

87<sup>th</sup> Legislative Session – 2012

Committee: Joint Appropriations

Wednesday, February 01, 2012

P - Present  
E - Excused  
A - Absent

Roll Call

P Wismer  
P Dennert  
P Sutton  
P White  
P Dryden  
P Bolin  
P Romkema  
P Deelstra  
P Peters  
P Novstrup (Al)  
P Heineman  
P Haverly  
P Juhnke  
P Putnam  
P Carson  
P Tidemann  
P Wink, Vice-Chair  
P Brown, Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Chairman Corey Brown.

**Governor's Office**

Marty Davis met with the Joint Appropriations Committee to present the Governor's Office proposed FY13 budget. (Document #1)

As budgeted, the “Governor’s Office” includes the Office of the Governor, Governor’s Contingency Fund, the Governor’s Office of Economic Development (GOED), and the Lt. Governor. For purposes of LRC analysis, GOED is the subject of a separate analysis.

Major Expansions/Reductions (Office of the Governor, Contingency Fund, Lt. Governor)

The recommended increase is comprised of recommended salary policy of \$54,429 plus increases for space billing and computer services of \$4,962 for the Office of the Governor and \$177 for the Lt. Governor.

The final proposed FY13 budget totals \$2,470,067 including \$2,184,815 in general funds and \$285,252 in federal.

**Department of Tribal Relations**

Leroy “J.R.” LaPlante, Secretary of the Department of Tribal Relations met with the Joint Appropriations Committee to discuss the proposed FY13 budget. Secretary LaPlante reminded the Committee that the Department of Tribal Relations was a new department created by Governor Daugaard’s reorganization order No. 2011-01. The proposed budget totals \$562,791 including \$362,791 in general funds, \$100,000 in federal funds and \$100,000 in other funds.

- A. Personal Services- Increase of \$10,025 from general funds for the Governor’s recommended salary policy.
- B. Interagency Billings - Increase of \$285 from general funds due to changes in space billing and computer service billings.
- C. The Governor recommends an increase of \$110,234 from general funds and 2.0 FTEs.
  - This includes \$48,571 from general funds for personal services and 1.0 FTE to add a Grant Specialist. The Grant Specialist will seek to increase department revenue by writing grant applications as well as managing grants and related funding activities by monitoring compliance with applicable laws, rules, accounting, and reporting systems. This position will implement and enforce program policies as well as develop and implement procedures to manage grants and other operational functions.
  - This also includes \$48,571 from general funds for personal services and 1.0 FTE to add a Policy Analyst. The Policy Analyst will 1) develop and maintain program policies and procedures; 2) review internal processes and recommend or take action to correct them if needed; 3) draft changes to department rules, policies, and laws; 4) implement procedural changes in response to new legislation; 5) research and write grant applications; 6) develop and apply research techniques in the collection, analysis, and reporting of data to be used by management in assessing operations and for planning purposes; and 7)

develop and maintain surveys to assess department programs, activities, operations, and other information or ideas to be used by the department.

- This also includes \$9,912 from general funds for contractual services regarding the two new positions. This is needed to provide for telecommunication costs for office phones, computer fees and services, office space costs, central service costs as a result of increased activity, and liability insurance premiums.
  - This also includes \$300 from general funds for office supplies regarding the two new positions.
  - This also includes \$2,880 from general funds to purchase computer hardware and software for the two new positions.
- D. The Governor recommends an increase of \$17,603 from general funds for personal services to change the tribal relations representative position to a tribal liaison position. This position will be a liaison between state agencies and tribes on specific issues and attend meetings with tribes when necessary.
- E. The Governor recommends an increase of \$100,000 in federal fund expenditure authority and \$100,000 in other fund expenditure authority for grants the department may receive.
- This includes \$51,429 in other fund expenditure authority for contractual services based on anticipated funding that the department will secure to fund tribal relations initiatives.
  - This also includes \$100,000 in federal fund expenditure authority and \$48,571 in other fund expenditure authority for grants and subsidies to provide for anticipated grants received to fund tribal relations initiatives.

