

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

339J0721

HOUSE JOINT RESOLUTION NO. 1002

Introduced by: Representatives Wick, Hackl, Heineman, Klaudt, Lange, Rave, and Weems
and Senators Greenfield, Apa, and Dennert

1 A JOINT RESOLUTION, Proposing and submitting to the electors at the next general election
2 an amendment to Article XI of the Constitution of the State of South Dakota, relating to
3 revenue and expenditure limits for the State of South Dakota.

4 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF SOUTH
5 DAKOTA, THE SENATE CONCURRING THEREIN:

6 Section 1. That at the next general election held in the state, the following amendment to
7 Article XI of the Constitution of the State of South Dakota, as set forth in section 2 of this Joint
8 Resolution, which is hereby agreed to, shall be submitted to the electors of the state for
9 approval.

10 Section 2. That Article XI of the Constitution of the State of South Dakota be amended by
11 adding thereto NEW SECTIONS to read as follows:

12 § 16. A limit is hereby established on the aggregate tax revenues which may be collected in
13 any fiscal year by the State of South Dakota. Effective with the first fiscal year beginning after
14 the ratification of this section and in each fiscal year thereafter, the Legislature may not impose
15 direct or indirect taxes in any fiscal year which cause the aggregate tax revenues to increase



1 from the previous fiscal year by more than the lesser of: (a) the percent change in the state's
2 population plus the rate of inflation or (b) the percent change in the state's population plus three
3 percent. Tax revenues are any form whatsoever of direct or indirect taxation, including any tax,
4 fee, or charge imposed on the privilege of entering or conducting a business or profession but
5 not any revenues derived from the voluntary purchase of goods or services by the public, if the
6 state does not create a monopoly or limit the opportunity for competition to provide such goods
7 or services other than through the provision of subsidies from tax revenues.

8 § 17. For any fiscal year that the state tax revenues exceed the tax revenue limit established
9 by § 16 of this Article by two percent or more except by reason of a declaration of emergency
10 provided under § 18 of this Article, the Legislature shall provide by law for the return of at least
11 the amount of tax revenues collected over the permissible limit to residents of South Dakota not
12 later than the end of the second fiscal year thereafter. The return of excess tax revenues shall be
13 accomplished through a reduction in taxes by an amount at least equal to the tax revenues which
14 exceed allowable tax revenues as provided in § 16 of this Article. If the tax revenues exceed the
15 limit provided in § 16 of this Article by less than two percent, the Legislature may provide for
16 the transfer of the excess to a state budget stabilization fund. Moneys in this fund may be
17 expended by a vote of two-thirds of the members elect of each house of the Legislature
18 following any fiscal year in which tax revenues collected are five percent or more below the
19 limit for tax revenues provided in § 16 of this Article.

20 § 18. The tax revenue limitation of § 16 of this Article may be exceeded only if all of the
21 following conditions are met:

- 22 (1) The Governor requests the Legislature to declare an emergency;
- 23 (2) The request is specific as to the nature of the emergency, amount of funds required
24 to meet the emergency, and the method by which the funds required to meet the

1 emergency shall be raised; and

2 (3) Upon receiving the request, the Legislature declares an emergency and makes
3 provision therefor by law substantially in accord with the details of the Governor's
4 request, by a two-thirds vote of the members elect of each house.

5 The emergency must be declared in accordance with this section prior to incurring any of
6 the expenses which constitute the specific emergency request. The tax revenue limitation may
7 be exceeded only for the fiscal year in which the emergency is declared; and in the next and
8 subsequent fiscal years, the tax revenue limitation of this Article shall again take effect.

9 § 19. No new program or increase in the level of service of an existing program may be
10 required by the Legislature of units of local government unless a state appropriation is made and
11 disbursed sufficient to pay the local unit of government for the necessary costs of the new
12 program or necessary additional costs of the increased service level.