



First Meeting
2004 – 2005 Interim
November 17, 2004

LCR 1 & 2
State Capitol Building
Pierre, South Dakota

Wednesday, November 17, 2004

The first meeting of the State and Local Government Task Force was called to order by Matt Adamski, Chair, at 10:00 a.m. on Wednesday, November 17, 2004, in LCR 1 & 2 of the State Capitol Building in Pierre, South Dakota.

A quorum was established with the following members answering the roll call: Matt Adamski, (Chair), Dr. Kenneth Blanchard, Rod Bowar, Senator Arlene Ham-Burr, Tom Helland, Lyle Hendrickson, Susan Humiston, Jim Hutmacher, Curt Jones, Representative Mike Kroger, Dr. Christopher Maynard, Patty McGee, Senator Garry Moore, Representative Bill Peterson, Jim Shaw, Dr. Elizabeth Smith, Sam Tidball, Debra Vedvei, Will Walter, Dean Wink, and James Zweep. Ms. Brenda Barger was excused.

Staff members present included Jacquelyn Storm, Principal Legislative Attorney, Fred Baatz, Principal Research Analyst, and Reta Rodman, 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.)

Opening Remarks

Mr. Matt Adamski, Chair, welcomed everyone to the meeting and asked the members of the task force to introduce themselves.

Jacquelyn Storm, Principal Legislative Attorney, briefly discussed the three-ring binder distributed to the task force members (**Document 1**) which included:

Table of Contents

- Enabling Legislation (under Tab 1)
- 2002-2003 South Dakota School Districts (under Tab 4)
- Levy Limits and Code Sites (under Tab 5)
- Local Governments (under Tab 5)
- A Summary of Expenditures, Revenues, Fund Balances and Indebtedness for State Government, Counties, Cities and School Districts of the State of South Dakota (under Tab 6)

(Note: Materials will be added to the three-ring binder as the task force continues its work.)

Enabling Legislation

Representative Bill Peterson, sponsor of HB 1202, which created this task force, explained that a combination of factors precipitated the legislation. This task force is assigned the responsibility of reviewing areas where state government and local governments can foster cooperation and improve services. He described how South Dakota has evolved from being a very rural state to a more urban one, which has caused unique governing problems. He indicated the toughest problem for government is providing services at the local level without increasing the amount of taxes that people must pay. Representative Peterson stated that he hoped the task force would be in a position to report its findings and make any necessary recommendations at the Legislature's regular session in 2006.

Demographic Details

Mr. Fred Baatz, Principal Research Analyst, Legislative Research Council, addressed the committee on the demographic history of the state and its relation to local governments (**Document 2 under Tab 5**). He highlighted the changes in demographics for counties, municipalities, townships, and school districts. Mr. Baatz provided a general overview of local governments and identified some of the issues and limitations they are facing.

Counties

Mr. Bob Wilcox, Executive Director, South Dakota Association of County Commissioners, presented a handout entitled, Efficiency in County Government: The Role of Intergovernmental Cooperation and Joint Venture Projects (**Document 3 under Tab 2**). He said there are 64 organized counties and two unorganized counties. He also stated there is a large difference in the population of counties. He gave as an example, Jones County, which has a population of 1,193, and Minnehaha, which has a population of 148,281. Mr. Wilcox remarked that there are 317 county commissioners throughout South Dakota.

Counties have numerous responsibilities such as county road and bridge replacement and maintenance; property tax administration; water management; law enforcement; welfare cases and medical indigents; fire containment; noxious weeds; ambulance services; licensing; filing of records; elections; etc.

Dr. Christopher Maynard asked if there is any talk of consolidation of any counties. Mr. Wilcox explained that economics drive consolidation; unless it becomes a financial necessity, consolidation will not take place. He went on to explain that Joint Power Agreements exist between counties and other entities, which allow various services to be shared.

Representative Peterson reiterated that the purpose of the task force was not the issue of consolidation, but improving cooperation among and between local governments and the state government.

