

State of South Dakota

2015 Interim Committee Reports

Legislative Research Council

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2015 Interim Committee Reports

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Agricultural Land Assessment Implementation and Oversight Advisory Task Force

The Agricultural Land Assessment Implementation and Oversight Advisory Task Force consists of four members of the House of Representatives, four members of the Senate, and six members of the general public (at least two of the general public members shall have an agricultural background and at least two of the general public members shall have a business background).

Study Assignment

The task force shall review the implementation of the provisions of law concerning the assessment and taxation of agricultural land and advise the Department of Revenue regarding the rules promulgated by the department to administer the provisions concerning the assessment and taxation of agricultural lands. In addition, the task force shall make recommendations in the following areas:

1. The proper percentage of annual earning capacity to be used to determine the agricultural income value for cropland and noncropland;
2. The proper capitalization rate that minimizes the shift in total taxable value between agricultural land and the other property classifications;
3. The changes, if any, that must be made to pension fund levy, capital outlay levy, or special education tax levy to ensure that the total amount of additional taxes that may be generated on agricultural land by a school district pursuant to the provisions will not provide a substantial property tax revenue increase or decrease for the school district, pursuant to the implementation of the productivity; and
4. The distribution of the local effort for the general fund of school districts between the classifications of real property for the general fund of school districts. The task force shall also consider the other taxes paid by agricultural property, the relationship of the total assessed value of agricultural property to the total assessed value of all real property, and other factors the task force deems appropriate.

Summary of Interim

The interim Agricultural Land Assessment Implementation and Oversight Advisory Task Force held its first meeting on July 20. Ms. Tami Darnall, Director, Office of Finance and Management, Department of Education reviewed the per student allocation (PSA) formula, the small school adjustment (SSA) formula, and the limited English proficiency adjustment (LEP) formula.

The FY 2016 per student allocation (PSA) per state statute is \$4,876.76. The per student allocation allows for yearly increases from the previous year based on the consumer price index (CPI), or by three percent, whichever is less. The small school adjustment (SSA) formula is a basic slope formula - as the student number increases, the amount per student goes down. Funding for LEP adjustments is a partnership between state dollars and local property taxes.

Ms. Darnell reviewed local effort, which are taxes generated by applying the general fund levies tied to the property valuations. The 2016 levies were set by the 2015 Legislature. She pointed out that school general fund levies is the only area where levies are set differently for each property class. The levies for pay 2016/\$1000 of

taxable valuation for the Ag, Owner-Occupied, and NonAG property classifications are: \$1.568, \$4.075, and \$8.725, respectively.

The Cutler-Gabriel Amendment requires that state and local effort maintain the same ratio for state aid from one fiscal year to the next. The state's share is currently at 53.8% while the ag share of local effort is targeted at 18.45%. To set the levies, the department has to look at two calendar years. For example, to set the levies for property taxes payable in 2016, they must estimate property valuations for the calendar year 2016 and look ahead and estimate the state aid need for FY 2017. They determine the levy needed for each property classification to meet local effort for the year after the one being budgeted; target ag land classification at 18.45% and maintain proportionality with the other classifications. Several adjustments are factored into the formula including lost local effort, estimated new growth in taxable valuations, and number of students.

Mr. Michael Houdyshell, Director of Property and Special Taxes Division for the Department of Revenue, presented the Report on Productivity Valuation for the 2016 Assessment Year.

Full productivity value will be reached by 2020. Presently six counties in the state are at full productivity value for cropland and all but one county are at the full productivity value for noncropland. Many more counties are projected to be at or close to full productivity for cropland in 2016.

Commodity prices have been increasing steadily since the implementation of the productivity model. Statewide, ag land valuations are presently at \$31.5 billion, an increase of \$11.8 billion since 2011. The total statewide valuation is presently \$75.8 billion, an increase of \$16.9 billion since 2011. Approximately 70% of the total statewide increase in valuations since 2011 has been in the ag lands valuation.

After property taxes payable in 2015, the taxes for the school cap outlay fund and the pension fund will not be limited by property tax limitation provisions. Mr. Houdyshell advised that taxpayers should pay attention to the local school board discussions within the next month and monitor what takes place. He thinks further increases in capital outlay fund taxes will be mitigated somewhat by the slowing in growth of ag land valuations.

The items of note for 2016 that were reported are:

- The cropland Olympic average increased 5.6 percent on a statewide basis (compared to 14.1 percent last year); and
- The noncropland Olympic average increased 2.3 percent on a statewide basis (compared to 2.0 percent last year).

The public provided input to the task force regarding concern that the noncropland taxable valuations are high in comparison to the income that may be received from the property. They are concerned that the soil classifications don't account properly for the productivity of the land. Concern was also expressed regarding grassland located on cropland soils and it is impractical and economically infeasible to use the land as cropland.

During the second meeting on November 2, Dr. Matthew Elliott, Economics Department, South Dakota State University, recommended that there be no change in the present landlord cropland share factor of 35% or the capitalization rate or multiplier of 6.6%. Both factors are used for determining agricultural income value and ultimately the individual's property tax assessment.

Ms. Susie Simkins, Fall River County Director of Equalization, presented information using four different means of analysis to determine the income capability of the agricultural land. This information showed that the assessed valuation of property using the current soil classifications and data provided through the productivity model is too high when compared to the land's income producing capability.

The committee reviewed and received public testimony on five legislative drafts and voted to introduce the following three drafts:

1. *An Act to provide for the assessment of certain agricultural land as noncropland.*

The proposed legislation provides a means for native grass land or land seeded to grass for thirty years to be categorized as noncropland for the purpose of determining its agricultural income value.

2. *An Act to revise the criteria for determining if property is classified as agricultural land for property tax purposes.*

This draft revises the criteria used in determining agricultural land classification.

3. *An Act to make an appropriation to revise and update the values and methods used to determine the agricultural land production capacity and to declare an emergency.*

The draft requests a general fund appropriation of \$175,000 for the purpose of requesting South Dakota State University Department of Economics to conduct research concerning the value and methods used to determine the agricultural land production capacity and update the data used in the soil tables.

Summary of Meeting Dates & Places

The task force met on July 20, November 2, and December 7 in Pierre.

Listing of Task Force Members

Members of the task force were Senator Jim Peterson, Chair; Larry Rhoden, Vice Chair; Senators Gary Cammack, Billie Sutton, and Larry Tidemann; and Representatives Julie Bartling, Mary Duvall, Dennis Feickert, and Lee Qualm; and Public Members Kirk Chaffee, Trevor Cramer, Lyle Perman, Kim Vanneman, and Mike Wiese.

Listing of Staff Members:

Staff members were Fred Baatz, Principal Research Analyst; Amanda Jacobs, Research Analyst; and Rena Ortbahn, Committee Secretary.

