



# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0344

SENATE APPROPRIATIONS COMMITTEE  
ENGROSSED NO. **HB 1020** - 02/17/2006

Introduced by: The Committee on Education at the request of the Bureau of Finance and  
Management

1 FOR AN ACT ENTITLED, An Act to reappropriate certain moneys to state aid to general  
2 education.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. Notwithstanding the provisions of § 4-8-19, any unencumbered funds in the  
5 amount of seven million two hundred thousand dollars (\$7,200,000), or so much thereof as may  
6 be available, that was appropriated from the state general fund by section 11, chapter 30, of the  
7 2005 Session Laws for state aid to general education is hereby reappropriated to the Department  
8 of Education for state fiscal year 2007.

9 Section 2. The effective date of this Act is June 21, 2006.



# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

308M0163

SENATE APPROPRIATIONS COMMITTEE

ENGROSSED NO. **HB 1055** - 02/22/2006

Introduced by: Representatives Dykstra, Buckingham, Cutler, Deadrick, Hackl, Haverly, Heineman, Jerke, Krebs, Michels, Peters, Putnam, Rausch, Rhoden, and Tidemann and Senators Dempster, Adelstein, Broderick, Knudson, Koskan, McNenny, and Schoenbeck

1 FOR AN ACT ENTITLED, An Act to appropriate money for international trade representation  
2 and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby appropriated from the state general fund the sum of one dollar  
5 (\$1), or so much thereof as may be necessary, to the Department of Tourism and State  
6 Development to provide for international trade representation services to represent and promote  
7 international business development for South Dakota.

8 Section 2. The department shall use the funds appropriated in this Act to establish a  
9 coordinating effort for international trade and business development. The goal of this effort is  
10 to assist South Dakota businesses in finding customers, suppliers, and investors in foreign  
11 countries by helping them access existing programs, introducing them to available resources  
12 including government programs, private consultants or other businesses currently doing business  
13 in targeted markets.

14 The department shall:



1 (1) Develop the capability and resources necessary to provide representation for South  
2 Dakota business development in foreign countries; develop and promote services  
3 within South Dakota to encourage use of the services of South Dakota companies;  
4 and provide a focal point of contact for South Dakota companies to facilitate the  
5 identification of appropriate services for their requirements whether through this state  
6 function or other resources, or for a contract with a group or organization outside  
7 state government;

8 (2) Provide South Dakota business development services internationally or coordinate  
9 those services available to South Dakota companies in-state.

10 The department may use the following as a scope of work for the program and as criteria for  
11 a job description or for a successful bid for a contract. The successful applicant shall have  
12 experience in similar functions and activities and demonstrate the ability to:

13 (1) Identify channels of communication and distribution of information about the  
14 program including chambers of commerce, industry associations, other government  
15 agencies, development organizations and individual companies;

16 (2) Use these channels to develop direct contact with companies interested in finding  
17 customers or suppliers in foreign countries;

18 (3) Help interested South Dakota businesses contact existing programs designed to assist  
19 with international trade;

20 (4) Assist South Dakota companies in developing international marketing plans for  
21 specific markets;

22 (5) Identify niche markets in South Dakota that have receptive foreign markets, develop  
23 an awareness of these opportunities among those businesses;

24 (6) Advise companies on market entry strategies with an emphasis on learning about

1 regional differences within target area counties;

2 (7) Advise South Dakota companies and state officials on specific laws, regulations,  
3 trade barriers and related issues for visiting to develop business relationships;

4 (8) Maintain a calendar of events for specific trade shows, seminars or other related  
5 activities that match well with interested South Dakota companies;

6 (9) Help South Dakota businesses evaluate prospective international business partners;

7 (10) Help businesses and officials with arrangements including securing visas, translators,  
8 and transportation;

9 (11) Conduct periodic meetings and seminars for interested businesses to provide  
10 information on trade and links to programs and mentors.

11 Section 3. The secretary of the Department of Tourism and State Development shall approve  
12 vouchers and the state auditor shall draw warrants to pay expenditures authorized by this Act.

13 Section 4. Whereas, this Act is necessary for the support of the state government and its  
14 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in  
15 full force and effect from and after its passage and approval.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

449M0145

SENATE COMMERCE COMMITTEE ENGROSSED NO.

**HB 1058** - 02/21/2006

Introduced by: Representatives Peters, Buckingham, Gillespie, Klaudt, and Lange and  
Senators Gant, Apa, Earley, and Moore

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding investigations of the  
2 Division of Insurance.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 58-4-44 be amended to read as follows:

5 58-4-44. The director may investigate any person doing insurance business. The director  
6 may withhold from public inspection any examination or investigation report for so long as ~~he~~  
7 the director deems such withholding to be necessary for the protection of the person examined  
8 or investigated against unwarranted injury or to be in the public interest. The director shall  
9 complete any investigation in a timely manner. Any investigation not completed within twenty-  
10 four months shall be presented to the secretary of revenue and regulation. If, after sixty days,  
11 the secretary has not completed the investigation, the secretary shall forward the matter to the  
12 attorney general who shall review the file and make recommendations to the secretary for the  
13 purpose of ensuring final action is taken concerning the investigation. If the Division of  
14 Insurance has given notice of a pending investigation to any person or legal entity, the division  
15 shall notify any such person or legal entity that the investigation is closed or final action has



1 been taken.

