



MINUTES

PROPERTY TAX EXEMPTIONS COMMITTEE

Third and Final Meeting
2003 Interim
October 15, 2003

Legislative Conference Rooms 1 and 2
State Capitol
Pierre, South Dakota

The third and final meeting of the interim Property Tax Exemptions Committee was called to order by Chair Hal Wick at 9:10 a.m., October 15, 2003, in Legislative Conference Rooms 1 and 2 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Kenneth Albers, Tom Dempster, H. Paul Dennert, Marguerite Kleven, Dave Knudson, and Paul Symens; and Representatives Daryl Christensen, Justin Davis, Tom Hackl, Gary Hanson, Dale Hargens, Jim Hundstad, Al Koistinen, Alice McCoy, Keri Weems, and Hal Wick. Senators Patricia de Hueck and Michael LaPointe and Representative Joni Cutler were excused.

Staff members present included Fred Baatz, Principal Research Analyst; Aaron Olson, Fiscal Analyst; and Teri Retrum, Senior Legislative Secretary.

(NOTE: For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Minutes.)

Approval of Minutes

SENATOR KLEVEN MOVED, SECONDED BY REPRESENTATIVE KOISTINEN, THAT THE MINUTES OF THE SECOND MEETING (SEPTEMBER 15 AND 16, 2003) BE APPROVED. The motion prevailed unanimously on a voice vote.

Nonprofit Corporations

Mr. Chris Nelson, Secretary of State, said that statute defines a nonprofit corporation as simply a nonprofit corporation subject to the provisions of chapters 47-22 to 47-28, inclusive, except a foreign corporation. Mr. Nelson said that nothing is stated about 501(c)(3) exemptions in the chapter.

Mr. Nelson said that there are 1,446 nonprofit churches in the state, and an additional approximate 6,600 nonprofit corporations. He said that the Office of the Secretary of State functions primarily as a filing agency in regard to nonprofits in South Dakota and serves as a public record of the nonprofit corporations in South Dakota. Mr. Nelson said that much of the information is available to the public on the Internet.

Mr. Nelson distributed copies of a Nonprofit Report Form (Document #1).

501(c) Corporations

Mr. Stan Wiatros, Internal Revenue Agent, talked via teleconference about 501(c) corporations. On behalf of Mr. Wiatros, Mr. Baatz distributed copies of information from the Legal Information Institute on Title 26, Subtitle A, Chapter 1, subchapter F. Part 1, Section 501, which was printed from the Internet (Document #2). (Note: Document #2 was previously mailed to committee members.) Mr. Wiatros explained the special application process in order for corporations to receive 501(c)(3) nonprofit status. He said that the application must be submitted within fifteen months from the day of the inception of the corporation—some extensions may be granted. Mr. Wiatros said that most organizations file a 990 form or a 990EZ form. He said that many exempt returns are available on the Internet at www.guidestar.org. There is no guarantee that a particular organization's information is at that site, but there is a substantial number that do have their information at that site. Also, nonprofit organizations are required to provide certain information. After a corporation has been granted tax exempt status, upon dissolution, that corporation must turn over assets to another 501(c)(3) entity. Mr. Wiatros described some of the other types of tax exempt organizations and the laws and forms pertinent to them.

Medicaid Eligibility

Mr. Mike Vogel, Department of Social Services (DSS), distributed copies of a document titled "South Dakota Medical Assistance—People Who Need Long-Term Care" (Document #3). Mr. Vogel said that sometimes assisted living facilities are confused with nursing homes because sometimes nursing homes also have assisted apartments in the same facility. Assisted living is an alternative to nursing homes, and it saves money for both the family and the taxpayer. Mr. Vogel said that since 1988, there has been an expansion of assisted living units.