Interim Joint Committee on Appropriations

Foundation

The Interim Joint Committee on Appropriations (Interim JCA) was established by the 1974 Legislature in SDCL 4-8A-2. Members appointed to the Joint Committee on Appropriations during regular legislative sessions are to also serve on the Interim JCA. The Joint Committee on Appropriations consists of eighteen members; nine appointed by the president pro tempore and Senate minority leader, and nine appointed by the speaker of the House of Representatives, with advice from the House minority leader.

Responsibilities

The powers and responsibilities of the Interim JCA are assigned in SDCL 4-8A-3. Generally, the Interim JCA continually reviews and evaluates state fiscal policy and conducts oversight of state agencies' budgets. The Interim JCA must also carry out any study assignments made by the Executive Board of the Legislative Research Council (LRC). If it becomes necessary, the Interim JCA may release general contingency funds appropriated in the general appropriations act or any special appropriation.

In addition, the Interim JCA must annually receive updated revenue projections and certify the proration of investment income. No later than July 30th of each year, the Bureau of Finance and Management (BFM) and LRC must submit independent revenue projections to the Interim JCA. If the projections estimate a shortfall in excess of 2.5% of the general fund budget in the current fiscal year, the BFM and LRC must propose measures to the Governor and Interim JCA to eliminate the shortfall. The Interim JCA, with recommendations from the BFM, must certify which funds are to participate in the proration of interest income of pooled investments managed by the state investment officer.

Summary of Interim

During the 2015 Interim, the Interim JCA held three meetings and two legislative facility tours.

During the first meeting, held in Pierre on March 30, 2015, the Interim JCA:

- Approved the Letters of Intent sent to state agencies. A Letter of Intent (LOI) supplements an appropriation approved by the Interim JCA and enacted into law. It outlines policy guidelines for state agencies and expresses particular views held by the Interim JCA while it approved the appropriation. These guidelines do not have the direct force of statutory law and agencies are not required to follow them; however, they are used by the Interim JCA as a means to conduct fiscal oversight of state agencies. The following Letters of Intent were adopted by the Interim JCA:
 - **Department of Education (DOE) – Jobs for Americas Graduates (JAG) Program.** HB 1191 provided \$250,000 of one-time general funds to the DOE to allow additional school districts to participate in the JAG Program. The LOI specified that administration costs of the JAG Program should not exceed 20% of the funding provided in HB 1191.
 - **Secretary of State – Computer Systems Upgrades.** The FY 2015 Supplemental Appropriations Act, SB 55, provided \$275,000 of one-time general funds to the Office of the Secretary of State. The LOI clarified that this funding is to be limited to computer system upgrades. The LOI also directed the Secretary of State to provide a detailed accounting of the additional funds to the Interim JCA by December 1, 2015.

- **Postsecondary Technical Institutes – Available Reversion Funds.** The Governor had originally recommended a decrease of \$1,057,341 in general funds in the FY 2015 Supplemental Appropriations Act, SB 55, to the postsecondary technical institutes due to lower-than-budgeted student enrollments in the current fiscal year. However, the Legislature decreased the reduction proposed by the Governor to \$57,341 in general funds. The LOI clarified that the remaining \$1 million was to be used as one-time funding for the technical institutes to enhance programs in high-need workforce areas. The LOI directed the Secretary of Education to distribute the funding in the same manner formula funds were to be distributed for FY 2016 per administrative rule 24:10:42:28. Furthermore, the technical institutes were directed to provide a report detailing the planned program enhancements by May 1, 2015, a report accounting for expenditures of the funds by December 15, 2015, and a five-year strategic and financial plan to the Interim JCA. (A supplemental LOI was approved by the Interim JCA at the June 10th meeting. See details on page 7.)
- **FY 2016 Discretionary Provider Inflationary Base Rate Increase.** The 2015 Legislature approved FY 2016 discretionary rate increases to providers in the amounts of 1.65%, 2.20%, or 2.50% depending on the services provided. The LOI specified the increase for each type of provider.
- **Bureau of Administration (BOA) – Captive Insurance.** The 2015 Legislature approved \$4,000,000 in general funds for the creation of a property and casualty insurance cell, \$2,000,000 in general funds to establish a captive insurance cell to fund liability and directors and officers insurance, and a \$2,500,000 set aside within the SD Science and Technology Authority indemnification fund to create a captive insurance cell for the South Dakota Science and Technology Authority. Additionally, the FY 2016 General Appropriations Act provided \$592,982 in general funds, \$385,944 in federal fund authority, and \$751,224 in other fund authority for the BFM Captive Insurance Pool to be distributed to agencies for captive insurance premiums. The LOI requested the BOA to update the Interim JCA on the status of the captive insurance cells at a future meeting.
- **BFM – Executive Reorganization.** Executive Order 2015-01 combined the Office of History and the South Dakota Historical Society, and transferred the newly combined office and Cultural Heritage Center from the Department of Tourism to the DOE. The LOI requested the BFM to certify that all funds available to the three offices were transferred and/or made available to the affected offices after the reorganization.
- **Department of Veterans Affairs (DVA) – Honor Guard Reimbursement.** The FY 2016 General Appropriations Act included \$45,000 in other fund authority to the DVA to reimburse local chapters of congressionally chartered veteran organizations that provide an honor guard detail at a funeral of a veteran. The LOI clarified that payments to veteran organizations are not to exceed \$50 each time it provides an honor guard. The LOI also outlined conditions that must be met to receive a reimbursement and directed the DVA to use funds from the State Veterans Home Operating Fund for payments, with the intent that the Legislature will back-fill the fund during the 2016 Session. Lastly, the LOI directed the DVA to provide quarterly updates regarding reimbursements to the Interim JCA.
- **Bureau of Human Resources – FY 2016 Salary Policy.** The LOI specified that funding provided to the BFM Employee Compensation Pool was to be used for a 2.0% market adjustment for permanent state employees; 2.0% movement toward market value adjustments for general pay structure employees; 0% to 6.6% market adjustments for career band employees; and 0% to 4.5% performance-based adjustments for career band employees.

- **BFM – Conservation Fund Grant.** HB 1192 provided \$350,000 of one-time general funds to the BFM to provide a grant to the South Dakota Conservation Fund held with the South Dakota Community Foundation. The LOI clarified that these funds are to be held separately from the endowment fund and used to match private funds. It also directed the Board of Directors to update the Conservation Fund bylaws to reflect the funding structure outlined in HB 1192 and provide the Interim JCA with the updated bylaws. The LOI also directed the Board of Directors to provide documentation of any expenditures of the funds provided in HB 1192 to the Interim JCA.
- Received a report from Representative Dryden on the final findings and recommendations from the Appropriations Subcommittee on FTE and Personal Services. The Subcommittee found that FY 2014 transfers from personal services to operating expenses, unused personal services general funds, and unutilized FTE were all below the five-year average. Although FY 2014 figures were down, the Subcommittee recommended that the LRC staff continue to review ways to better budget for personal services expenditures and periodically report FTE and personal services utilization to the Interim JCA.