2 Section 2. That § 58-4A-16 be amended to read as follows:

3 58-4A-16. The Division of Insurance shall annually report to the Legislature concerning the  
4 activities of the insurance fraud prevention unit including the number ~~and~~, type, and outcome  
5 of cases investigated, the ~~outcome of such investigations~~ number and type of cases that have  
6 been pending without final action for more than twelve months, and the costs and expenditures  
7 incurred during such investigations.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

177M0188      SENATE EDUCATION COMMITTEE ENGROSSED NO.  
**HB 1060** - 02/21/2006

Introduced by: Representatives Rhoden and Hargens and Senators Bogue and Moore

1    FOR AN ACT ENTITLED, An Act to revise the property tax levies for the general fund of a  
2        school district.

3    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4        Section 1. That § 10-12-42 be amended to read as follows:

5        10-12-42. For taxes payable in ~~2006~~ 2007 and each year thereafter, the levy for the general  
6    fund of a school district shall be as follows:

7        (1)    The maximum tax levy shall be ~~eleven~~ ten dollars and nineteen cents per thousand  
8            dollars of taxable valuation subject to the limitations on agricultural property as  
9            provided in subdivision (2) of this section, owner-occupied property as provided for  
10          in subdivision (3) of this section, and nonagricultural acreage property as provided  
11          for in subdivision (4) of this section;

12        (2)    The maximum tax levy on agricultural property for such school district shall be three  
13          dollars and ~~nineteen~~ three cents per thousand dollars of taxable valuation. If the  
14          district's levies are less than the maximum levies as stated in this section, the levies  
15          shall maintain the same proportion to each other as represented in the mathematical



1 relationship at the maximum levies;

2 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in  
3 § 10-13-40, for such school district may not exceed ~~five~~ four dollars and ~~thirteen~~  
4 seventy-six cents per thousand dollars of taxable valuation. If the district's levies are  
5 less than the maximum levies as stated in this section, the levies shall maintain the  
6 same proportion to each other as represented in the mathematical relationship at the  
7 maximum levies; and

8 (4) The maximum tax levy on nonagricultural acreage property as defined in § 10-6-  
9 33.14, for such school district shall be four dollars and ~~nineteen~~ three cents per  
10 thousand dollars of taxable valuation. If the district's levies are less than the  
11 maximum levies as stated in this section, the levies shall maintain the same  
12 proportion to each other as represented in the mathematical relationship at the  
13 maximum levies.

14 All levies in this section shall be imposed on valuations where the median level of  
15 assessment represents eighty-five percent of market value as determined by the Department of  
16 Revenue and Regulation. These valuations shall be used for all school funding purposes. If the  
17 district has imposed an excess levy pursuant to § 10-12-43, the levies shall maintain the same  
18 proportion to each other as represented in the mathematical relationship at the maximum levies  
19 in this section. The school district may elect to tax at less than the maximum amounts set forth  
20 in this section.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

128M0418

SENATE APPROPRIATIONS COMMITTEE

ENGROSSED NO. **HB 1090** - 02/22/2006

Introduced by: Representatives Klaudt, Davis, Dennert, Glenski, Haverly, Hennies, Hills, Hunhoff, Jerke, Lange, McLaughlin, Peters, Putnam, Rausch, Street, Tidemann, Turbiville, and Willadsen and Senators Bogue, Apa, Bartling, Duniphan, Earley, Gant, Greenfield, Hanson (Gary), Koetzle, McNenny, Napoli, Smidt, and Sutton (Duane)

1 FOR AN ACT ENTITLED, An Act to appropriate money for compensatory payments to certain  
2 school districts and to revise provisions related to certain school district entitlements.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby appropriated from the state general fund the sum of seventy  
5 thousand dollars (\$70,000), or so much thereof as may be necessary, to the Department of  
6 Education for a one-time payment to the Lemmon School District of fifty thousand dollars and  
7 a one-time payment to the McIntosh School District of twenty thousand dollars to replace a loss  
8 in revenue related to the provisions of chapter 13-28A.

9 Section 2. The secretary of the Department of Education shall approve vouchers and the  
10 state auditor shall draw warrants to pay expenditures authorized by this Act.

11 Section 3. Any amounts appropriated in this Act not lawfully expended or obligated by  
12 June 30, 2007, shall revert in accordance with § 4-8-21.

13 Section 4. That chapter 13-28A be amended by adding thereto a NEW SECTION to read



1 as follows:

2 Other than funding provided through chapters 13-13 and 13-37, no South Dakota school  
3 district is entitled to any compensation for any student attending a South Dakota school district  
4 under the provisions of this chapter.

5 Section 5. That § 13-28A-11 be repealed.

6 ~~—13-28A-11. For fiscal years 2006, 2007, and 2008, any school district contiguous to the~~  
7 ~~North Dakota border that receives students from North Dakota and that receives less revenue~~  
8 ~~under the terms of this chapter than it would have otherwise received is entitled to a payment~~  
9 ~~from the Department of Education to compensate for the difference. For fiscal year 2006, the~~  
10 ~~payment shall equal seventy-five percent of the difference; for fiscal year 2007, the payment~~  
11 ~~shall equal fifty percent of the difference; and for fiscal year 2008, the payment shall equal~~  
12 ~~twenty-five percent of the difference. For fiscal years 2006, 2007, and 2008 the department shall~~  
13 ~~calculate the affected district's difference in state aid general foundation support after~~  
14 ~~determining any change in state aid funding to the district that is attributable to the graduating~~  
15 ~~seniors.~~

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

474M0400

SENATE TAXATION COMMITTEE ENGROSSED NO.