Mr. Vogel listed the following as eligibility requirements for individuals staying in an assisted living facility:

- Person must be at least sixty-five years of age or disabled;
- Person must have medical needs that are such that they require a level of care that must be provided;
- Person must be a resident of South Dakota and a citizen of the United States;
- Person's monthly income limit is \$1,656, which is 300 percent of the Social Security Standard Benefit Amount; and
- Person's resource limit is \$2,000, which includes savings and checking accounts and certificates of deposit.

Committee Discussion of Proposed Legislation with Public Testimony

Chair Hal Wick directed that distributed draft legislation which was requested at the committee's last meeting be discussed in groups of three categories—tax exempt property, budget limitations, and tax incremental districts. The legislation will be reviewed by Mr. Fred Baatz, Legislative Research Council, followed by remarks from the requestor, followed by public testimony.

Tax Exempt Property

Draft A—An Act to clarify the definitions for congregate housing exempt from property taxation. (Requested by Senator Dave Knudson)

Senator Knudson said that the intent of the draft legislation was for clarification purposes and not substantive changes.

Draft B—An Act to revise the criteria for congregate housing to be exempt from property taxation. (Requested by Senator Paul Symens)

Senator Symens stated his opinion that it is important to give tax assessors more criteria by which to value congregate housing.

Draft C—An Act to permit counties and municipalities to be compensated for property tax exemptions provided to certain congregate housing facilities. (Requested by Senator Tom Dempster)

Senator Dempster stated: "The draft legislation simply says that if South Dakota believes that it is important to grant this exemption, we should not do it on the backs of others."

Draft D—An Act to exempt all licensed health care facilities and certain congregate housing facilities from property taxation. (Requested by Senator H. Paul Dennert)

Senator Dennert said that he requested the draft legislation to show respect for and to address concerns expressed by Senator Garry Moore, who testified on his own behalf, at the committee's last meeting. The legislation would create a level playing field.

Draft E—An Act to define the term, continuum of care, and to revise the definition of congregate housing exempt from property taxation. (Requested by Representative Keri Weems)

Representative Weems said that the draft legislation addresses her request that a definition of the term, continuum of care, be included in a definition of congregate care.

Mr. Ken Senger, South Dakota Association of Health Care Organizations, testified that Draft A would be acceptable to the Association; however, he commented on some of his concerns, such as:

- On page 2, line 1, Mr. Senger took issue with the language, "be licensed pursuant to chapter 34-12".
- Mr. Senger questioned when a certificate documenting the health care services provided and method used to satisfy a balanced nutrition program must be submitted to the county director of equalization.

Regarding Draft B, Mr. Senger suggested that on Page 2, line 20, after the first "facility" insert "constructed".

Also, Mr. Senger said that he is not convinced that requiring congregate housing to be located on land that is contiguous to the licensed health care facility would serve any useful purpose.

Mr. Senger said that he has no objection to the definition of the term, continuum of care, contained in Draft E.

Mr. Frank Drew, Sioux Valley Health System, said that he shared the concern expressed by Mr. Senger regarding the language, "be licensed pursuant to chapter 34-12" found on page 2, line 1, of Draft A.

Mr. Drew questioned whether references to "congregate housing" should be removed from the list of property in SDCL 10-4-9.3.

Mr. Drew Duncan, South Dakota Health Care Association, said that although he does not have a firm consensus from Association members, he is fairly certain those members are satisfied with the current law regarding the tax exempt status of health care facilities in South Dakota. He expressed agreement with comments made by Messrs. Senger and Drew.

Senator Knudson said that maybe the committee should take a straw vote to find out if there is any support for Draft A. If there is support, perhaps a subgroup could be appointed to work out any differences and incorporate those agreed upon changes into a new draft.

SENATOR KNUDSON MOVED, SECONDED BY SENATOR SYMENS, THAT THE COMMITTEE AGREE WITH THE CONCEPT IN DRAFT LEGISLATION A TO CLARIFY THE DEFINITION FOR CONGREGATE HOUSING TO BE EXEMPT FROM PROPERTY TAXATION AND TO FORM A SUBCOMMITTEE TO WORK OVER THE LUNCH HOUR ON THE CONCERNS EXPRESSED BY INTERESTED PARTIES.