Secretary LaPlante said guided by a set of principles the department set out to accomplish some core goals but quickly found out they needed help. The department will engage in policy development, inter-agency, inter-governmental collaborations, promotion of new Tribal agreements and the study and documentation of the state/tribal relationship. Senator Haverly asked what Secretary LaPlante's personal goal was for the department. Secretary LaPlante said the department will look for ways to create partnerships between the federal and state agencies; however, a lot of the Indian agencies are under-funded and challenged by their own budget limitations so the need for state, federal and tribal governments to collaborate on things and work to improve things is more important than ever. Secretary LaPlante said he works closely with the Regional Indian Affairs Office in Aberdeen looking to improve health care in conjunction with Indian Health Services. Senator Haverly asked if other states have a similar department. Secretary LaPlante said South Dakota is unique because they have a cabinet level secretary that works on tribal issues. In addition, Secretary LaPlante and other members of Governor Daugaard's staff work closely with other Indian Affairs agencies on various issues.

Senator Tidemann asked about the \$100,000 spending authority request for each federal and other funds. Secretary LaPlante said they have worked closely with the Bush Foundation to draw funds for a study and are actively looking for other grant funds.

Senator Heineman asked if there were priority areas that the department would address. Secretary LaPlante said the department has outlined policy areas to work on including land in trust and gaming. Other goals are government to government relationship with tribes and tribal relations policy.

Senator Novstrup asked about the opportunities and challenges of economic development. Secretary LaPlante said some of the obstacles are governmental aspects of the tribes; a lot of tribes have not adopted a uniform commercial code. Secretary LaPlante said he is currently working with the Secretary of State's Office on that and other similar issues to allow registration on-line.

### **Governor's Office of Economic Development**

#### **Governor's Office of Economic Development - Total**

For FY2013, the Governor recommends a budget of \$45,953,571; comprised of \$6,210,771 in general funds, \$13,962,299 in federal fund expenditure authority, and \$25,780,561 in other fund expenditure authority; and 117.1 FTEs. This request is a total decrease of \$7,263,782 – made up of an increase of \$50,527 (0.8%) general funds, an increase of \$417,933 (3.1%) federal funds, and a decrease of \$7,732,242 (23.1%) in other fund expenditure authority – from the FY2012 budget. The recommendation also includes an increase of 2.0 FTEs from the FY2012 budget.

#### **South Dakota Housing Development Authority**

**Mr. Mark Lauseng**, Director of the South Dakota Housing and Development Authority (SDHDA), distributed a document outlining the FY11 budget request. (**Document #3**) He told the committee that SDHDA was established in 1973 as a public corporation to encourage the investment of private capital in affordable housing. One method used in raising this capital was through the sale of tax exempt bonds sold to the private market.

For FY2013, the Governor recommends a budget of \$10,083,170; comprised of \$2,144,114 in federal funding expenditure authority and \$7,939,056 in other fund expenditure authority; and 65.0 FTEs. Mr. Lauseng stated that the 1.2% overall budget increase is for the Governor's recommended salary policy increase.

The program contributed over \$207 million in affordable housing in FY2012 for the First-time Homebuyer Program, Down Payment Assistant Program, Housing Tax Credits Program, Home Investment Partnership Program, Rural Site Development Program, neighborhood Stabilization

Program, Administration of Federal Rental Subsidies Programs, Emergencies Shelter and Homeless Consortium Initiatives, and the Governor's House Program.

#### First-time Homebuyer Program

One of the largest and most recognized program is the First-time Homebuyer Program. Since the program started, a total of 74,321 loans in the amount of \$4.72 billion have been purchased. In FY2011, SDHDA purchased 1,517 homebuyer loans for over \$164 million. Because of the economy and availability of credit, the numbers were down in FY2011, But Mr. Lauseng anticipates that the numbers will increase as the economy improves.