The 2015 East River Tour was conducted on June 9th, 10th, and 11th. Tours are typically scheduled every two years and include visits to state-owned facilities or facilities conducting activities that receive state funding. The East River Tour included stops at the following sites:

- South Dakota Investment Council – Sioux Falls
- State Penitentiary – Sioux Falls
- Southeast Technical Institute – Sioux Falls
- Volunteers of America West Oak Residential Program – Sioux Falls
- Kolberg-Pioneer Inc. – Yankton
- Human Services Center – Yankton
- University of South Dakota – Vermillion

The second meeting was held on June 10, 2015, at the Southeast Technical Institute in Sioux Falls, in conjunction with the East River Tour. The Interim JCA:

- Adopted a supplemental LOI to the postsecondary technical institutes modifying the distribution of \$1 million in general funds. The supplemental LOI clarified that the funding was to be distributed equally among the four technical institutes. (The original LOI was adopted at the March 30th meeting. See page 6 for details.)
- Received a report from the Presidents of the technical institutes regarding the planned use of the additional funding to enhance programs in high-need workforce areas, pursuant to the LOI approved March 30, 2015.

The third meeting was held on July 21, 2015, in Pierre. The Interim JCA:

- Received a year-end report on the FY 2015 budget. Revenues were \$9,999,511 higher than expected, along with \$11,535,637 in reversions from state agencies spending less than budgeted, totaling a \$21,535,148 cash surplus obligated to the Budget Reserve Fund.
- Received interim revenue estimates pursuant to SDCL 4-8A-16, which requires the BFM and LRC to prepare independent revenue projections by July 31st of each year.
 - The LRC projected general fund revenue for FY 2016 to be \$1,439,779,160, which was \$6.7 million higher than the adopted revenue estimate.
 - The BFM projected general fund revenue for FY 2016 to be \$1,437,731,192, which is \$4.6 million higher than the adopted revenue estimate.

- Both entities reminded the Interim JCA that the projections were very preliminary as not even one month of actual data was available for analysis.
- Neither estimate projected a shortfall in excess of 2.5% and as such, did not warrant any further action by the Interim JCA.
- Received a report from the BFM regarding the proration of investment income pursuant to SDCL 4-5-30. The Interim JCA approved and certified the recommended interest proration designations as participating and non-participating as presented by the BFM.
- Received an update from Senator Haverly and Representative Partridge regarding the establishment of the obligation recovery center.
- Various Agencies provided information requested by the Interim JCA:
 - Board of Regents – provided information regarding budget transfers conducted in FY 2015. Most transfers were realigning expenditure authority due to receiving less grant funding than budgeted.
 - BOA – provided an update on the captive insurance program. The Joint Powers Agreement was filed and coverage would go into effect October 1, 2015.
 - BOA – reported on damage to the capitol complex during the storm on June 22, 2015. The estimated total amount for repairs was \$57,000.

The 2015 West River Appropriations Tour was conducted on October 7th, 8th, and 9th. The West River Tour included stops at the following sites:

- STAR Academy – Custer
- Custer State Park
- McNenny Fish Hatchery – Spearfish
- Precision Blending International – Spearfish
- Quarq – Spearfish
- Sanford Lab Homestake Visitor Center – Lead
- Gilt Edge Mine Superfund Site – Lead
- Hotel Alex Johnson – Rapid City – Economic Development Social with Business Owners
- Black Hills Business Development Center – Rapid City
- Highway Patrol Office – Rapid City

Listing of Legislation Adopted

None.

Listing of Committee Members

Members of the committee are Representative Justin Cronin, Chair; Senator Deb Peters, Vice Chair; Representatives David Anderson, Shawn Bordeaux, Dan Dryden, Jean Hunhoff, Alex Jensen, Jeff Partridge, Ray Ring, Fred Romkema; and Senators Angie Buhl O-Donnell, Terri Haverly, Phyllis Heineman, David Omdahl, Scott Parsley, Larry Tidemann, Bill Van Gerpen, Jim White.

Listing of Staff Members:

Staff members are Annie Mehlhaff, Chief Fiscal Analyst; Aaron Olson, Principal Fiscal Analyst; Denice Houlette, Senior Fiscal Analyst; Jason Simmons, Senior Fiscal Analyst; Stephanie Gruba, Fiscal Analyst; Cindy Tryon, Senior Legislative Secretary.

County Government Study Interim Committee

Study Assignment

A review of the functions of county government, laws and regulations regarding counties, county revenue and expenditures, alternative funding solutions, organization of the counties, and cooperation between the counties and other local governments.

Summary of Interim

When the assignment was received regarding county government, Representative Conzet, Chair, Senator Ewing, Vice Chair, and LRC staff met with a number of agencies that frequently interact with counties. They met with Legislative Audit, which works with the counties to ensure compliance with state statutes regarding revenue and expenditures. Meetings were also held with the Unified Judicial System, Attorney General, Department of Public Safety, Department of Corrections, Department of Revenue, Secretary of State, Sheriff's Association, State's Attorney's Association, Association of County Commissioners, and Association of County Officials to ascertain how county government and the state function to deliver government services to the public at the local level. Many of the committee members also visited with their local county officials.

At the committee's first meeting Legislative Audit provided a detailed history of county revenue and expenditures. Counties are more dependent on property taxes than schools, townships, and especially municipalities. Counties receive 58% of their revenue from property taxes. This source of revenue is subject to the property tax limitation program that was enacted in 1995. In addition, county fees are generally set by statute.

A common theme heard during the meeting was that all counties are not the same and revenue and expenditures may deviate substantially from statewide averages, especially when you compare counties such as Minnehaha to Sanborn and Pennington to Jackson. A common concern for most counties is the continued rise in expenditures for law enforcement, courts, and jails. Approximately 80% of county expenditures are required by statute. The remaining balance of the budget is spent on statutorily authorized expenditures, capital outlay, and debt service.

During the first meeting, the committee also received information from the Division of Motor Vehicles, Division of Property and Special Taxes, Department of Corrections, Unified Judicial System, and Planning Districts. The committees also received public testimony from county commissioners, county auditors, county treasurers, registers of deeds, welfare directors, sheriffs, and state's attorneys regarding their challenges and successes.