SENATOR SYMENS MADE A SUBSTITUTE MOTION, SECONDED BY SENATOR KNUDSON, THAT THE SUBCOMMITTEE WORK OVER THE LUNCH HOUR ON DRAFTS A

AND B AND TO WORK ON THE ISSUES IN EACH TO DEVELOP ONE DRAFT. The substitute motion prevailed on a voice vote.

Chair Wick appointed Senators Knudson and Symens and Representative Christensen as members of the subcommittee to meet with other interested parties over the noon hour to develop one draft to clarify the definition of congregate housing for tax exempt purposes.

SENATOR DEMPSTER MOVED, SECONDED BY REPRESENTATIVE HUNDSTAD, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION C—AN ACT TO PERMIT COUNTIES AND MUNICIPALITIES TO BE COMPENSATED FOR PROPERTY TAX EXEMPTIONS PROVIDED TO CERTAIN CONGREGATE HOUSING FACILITIES—FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION.

Senator Ken Albers asked if it is known how much such a change would cost South Dakota in tax revenue.

Because there are so many variables, Mr. Baatz replied that he used assumptions to derive a figure of anywhere from \$1.2 million to several million dollars that it would cost the state in tax dollars.

Senator Dennert said that it is a fairness issue. He said that if congregate care and assisted living facilities are saving the state so much money, then that savings should be passed on to the counties.

Representative Daryl Christensen questioned whether this would apply only to congregate housing facilities or to all tax exempt property.

Senator Dempster noted a copy of a letter sent from the Sully County Auditor's Office in support of such legislation (Document #4).

Representative Al Koistinen said that when tax exempt property is built, the community is helped because it provides jobs, which result in building the economy of the community. In addition, Representative Koistinen said that the facilities provide living arrangements for those in the community who do not require nursing home care but do need some types of living assistance.

Representative Tom Hackl said that he is concerned about the long-term ramifications of such legislation and asked: "Where do we stop?"

Senator Symens asked: "How many people know what is taxable and what is tax exempt?" He said that there should be full disclosure.

Representative Dale Hargens said that the county in which he lives publishes a pamphlet to inform its residents the status of property.

SENATOR DEMPSTER'S MOTION TO ADOPT DRAFT LEGISLATION C—AN ACT TO PERMIT COUNTIES AND MUNICIPALITIES TO BE COMPENSATED FOR PROPERTY TAX EXEMPTIONS PROVIDED TO CERTAIN CONGREGATE HOUSING FACILITIES—FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE FAILED ON A ROLL CALL VOTE WITH 6 VOTING AYE, 10 VOTING NAY, AND 3 EXCUSED. Those voting AYE: Dempster, Dennert, Symens, Hanson, Hundstad, and McCoy. Those voting NAY: Albers, Kleven, Knudson, Christensen, Davis, Hackl, Hargens, Koistinen, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

SENATOR DENNERT MOVED, SECONDED BY REPRESENTATIVE HUNDSTAD, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION D—AN ACT TO EXEMPT ALL LICENSED HEALTH CARE FACILITIES AND CERTAIN CONGREGATE HOUSING FACILITIES—FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion failed with 2 voting AYE, 14 voting NAY, and 3 EXCUSED. Those voting AYE: Dennert and Hundstad. Those voting NAY: Albers, Dempster, Kleven, Knudson, Symens, Christensen, Davis, Hackl, Hanson, Hargens, Koistinen, McCoy Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

REPRESENTATIVE WEEMS MOVED, SECONDED BY SENATOR KLEVEN, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION E—AN ACT TO DEFINE THE TERM, CONTINUUM OF CARE, AND TO REVISE THE DEFINITION OF CONGREGATE HOUSING EXEMPT FROM PROPERTY TAXATION—FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed on a roll call vote with 9 voting AYE, 7 voting NAY, and 3 EXCUSED. Those voting AYE: Dennert, Kleven, Christensen, Davis, Hackl, Hanson, Koistinen, McCoy, and Weems. Those voting NAY: Albers, Dempster, Knudson, Symens, Hargens, Hundstad, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

The committee recessed at 11:55 a.m. and reconvened at 1:12 p.m.