In response to Senator Corey Brown's question, Mr. Lauseng stated that the federal government is keeping rates artificially low, resulting in the SDHDA Tax Exempt Bonds are not able to compete. That is projected to go through 2014. Therefore, SDHDA is switching from a whole-loan model to a mortgage back security model; which 40 of the 50 state housing finance agencies have already done. This will help to have a better competitive rate and increase volume.

#### Housing Tax Credits

The Housing Tax Credit program was created under the Internal Revenue Service that was established in 1987. Since created, the program has had a total of \$572 million in development costs in over 8,000 units across the State.

#### The Home Program

The HOME Program is a housing program funded through the US Department of Housing and Urban Development. Since 1992, the program has had a total of \$274 million in development costs in over 1,700 units.

#### Homeless Prevention and Rapid Re-housing

South Dakota received a total of \$3.2 million in Homeless Prevention and Rapid Re-Housing funds through the stimulus funds. The funds have been allocated to nine different agencies across the state. Today, \$2.3 million of the Homeless Prevention and Rapid Re-Housing funds have been expended.

#### Governor's House Program

A total of 86 homes were sold in calendar year 2011, 101 homes were delivered, and 113 homes were completed.

In response to Representative Jim White's question pertaining to funding for future growth, Mr. Lauseng stated that SDHDA continues to use bonds when they are able. Currently, SDHDA is looking at a bonding with the federal home loan bank for multi-family issues. It is the hope that some of the smaller projects will be combined. Mr. Lauseng said that he believes the bond market will come back once the economic condition improves. SDHDA will then continue to use bonds as possible.

**South Dakota Science and Technology Authority**

For FY2013, the Governor recommends a budget of \$1,126,194 in other fund expenditure authority; and 7.0 FTEs. This request is a decrease of \$7,833,806 in other fund expenditure authority and an increase of 2.0 FTEs – from the FY2012 budget.

**Mr. Ron Wheeler**, Executive Director of the Sanford Underground Laboratory, distributed to the committee an FY2013 budget request summary (**Document #4**) PowerPoint presentation (**Document #5**). He said that the South Dakota Science and Technology Authority is not requesting any new funding for FY2013. The budget request of \$1,126,194 in other fund expenditure authority is from funds donated by T. Denny Sanford plus any carryover of FY2012 Capital Outlay funds, also provided by T. Denny Sanford, that were not expended in FY2012.

The Sanford Underground Laboratory expects to have 118 FTEs in Fy2013, but only 7 will be paid for with existing South Dakota Science and Technology Authority funds. The balance will be funded through a direct reimbursement contract between the South Dakota Science and Technology Authority and Lawrence Berkeley National Laboratory with funds provided by the U.S. Department of Energy.

The U.S. Department of Energy, through Lawrence Berkeley National Laboratory, will also cover all allowable operating expenses, which run approximately \$1 million per month. These funds do not go through the State of South Dakota, but are reimbursed to the South Dakota Science and Technology Authority account and therefore are not listed in the budget.

Mr. Wheeler said that the \$40.2 million in state investments to the Sanford Underground Laboratory has generated \$261.5 million in other funding.

**Senator Deb Peters** requested a breakdown of the state investment by funding types. Mr. Terry Miller, Senior Fiscal Analyst with the Legislative Research Council (LRC), stated that \$14.3 million state investment in 2004 was general funds provided to the South Dakota Science and Technology Authority. The \$19.9 million investment in 2005 was general funds. The general fund was then made whole with a transfer from the Property Tax Relief Fund. The \$5.4 million investment in 2010 was one-time funding utilizing other state funds. The \$600,000 investment in 2011 is out of the Future Fund.