The second meeting was scheduled immediately after the annual meeting for County Commissioners and Officials, providing an opportunity for those attending that meeting to visit with the interim committee. The committee heard testimony regarding common issues facing county government, concerns regarding revenue sources, operations costs, and increasing demands for judicial and law enforcement expenditures. The committee also received information from the Secretary of State, Attorney General, and Department of Public Safety, and follow-up information from the Department of Legislative Audit. The committee also discussed a number of drafts of legislation regarding ideas put forward by the county commissioners, county officials, and committee members during the previous meeting.

The third and final meeting primarily concerned the draft legislation put forward by committee members, county commissioners, and county officials. The committee reviewed and took public testimony on nine legislative drafts and voted to introduce the following seven legislative drafts.

Listing of Legislation Adopted

1. *An Act to eliminate certain reporting requirements for the county general fund.*

The proposed legislation repeals a reporting requirement that shows the general fund balance at certain time frames during the fiscal year. The counties will continue to report the general fund balance at the end of the fiscal year.

2. *An Act to revise the distribution of the revenue from the alcoholic beverage fund.*

The draft legislation apportions one-third of the alcoholic beverage occupational tax revenue to the counties and also increases the revenue shared with municipalities from one-fourth to one-third.

3. *An Act to authorize counties to impose sales and use taxes.*

The draft legislation authorizes counties to impose a sales and use tax on a county-wide basis at a rate not to exceed one percent.

4. *An Act to revise and repeal certain fees that are established to compensate counties for service provided by county officials.*

The proposed legislation repeals several fees that were established in the 1800's and revises a number of fees that have not been amended or revised for a period of time. There is also a section that revises the fees permitted to be charged by the sheriff's office.

5. *An Act to revise certain administrative functions regarding county government.*

The draft legislation revises certain provisions that concern county functions as well as certain reports submitted by townships to the county auditor.

6. *An Act to require municipalities to reimburse the counties for certain judicial and law enforcement expenditures.*

The draft legislation requires municipalities to reimburse counties based on county expenditures in the previous fiscal year for certain identified judicial and law enforcement expenditures based on the municipality's pro rata share of the total county population base.

7. *An Act to make form and style revisions to certain statutes regarding counties.*

The draft legislation makes form and style revisions to Title 7 which has many antiquated provisions. Many of these provisions were enacted over one hundred years ago. The amended provisions address pronouns, unnecessary and antiquated verbiage, and long complicated sentences.

Summary of Meeting Dates & Places

The committee met on August 18 and 19, September 16 and 17, and October 28 in Pierre.

Listing of Committee Members

Members of the committee were Representative Kristin Conzet, Chair; Senator Bob Ewing, Vice Chair; Representatives Mary Duvall, Dennis Feickert, Leslie Heinemann, Joshua Klumb, Elizabeth May, and James Schaefer; and Senators Jenna Hagggar, Jim Peterson, and Mike Vehle.

Listing of Staff Members

Staff members were Fred Baatz, Principal Research Analyst; Amanda Jacobs, Research Analyst; Aaron Olson, Principal Fiscal Analyst; Cindy Tryon, Senior Legislative Secretary; and Rena Ortbahn, Committee Secretary.

Legislative Planning Committee

Study Assignment

The LRC Executive Board approved the Legislative Planning Committee's proposed plan of study for the 2015 interim which included an evaluation of the benchmarks and performance measures the committee has compiled so far, a study of public postsecondary education in the state particularly focusing on how the institutions of higher education and the postsecondary technical institutes are meeting the workforce needs of the state, and lastly, a first look into the topic of healthcare in the state.

Summary of Interim

The committee met in July, August, October, and December. At the first meeting, members received updates on many of the goals, objectives, and dashboard indicators that were established as part of the committee's previous study of workforce development issues. Dr. Melody Schopp, the Secretary of the Department of Education, provided the committee with information relating to her department's primary goal for K-12 education, which is to have students enter postsecondary education without the need for remediation. David Reiss with the Department of Tribal Relations highlighted current efforts to enhance workforce development on the reservations, and Marcia Hultman, the Secretary of the Department of Labor and Regulation, provided members with current unemployment data and information on state efforts to create and fill jobs and enhance economic development. Committee members also heard from the presidents of the state's postsecondary technical institutes who provided an overview of postsecondary career and technical education in the state, including the goals and objectives they strive to meet.

At its second meeting in August, the committee heard from Dr. Michael Rush, the new Executive Director of the Board of Regents, and other members of his staff who provided an overview of public higher education in South Dakota. They, too, discussed the benchmarks and performance measures they strive to achieve. In the afternoon, Senator Larry Tidemann, the Vice Chair of the Government Operations and Audit Committee, discussed that committee's role in working with certain state agencies to develop goals and accompanying performance indicators, and committee members discussed the need for all state agencies to establish such goals and indicators.

During the third meeting in October, Jennifer Stanwick-Klimek, the Deputy Warden at Mike Durfee State Prison, spoke to the committee about the education programs currently available to adult inmates in the state's correctional facilities, and committee members concluded their review of the benchmarks and performance measures established by both the Board of Regents and the postsecondary technical institutes. Paul Turman with the Board of Regents provided financial data that showed the amount of state funding provided per student at the various regental institutions, and he explained why that amount varies among those institutions. Lastly, the committee heard from Kim Malsam-Rysdon, the Secretary of the Department of Health, and other members of her staff who provided an overview of public health in the state, including emphasis on Indian health, the work of the Primary Care Task Force Oversight Committee, and the Governor's proposed plan for Medicaid expansion in the state.

At the fourth meeting in December, the committee heard again from staff members from the Department of Health who provided an update on their work to establish five key performance measures for public health in the state. In addition, the committee received an update from Jennifer Stanwick-Klimek and Tiffany Sanderson on the

recent discussions that have taken place between the Department of Corrections and the postsecondary technical institutes to explore ways that the two can work together to provide more career and technical education opportunities to adult inmates in the state's correctional facilities.

Committee Work Plan

The committee will provide an updated report to the Legislature in January of the dashboard indicators for the following topics: Workforce Development, Postsecondary Education, and Public Health. These dashboard indicators of performance against key metrics and benchmarks have been identified by the committee and will be shared with all legislators for their review and use.

Listing of Legislation Adopted

None.

Summary of Meeting Dates and Places and Listing of Committee Members

The committee met in Pierre on the following dates: July 16, 2015; August 30, 2015; October 22, 2015, and December 7, 2015.

Listing of Committee Members

Members of the committee are Representative Scott Munsterman, Chair; Senator Mike Vehle, Vice Chair; Senator Corey Brown, President Pro Tem; Representative Dean Wink, Speaker of the House and Executive Board Chair; Senators Terri Haverly, Ried Holien, and Scott Parsley; Representatives Shawn Bordeaux, Kristin Conzet, and Jacqueline Sly.