## HB 1128 - 02/22/2006

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Turbiville, Cutler, Deadrick, Elliott, Faehn, Frost, Gassman, Glenski, Haley, Halverson, Heineman, Hennies, Hills, Howie, Hunt, Jensen, Kraus, Krebs, Kroger, Lange, McCoy, McLaughlin, Miles, Murschel, O'Brien, Olson (Ryan), Pederson (Gordon), Rausch, Roberts, Rounds, Schafer, Sebert, Sigdestad, Street, Thompson, Tidemann, Valandra, Van Etten, Vehle, Weems, Wick, and Willadsen and Senators Hansen (Tom), Abdallah, Adelstein, Bartling, Dempster, Duniphan, Gray, Kelly, Knudson, Lintz, McCracken, Nesselhuf, Olson (Ed), Schoenbeck, Smidt, and Sutton (Dan)

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning the valuation of  
2 agricultural land for ad valorem taxation.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-6-33.25 be amended to read as follows:

5 10-6-33.25. For the purposes of § 10-6-33.24, the agricultural income value shall be  
6 determined using capitalized annual cash rent. The annual cash rent is the annual cash rent,  
7 excluding the per acre tax on agricultural land, determined through an analysis of arms-length  
8 rental agreements collected within the county in the ~~three years~~ year prior to the year for which  
9 the agricultural income value is being determined. ~~The agricultural income value of cropland~~  
10 ~~shall be based on average rents over a three-year period for cropland under natural conditions.~~  
11 ~~The agricultural income value of noncropland shall be based on average rents over a three-year~~



1 ~~period for noncropland under natural conditions.~~ However, no arms-length rental agreements  
2 for irrigated land may be used to determine the annual cash rent pursuant to this section. The  
3 annual cash rent shall be capitalized at seven and three-fourths percent.

4       The secretary of revenue and regulation may enter into a contract for the collection of cash  
5 rent information by county. Cash rent information shall be adjusted by soil survey statistics, if  
6 available, and pursuant to § 10-6-33.26.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

951M0347

## SENATE ENGROSSED NO. **HB 1167** - 02/22/2006

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Wick, Boomgarden, Buckingham, Cutler, Deadrick, Dykstra, Faehn, Frost, Garnos, Glover, Hackl, Halverson, Heineman, Hennies, Hills, Hunhoff, Hunt, Jensen, Klaudt, Koistinen, Kraus, Krebs, Lange, McCoy, McLaughlin, Michels, Murschel, Nelson, Novstrup, Pederson (Gordon), Putnam, Rausch, Rave, Rhoden, Rounds, Schafer, Sebert, Street, Tidemann, Turbiville, Van Etten, Vehle, Weems, and Willadsen and Senators Knudson, Apa, Bogue, Broderick, Duenwald, Earley, Gray, Kelly, Koskan, Lintz, McNenny, Peterson (Jim), Smidt, and Sutton (Dan)

1 FOR AN ACT ENTITLED, An Act to create a tax relief fund and to dedicate certain sales and  
2 use tax revenue received by the state through the Streamlined Sales and Use Tax Agreement  
3 and to provide compensation to certain retailers for collecting and remitting the sales tax.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. There is hereby created in the state treasury the tax relief fund. The revenue  
6 collected pursuant to section 2 of this Act shall be deposited in the tax relief fund for the  
7 purpose of reducing the rate of taxation or reducing property taxes. When the balance in the  
8 fund exceeds ten million dollars, a collection allowance established pursuant to section 3 of this  
9 Act shall become effective the following July first. The fund shall be invested as provided by  
10 law, and the interest earned shall be credited to the fund. The Legislature may not appropriate  
11 any money from the tax relief fund until the second fiscal year after Congress approves  
12 legislation giving states the authority to require retailers to collect South Dakota's sales and use



1 tax.

2 Section 2. The additional net revenue received by the state from voluntary retail licensees  
3 shall be deposited in the tax relief fund created pursuant to section 1 of this Act. For the  
4 purposes of this Act, a voluntary retail licensee is any person licensed through the Streamlined  
5 Sales and Use Tax Agreement to remit sales and use tax pursuant to chapters 10-45 and 10-46  
6 who does not otherwise have a legal obligation to remit such taxes.

7 Section 3. Any person required to file a return and remit the tax imposed by chapter 10-45  
8 on a monthly basis and who timely files the return and pays the tax is allowed, as compensation  
9 for the expense of collecting and paying the tax monthly, a credit equal to one and one-half  
10 percent of the gross amount of the tax due. However, the credit may not exceed seventy dollars  
11 per month.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

938M0445

SENATE APPROPRIATIONS COMMITTEE

ENGROSSED NO. **HB 1175** - 02/22/2006

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives McLaughlin, Elliott, Frost, Hanks, Hennies, Hills, McCoy, Roberts, Schafer, Thompson, and Van Etten and Senators Adelstein, Dempster, Gant, Gray, Hundstad, and Nesselhuf

1 FOR AN ACT ENTITLED, An Act to repeal certain provisions regarding the reduction in state  
2 aid to education based on school district general fund balances, to appropriate funds to  
3 increase funding to education and assist sparse school districts, and to increase the  
4 distribution from the education enhancement trust fund.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