The U.S. Department of Energy is committed to funding the operational expenses of the Sanford Underground Laboratory in support of the two early demonstrator experiments to find Dark Matter (LUX) and a rare Neutrino-less Double Beta Decay event (Majorana). If these experiments, which will run for several years, are shown to be successful, the South Dakota Science and Technology Authority would expect the second-generation experiments (bigger detectors) to also be supported by the Department of Energy and or the National Science

Foundation. Both the LUX and Majorana projects will be deployed at the 4,850 foot level in the spring of 2012 in the outfitted lab space currently under construction.

In 2011, the Sanford Underground Laboratory had 1,248 students participating in programs, 260 teachers participating in programs, and over 1,000 people from the general public attending programs. This has created an excitement about education in the public.

Mr. Wheeler showed pictures of the Sanford Underground Laboratory at the 4,850 level. He explained the changes and progress that was made to develop the underground lab.

The U.S. Department of Energy is also evaluating a Long Baseline Neutrino Experiment (LBNE) directing a new neutrino beam from the Fermi National Laboratory outside of Chicago, through 800 miles of rock, to a large detector at the Sanford Underground Laboratory. The National Science Foundation has also expressed interest in funding additional experiments at the Sanford Underground Lab, providing that the U.S. Department of Energy is operating the facility.

In response to **Senator Phyllis Heineman's** question, Mr. Wheeler stated that the U.S. Department of Energy has a critical decision process involved to review of the plans for funding. They include mission needs, estimated cost and schedule, baseline cost and schedule, and funding of project. The Sanford Underground Lab is scheduled for the estimated cost and schedule step of the process in July.

**Senator Larry Tidemann** asked if water is still being pumped from the old Homestake Mine. Mr. Wheeler stated that the South Dakota Science and Technology Authority continues to pump 1.5 million gallons of water daily.

Distributed to the committee was a fact sheet about the Sanford Underground Lab. (**Document #6**)

#### **South Dakota Ellsworth Development Authority**

For FY2013, the Governor recommends a budget of \$380,698; comprised of \$177,469 in federal fund expenditure authority, \$203,229 in other fund expenditure authority, and 2.5 FTEs. This request is a total increase of \$5,698 – made up of an increase of \$2,469 (1.4%) federal funds and an increase of \$3,229 (1.6%) in other fund expenditure authority – from the FY2012 budget.

**Mr. Scott Landguth**, Director of South Dakota Ellsworth Development Authority, distributed a handout of the authority's responses to the committee's Budget Call letter. (**Document #7**) He informed the committee that the only budget change in FY2013 is for the Governor's recommended salary policy.

In 2010, according to the Air Force study, the South Dakota Ellsworth Development Authority contributed \$330 million to the state economy, which includes 9,000 airmen and their dependents are located in the Rapid City area and 1,100 civilian employees that are located at Ellsworth Air Force Base (EAFB). There is a total workforce of about 3,600 active duty airmen and 1,100 civilians.

Mr. Landguth updated the committee on several projects that South Dakota Ellsworth Development Authority is currently addressing. One project is a regional waste water treatment plant working cooperatively with the City of Box Elder. It is estimated that South Dakota Ellsworth Development Authority will save over \$8 million in capital costs with this project. The Air Force is able to take the construction fund money and spend on items that are more central to the mission instead of a waste water treatment plant.

Senator Haverly asked about potential federal budget cuts. Mr. Landguth said that all the contracts South Dakota Ellsworth Development Authority have deal with the potential of a closure. Right now it is uncertain on the federal level what will occur. Last week, the Secretary of Defense asked Congress to authorize another round of Brack. It is unclear if it will be authorized. If authorized, the timing is probably a several year process. The waste water treatment plant is a 20 year contract. If either the City of Box Elder or South Dakota Ellsworth Development Authority pulls out of the contract, they would be responsible for their payment of the capital portion owed for the 20 year period.

