State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

June 24, 2013

The Honorable Phillip D. Owens
429 Blatt Building
Columbia, South Carolina 29201

Dear Representative Owens,

On December 20, 2012, I unveiled my Executive Budget for the 2013-14 Fiscal Year, in which I laid out a plan to provide an estimated $91.6 million for transportation infrastructure. This package directed surplus General Fund resources to our bridges and highways, increased the proportion of fuel taxes that are actually used for our roads instead of administration, and augmented these new resources with a one-time infusion of funds that would be allocated for transportation projects according to the objective criteria established under Act 114.

Today, I am pleased to sign R119, H.3360, which makes an annual commitment of $91.4 million for transportation[i], beginning in FY 2013-14. Like the plan I offered in December, your bill makes a substantial investment in South Carolina's bridges and highways without raising taxes, proving once again that if we act as responsible stewards of taxpayer resources, then we can still manage to find ways to meet our most important commitments.

This bill varies from my proposal in two significant respects. First, my plan relied on a "pay as you go" model of funding transportation projects. On the other hand, H.3360 front-loads the construction process by using $50 million per year to support as much as $500 million worth of projects right away.

Second, my plan eliminated political considerations by requiring that projects be prioritized and selected according to the criteria established under Act 114. I am troubled that this bill instead leaves the power to select projects to the Transportation Infrastructure Bank. While H.3360 states that the Department of Transportation "shall submit a list of bridge and road projects to the bank for its consideration," this is hardly an ironclad assurance that the crucial reforms adopted in 2007 will prevail.

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[i] Up to $50 million more may be available on a one-time basis in FY 2013-14 if sufficient surplus revenues materialize.

Many have focused on this bill exclusively because it has become the vehicle through which we have made a substantial investment in our transportation infrastructure. It is important that we not lose sight of this bill's original purpose, though, which is to give the Department of Transportation significantly greater flexibility to mutually develop agreements with county and municipal governments, schools, nongovernmental entities, and individuals, that will allow the Department to remove segments of "low traffic importance" from the state's secondary highway system. This expanded authority is essential, if we are to rationalize the patchwork of state, county, municipal, and privately-owned roads that we have today. This is an important reform in its own right, and I appreciate your efforts to bring this to fruition.

My very best,

Nikki R. Haley

cc: Members of the General Assembly