6 Section 1. That § 13-13-10.1 be amended to read as follows:

7 13-13-10.1. Terms used in this chapter mean:

8 (1) "Average daily membership," the average number of resident and nonresident  
9 kindergarten through twelfth grade pupils enrolled in all schools operated by the  
10 school district during the previous regular school year, minus average number of  
11 pupils for whom the district receives tuition, except pupils described in subdivision  
12 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42 and plus the  
13 average number of pupils for whom the district pays tuition;

14 (1A) Nonresident students who are in the care and custody of the Department of Social



1 Services, the Unified Judicial System, the Department of Corrections, or other state  
2 agencies and are attending a public school may be included in the average daily  
3 membership of the receiving district when enrolled in the receiving district. When  
4 counting a student who meets these criteria in its general enrollment average daily  
5 membership, the receiving district may begin the enrollment on the first day of  
6 attendance. The district of residence prior to the custodial transfer may not include  
7 students who meet these criteria in its general enrollment average daily membership  
8 after the student ceases to attend school in the resident district;

9 (2) "Adjusted average daily membership," calculated as follows:

10 (a) For districts with an average daily membership of two hundred or less,  
11 multiply 1.2 times the average daily membership;

12 (b) For districts with an average daily membership of less than six hundred, but  
13 greater than two hundred, raise the average daily membership to the 0.8293  
14 power and multiply the result times 2.98;

15 (c) For districts with an average daily membership of six hundred or more,  
16 multiply 1.0 times their average daily membership;

17 (3) "Index factor," is the annual percentage change in the consumer price index for urban  
18 wage earners and clerical workers as computed by the Bureau of Labor Statistics of  
19 the United States Department of Labor for the year before the year immediately  
20 preceding the year of adjustment or three percent, whichever is less;

21 (4) "Per student allocation," for school fiscal year 2006 is \$4,237.72. Each school fiscal  
22 year thereafter, the per student allocation is the previous fiscal year's per student  
23 allocation increased by the index factor;

24 (5) "Local need," the per student allocation multiplied by the adjusted average daily

1 membership;

2 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
3 applying the levies established pursuant to § 10-12-42;

4 ~~(7) "General fund balance," the unreserved fund balance of the general fund, less general  
5 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers  
6 out of the general fund for the previous school fiscal year;~~

7 ~~(8) "General fund balance percentage," is a school district's general fund balance divided  
8 by the school district's total general fund expenditures for the previous school fiscal  
9 year, the quotient expressed as a percent;~~

10 ~~(9) "General fund base percentage," is the general fund balance percentage as of June 30,  
11 2000. However, the general fund base percentage can never increase and can never  
12 be less than twenty percent;~~

13 ~~(10) "Allowable general fund balance," the fund base percentage multiplied by the  
14 district's general fund expenditures in the previous school fiscal year;~~

15 ~~(11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5  
16 percentage points;~~

17 ~~(12) "General fund exclusions," revenue a school district has received from the imposition  
18 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received  
19 from gifts, contributions, grants, or donations; revenue a school district has received  
20 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the  
21 general fund set aside for a noninsurable judgment.~~

22 Section 2. That § 13-13-73.2 be repealed.

23 ~~13-13-73.2. A school district's state aid for general education as calculated pursuant to § 13-  
24 13-73 shall be reduced by the following calculation:~~

1 ~~— (1) Subtract the allowable general fund balance from the general fund balance. If the~~  
2 ~~result is less than zero, (1) equals zero;~~

3 ~~— (2) Determine the lower of the general fund base percentage or the general fund balance~~  
4 ~~percentage;~~

5 ~~— (3) Subtract twenty percent (0.2) from the result of (2). If the result is less than zero, (3)~~  
6 ~~equals zero;~~

7 ~~— (4) Multiply the result of (3) by the district's general fund expenditures in the previous~~  
8 ~~school fiscal year;~~

9 ~~— (5) Multiply the result of (4) by the imputed interest rate;~~

10 ~~— (6) Add the result of (1) and the result of (5).~~

11 Section 3. That § 13-13-73.3 be repealed.

12 ~~— 13-13-73.3. The secretary of education shall determine the reduction in state aid to education~~  
13 ~~pursuant to § 13-13-73.2. The secretary of education shall distribute the amount of money so~~  
14 ~~determined to school districts that received state aid pursuant to chapter 13-13 on a pro rata~~  
15 ~~basis according to the district's average daily membership compared to the total average daily~~  
16 ~~membership of all districts eligible for this distribution.~~

17 Section 4. That § 13-13-73.4 be repealed.

18 ~~— 13-13-73.4. The secretary of the Department of Education shall promulgate rules, pursuant~~  
19 ~~to chapter 1-26, that calculate exclusions for revenue received from opting out of the property~~  
20 ~~tax limitations such that all expenditures shall be credited to formula revenue and unreserved~~  
21 ~~general fund balance from the preceding fiscal year prior to any credits against opt-out revenue.~~

22 Section 5. That § 13-13-76 be repealed.

23 ~~— 13-13-76. There is hereby created the Excess General Fund Oversight Board within the~~  
24 ~~Department of Education. The board shall consist of five members, appointed by the Governor.~~

1 ~~The Excess General Fund Oversight Board may exempt a school district from the provisions of~~  
2 ~~§ 13-13-73.2 if a school district can demonstrate to the Excess General Fund Oversight Board~~  
3 ~~that its general fund balance percentage is the result of special circumstances.~~

4 Section 6. There is hereby appropriated from the state general fund the sum of seven million  
5 five hundred thousand dollars (\$7,500,000), or so much thereof that may be necessary, to the  
6 twenty-first century education fund which is hereby created in the Department of Education. The  
7 secretary of the Department of Education shall annually distribute the proceeds from the fund  
8 to school districts based on average daily membership as defined in subdivision 13-13-10.1(1)  
9 at the same time that foundation program state aid is distributed to school districts pursuant to  
10 §§ 13-13-10.1 to 13-13-41, inclusive.

