



# Now is time to make overdue changes in South Carolina

BY MARK SANFORD

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The Wall Street Journal printed an interesting piece Tuesday titled "Freedom is Still the Winning Formula," which summed up the findings of this year's index of economic freedom. It turns out that there's an amazing correlation between economic freedom and national income, as the freest enjoy per capita income over 10 times higher than those countries that are viewed as repressed.

Hong Kong took the top spot for the 15th year in a row, and its successes in growing an economy — though it isn't blessed with natural resources — should serve as an example for those of us who would like to grow jobs and economic opportunity in our state.

This is particularly the case given the trying economic times, as they could well be the tipping point in facilitating change that I believe has been long overdue in South Carolina. All of this is a long preamble to saying that the five goals I laid out in the State of the State Wednesday night are ultimately about making our economy more competitive — and recognizing that if there was ever a year to make change, this is the year. Rather than waiting on a bailout from Washington to stimulate our economy, we propose following the Hong Kong example of both low and flat taxes.

We do so in two ways. First we're proposing phasing out our corporate income tax. We pay for this by redeploying a long list of outdated incentives. You may remember last year, when Cabela's was offered \$9 million to come to South Carolina, though our state had never offered a retail company incentives to do what they already do in coming to any area where there is the requisite amount of purchasing power. Government needs to get out of the practice of picking winners and losers in the marketplace.

The second leg is a flat tax of 3.65 percent on one's individual return — something we agree with the Atlanta Federal Reserve Board on when it has said the lower the tax rate, the greater the state's economic growth.

We've proposed to pay for our cut by increasing our state's lowest in the nation cigarette tax by 30 cents, and creating "tipping fees" for garbage disposal, as 30 percent of all the garbage dumped in South Carolina last year came from other states. The idea behind this is that not all taxes are created equally in their impact on economic growth.

Secondly, we have proposed restructuring our 1895 system of government.

Not only are islands of our state government chronically unaccountable, but government in South Carolina costs 140 percent the national average. We're calling for a host of changes from creating a Department of Administration to streamlining our health care agencies. These changes

would represent about \$20 million saved annually and at the same time give taxpayers more voice in their government.

Third, we need more transparency in our state government. Chief among the things we could do to promote more accountability is making sure every bill that passes in the House and Senate receives a recorded vote. Each has already taken a step forward on this front this session.

Fourth, can we make this the year we pass spending limits? Government spending in South Carolina has grown by more than 40 percent over the past four years, a rate of growth not only faster than the growth of people's income, but one that proved to be unsustainable and led to the painful cuts we're now experiencing.

What we're proposing is simple — tie government spending increases to the rate of population growth plus the rate of inflation. Had this reform been implemented a few years ago, we could have had over \$1 billion to deal with today's economic winter.

Finally, uneducated people can never truly be free people. Bright minds are critical to a competitive economy, and accordingly we need the kind of transformative change that only market forces and choice will bring. Has any one ever heard of things happening fast in the world of politics? Most haven't — and so leaving aside the issue of the freedom tied to allowing a parent to pick for their child the school of their choice — school choice is about speeding the rate of change in education.

While there are certainly some other things we'd like to see done, I'll stop there. I'd ask that you go to [www.scgovernor.com](http://www.scgovernor.com) if you want to learn more, and I'd again ask that you make your voice heard on any of these fronts you happen to agree with.

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