Other projects the South Dakota Ellsworth Development Authority is working on include initiatives to protect the health and safety at EAFB. The Department of Defense analyzed incompatible uses of the facilities. Things that fall into the accident potential areas and areas of high noise have certain allowable uses. Most of the current use at EAFB were inexistence prior to the formation of the rules. The South Dakota Ellsworth Development Authority has begun several changes to address. The first change involved SDHDA to acquire property outside of the EAFB in hopes of it becoming a relocation site for people out of there. South Dakota Ellsworth Development Authority is working on additional funding from the private sector and other federal programs to acquire the property to move people out. That project is entitled "Freedom of States". The initial 12 homes is part of the SDHDA grant requirement.

In addition, South Dakota Ellsworth Development Authority has also been given several pieces of excess property by the Air Force around EAFB. The South Dakota Ellsworth Development Authority is beginning the development of those properties for a future business park property to attract defense related industry.

Mr. Landguth said that the South Dakota Ellsworth Development Authority has a contract with a consultant in Washington D.C. which keeps the authority informed of the current federal budget situation, potential for new missions, and works closely with congressional delegation.

**Governor's Office of Economic Development**

For FY2013, the Governor recommends a budget of \$30,455,011; comprised of \$2,359,778 in general funds, \$11,640,716 in federal fund expenditure authority, and \$16,454,517 in other fund expenditure authority; and 40.6 FTEs. This request is a total increase of \$437,263 – made up of an increase of \$46,013 (2.0%) general funds, an increase of \$372,580 (3.3%) federal funds, and an increase of \$18,670 (0.1%) in other fund expenditure authority – from the FY2012 budget.

**Mr. Pat Costello**, Commissioner of the Governor's Office of Economic Development (GOED), distributed a handout of the authority's responses to the committee's Budget Call letter. **(Document #8)**

He informed the committee that South Dakota was able to bring Bell Brands to the state. The international company based out of France will be producing products at the dairy plant in Brookings. This will provide nearly a \$500 million economic impact annually to the state, about 400 jobs in the Brookings area, and over \$100 million initial investment.

Commissioner Costello explained that GOED was created to help businesses create opportunities for the citizens of South Dakota. Last year, about 70% of the companies GOED worked with were South Dakota companies that were either already in the state or entrepreneurial opportunities. The other 30% is recruitment efforts. GOED provides some grant money, but mostly loans.

In response to Representative Wink's question, Commissioner Costello said that the workforce of GOED is primarily the REDI (Revolving Economic Development Initiative) fund. It is administered through the Board of Economic Development with an asset balance of \$93 million. Future funds are revenue that comes to GOED through investment fees paid by employers as part of the unemployment returns. The Future Fund generates \$12-\$13 million annually.

Commissioner Costello stated that except for two new Governor initiatives, the FY2013 budget request does not change significantly. The two changes are:

- An increase in federal fund expenditure authority of \$356,575 for administering the Small Business Credit Initiative Loan program called South Dakota WORKS. The federal dollars will be provided from a U.S. Department of the Treasury grant under title III of the state Small Business Jobs Act.
- An increase of \$5,287,000 from general funds to the FY2012 General Bill. This will be for the Governor's Workforce Development Initiative called "South Dakota Wins". This program has 4 key elements per the web site: [www.southdakotawins.com](http://www.southdakotawins.com). Of this amount, \$5 million will be under the GOED budget.

**Ms. Kim Olson**, Policy Advisor for the Governor, explained how the SD WORKS program will operate. She said that the program is the state's attempt to recruit 1,000 new employees to the

state in the high demand work areas. After GOED spoke with 200 businesses in the state, 97 stated interest in increasing workforce size. However, most were unable to and may need to go out of state for work. Therefore, GOED worked with the Department of Labor to create a program to help fill the chronically unfilled positions in the state – SD WINS.

A Request for Proposal (RFP) was issued in November 2011, and 8 vendors placed proposals. After ranking and reviewing the proposals, ManPower Inc. was selected due to the company's impressive proposal. ManPower Inc. is a Sioux Falls based company that has national presence including 700 different. ManPower Inc. employs 1,000 recruiters and has a database of 40 million candidates of people looking for jobs. Ms. Olson stated that GOED signed an agreement noting that the contract is pending a state appropriation.

