



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Barry Dunn, Dean
College of Agriculture and Biological Sciences
South Dakota State University
SAG 131, Box 2207
Brookings, South Dakota 57007

Dr. Eluned Jones, Department Head
Department of Economics
South Dakota State University
Scobey Hall, Box504
Brookings, SD 57007

Mr. Andy Gerlach, Secretary
Department of Revenue
Anderson Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Dr. Dunn, Dr. Jones, and Secretary Gerlach:

This letter of intent sets forth the directives of the Joint Committee on Appropriations (JCA) in approving HB 1007 in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

This letter outlines the areas of research the JCA would like to have addressed by the South Dakota State University Department of Economics and Plant Science Department in developing information to be used to help the South Dakota Department of Revenue and the Agricultural Land Assessment Implementation and Oversight Advisory Task Force determine agricultural land production capacity.

The purpose of the research is to provide objective data that will allow greater transparency in quantifying the probability of highest and best use determinations for each soil type in a county, using tests that incorporate what is physically possible, financially feasible, and provides for maximum profitability.

This research, to be conducted over a two-year period according to a timeline established by the Department of Revenue, will provide the following deliverables to the Department of Revenue and the Oversight Advisory Task Force:

- Updated Table 1s and 2s for each county;
- Highest and Best Use values for each soil type;
- Assess the potential impact of changes and shifts from current methods to an improved approach that incorporates new Highest and Best Use values;
- Provide Table 1s and 2s on iGrow.org and a detailed description of methodology; and
- Provide information on potential incremental implementation to manage shifts if a phase-in period is necessary.

It is the intent of the JCA that this information be widely available to the public, to provide objective data and criteria for determining the agricultural land production capacity for various taxable valuation purposes.

It is further the intent of the Committee that the indirect surcharge be negotiated in full recognition of the fact that this research is to the benefit of the entire State.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management