**Committee Discussion of Proposed Legislation with Public Testimony
(Continued)**

Draft F—An Act to revise the reporting requirements for domestic and foreign nonprofit corporations. (Requested by Senator Marguerite Kleven)

Senator Kleven said that the draft legislation provides an opportunity for the state to get more reporting information from the domestic and foreign nonprofit corporations and to include it in the information made available to the public.

Mr. Drew said that hospitals, along with other health facilities, currently are required to complete the intensive 990 Form and the Medicare Cost Report, and the data is readily available to the public.

Senator Dempster asked whether a hospital would be willing to file a 990 form with the state. Mr. Drew said that he hesitates to say for sure but that he does not see why not in the case of Sioux Valley Health Systems.

Mr. Chuck Schroyer, speaking on behalf of YMCA of South Dakota, as well as Associated School Boards of South Dakota, said that both organizations have 501(c)(3) status. Mr. Schroyer questioned the necessity of adding subdivision (5) to SDCL 47-24-7 because it only covers value in dollars but does not clarify what values it is requesting.

Senator Kleven said that it is a concise way to get the information and provide the information to the public.

SENATOR KLEVEN MOVED, SECONDED BY REPRESENTATIVE WEEMS, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION F—AN ACT TO REVISE THE REPORTING REQUIREMENTS FOR DOMESTIC AND FOREIGN NONPROFIT CORPORATIONS—FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION.

Stating that Subdivisions (4) and (5) are too vague and lead to confusion, **SENATOR KNUDSON MADE A SUBSTITUTE MOTION, SECONDED BY SENATOR DEMPSTER, THAT SUBDIVISIONS (4) AND (5) IN SECTIONS 1 AND 2 BE DELETED. The substitute motion prevailed on a voice vote.**

Senator Kleven said that the substitute motion dilutes the intent of the legislation in an unacceptable manner.

SENATOR KLEVEN MOVED, SECONDED BY REPRESENTATIVE MC COY, THAT THE COMMITTEE DO NOT ADOPT DRAFT LEGISLATION F AS AMENDED.

SENATOR KNUDSON MADE A SUBSTITUTE MOTION, SECONDED BY REPRESENTATIVE MC COY, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION F, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed on a roll call vote with 10 voting AYE, 6 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dempster, Knudson, Symens, Christensen, Hargens, Hundstad, Koistinen, Weems, and Wick. Those voting NAY: Dennert, Kleven, Davis, Hackl, Hanson, and McCoy. Those EXCUSED: de Hueck, LaPointe, and Cutler.

Budget Limitations

Draft G—An Act to permit municipalities or counties to impose a special assessment for fire and police protection on certain tax exempt property. (Requested by Senator Kleven)

Senator Kleven said that this is permissive legislation to attempt to have nonprofits pay a share of certain expenses of local governments.

Draft H—An Act to revise the budget limitations for certain local governments. (Requested by Senator Dennert)

Senator Dennert said that he talked to Mr. Dick Howard, South Dakota Association of County Commissioners, about the legislation, and Mr. Howard expressed his support. Senator Dennert also talked about the history of limits on local government budgets. Senator Dennert said that the legislation states that local governments can raise property taxes four percent in 2005 and five percent in 2006. He said that it is not fair that limits are put on local governments but the same limits are not put on state government.

Draft I—An Act to revise the limitation of the unobligated fund balance for the general fund of a county. (Requested by Chair Wick)

Chair Wick said that that requiring counties to calculate reserves by December 31 is not a good date to measure the fiscal state of counties because counties have a lot of revenue from property taxes at that time. He said that Draft I would change the time to two dates by which a county must calculate reserves, which would provide better information.