Ms. Olson explained the process hiring employees utilizing ManPower Inc. The Department of Labor will post openings and have on the website for 30 days. All positions will be open to South Dakota residents first. If a candidate is not located, then the information will be given to ManPower Inc. work to locate an employee. It was noted that businesses utilizing this service will sign a contract that the business will pay half of the fee once a person is employed.

In response to Representative Wink's question, Ms. Olson stated that GOED has signed a one year contract with ManPower Inc. that includes an option to renew two times.

Senator Putnam asked about funds to ensure that South Dakota citizens receive the first opportunity to apply for positions. Ms. Olson replied that the \$5 million is exclusively specifically for the new South Dakotans program and bringing in new people to the state. GEOD does have information that has the complete South Dakota WINS budget impact to each program and department.

Ms. Olson told the committee that if a ManPower Inc. locates a person that is hired by a company and leaves within 120 days for the trade jobs or 180 days for the profession jobs, ManPower Inc. will locate another employee for that position with no additional charge to the state or business.

Representative Dennert asked if the re-opened positions will be available to South Dakota citizens first. Ms. Olson stated that the Governors hopes that all job openings would be available to South Dakota citizens first and that will be an area that needs to be discussed with the Department of Labor and ManPower Inc.

Ms. Olson said that when all 1,000 positions are filled, it is anticipated that 1,880 new people will be brought to the state with an economic impact of \$120 million annually. The state's tax revenue will increase by over \$5 million annually.

Senator Putnam asked about Community Development Block Grants (CDBG). Commissioner Costello said that as part of the CDBG plan, GOED has (under HUD rules) set aside 15% of that

for training. GOED is doing that now, communities and cities will be applying for use and for training in helping workers gain new skills.

### **Department of Tourism**

**Mr. Jim Hagen**, Secretary of the Department of Tourism, introduced the staff members present at the meeting – **Ms. Marty Davis**, Finance Officer; **Mr. Michael Pangburn**, Director of the South Dakota Arts Council, **Mr. Jay Vogt**, Director of the State Historical Society; and **Ms. Wanda Goodman**, Deputy Secretary.

Distributed to the committee was a handout of the department's responses to the committee's Budget Call letter. (**Document #9**)

For FY2013, the Governor recommends a budget of \$18,882,244; comprised of \$1,730,461 in general funds, \$1,757,101 in federal fund expenditure authority, and \$15,394,682 in other fund expenditure authority; and 72.0 FTEs. This is an increase of \$55,207 (3.3%) in general funds, an increase of \$14,644 (0.8%) in federal fund expenditure authority, and an increase of \$110,515 (0.7%) in other fund expenditure authority from FY2012.

Secretary Hagen told the committee that the SD Arts Council is having a significant impact on the state's economy. In 2011, over 17,000 South Dakota artists benefitted from SD Arts Council funding. The State Historical Society managed almost 40,000 pieces in the museums across the state. More than 39,000 people viewed one of the travel exhibits, and 5,500 students used the suitcases.

Secretary Hagen informed the committee that the Department of Tourism underwent restructuring and created a Marketing Team, which looks at the overall department marketing. With the Missouri River flood in 2011, the department encountered many challenges with both decreased visitor interest and misinformation from news. The Department of Tourism became proactive to inform people of what was actually occurring in the state. The department monitored new stories and addressed negative impacts by responding with correct information and highlighting positive things were still occurring in the state.

The department markets primarily to the areas of key interest people - Minnesota, Wisconsin, Colorado, and Iowa. Some of the ways the state was marketed in 2011 include: article in the Delta Sky magazine, Big and Rich Christmas concert, partnership with Minnesota Vikings game, Rooster Rush, and the Macy's Thanksgiving Day Parade.

