



South Dakota Legislative Research Council

Issue Memorandum 95-02

Review of Cost-Sharing Grants to Conservation Districts

Introduction

General fund appropriations for cost-sharing grants to conservation districts began in fiscal year (FY) 1987. In FY 1993 the source of funds changed and the amount of grant funds available increased. This issue memo will give a history of appropriations for cost-sharing grants to conservation districts, review the statutory authority for these grants, identify revenue and expenditures, and review a recent court case.

Appropriations

The South Dakota Legislature began appropriating money for cost-sharing grants to local conservation districts in (FY) 1987. The appropriations were from the general fund for FY 1987 through FY 1992. In FY 1993 the Legislature established the coordinated soil and water conservation fund. A history of appropriations is shown in Table 1.

Table 1. History of Appropriations

| Fiscal Year | Appropriation | Source of Funds |
|--------------------|---------------|--|
| FY 87 | \$300,000 | General Fund |
| FY 88 | \$300,000 | General Fund |
| FY 89 | \$300,000 | General Fund |
| FY 90 | \$350,000 | General Fund |
| FY 91 | \$350,000 | General Fund |
| FY 92 | \$350,000 | General Fund |
| FY 93 | \$850,000 | Coordinated Soil & Water Conserv. Fund |
| FY 94 ^a | \$1,070,000 | Coordinated Soil & Water Conserv. Fund |
| FY 95 | \$1,275,000 | Coordinated Soil & Water Conserv. Fund |
| FY 96 | \$1,275,000 | Coordinated Soil & Water Conserv. Fund |

^a The following appropriations were also made from the coordinated soil and water conservation fund in FY 1994: \$350,000 for operation of the state fair and \$80,000 for construction of a National Guard armory at De Smet.

Statutory Authority

Individuals may request a refund for taxes collected by the state on fuel used for nonhighway agricultural purposes. However, everyone that is eligible for a refund does not make a request. The 1992 Legislature determined that an amount equal to thirty-five percent of the claimed refunds represents the amount of unclaimed refunds. The Legislature decided to use these unclaimed refunds in a manner which benefits agriculture and the citizens of the state by preserving its natural resources (section 10-47A-72 of the South Dakota Codified Laws (SDCL)). Unclaimed tax refunds from the sale of motor fuel for nonhighway agricultural uses is transferred to the coordinated soil and water conservation fund.

Section 38-7-25 of the SDCL creates the coordinated soil and water conservation fund. Section 38-7-27 of the SDCL gives the State Conservation Commission the authority to grant funds from the coordinated soil and water conservation fund and the authority to promulgate rules.

Section 38-7-28 of the SDCL allows administrative expenses to be paid from the coordinated soil and water conservation fund. This is done through the general appropriations bill. To cover administrative expenses, the Legislature appropriated \$223,770 of other fund expenditure authority for FY 1995 and \$217,621 of other fund expenditure authority for FY 1996.

Revenues and Expenditures

Since FY 1993, approximately \$3,022,000 has been deposited in the coordinated soil and water conservation fund. The State Conservation Commission has approved

approximately \$1,771,000 in grants from the coordinated soil and water conservation grant fund and \$430,000 have been appropriated from the fund to other projects (the State Fair and De Smet Armory). Additional conservation grants will be awarded at the May 1995 meeting. Attachment 1 is a list of all projects approved by the State Conservation Commission with funds from the coordinated soil and water conservation fund. The list does not include grants awarded at the May 1995 meeting.

Conservation districts must submit a grant application to the State Conservation Commission. Grants are awarded twice a year. Project sponsors must provide funding for a minimum of twenty-five percent of the total project cost. The grant funds are not disbursed until the conservation district documents that the work has been done. However, start-up money may be requested in the application.

A Court Case

In 1992 the South Dakota Supreme Court heard arguments in a case that challenged the constitutionality of certain appropriations made during the 1992 Legislative Session. One of the issues in the case was whether Article XI, Section 8 of the South Dakota Constitution was violated when the Legislature determined that thirty-five percent of claimed refunds represents the amount of unclaimed refunds. The Supreme Court ruled that the Legislature's action was constitutional.

Summary

Grant funds for cost-sharing grants to conservation districts have increased since the coordinated soil and water conservation fund was established in FY 1993. The South Dakota Supreme Court ruled that the legislative determination that thirty-five percent of the claimed refunds represents the amount of unclaimed refunds was constitutional.

This issue memorandum was written by David L. Becker, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.