11 Section 7. The secretary of the Department of Education shall approve vouchers and the  
12 state auditor shall draw warrants to pay expenditures authorized by this Act.

13 Section 8. It is the intent of the Legislature to appropriate additional funds to the twenty-first  
14 century education fund in future years. The amounts the Legislature intends to appropriate are  
15 as follows:

- 16 (1) For fiscal year 2008, the sum of fifteen million dollars (\$15,000,000);
- 17 (2) For fiscal year 2009, the sum of twenty two million five hundred thousand dollars  
18 (\$22,500,000);
- 19 (3) For fiscal year 2010, the sum of thirty million dollars (\$30,000,000).

20 Section 9. For fiscal year 2011 and subsequent years, it is the intent of the Legislature that  
21 the amount appropriated to the twenty-first century education fund shall equal the amount  
22 appropriated to the fund for the most recent fiscal year increased by the annual percentage  
23 change in the consumer price index for urban wage earners and clerical workers as computed  
24 by the Bureau of Labor Statistics of the United States Department of Labor for the year before

1 the year immediately preceding the year of adjustment.

2 Section 10. School districts that meet adequate yearly progress in reading and math based  
3 on the growth model established by the Department of Education shall receive funding from the  
4 twenty-first century education fund according to the provisions of section 6 of this Act.

5 Section 11. Those school districts that fail to meet adequate yearly progress based on the  
6 growth model may apply to the department for a grant to assist the district in meeting future  
7 academic targets. In order to qualify for a grant, a school district shall submit to the department  
8 a school district improvement plan outlining the steps the district will undertake to reach  
9 adequate yearly progress, and the plan shall be approved by the secretary of education. The  
10 grants shall be awarded from funds available in the twenty-first century education fund.  
11 However, no grant may be awarded to a school district in an amount that exceeds what that  
12 school district would have received if it had achieved adequate yearly progress.

13 Section 12. That § 4-5-29.2 be amended to read as follows:

14 4-5-29.2. Pursuant to S.D. Const., Art. XII, § 6, the state investment officer shall determine  
15 the market value of the education enhancement trust fund as of December 31, 2003, and each  
16 calendar year thereafter less the investment expenses transferred pursuant to § 4-5-30. The state  
17 investment officer shall calculate an amount equal to ~~four~~ five percent of that market value,  
18 without invading principal, as eligible for distribution. For the purpose of this section, the term,  
19 principal, means the sum of all contributions to the fund. Beginning with the distribution in  
20 fiscal year 2007, the market value shall be determined by adding the market value of the trust  
21 fund at the end of the sixteen most recent calendar quarters as of December thirty-first, and  
22 dividing the sum by sixteen. Upon notice of that amount by the state investment officer, the state  
23 treasurer shall transfer the amount from the education enhancement trust fund to the state  
24 general fund as soon as practicable after July first of the next fiscal year.

1 Section 13. On July first of each fiscal year, or as soon as practicable thereafter, the state  
2 treasurer shall transfer from the state general fund an amount equal to one percent of the fair  
3 value of the education enhancement trust fund to the sparse school district fund which is hereby  
4 created in the state treasury. The purpose of the fund is to provide funding to sparse school  
5 districts pursuant to this Act.

6 Section 14. There is hereby appropriated from the sparse school district fund the sum of two  
7 million four hundred thousand dollars (\$2,400,000), or so much thereof as may be necessary,  
8 to the Department of Education for distribution to sparse school districts pursuant to this Act.

9 Section 15. Terms used in this Act mean:

- 10 (1) "Sparse school district," a school district that meets each of the following criteria:
- 11 (a) Has an average daily membership per square mile of 0.50 or less;
  - 12 (b) Has an average daily membership of five hundred or less;
  - 13 (c) Has an area of four hundred square miles or more;
  - 14 (d) Has at least five miles between its secondary attendance center or centers and  
15 that of an adjoining district;
  - 16 (e) Operates a secondary attendance center; and
  - 17 (f) Levies ad valorem taxes at the maximum rates allowed pursuant to § 10-12-42  
18 or more;
- 19 (2) "Sparsity average daily membership," calculated as follows:
- 20 (a) For sparse school districts with an adjusted average daily membership as  
21 defined in subdivision 13-13-10.1(2) of greater than two hundred seventy-five,  
22 divide the average daily membership as defined in subdivision 13-13-10.1(1)  
23 by the area of the school district in square miles;
  - 24 (b) Multiply the quotient obtained in subsection (a) times negative 0.125;

1 (c) Add 0.0625 to the product obtained in subsection (b); and

2 (d) Multiply the sum obtained in subsection (c) times the average daily  
3 membership;

4 (3) "Sparsity adjusted average daily membership," calculated as follows: For any sparse  
5 school district with an adjusted average daily membership as defined in subdivision  
6 13-13-10.1(2) of no less than one hundred, but no more than two hundred seventy-  
7 five, the sparsity adjusted average daily membership is two hundred seventy-five.