In response to committee questions, Secretary Hagen stated that Macy's Thanksgiving Day Parade Committee extends invitations to groups to be part of the parade. The invitation is for three years at an annual cost of \$225,000. The department partners with organizations to alleviate

the cost. In FY2012, the department raised about \$60,000 in private donations. Although the department would like South Dakota to be included in the parade in the future, there is a waiting list to be part of the event. The department received about \$1.4 million in publicity from social media platform from news stories that were generated throughout the country.

Secretary Hagen informed the committee that the department is changing the state advertising campaign from the upbeat music campaign to an emotional campaign called “Your American Journey”. For the television advertisements, the department partnered with Skyworks and the Department of Game, Fish, and Parks to obtain 40 hours of high definition aerial footage of the entire state. This footage cost the department \$25,000. The department wants to use this footage to showcase the beauty of the state in both the television and magazine ads.

Representative Wismer asked about interest from foreign tourism. Secretary Hagen explained that international interest in South Dakota is increasing drastically – 8.2% of total spending in the last year. South Dakota has a sustained presence internationally with a group called Rocky Mountain International; a consortium with South Dakota, Montana, Idaho, and Wyoming to have sustained presence in foreign markets. This consortium has been in existence for almost 20 years.

Federal legislation passed in 2009, called the Travel Promotion Act, established a group called the Corporation for Travel Promotion whose mission is to promote the United States as a travel destination. Because of changes made as a result of 9-11, the United States has been seen as unwelcoming to foreign visitors. Foreign tourism in the U.S. decreased from 17% to 10%. Secretary Hagen announced the South Dakota will have an international advertising campaign in Australia.

In response to Representative Bolin’s question, Secretary Hagen stated that the department is constantly looking at surveys to determine the maximum price of gasoline where people will no longer travel. Currently, the surveys indicate a significant decrease in travel at \$4 a gallon gasoline. It was also noted that people may still travel, but not as far.

For FY2013, the Governor’s recommended budget includes:

- Office of Tourism - Increase of \$54,955 in other fund expenditure authority for the Governor’s recommended salary policy and increase of \$3,840 in other fund expenditure authority due to changes in space billing and computer service billings;
- Office of the Arts - Increase of \$8,315 in other fund expenditure authority for the Governor’s recommended salary policy and an increase of \$315 in other fund expenditure authority due to changes in space billing and computer service billings; and
- Office of History - Increase of \$30,725 from general funds, \$12,896 in federal fund expenditure authority, and \$42,122 in other fund expenditure authority for the Governor’s recommended salary policy and an increase of \$24,482 from general funds, \$1,748 in federal fund expenditure authority, and \$968 in other fund expenditure authority due to changes in space billing and computer service billings.

Senator Brown asked about the Department of Tourism's relationships with the state tourism associations. Secretary Hagen stated that the department works closely with all four tourism associations – Black Hills Badlands and Lakes, Great Lakes, Southeast Tourism, and Glacial Lakes. Each association has an executive director that has a contract to receive \$80,000 to assist in marketing to the region and state. The department appointed a regional liaison to each region to work closely with the association director in attending and promotion at local events.

Secretary Hagen informed the committee that the Department of Tourism developed a mobile application for traveling and visitor information for South Dakota – travelsouthdakota. The application helps users find information about attractions, events, hotels, restaurants, etc in the state.

Senator Sutton asked for an update on the Tourism Tax. Secretary Hagen said that the 1.5 cent tourism tax funds most of the department. The revenue has fluctuated in the past year, but overall the penny tax, half penny tax, and the Deadwood Gaming Tax revenue is down about 3.6% from last year at this time. The department is monitoring the taxes and revenue closely and will adjust the budget as needed. FY2013 is the last year for the increased Tourism Tax, and the department will evaluate if the additional tax is needed next session.

MOTION: ADJOURN

Moved by: Haverly  
Second by: Juhnke  
Action: Prevailed by voice vote.

Barb Bjorneberg and Lisa Shafer  
Committee Secretary

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Corey Brown, Chair