Listing of Staff Members

Staff members for the committee are Clare Charlson, Principal Research Analyst; David Ortbahn, Chief of Research and Legal Services; Stephanie Gruba, Fiscal Analyst; and Rena Ortbahn, Committee Secretary.

River Basin Natural Resource District Oversight Advisory Task Force

Study Assignment

The River Basin Natural Resource District Oversight Advisory Task Force was created by the 2015 Legislature. The legislation that was passed (Senate Bill 2) assigned the following tasks to the task force for the 2015 interim:

- (1) To recommend to the 2016 Legislature the specific boundaries for the river basin natural resource districts;
- (2) To recommend to the 2016 Legislature how to divide each district into three subdistricts of nearly equal size of population;
- (3) To recommend to the 2016 Legislature a procedure by which initial terms of a district council shall be staggered; and
- (4) To work with the local governments in the Red River and Minnesota River Basin Natural Resource District to establish a pilot water management plan for the district that could be used as a guide for a water management plan in each of the remaining river basin natural resource districts.

Summary of Interim

At the task force's first meeting, the task force elected Ms. Kim Vanneman as chair and Representative John Wiik was elected vice chair. The task force reviewed the legislation that established the task force and the tasks assigned to the task force. The committee also reviewed the history of the Regional Watershed Advisory Task Force and the work of that task force over the past three years.

The task force was informed that LRC staff would have maps and data available at the task force's next meeting to assist the task force in formulating their recommendations regarding district and subdistrict boundaries.

The chair of the task force appointed a pilot water management plan subcommittee consisting of Senator Frerichs, Representative McCleerey, Representative Wiik, and the chair to meet with some of the interested entities in the northeast part of the state to do some ground work to facilitate a pilot plan. That subcommittee met September 28th in Milbank.

At the task force's second meeting, the task force received a report from the subcommittee. The subcommittee met with a number of interested parties in the Red River and Minnesota River basin areas at the Milbank meeting. The discussion, at this subcommittee meeting, was centered on the idea that the main focus of a river basin council should be water quantity and water quality in the river basin. The subcommittee reported that a water management plan should define what is known about water quantity and quality in the river basin, define what the council needs to learn, and outline the process to identify all the governmental and private entities interested in water quantity and quality in the river basin and to meet with these entities to identify water quantity and quality problems and opportunities in the river basin. The subcommittee presented to the task force a possible river basin planning process that could be used by a river basin council in any district to create a plan.

The task force was informed that the mapping software program used to create the district boundaries and subdistrict boundaries had crashed just prior to the second meeting. Consequently, the anticipated maps were not available to be reviewed by the task force. The task force was able to review some early draft maps to get an

idea of the mapping process. It was the consensus of the task force that the district boundaries should be drawn based on township boundaries as much as possible. It was also the consensus of the task force to have staff split the districts into subdistricts primarily using townships but also using voting districts and highways where they worked better.

The plan was for the task force to review the maps at the November 23rd meeting. However, continuing computer software problems did not allow for these maps to be posted for interested parties prior to that meeting. That meeting was postponed until December 11th.

The task force also discussed council member terms, the initial staggering of those terms, and the number of members on each council. The consensus of the task force was that the total number of council members in each district should be set at six with each subdistrict having two council members. The terms would be staggered. For the first election, one term in each subdistrict would be a two-year term and the other would be a four-year term. Thereafter, all terms would be for four years.

The task force's final meeting was held on December 11th. At this meeting the task force discussed the proposed district and subdistrict boundaries. The task force reviewed maps that had been posted on the LRC website showing possible boundaries and received comments from interested parties and members of the public regarding these maps. The task force made changes to the maps based those comments and task force discussion. The task force decided to recommend one bill to the 2016 Legislature that would provide for the election of members to councils from subdistricts and would set district and subdistrict boundaries.

Listing of Legislation Adopted

An Act to provide for the boundaries of river basin natural resource districts and their subdistricts and for the initial election of members to district councils.

The proposed legislation would set in statute the boundaries of these districts down to the township level and each district would be divided into three subdistricts of near equal population. The legislation also provides for the election of two council members from each subdistrict to a four-year term of office. Those terms would be staggered.

Summary of Meeting Dates and Places

The task force met in Pierre on the following dates this interim: August 13, October 16, and December 11, 2015.

Listing of Task Force Members

Members of the task force are Kim Vanneman (Chair); Representative John Wiik (Vice Chair); Senators Jason Frerichs and Arthur Rusch; Representative Steven McCleerey; and Paul Casper, Karl Jensen, and Dennis Kiner.

Listing of Staff Members

Staff members for the task force were David Ortbahn, Chief of Research and Legal Services; Amanda Jacobs, Research Analyst; Jason Simmons, Senior Fiscal Analyst; Roxanne Hammond, Legislative Attorney; and Kris Schneider, Senior Legislative Secretary.

Rules Review Committee

Study Assignment

A review of proposed state agency rules.

Summary of Interim

The Interim Rules Review Committee continues its diligence in its oversight of executive branch agencies in the exercise of the agency's legislative authority regarding rule-making. The committee reviewed rules for the following agencies:

Department of Agriculture: Division of Ag Development, SD Value Added Finance Authority, SD Weed and Pest Control Commission, Division of Agricultural Services, State Fair; Department of Game, Fish and Parks: Hunting, Fishing, Boating, and Camping; Department of Transportation: Highway and Bridge Improvement, Speed Zones, and Overweight Vehicles; Department of Revenue: Division of Business Tax, SD Commission on Gaming, South Dakota Lottery Commission; Department of Environment and Natural Resources: Board of Water and Natural Resources, Board of Minerals and Environment; Secretary of State: Board of Finance, Board of Elections; Office of the Attorney General: Law Enforcement Officers Standards and Training Commission; Department of Education: Board of Education, State Historical Society; Department of Labor and Regulation: State Plumbing Commission, Appraiser Certification Program, Division of Insurance, SD Banking Commission, SD Real Estate Commission, SD Retirement System, Division of Unemployment Insurance, SD Public Deposit Protection Commission, Division of Securities; Department of Social Services: Economic Assistance, and Protection Services; Bureau of Administration: Office of the State Engineer; Department of Health: Board of Medical and Osteopathic Examiners, Division of Health Systems Development and Regulation, State Board of Dentistry, Board of Pharmacy, Division of Health and Medical Services, Board of Dentistry, Department of Public Safety: Drivers Licenses; Governor's Office of Economic Development: Board of Economic Development; and the Office of the State Auditor.

Rules of Note

The name of Shannon County was changed to Oglala Lakota County effective May 1, 2015. There were approximately twenty administrative rules that were updated.

The rules to alter requirements for producers wishing to sell raw milk for human consumption and to modify standards for raw milk for human consumption were amended.

Rules were adopted to establish a Water Drainage Mediation program.