8 Section 16. At the same time that foundation program state aid is distributed to school  
9 districts pursuant to §§ 13-13-10.1 to 13-13-41, inclusive, the secretary of the Department of  
10 Education shall distribute the proceeds from the sparse school district fund to sparse school  
11 districts based on either the sparsity average daily membership calculation or the sparsity  
12 adjusted average daily membership calculation in section 15 of this Act. However, no sparse  
13 school district may receive a sparsity benefit in any year that exceeds two hundred fifty thousand  
14 dollars.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

929M0446

SENATE APPROPRIATIONS COMMITTEE

ENGROSSED NO. **HB 1176** - 02/22/2006

**This bill has been extensively amended (houghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives McLaughlin, Buckingham, Cutler, Dykstra, Faehn, Frost, Hanks, Haverly, Heineman, Hennies, Hills, Kraus, McCoy, Murschel, Roberts, Thompson, Tornow, Van Etten, Weems, and Wick and Senators Adelstein, Kelly, and McCracken

1 FOR AN ACT ENTITLED, An Act to define enrolled pupils or students for purposes of state  
2 aid to education.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 For the purposes of subdivisions 13-13-10.1(1) and 13-13-10.1(1A), a pupil or student is  
7 enrolled if:

8 (1) The pupil or student is less than twenty-one years of age on the first day of July or  
9 meets the requirements of § 13-28-5 and 13-28-6; and

10 (2) The pupil or student has not completed an approved program or graduated from high  
11 school; and

12 (3) The pupil's or student's parent or guardian resides within the school district, or in the  
13 case of an emancipated minor the pupil or student resides within the district or the



1 pupil or student has been properly assigned to the district or has been approved to  
2 attend school in the district under the terms of the enrollment options program  
3 established in § 13-28-40; and

4 (4) The pupil or student is not simultaneously enrolled in any other school district and  
5 has not been excused from school attendance under the terms of § 13-27-1.1 or 13-  
6 27-2.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

573M0628

SENATE TAXATION COMMITTEE ENGROSSED NO.

**HB 1232 - 02/17/2006**

Introduced by: Representatives Roberts, Bradford, Dennert, Elliott, Gassman, Glenski, Glover, Haley, Halverson, Lange, Miles, Sigdestad, Street, Thompson, and Van Norman and Senators Koetzle, Bartling, Hanson (Gary), Hundstad, Nesselhuf, and Sutton (Dan)

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning the freeze on  
2 property assessments for disabled and senior citizens.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-6A-4 be amended to read as follows:

5 10-6A-4. ~~Applications~~ The application for the real property tax assessment freeze provided  
6 under this chapter shall be ~~made~~ annually submitted on or before April first on forms prescribed  
7 by the secretary of revenue and regulation. ~~Forms~~ The form shall be made available to the  
8 county ~~treasurers~~ treasurer who shall, upon request of an applicant, assist the applicant in  
9 completing the ~~forms~~ form. A person failing to comply with the April first deadline for the  
10 previous year, but otherwise qualifying for the real property tax assessment freeze provided  
11 under this chapter, may petition the board of county commissioners to recalculate the taxes  
12 based on the valuation the person would have received under this program and abate the  
13 difference in taxes.

14 Section 2. That § 10-18-2 be amended by adding thereto a NEW SUBDIVISION to read as



1 follows:

2 The board may abate or refund the taxes pursuant to section 1 of this Act.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

564M0564      SENATE COMMERCE COMMITTEE ENGROSSED NO.  
**HB 1233 - 02/21/2006**

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Bradford, Elliott, Gassman, Glover, Haley, Kroger, Lange, Sigdestad, and Van Norman and Senator Bartling

1    FOR AN ACT ENTITLED, An Act to provide for the establishment and operation of artisan  
2        distillers and to revise certain provisions concerning farm wineries.

3    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4        Section 1. Terms used in this Act mean:

5        (1)    "Artisan distiller," any distiller located in South Dakota that produces, rectifies, or  
6            blends fifty thousand gallons or less of distilled spirits annually;

7        (2)    "Department," the Department of Revenue and Regulation.

8        Section 2. The department may issue an artisan distiller license to an artisan distiller. The  
9        fee for the license shall be five hundred dollars per year.

10       Section 3. No agricultural producer, association of agricultural producers, or legal agent who  
11       manufactures and converts agricultural surpluses, byproducts, or wastes, into denatured ethyl  
12       and industrial alcohol for the purposes other than human consumption is required to obtain an  
13       artisan distiller license.

14       Section 4. An artisan distiller shall maintain records of all sales and shipments. The artisan



1 distiller shall provide to the department monthly reports regarding quantities and prices of  
2 distilled spirits shipped and other information that the department determines to be necessary.

3 Section 5. Except as provided in this Act, all provisions of Title 35 apply to the production,  
4 sale, possession, and consumption of distilled spirits produced by an artisan distiller.

5 Section 6. There is hereby levied on all distilled spirits produced by an artisan distillery an  
6 excise tax imposed at the same rates and collected and administered in the same manner as the  
7 tax imposed on distilled spirits in chapter 35-5.

