

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 Haggard, 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 Secretary; and Rena Ortbahn, Committee Secretary.