The rule to increase the postsecondary technical institute per student allocation to the level set for fiscal year 2016 by the Legislature was amended.

The grade 7-12 intermediate-level math endorsement rules were modified and as a result, the committee asked the department to monitor how many math majors do not pass the praxis exam to obtain the 7-12 math endorsement.

Rules were adopted to guide local public agencies relating to county highway and bridge improvement plans and distribution of funds.

Nine hundred pages of rules reviewed to update and create separate Articles for each health care provider currently regulated in Article 44:04, requiring the repeal or transfer and the creation of Articles 44:73 to 44:80, inclusive.

The committee improved the rules review process with the implementation of a document entitled “Rules Presentation Format”. Now each agency has a uniform format to follow when presenting their rules and the document assists the committee in finding information regarding the rules process and in developing relevant questions for meaningful oversight.

The committee and staff reviewed the statutory authority and style and form for 2,417 rules thus far. Any additional rules filed between now and December will be added to the list.

Listing of Legislation Adopted

No legislation is proposed as of the date of this report.

Summary of Meeting Dates and Places

The Rules Review Committee met via the Dakota Digital Network (DDN) in Pierre and at other DDN sites in the state, via teleconference, and in person on the following dates: March 13, 2015; April 20, 2015; June 8, 2015; July 20, 2015; August 17, 2015; September 21, 2015, and November 9, 2015. The Committee has tentatively set December 14, 2015, to review any rules that need to be considered before the legislative session begins.

Listing of Committee Members

Committee members are – Senator Mike Vehle (Chair), Representative Timothy Johns (Vice-Chair), Representatives Peggy Gibson and Jean Hunhoff; and Senators Jim Bradford and Phyllis Heineman.

Listing of Staff Members

Staff members for the committee meetings were Doug Decker, Code Counsel, and Kris Schneider, Senior Legislative Secretary.

Members of the research staff who performed the initial review for legality and style and form are – David Ortbahn, Chief of Research and Legal Services; Fred Baatz and Clare Charlson, Principal Research Analysts, Amanda Jacobs, Research Analyst, Amanda Reiss, Senior Legislative Attorney, and Roxanne Hammond, Legislative Attorney. Marge Pirnat, Senior Legislative Secretary, Rhonda Purkapile, Bill Text Editor, and Kris Schneider, Senior Legislative Secretary, updated the administrative rules data base. After 58 years of dedicated service to the State of South Dakota and the Legislative Research Council, Marge has retired. We all greatly appreciate her service and will miss her.

SDHSAA Interim Committee Final Report

Study Assignment

Study the history, authority, make-up, and oversight of the South Dakota High School Activities Association (SDHSAA).

- How is the SDHSAA accountable to the legislative and/or the executive branch (DOE)?
- Does the SDHSAA exceed rule making authority and do they provide adequate public notice?
- Are there other associations with similar issues?
- Should schools be required to pay dues to this organization?
- What is their relationship and responsibility to the National Federation of High School Activities?
- What is their status under South Dakota laws?
- Are they subject to open meeting laws?
- Is the one school/one vote policy of the organization valid?

Summary of Interim

At the committee's first meeting, Ms. Roxanne Hammond, Legislative Attorney, distributed a document that included a listing of statutes regarding SDHSAA, judicial precedents, and information regarding surrounding states' activities associations. SDCL 13-36-4 gives the authority for high schools to belong to a voluntary and nonprofit association, such as SDHSAA. SDCL 13-36-4 does give SDHSAA rule making authority and those rules are subject to approval by their board of directors, but not under chapter 1-26. SDHSAA has a contractual relationship with the state but is not a state agency. They are subject to open meeting laws. Ms. Hammond then explained some court cases and opinions that apply to the SDHSAA, and answered questions about the scope of the committee.

Mr. John Krogstrand, Assistant Executive Director of the SDHSAA, explained that the Board of Education has no direct oversight regarding any of the activities. The SDHSAA Board is made up of representation selected by the member schools and the activities policies go through the SDHSAA Board.

Mr. Wayne Carney, Executive Director, SDHSAA, said the SDHSAA is a membership-driven association open to any accredited high school in the state. There are currently 181 schools that are members and each school is given one vote at the annual meeting. The association's board is made up of nine members: four elected school administrators, two active school board members, two at-large school administrators, and one school administrator from a school whose population is a minimum of 50% Native American. The association is also a member of the National Federation of High School Activities, and while it can deviate from the national rules, there are many benefits to being a member.

When asked what precipitated the need to implement a policy regarding transgender students, Mr. Krogstrand said he had received a phone call from a member school that had an individual competing in junior high level track and needed guidance for future participation. Mr. Krogstrand said that the liability comes in anytime special accommodations are made for a student during the school day, those accommodations need to carry over into the activities the student participates after the school day is over. He continued saying that they are not concerned about being sued by an individual student, but that they have to be sure they are in compliance with the U.S. Office of Civil Rights.

The SDHSAA Interim Committee met again in August. Ms. Roxanne Hammond presented on the judicial opinions, past and present, regarding transgender discrimination in schools and the work place. Since schools have been considered government entities, the equal protection clause is probably the greatest tool a transgender student would have when suing a school.

Mr. John Krogstrand gave an informational PowerPoint presentation regarding the SDHSAA's transgender policy. The Chair and Vice Chair of the SDHSAA asked the staff to study the topic and make a presentation of their findings at the August 2013 Board of Directors meeting. At the June 11, 2014, SDHSAA Board of Directors meeting, the policy allowing for a student to file an eligibility request for consideration to the Gender Identification Committee comprised of healthcare officials with training in transgender health was adopted.

Mr. Steve Morford, President of the SD Principal's Association, Vice Chair of the SD School Administrators Association, and Vice Chair of the SDHSAA, Spearfish, talked to the committee about this issue from a principal's viewpoint. Mr. Morford said that it is a top priority to make sure every student feels safe when they enter the school doors.

Ms. Julie Hewitt, Rapid City Christian School, said that the Rapid City Christian School is the reason there is a religious exemption with SDHSAA. The school will play against schools with transgender students but will not allow a transgender student from their school to participate in school activities. Ms. Hewitt asked for the committee's help in addressing what is for her a moral issue; she does not want her daughter in a locker room with a transgender student. Ms. Lindsey Riter-Rapp, Legal Counsel for the SDHSAA, said that the board had addressed the locker room issue but then decided to remove it from the policy and allow those types of decisions to be made on the local level. The competitive advantages/disadvantages are addressed in the policy. A new policy is in process of being drafted and that will include an independent officer who would look into each request made on behalf of a transgender student.