8 Section 7. At least thirty percent of the raw materials, other than water, used by an artisan  
9 distiller to produce distilled spirits shall consist of agricultural products grown in South Dakota.  
10 If the products are not available in quantities sufficient to constitute the required thirty percent,  
11 the holder of the artisan distillery license may file an affidavit with the department stating this  
12 fact and requesting that the department approve the use of imported products by the artisan  
13 distillery. If the department approves, the artisan distillery may use imported products and shall  
14 continue to be governed by this Act. The department's approval is effective for one year, after  
15 which time it shall again be required that at least thirty percent of the raw materials used consist  
16 of agricultural products grown in South Dakota, unless the artisan distiller files a new affidavit  
17 and request and the department approves the request.

18 Section 8. For purposes of producing distilled spirits an artisan distiller may purchase or  
19 receive alcoholic beverages in accordance with § 35-4-47.

20 Section 9. A license issued pursuant to section 2 of this Act authorizes the sale on the  
21 distillery premises of distilled spirits produced by the artisan distillery at on-sale or off-sale, in  
22 total quantities not in excess of fifty thousand gallons in a calendar year and the dispensing of  
23 free samples of distilled spirits offered for sale. Except as provided in this Act, such sales shall  
24 comply with the provisions of Title 35.

1 Section 10. The holder of an artisan distiller license may also hold on the premises where  
2 the distilled spirit is produced an on-sale license issued pursuant to subdivision 35-4-2(4) or (6)  
3 and subject to the quota established in § 35-4-11 or 35-4-11.1.

4 Section 11. The holder of an artisan distiller license shall register labels for each type or  
5 brand produced with the department in the same manner and at the same manner as prescribed  
6 for distilled spirits in chapter 39-13, before sale. If the label or brand states or implies in a false  
7 or misleading manner a connection with an actual living or dead Native American leader, the  
8 department shall reject the registration of the label.

9 Section 12. That subdivision (19) of § 35-4-2 be amended to read as follows:

10 (19) Off-sale package wine dealers in table wines, sparkling wines, ~~and~~ sacramental wine,  
11 and distilled spirits produced from product provided to an artisan distiller by the  
12 respective farm winery to be operated in conjunction with a farm winery established  
13 pursuant to chapter 35-12--one hundred fifty dollars.

14 Section 13. That § 35-12-10 be amended to read as follows:

15 35-12-10. Notwithstanding the provisions of § 35-4-47 or 35-4-60, a farm winery licensed  
16 pursuant to this chapter may sell the wine produced under the license to wholesalers and  
17 retailers licensed pursuant to subdivisions 35-4-2(2), (3), (4), (5), (6), (9), (11), (12), (13), and  
18 (18) and artisan distillers licensed pursuant to section 2 of this Act. A farm winery may sell to  
19 an artisan distiller wine or other products containing alcohol that are produced on the premises  
20 of the winery for blending or distillation by the artisan dealer.

21 Section 14. An artisan distiller may sell distilled spirits to a farm winery if the distilled  
22 spirits were produced from products provided to the artisan distiller by the farm winery.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0678

## SENATE ENGROSSED NO. **HB 1238** - 02/23/2006

Introduced by: The Committee on Appropriations at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to authorize the Board of Regents to purchase certain real  
2 property for the sole purpose of providing a site for the operation of instructional, research  
3 and service programs delivered through institutions established by the Legislature and  
4 governed by the Board of Regents, to make an appropriation therefor, and to declare an  
5 emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

7 Section 1. The Board of Regents may purchase real property, approximately two hundred  
8 sixty-three acres more or less, located in Minnehaha County from the Department of  
9 Transportation at the value at which it was appraised no more than six months prior to the  
10 effective date of this Act. The real property being described as follows: the NW1/4 of Section  
11 36, Township 102 North, Range 50 West, 5<sup>th</sup> P.M., less Lots H2, H3, H4, H5, H6 and H7  
12 thereof, and Lot A in the NE1/4 of Section 36, Township 102 North, Range 50 West, 5<sup>th</sup> P.M.,  
13 all located in Minnehaha County, South Dakota; Lot C, in the NE1/4 of Section 36, Township  
14 102 North, Range 50 West, 5<sup>th</sup> P.M., Minnehaha County, South Dakota; Lot D, in the NE1/4  
15 of Section 36, Township 102 North, Range 50 West, 5<sup>th</sup> P.M., Minnehaha County, South  
16 Dakota.



1 Section 2. There is hereby appropriated the sum of five million eight hundred seventy  
2 thousand dollars (\$5,870,000) of other fund expenditure authority, payable from funds donated  
3 and accepted for the purposes of this Act, or so much thereof as may be necessary, to the Board  
4 of Regents for the purchase of the land specified in section 1 of this Act.

5 Section 3. The expenditures authorized by this Act shall be solely for the purposes of  
6 providing a site for the operation of instructional, research and service programs delivered  
7 through institutions established by the Legislature and governed by the Board of Regents. The  
8 Board of Regents may only use the property for the primary purpose of education or research.  
9 It is the intent of the Board of Regents and the Eighty-first Legislature that the Board of Regents  
10 may not without express legislative authorization:

- 11 (1) Organize the programs delivered at this site into a separate degree-granting  
12 institution;
- 13 (2) Erect student residence facilities on the site;
- 14 (3) Construct facilities on the site for use as intercollegiate athletic practice or  
15 competition;
- 16 (4) Establish intercollegiate athletic teams at the site;
- 17 (5) Sell any portion of the property acquired pursuant to this Act unless the property is  
18 appraised and advertised and offered for sale at public auction. No portion of the  
19 property may be sold except at public sale and for an amount less than the appraised  
20 value;
- 21 (6) Offer courses taught on the property at any rate other than the self-support tuition  
22 rate;
- 23 (7) Lease for nonagricultural purposes more than ten percent of the surface area of the  
24 property to third parties;

- 1       (8)    Lease to third parties more than ten percent of the useable space within any building  
2            constructed with state funds appropriated by the Legislature; or
- 3       (9)    Permit any free-standing commercial facility to be constructed on the property or any  
4            commercial facility to be located within any building constructed with state funds  
5            unless the commercial facility is reasonably needed to meet the convenience and  
6            needs of the students and instructors using the building.