Public Testimony on Budget Limitations

Mr. Schroyer said that Draft G simply results in another tax—just another name. He suggested that those tax exempt entities which have operated under current law be grandfathered in wherever changes are made that would affect their manner of doing business. Mr. Schroyer said that tax exempt organizations provide for a community need—if they are taxed, they might not be able to provide the services that might relieve a burden on local governments.

Mr. Drew said that all tax exempt property should be treated the same under the auspices of Draft G. He said that he opposes the legislation because it changes the rules for those businesses operating under current law; however, Mr. Drew said that Sioux Valley Health Systems most likely will not oppose the provisions.

Senator Kleven said that she could support Draft G if it applied to all tax exempt property.

Mr. Neal McIntyre, Winfred, South Dakota, testified as a landowner and said that he is concerned about losing the tax cap. He said that he opposes draft legislation E.

SENATOR KLEVEN MOVED, SECONDED BY SENATOR SYMENS, THAT DRAFT LEGISLATION G—AN ACT TO PERMIT MUNICIPALITIES OR COUNTIES TO IMPOSE A SPECIAL ASSESSMENT FOR FIRE AND POLICE PROTECTION ON CERTAIN TAX EXEMPT PROPERTY—BE AMENDED AS FOLLOWS:

ON PAGE 1, LINE 5, DELETE “ANY” AND INSERT “ALL”.

ON PAGE 1, LINE 6, DELETE “10-4-9.1” AND INSERT “10-4-9”.

ON PAGE 2, LINE 3, DELETE “ANY” AND INSERT “ALL”.

ON PAGE 2, LINE 5, DELETE “10-4-9.1” AND INSERT “10-4-9”.

ON PAGE 2, LINE 6, DELETE “MUNICIPALITY” AND INSERT “COUNTY”.

THE MOTION PREVAILED ON A SHOW OF HANDS.

SENATOR KLEVEN MOVED, SECONDED BY REPRESENTATIVE HUNDSTAD, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION G, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION.

Senator Albers questioned how many counties in South Dakota provide fire protection. Senator Kleven said that there are several counties in South Dakota that provide fire protection, Pennington County among them.

Representative Hundstad said that some municipalities bill the counties for fire protection whether they provide it or not.

Senator Dempster said that he is in agreement with the concept of this draft because he generally supports user fees. He said that he is concerned that it should possibly be phased in. Senator Dempster said that the language should be mandatory rather than permissive. He said that he opposes the bill for those stated reasons.

Representative Weems said that she is supportive of all firefighters but that citizens pay taxes to provide fire protection so she will oppose Draft legislation G.

SENATOR KLEVEN MOVED, SECONDED BY REPRESENTATIVE HUNDSTAD, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION G, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion failed on a roll call vote with 3 voting AYE, 13 voting NAY, and 3 EXCUSED. Those voting AYE: Kleven, Symens, and Hundstad. Those voting NAY: Albers, Dempster, Dennert, Knudson, Christensen, Davis, Hackl, Hanson, Hargens, Koistinen, McCoy, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

SENATOR DENNERT MOVED, SECONDED BY REPRESENTATIVE HANSON, THAT DRAFT LEGISLATION H—AN ACT TO REVISE THE BUDGET LIMITATIONS FOR CERTAIN LOCAL GOVERNMENTS—BE AMENDED AS FOLLOWS:

On page 5, Line 4, delete “twelve ten” and insert “twelve”.

The motion prevailed on a voice vote.

SENATOR DENNERT MOVED, SECONDED BY REPRESENTATIVE HARGENS, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION H, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION.

Senator Knudson said he is in opposition to this draft legislation. He said that the opt out gives taxpayers the final decision on how things are being dealt with in the county.

