education for children.

**Veto 25**      **Part 1B, Page 503 Section 118: Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring Revenue, Item 31(b), Department of Archives and History, Charleston Library Society Beaux Arts Building: \$100,000**

**Veto 26**      **Part 1B, Page 503 Section 118: Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring Revenue, Item 32, Department of Commerce, IT-ology/Coursepower: \$300,000**

Both of these vetoes would remove earmarks for private organizations that are both well-funded through private foundations. Further, each employs registered lobbyists before the General Assembly to further their causes. These programs may have some merit, but the state has well-identified needs that should take precedence.

**Veto 27**      **Part 1B, Page 355, Section 34, Department of Health and Environmental Control – Proviso 34.56, DHEC: Greenwood Sewer Extension Line**

**Veto 28**      **Part 1B, Page 356, Section 34, Department of Health and Environmental Control – Proviso 34.59, DHEC: Alida Street Project**

**Veto 29**      **Part 1B, Page 374, Section 49, Department of Parks, Recreation and Tourism – Proviso 49.18, PRT: Horry County Museum**

Each of these provisos revises of the terms of earmarked money appropriated in past budgets from several years ago – or, in the case of Eagles Harbor, a decade ago. These three projects keep coming up year after year because local governments could not raise enough private funds to meet match requirements, or because the original projects are now defunct. These unused funds should be returned to the State and used for its critical needs.

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**Transparency in Budgeting**

**Veto 30**      **Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 7(a), Department of Parks, Recreation and Tourism, Parks, Recreation and Tourism Revitalizations: \$6,175,000**

- Veto 31** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 7(b), Department of Parks, Recreation and Tourism, Parks Infrastructure Needs: \$4,000,000
- Veto 32** Part 1A, Page 140, Section 49, Parks, Recreation and Tourism, Item II. Programs and Services, A. Tourism Sales & Marketing, Sports Marketing Grant Program: \$3,250,000 Total Funds; \$3,250,000 General Funds
- Veto 33** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 14(b), Division of Aeronautics, Airline Recruitment and Retention: \$150,000
- Veto 34** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 4, Department of Health and Human Services, Medical Contracts: \$4,900,000
- Veto 35** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 5(a), Department of Health and Environmental Control, Water Quality: \$3,100,000
- Veto 36** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 8, Department of Public Safety, Local Law Enforcement Grants: \$1,450,000
- Veto 37** Part 1B, Page 503, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 16, Department of Agriculture, Agribusiness Development: \$250,000
- Veto 38** Part 1B, Page 503, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 28(a), Office of Adjutant General, EMD-Hazard Mitigation Planning Grant and Enhanced Emergency Services: \$580,000
- Veto 39** Part 1B, Page 502, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 10, Department of Labor, Licensing and Regulation, Grants to Local Fire Districts: \$200,000
- Veto 40** Part 1B, Page 503, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 20, Department of Social Services, Group Home Transition – Wraparound Services: \$500,000
- Veto 41** Part 1B, Page 503, Section 118, Statewide Revenue – Proviso 118.14(B), SR: Nonrecurring, Item 22, Department of Probation, Parole and Pardon Services, Offender Education and Reentry Initiative: \$50,000

Each of these lines in the budget represents a collection of earmarks, many unidentifiable, included with legislative projects of differing merit, purpose, and relevance to agency missions. Many of these items were not requested by the agencies receiving the funds,



and members of my Cabinet cannot tell me how the money will be spent. Unfortunately, the many projects contained in these items were not put before the public to stand on their own merits. In the future, I would recommend that each one of these be listed as individual items in the budget. I urge you to sustain these vetoes in the interest of a transparent and accountable budget process.

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For the foregoing reasons, I am vetoing and returning without my approval the above provisions in R128, H.3720, the FY 2017-18 General Appropriations Act.

Yours very truly,



Henry McMaster