Mr. Dwight Neuharth, Executive Director, South Dakota Association of County Officials, reported that South Dakota should diversify its funding sources for counties.

The task force recessed at 12:00 Noon for lunch and reconvened at 1:00 p.m.

Municipalities

Ms. Yvonne Taylor, Executive Director, South Dakota Municipal League, informed the task force that there are 308 municipalities in South Dakota. She stated that cities, generally, are not mandated by statute to provide certain services, but provide services based on the needs and demands of the citizens. One service mandated by statute is the provision for waste collection and disposal. In her presentation, Ms. Taylor advised that the value of parks and recreation programs are often overlooked. She also explained that besides property taxes as a revenue source, municipalities levy sales and use taxes, collect utility fees, and receive revenue from various enterprise.

School Boards

Dr. Henry Kusters, Assistant Executive Director, Associated School Boards of South Dakota, discussed the role of school boards. There are 966 public school board members in South Dakota. He distributed handouts entitled, General School Related Information, Outline – Presentation to Task Force Members, ASBSD Preliminary Summary of South Dakota Facilities Report, and Reorganization and Sparsity in South Dakota School Districts (**Documents 5, 6, 7, & 8 under Tab 4**).

Dr. Kusters also briefed the members on the role of school board members, the basic elements of the school district, and the factors that impact the school board functions.

Dr. Wayne Lueders, Executive Director, Associated School Boards of South Dakota, stated that the school district can only do what the South Dakota statutes allow. The federal legislation No Child Left Behind has had a significant impact in South Dakota and around the nation.

Dr. Kusters indicated that in 1995, 500 mandates were eliminated, which allowed for some cost savings to school districts; however, many of the eliminated mandates had no financial impact on school districts.

State and Local Governments

Mr. Marty Guindon, Auditor General, Department of Legislative Audit, introduced **Mr. Deene Dayton**, Department of Legislative Audit, and **Mr. Bob Christianson**, Department of Legislative Audit. A handout prepared by the Department of Legislative Audit entitled, A Summary of Expenditures, Revenues, Fund Balances and Indebtedness for State Government, Counties, Cities and School Districts of the State of South Dakota, (**Document 9 under Tab 6**) was distributed to the task force members. A supplemental document was also distributed entitled, South Dakota Counties General Fund Undesignated Fund Balance December 31, 2003 (**Document 10 under Tab 6**). Mr. Guindon, during his presentation,

explained the purpose of his department, and the services they provide to the state and local governments, which include development and maintenance of county, municipal, and school district accounting systems. A database is established from the audits and annual reports that are provided by the counties, cities, and schools, and maintained by Legislative Audit. The information may be found on their Website.

Mr. Guindon offered the task force a report written for the Executive Board of the Legislative Research Council that provides the total amount of county fees generated. Mr. Guindon explained the differences between governmental activities and business-type activities listed in the database.

Mr. Deene Dayton indicated that counties do not have the legislative authority to approach a lending facility to obtain a loan for operating expenses like school districts or municipalities. He noted that counties, cities, and schools all face unique funding challenges.

Public Testimony

Mr. Adamski asked if anyone wished to provide public testimony. No one appeared to provide public testimony. Mr. Adamski suggested that the committee members consider when and where they would like to meet again. The consensus of the members is to keep the first week in April open with a two-day meeting in Pierre, South Dakota.

LRC Staff Directives

The task force members requested the following information:

- The unfunded, partially or fully funded, mandates imposed by the state and federal governments;
- Impediments in state law that prevent or hinder cooperation;
- Experiences from other states concerning funding sources and revenue sharing;
- The cost of law enforcement and the judicial system and sources of funding;
- Condition of public facilities;
- Funding sources for 911;
- The constitutional mandates;
- Fees charged by the counties;
- The minimum wages of county officials;
- Examples of consolidating services;
- Models of cooperation in other states;
- Diversifying funding sources for counties;
- Methods of funding education in other states.

There being no further business, Matt Adamski, Chair, adjourned the meeting at 4:10 p.m.



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