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South Carolina can't afford any more home rule

By Don Weaver

"I've had about all the home rule I can afford."

What a great quote. I wish I could take credit for it, but I can't. That was Senate President Pro Tem Glenn McConnell when speaking in favor of his constitutional amendment calling for spending caps on state government, and his wish that local spending caps also be considered seriously by our Legislature.

Since last summer, the Senate Judiciary Spending Limits Study Committee has been working diligently on legislation by Sen. McConnell and Sen. Larry Grooms, S.718, which calls for a ballot question as to whether state spending should be limited in year-to-year growth. It is a reasonable notion that the massive upturns and downturns we see in the state budget during good and bad economic times would be mitigated by limiting what can be spent when state revenues are very high relative to the prior year. With the establishment of a budget stabilization fund, this would allow for better planning and saving when revenues inevitably are lower.

This study committee held hearings across the state to get input from the public. Not surprisingly, there was widespread support for the bill, with not one word of testimony in opposition to implementing new state spending limits. The bulk of the conversation centered on local caps, with overwhelming support from homeowners and the business community to support the caps.

Where this debate got really interesting was in the testimony from local officials about how caps would conflict with home rule and threaten "essential" services. Not one of these local officials opposed the Legislature imposing caps on state spending (essentially, the General Assembly imposing the limits on itself), but almost all the local bureaucrats who testified were opposed to the Legislature putting local growth caps on them.

I suppose you can't blame local administrators for protecting their turf, but their rhetoric doesn't help the discussion on how to control growth in government spending when the facts are laid out plainly:

Since the passage of property tax relief by the Legislature in 1995, all but two counties have seen total millage increases. Twenty-eight of the 29 counties that implemented a local option sales tax actually have higher millage now than before the sales tax increases.

Immediately following the passage of tax relief on owner-occupied homes by our Legislature in 2006, more than 20 of our state's 85 school districts raised taxes on the very same homeowners by increasing millage or through reassessment.

S.C. businesses haven't fared any better. Overall, the tax burden has grown approximately 10 percent per year over the past decade, and S.C. businesses currently pay 45 percent of all state and local taxes collected.

Which brings us back to Sen. McConnell's quote, and how much "home rule" the wallets of businesses and homeowners in this state can really afford.

Home rule has clearly undermined the legislative intent of the 1995 plan, and is expected to do exactly the same to the 2006 plan within a matter of years. A study conducted by the S.C. Policy Council and the Beacon Hill Institute of Suffolk University released by the S.C. Chamber of Commerce projects that by 2010, S.C. businesses will pay an additional \$409 million in taxes and 45 percent of the new property tax relief will be eliminated. The negative impact on our economy will be staggering, with the state losing as many as 6,500 jobs and personal income dropping by nearly \$325 million by 2010 if nothing is done to limit local government spending.

As to the argument that limiting growth in local government spending would harm essential services, there is a simple solution: Ask our local elected officials to prioritize like the families and businesses they seek additional revenue from do every day. No one is asking for cuts in local budgets -- merely that the growth in spending be reasonable and allocated more responsibly than we've seen in the past.

Sen. McConnell's line distills the argument down to its essence, because evidence has shown that taxpayers, homeowners and businesses alike can't afford the home rule they've had so far and can expect to see in the future in the absence of limits in government spending. We strongly support a state spending limit and urge the General Assembly to recognize that its work will not really be done if local caps are not also part of the plan.