Senator Dempster distributed written testimony from Mr. Elmer Brinkman, Board of County Commissioners, Codington County, in support of repealing the law that creates the cap on real property taxes (Document #5).

Representative Koistinen expressed opposition to the draft legislation. He said that he is not sure that county commissioners are responsive to property owners. Representative Koistinen said that part of the problem is the costs incurred by counties by providing services to indigents, those incarcerated, and court services, etc.

Senator Dennert said that tax freezes do not work and that property taxes have risen more since the freeze. He said that county governments are not the problem and that the sooner the Legislature repeals these limitations, the better.

SENATOR DENNERT MOVED, SECONDED BY REPRESENTATIVE HARGENS, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION H, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion failed on a roll call vote with 6 voting AYE, 10 voting NAY, and 3 EXCUSED. Those voting AYE: Dempster, Dennert, Symens, Hanson, Hargens, and Hundstad. Those voting NAY: Albers, Kleven, Knudson, Christensen, Davis, Hackl, Koistinen, McCoy, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

REPRESENTATIVE WEEMS MOVED, SECONDED BY SENATOR KNUDSON, THAT DRAFT LEGISLATION I—AN ACT TO REVISE THE LIMITATION OF THE UNOBLIGATED FUND BALANCE FOR THE GENERAL FUND OF A COUNTY—BE AMENDED AS FOLLOWS:

On page 1, line 5, after “balance” insert “as of March thirty-first and September thirtieth”.

On page 1, line 7, delete “as of March thirty-first and September thirtieth”.

The motion prevailed on a voice vote.

Senator Knudson asked what would happen if the general fund exceeds the stated amount. Mr. Guindon responded that there would not be a penalty unless a law were violated. He said that it would be stated as a material amount in the audit report.

Senator Symens expressed support for the date change but asked if numbers were available on how it would affect the counties by changing the total unobligated balance of the general fund from forty percent to twenty-five percent of the total amount of all general fund appropriations.

Representative Christensen said that he was of the opinion that the counties recommended those dates.

Chair Wick said that Mr. Howard suggested the twenty-five percent amount.

REPRESENTATIVE WEEMS MOVED, SECONDED BY REPRESENTATIVE HANSON, THAT DRAFT I BE AMENDED AS FOLLOWS:

On page 1, line 7, delete "March thirty-first and".

REPRESENTATIVE HARGENS MADE A SUBSTITUTE MOTION, SECONDED BY REPRESENTATIVE HANSON, THAT DRAFT I BE AMENDED AS FOLLOWS:

On page 1, line 7, delete "and September thirtieth".

The substitute motion failed on a show of hands.

Representative Weems' motion to amend failed on a voice vote.

SENATOR SYMENS MOVED, SECONDED BY SENATOR KNUDSON, THAT DRAFT I BE AMENDED AS FOLLOWS:

On page 1, line 5, remove the overstrikes on "forty".

On page 1, line 6, delete "twenty-five".

Senator Dennert said that would still require counties to do extra work.

Senator Symens said that he would still like numbers to show how it would affect the counties. If he had those numbers, Senator Symens said that he would not be offering this motion.

Senator Symens' motion prevailed on a voice vote.

REPRESENTATIVE HARGENS MOVED, SECONDED BY SENATOR SYMENS, THAT DRAFT LEGISLATION I, AS AMENDED, BE ADOPTED FOR INTRODUCTION AS A

COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed on a roll call vote with 15 voting AYE, 1 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dempster, Kleven, Knudson, Symens, Christensen, Davis, Hackl, Hanson, Hargens, Hundstad, Koistinen, McCoy, Weems, and Wick. Those voting NAY: Dennert. Those EXCUSED: de Hueck, LaPointe, and Cutler.

Tax Incremental Districts

Draft J—AN ACT TO LIMIT TAX INCREMENT FINANCING TO THE GOVERNING BODY APPROVING THE FORMATION OF THE TAX INCREMENTAL DISTRICT. (Requested by Representative Jim Hundstad)

Senators Symens and Dempster said that counties and municipalities should be allowed to work in concert on projects. Senator Symens expressed concern that the draft legislation could “forestall the county and city getting together to do a project.”