Rep. Hunt presented a letter from Mr. Dale Bartscher, Executive Director, Family Heritage Alliance Action. Rep. Hunt asked if the SDHSAA would consider adopting the statement found in that letter, *"For purposes of participation in athletics sanctioned by the SDHSAA the sole determinant of a student's sexual identity is the student's sex. The student's sex is defined as the physical condition of being male or female, which is determined at conception, identified at birth by a person's anatomy, and recorded on their official birth certificate."*

Mr. Mark Chase, President, SD Family Policy Council, Sioux Falls, testified that the SDHSAA did not act out of their scope but that the council disagrees with the policy regarding transgender students.

Ms. Linda Schauer, Concerned Women for America, Leola, testified that she believes both girls and boys are at risk because of the transgender policy as showering together can be very upsetting, adding that safety and privacy are the real issues.

Mr. Tim Lors, Pierre, distributed a paper he had written titled, "SDHSAA's Gender Equity/ Transgender Policy Remarks". Mr. Lors believes that science should be used in determining gender, not feelings and wishes.

Ms. Laura DeRaad, McPherson County, testified that she is concerned about her daughters' safety because of the SDHSAA transgender policy. She said that she believes her daughters should not have to suffer because of one student who needs help and counseling.

Rep. Hunt presented a letter from Rep. Steven Haugaard expressing Rep. Haugaard's recommendation that the SDHSAA rescind its transgender policy and refrain from instituting any policy concerning this issue.

Mr. John R. Hughes, Attorney, Sioux Falls, submitted a letter, asking the SDHSAA Board of Directors to void the transgender policy and lists several reasons why he believes they should do so.

A motion was passed by the committee that the LRC staff draft legislation based on the Family Heritage Alliance Letter for committee consideration at the next meeting.

Mr. Krogstrand presented information on site selection for activity events. There is not a bid process and SDHSAA pays for use of the facility. SDHSAA's only income from these events is the ticket sales. All other income, such as concessions and merchandising, goes to the host. One big factor when making the selection is South Dakota Public Broadcasting, which provides a service to the whole state by broadcasting many of the events. The site selections are made three years prior to the event.

Ms. Linda Whitney, Superintendent for Sanborn School District, serves as a member of the site selection committee. The committee meets several times and the discussions are quite thorough. Mr. Krogstrand explained that 70% of the SDHSAA operating budget comes from direct ticket sales for these events, but ticket sales is not their primary consideration. The students are always the primary consideration, even if it means costing more to provide better for the participants.

Mr. Doug Decker, Code Counsel, was asked to address the proposal of putting the SDHSAA under the legislative rule making authority. Mr. Decker explained that whether the SDHSAA is a state agency falls under a gray area. The association is recognized in statute but is a voluntary association. In order for the SDHSAA to be considered a state agency, the committee may want to consider legislation that would clearly identify them as such.

A motion was made that the LRC draft legislation that would place the SDHSAA under the legislative rule making authority of 1-26. That motion failed.

The committee met for a final time in October. LRC staff presented on two bills drafted for the committee. The first bill, Draft 94, was drafted using the language provided by the Faith Heritage Family letter, and would specifically bar the SDHSAA from enacting a transgender policy and defines gender by conception, anatomy, and birth certificate. The second bill, Draft 95, is a broad definition that defines gender by conception, anatomy, and birth certificate across the South Dakota code.

Mr. Krogstrand said the association had a final draft of the transgender policy and it would be put to a vote during the board's November meeting. The policy includes an independent hearing officer to make a ruling on whether or not the person is consistently living their life as a transgender and not just applying on a whim or with ulterior motives.

Ms. Libby Skarin, Policy Director for the American Civil Liberties Union, spoke out against the bills, saying they would lead to discrimination against transgender students and emphasizing the importance of participating in activities.

A motion was made to approve and recommend Draft 94 to the Executive Board. That motion failed.

A motion was made to approve and recommend Draft 95 to the Executive Board. That motion failed.

Listing of Legislation Adopted

None.

Summary of Meeting Dates and Places

The committee met in Pierre on June 26, August 20, and October 30, 2015.

Listing of Committee Members

Members of the committee were Senator Craig Tieszen, Chair; Representative Jim Bolin, Vice Chair; Senators Jim Bradford, Larry Tidemann, and Bill Van Gerpen; and Representatives Julie Bartling, Roger Hunt, Kris Langer, Tim Rounds, Tona Rozum, and Kyle Schoenfish.

Listing of Staff Members

Staff members were Roxanne Hammond, Legislative Attorney; Clare Charlson, Principal Research Analyst; Jason Simmons, Senior Fiscal Analyst; and Cindy Tryon, Senior Legislative Secretary.

State-Tribal Relations

Study Assignment

The State-Tribal Relations Committee is an ongoing interim committee created in statute.

Study Assignment

The State-Tribal Relations Committee is an ongoing interim committee that was created in statute (SDCL 2-6-20 to 2-6-23, inclusive) in 1993 as a part of the state's reconciliation efforts. The statute directs the committee to make a continuing study of the relations between the state and its political subdivisions and the tribes and their tribal governments. The committee provides a forum within state government for discussion of issues affecting the Native American community and issues involving Tribal governments and State government. The committee also serves as a way of familiarizing legislators with such issues.

Summary of Interim

The committee held three meetings during the 2015 Interim. Senator Troy Heinert was elected to serve as chair and Representative Shawn Bordeaux as vice chair for the 2015-16 interims.

The first meeting was held on April 23rd in Pierre. The meeting focused on reports from executive agencies, including the Department of Tribal Relations, the Department of Education, the Department of Social Services, and the Department of Corrections.

The second meeting was held on July 8th in Pierre. The meeting focused on reports from the Governor's Office of Economic Development, Secretary of State Shantel Krebs and the Department of Tribal Relations.

The third meeting was held October 26th in Pierre. The meeting focused on reports from the Department of Tribal Relations, Office of the Attorney General, and the Department of Education Office of Indian Education. At this final meeting, the committee agreed to send a letter to the Governor urging the creation of a commission to study race relations.

Listing of Legislation Adopted

None

Summary of Meeting Dates and Places and Listing of Committee Members

The committee met in Pierre on April 23rd, July 8th, and October 26th.

Members of the committee were Senator Troy Heinert, Chair; Representative Shawn Bordeaux, Vice Chair; Senators Jim Bradford, Betty Olson, Ernie Otten, and Craig Tieszen; and Representatives Kevin Killer, Elizabeth May, Lee Qualm, and James Schaefer.

Committee staff members were Amanda Jacobs, Research Analyst; Stephanie Gruba, Fiscal Analyst; and Cindy Tryon, Senior Legislative Secretary.

Tribal Economic Development Task Force

The Tribal Economic Development Task Force was created by House Bill 1213 during the 2014 Legislative Session to provide a more accessible forum for tribal leaders from each of the nine sovereign tribes to meet with legislators and discuss how best to address economic development across the state. The task force consists of a total of nineteen members, one representative from each of the nine tribes located in South Dakota, the Secretary of Tribal Relations, four current or past members of the State-Tribal Relations Committee, and four legislators.

