

February 13, 2008

The Honorable Robert Harrell
Speaker
South Carolina House of Representatives
508 Blatt Building
Columbia, South Carolina 29211

Dear Bobby,

Thank you for responding in detail to some of the issues that I presented in my letter of last week regarding H. 4470 concerning fire sprinklers. I certainly appreciated your comments and continue to believe this type of back and forth is beneficial in looking at any issue.

I admire the fact you and House colleagues have worked to find incentives to encourage people to make structures safer from fire, but I write back because one of your major contentions was that we missed the “point entirely” with your bill and that our approach was all too philosophical. Respectfully I would submit that our principles should always provide us with a framework that is used to judge all legislation. To argue that one’s philosophical bias in wanting to limit government’s involvement in our lives and pocketbooks should not be a part of determining how to better a situation – is in fact to argue a philosophical position.

We think in even something as emotionally charged as our response to fire, we should be judicious in limiting the public sector’s involvement. It is our simple contention that proposing only a 20 percent private match to draw down 80 percent public funding, with virtually no limits or caps on one’s ability to do so, is to create a de facto public entitlement that in the long run will be harmful to South Carolinians.

This is particularly the case given that we are already more than \$20 billion in the hole based on the state’s healthcare and retirement liabilities alone. The idea of creating essentially a new entitlement is not only at odds with the idea of limiting government – in this case, it is financially dangerous given the financial liabilities currently on the table.

Furthermore, your comparison of this legislation to the Coastal Insurance legislation is unfortunately inaccurate. Two glaring differences between the two pieces of legislation

immediately come to mind. First, the Coastal Insurance legislation addressed a statewide problem that could have catastrophic implications for the entire population of the state. South Carolina is currently fifth in the nation – at \$39 billion in total hurricane contingent liabilities. The legislation advanced by this administration, and passed by the House and Senate, in fact lowered the state’s long term contingent liability, in the event a hurricane were to hit South Carolina, by attracting more private capital and insurance into our state.

In contrast, and as you probably know, Governor Crist of Florida was lulled into the thinking that “we have to do something.” Because he left philosophy out of his deliberations he came up with a plan that was popular in the immediate political moment, but they now have repelled private capital and insurance from his state – and in the long run the plan leaves the cost of the next hurricane to the taxpayers of his state.

The Coastal Insurance legislation also included a very different mix than H.4470 when one thinks about this notion of a public-private partnership. For example the Coastal Insurance legislation provided for a 25 percent tax credit on the total costs of purchases made to improve the structure of a residence – and it was capped at \$1,000. This is drastically different from H.4470 that provides an 80 percent tax credit and a generous carry-forward provision.

In instances like this we believe that any time the taxpayer is fronting the bulk of the bill it goes against the principles of a free market – because government expenditure, rather than the market forces driven by individuals with a preponderance of the investment, are what in fact drive the decision making.

In closing, I again applaud your efforts to do something but don’t believe we should leave the belief in limiting government’s response out of this debate. While I have concerns regarding home rule and the private sector impact of a bill like this at minimum we think substantially lowering, or even reversing, the size of the tax credit could improve this legislation. We also believe it is important for government not to offer a blank check in addressing issues like this – and accordingly would ask for a meaningful cap on how much our state government intends to allocate to this important issue.

Thank you again for taking the time to get back to me and I hope these further details on the administrations position are helpful.

Sincerely,

Mark Sanford

MS/gg

Cc: The Honorable Daniel T. Cooper
The Honorable James H. Merrill

The Honorable Tracy R. Edge
The Honorable Chip Limehouse III
The Honorable Joseph H. Neal
The Honorable J. Gary Simrill
The Honorable W. Brian White
The Honorable Annette D. Young
The Honorable Herb Kirsh
The Honorable Lanny F. Littlejohn
The Honorable James A. Battle, Jr.
The Honorable Gilda Cobb-Hunter
The Honorable Kenny Bingham
The Honorable Bill Cotty
The Honorable Kenneth Kennedy
The Honorable Jay Lucas
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