7       Section 4. Commencing in 2016 and every ten years thereafter, the provisions of section 3  
8       of this Act shall be reviewed by a special legislative task force consisting of the speaker of the  
9       House of Representatives and four other members of the House of Representatives appointed  
10      by the speaker of the House of Representatives and the president pro-tempore of the Senate and  
11      four other members of the Senate appointed by the president pro-tempore of the Senate. Not all  
12      of the members from the House of Representatives or the Senate may be of the same party. The  
13      special legislative task force shall review the appropriateness of the provisions of section 3 of  
14      this Act and make recommendation to the Legislature regarding any revisions, additions, or  
15      deletions to the various conditions contained in section 3 of this Act.

16      Section 5. The executive director of the Board of Regents shall approve vouchers and the  
17      state auditor shall draw warrants to pay expenditures authorized by this Act.

18      Section 6. The purchase of real property pursuant to this Act is contingent on the legislative  
19      approval of construction of an instructional classroom building in Sioux Falls.

20      Section 7. Whereas, this Act is necessary for the support of the state government and its  
21      existing public institutions, an emergency is hereby declared to exist, and this Act shall be in  
22      full force and effect from and after its passage and approval.

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0647

SENATE APPROPRIATIONS COMMITTEE  
ENGROSSED NO. **HB 1240** - 02/22/2006

Introduced by: The Committee on Appropriations at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to make an appropriation for low income energy assistance,  
2 and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby appropriated the sum of one million three hundred thousand  
5 dollars (\$1,300,000), or so much thereof as may be necessary, from the state general fund to the  
6 Department of Social Services, to provide low income energy assistance to eligible households  
7 and tribes.

8 Section 2. The secretary of the Department of Social Services shall approve vouchers and  
9 the state auditor shall draw warrants to pay expenditures authorized by section 1 of this Act.

10 Section 3. Any amounts appropriated in this Act not lawfully expended or obligated by  
11 June 30, 2007, shall revert in accordance with § 4-8-21.

12 Section 4. Whereas, this Act is necessary for the support of the state government and its  
13 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in  
14 full force and effect from and after its passage and approval.



# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0641

SENATE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **HB 1244** - 02/22/2006

Introduced by: The Committee on Appropriations at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to transfer funds from the property tax reduction fund, to  
2 make an appropriation to construct instructional classrooms, and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby transferred one dollar (\$1) from the property tax reduction fund  
5 to the Board of Regents.

6 Section 2. There is hereby appropriated the sum of one dollar (\$1), or so much thereof as  
7 may be necessary, of other fund expenditure authority to the Board of Regents to build an  
8 instructional classroom building in Sioux Falls to provide the physical resources needed for  
9 classrooms, offices, student support services, and labs for undergraduate and graduate programs.

10 Section 3. The design and construction of the facility approved by this Act shall be under  
11 the general supervision of the Bureau of Administration as provided in § 5-14-2. The  
12 commissioner of the Bureau of Administration and the executive director of the Board of  
13 Regents shall approve vouchers and the state auditor shall draw warrants to pay expenditures  
14 authorized by section 2 of this Act.

15 Section 4. The construction of the instructional classroom building pursuant to this Act is



1 contingent on the purchase of land located in Minnehaha County by the Board of Regents.

2 Section 5. That § 13-39-70 be amended to read as follows:

3 13-39-70. There is hereby created within the vocational education facilities fund ~~of the~~  
4 ~~secretary of education~~ a tuition subaccount. The secretary may determine and require that all or  
5 any portion of the tuition and other student fees payable to an LEA shall be deposited in the  
6 subaccount. No moneys may be disbursed from the tuition subaccount for any purpose other  
7 than to pay lease rentals or other amounts due and owing in connection with ~~any~~;

8 (1) Any facility originally leased to the board of regents but now utilized for vocational  
9 education so long as such facility is on the campus of a postsecondary technical  
10 institute; and

11 (2) Any lease-purchase agreement authorized under §§ 13-39-66 and 13-39-67 unless  
12 and until the health and educational facilities authority files with the state treasurer  
13 a certification that it has on deposit or there has otherwise been appropriated  
14 sufficient moneys to pay all amounts due or to become due within the next three  
15 months on all such lease-purchase agreements.

16 No lease rentals on facilities described in subsection (1) shall be paid unless the secretary  
17 of education has approved the assumption of the former board of regents' lease obligations by  
18 the tuition subaccount. Thereafter, the state treasurer shall retain in the vocational education  
19 facilities fund for future repair and improvement as authorized by the Legislature such amounts,  
20 not to exceed ten percent thereof, as the secretary shall direct.

21 Section 6. Whereas, this Act is necessary for the support of the state government and its  
22 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in  
23 full force and effect from and after its passage and approval.