REPRESENTATIVE HUNDSTAD MOVED, SECONDED BY REPRESENTATIVE MC COY, THAT THE COMMITTEE ADOPT DRAFT J FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed on a roll call vote with 9 voting AYE, 7 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dennert, Kleven, Symens, Hackl, Hanson, Hargens, Hundstad, and McCoy. Those voting NAY: Dempster, Knudson, Christensen, Davis, Koistinen, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

Report of Subcommittee

Senator Knudson spoke about suggestions from the subcommittee on how to define what constitutes congregate housing in order to be exempt from property taxation. He said that the resulting Draft K—An Act to revise the criteria for congregate housing to be exempt from property taxation—reflects those suggestions. Senator Knudson also said that interested parties were included in the subcommittee’s discussions. He said that the consensus of the subcommittee was to rescind the passage of Draft E and adopt Draft K.

At the suggestion of Mr. Senger, **SENATOR KNUDSON MOVED, SECONDED BY SENATOR SYMENS, THAT DRAFT K BE AMENDED AS FOLLOWS:**

On page 2, line 4, after “state” insert “as otherwise provided by law”.

The motion prevailed on a voice vote.

Representative Christensen cautioned the committee to keep an open mind as this legislation moves through the process. He said that he believes that this is moving in the right direction; however, the market normally mandates what is built.

SENATOR KNUDSON MOVED, SECONDED BY REPRESENTATIVE WEEMS, THAT THE COMMITTEE ADOPT DRAFT LEGISLATION K, AS AMENDED, FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed on a roll call vote with 15 voting AYE, 1 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dempster, Dennert, Knudson, Symens, Christensen, Davis, Hackl, Hanson, Hargens, Hundstad, Koistinen, McCoy, Weems, and Wick. Those voting NAY: Kleven. Those EXCUSED: de Hueck, LaPointe, and Cutler.

REPRESENTATIVE WEEMS MOVED, SECONDED BY SENATOR SYMENS, THAT THE COMMITTEE RECONSIDER THE PASSAGE OF DRAFT E. The motion prevailed on a voice vote.

REPRESENTATIVE WEEMS MOVED, SECONDED BY SENATOR SYMENS, THAT THE COMMITTEE DO NOT PASS DRAFT E FOR INTRODUCTION AS A COMMITTEE BILL IN THE 2004 LEGISLATIVE SESSION. The motion prevailed unanimously on a roll call vote with 16 voting AYE, 0 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dempster, Dennert, Kleven, Knudson, Symens, Christensen, Davis, Hackl, Hanson, Hargens, Hundstad, Koistinen, McCoy, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

SENATOR KNUDSON MOVED, SECONDED BY REPRESENTATIVE CHRISTENSEN, THAT THE COMMITTEE DO NOT ADOPT DRAFTS A AND B FOR INTRODUCTION AS COMMITTEE BILLS IN THE 2004 LEGISLATIVE SESSION. The motion prevailed unanimously on a roll call vote with 16 voting AYE, 0 voting NAY, and 3 EXCUSED. Those voting AYE: Albers, Dempster, Dennert, Kleven, Knudson, Symens, Christensen, Davis, Hackl, Hanson, Hargens, Hundstad, Koistinen, McCoy, Weems, and Wick. Those EXCUSED: de Hueck, LaPointe, and Cutler.

Adjournment

After explaining the process of reporting the committee's proceedings to the Executive Board, Chair Wick asked for a motion for adjournment.

REPRESENTATIVE WEEMS MOVED, SECONDED BY REPRESENTATIVE MC COY, THAT THE COMMITTEE BE ADJOURNED. The motion prevailed on a voice vote.

The committee adjourned at 3:45 p.m.



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