Study Assignment

The task force was created by the 2014 Legislature through HB1213. Section 5 of HB1213 reads, *“The task force shall evaluate issues associated with economic development needs, initiatives, and barriers affecting South Dakota’s Native American population and South Dakota’s Indian tribes and tribal governments. Specifically, the task force shall analyze business and economic sectors and segments having potential for higher levels of success, as well as other possible approaches to improve economic conditions. The task force shall also address workforce availability, including education and skills, related demographics, salary and wage scales, and other issues affecting human resources necessary for the promotion of economic development for this segment of South Dakota’s population.”*

Summary of Interim

The Tribal Economic Development Task Force held its first meeting on December 9, 2014, and held its final meeting on November 20, 2015, completing the task force’s statutory assignment. Throughout the interim, the task force welcomed participation from each of the nine Sovereign Tribes and heard from state agencies and other organizations about various economic programs. The task force also dedicated a significant amount of time with open dialogue to build relationships and to discuss many issues that tend to impede economic development on and around the reservations.

Though each of the nine tribes are very different, the task force found a consensus on some impediments that exist and most significantly, found evidence that some of the impediments thought to impede economic development on the reservations are, in fact, myths that can be dispelled.

The task force heard from Secretary of State Gant about how enacting Uniform Commercial Code (UCC) filings can promote additional credit lending. Based on this testimony, the task force encourages each tribe to consider enacting the UCC and entering into a memorandum of agreement for filing with the Secretary of State.

There was a general consensus that obtaining financing to establish new businesses is an impediment to economic development with many believing that financial institutions will not finance a project on trust land. Through testimony, the task force discovered that this is in fact a myth, however the state and the tribes need to work to dispel this myth by promoting available financing opportunities.

The Governor’s Office of Economic Development testified that it does offer support for economic development in tribal communities. The office offers a Revolving Economic Development and Initiative (REDI) Fund program that can be utilized to start up a business. The office also maintains information regarding the Indian Community Development Block Grant Program (ICDBG) and provides assistance in writing grant applications for the program.

The ICDBG provides eligible grantees with direct grants for use in developing Indian and Alaska Native Communities.

Over that past few years, the state has made workforce development a top priority. Ms. Marcia Hultman, Secretary, Department of Labor and Regulation, spoke to the Task Force about some of the programs her agency works with such as workforce development, different assessments offered by the department, and youth and mentoring programs that help youth find that first job. The Department of Labor has also been working with some of the tribes to establish pilot programs to develop partnerships with the tribes and to facilitate getting those who want to work to area businesses to fill the available positions. The task force respectfully requests that the state Office of Tribal Relations and the Governor's Office of Economic Development work together to have more accurate and complete workforce demographic information available for each tribe to assist with potential economic development.

The task force heard much testimony regarding issues stemming from lack of accessible roads within the reservations. In general, the lack of quality roads within the reservations makes it difficult and time consuming to travel on the reservation. Many of the tribes believe that poor roads prevent utilization of some businesses on the reservations including the tribal casinos. Secretary Bergquist from the SD Department of Transportation (DOT) explained to the committee that the DOT assesses the condition of all the roads in the state. He explained that there are state roads, county roads, and BIA roads within the reservation and that the state is responsible for maintaining the state roads. His testimony indicated that in general, the state roads that lead onto and through the reservations are generally well maintained. There are an additional 1,300 miles of BIA roads on the reservations. He explained that about 1/3 of these roads are in poor condition and that only some of these roads are eligible for federal maintenance funding. Also, these roads are not eligible for the state funding that was allocated for local government highway and bridge funds in the 2014 Legislative Session. Finally, the county roads are generally maintained by the counties. Some tribes and counties have considered entering into maintenance agreements with the counties, and this may be beneficial in some areas.

The task force found that a best practice for successful economic development was for the tribes and the local county and municipal governments to have periodic meetings to explore ways to work together on issues ranging from infrastructure to financial incentives for economic development projects.

The task force found that the nine tribes have varied approaches to economic development. In general, the tribes have utilized three primary approaches. Some of the tribes use Community Development Financial Institutions (CDFIs) which are to drive economic development. These are non-profit, private sector development institutions. There are chartered economic development institutes on three of the reservations including the Pine Ridge Indian Reservation, and the Cheyenne River Indian reservation. Pine Ridge has two community development corporations, including the Four Bands Community Funds and the Wounded Knee Community Development Corporation. The Cheyenne River Indian Reservation is home to the Thunder Valley Community Development Corporation. The other tribes have established departments in charge of economic development or quasi-independent entities like Rosebud established the Rosebud Economic Development Corporation. They have all had successes of some degree. The task force agreed that there is not a single best approach.

Task Force Recommendations

The task force was successful as a starting point in opening up the relationship between the state and the tribes. The task force discussions revealed that encouraging economic development on the reservations cannot be solved overnight with a list of recommendations. The process of encouraging economic development in tribal areas needs to be an ongoing event with work from the state and the tribes.

The task force determined that one way to encourage development is to dedicate one full-time employee within the Governor's Office of Economic Development, to work to publicize economic development opportunities for the tribes and tribal members, assist in obtaining available grants, maintain information on the available workforce, and encourage development on the reservations.

Summary of Meeting Date and Places

The task force met in Pierre on December 9, 2014, September 28, 2015, October 30, 2015, and November 20, 2015. The Task Force also met in Mobridge on June 5, 2015, and in Mission on July 10, 2015.

Listing of Task Force Members

Members of the task force were Representative Don Haggar, Chair; Chairwoman Roxanne Sazue (Crow Creek Sioux Tribe), Vice Chair; Senators Jim Bradford, Bruce Rempelberg, and Craig Tieszen; Representatives Elizabeth May and Mike Verchio; Ms. Sarah Zephier (Yankton Sioux Tribe), Steven Sitting Bear (Standing Rock Sioux Tribe), Lower Brule Sioux Tribe, Mr. Marc Benoist (Cheyenne River Sioux Tribe), President Anthony Reider (Flandreau Santee Sioux Tribe), Mr. Tuffy Lunderman (Rosebud Sioux Tribe), and Mr. DelRay German (Sisseton Wahpeton Oyate); Secretary Steve Emery, SD Department of Tribal Relations; Mr. Mark DeVries, Ms. Kathy Tyler, and Mr. Chuck Jones.

Listing of Staff

Staff members were: Amanda Reiss, Senior Legislative Attorney and Cindy Tryon, Senior Legislative Secretary. Roxanne Hammond, Legislative Attorney and Amanda Jacobs, Research Analyst assisted with the Task Force as well.