SouthDakota Legislative Research Council

MINUTES

County Gov't Interim Committee

Second Meeting
2015 Interim
September 16-17, 2015

Room 414
State Capitol
Pierre, South Dakota

Wednesday, September 16, 2015

The second meeting of the County Government Interim Study Committee was called to order by **Representative Kristin Conzet, Chair,** at 1:00 p.m. (CDT) in room 414 of the State Capitol.

A quorum was determined with the following members answering the roll call: Representative Kristin Conzet, Chair; Senator Bob Ewing, Vice Chair; Representatives Mary Duvall, Dennis Feickert, Leslie Heinemann, Joshua Klumb (via telephone), Elizabeth May, and James Schaefer; and Senators Jenna Haggar, Jim Peterson, and Mike Vehle.

Staff members present included Fred Baatz, Principal Research Analyst; Amanda Jacobs, Research Analyst; Aaron Olson, Principal Fiscal Analyst; and Cindy Tryon, Senior Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at http://legis.sd.gov.

Approval of Minutes

Representative Leslie Heinemann asked that the draft minutes be corrected on page 13, line 8, to read "the state does not reimburse the *county*".

A MOTION WAS MADE BY SENATOR HAGGAR, SECONDED BY REPRESENTATIVE DUVALL TO APPROVE THE MINUTES OF THE AUGUST 19-20 MEETING AS CORRECTED. The motion prevailed on a voice vote.

County Expenditures

Mr. Marty Guindon, Auditor General, and **Mr. Russ Olson, Local Government Audit Manager, Legislative Audit**, presented the document, "Legislative Audit Follow-up Information on County Expenditures for the County Government Interim Committee" ***(Document #1)***. The Department of Legislative Audit prepared this document in response to questions asked by the committee at the August 19, 2015, meeting.

Mr. Guindon said that the committee had asked for more information regarding which county expenditures are required by statute or constitution, which are authorized by statute, and which expenditures are neither required nor authorized in statute. In response to that request, this document goes through the expenditures and categorizes them into the following: statutorily required, statutorily authorized, and no specific authority or discretionary. The only constitutionally required function for counties is the repayment of indebtedness.

The charts found in the document show that roughly 89% of the counties' all government funds are for statutory functions.

Mr. Olson went through Exhibit C of the document which refers to the actual statute that either requires or authorizes each of the statutory expenditures.

Mr. Olson said that Legislative Audit learned while researching this document that there are a few things they need to update in their records, such as the fact that some counties now have finance officers.

Exhibit D of the document lists most of the counties and their expenditures for 2011-2014.

Senator Mike Vehle said that the committee is looking for information on where the counties are now and where they will be in ten years if nothing is done; what are some of the common denominators found throughout the counties and what will they have to leave undone if no additional funding is made available.

Mr. Guindon said that Legislative Audit has collected some anecdotal information, but the specifics vary greatly from county to county and he would prefer the counties respond to that specific request.

In response to a question from **Senator Jenna Haggar**, **Mr. Fred Baatz, Research Analyst, LRC**, explained that property tax economic incentive programs do not reduce the amount of property tax the counties collect, but shifts the amount of the relief from one set of taxpayers to other taxpayers.

County Challenges, Successes, and Proposed Solutions
Public Testimony from County Commissioners and Officials

Representative Conzet opened the meeting to public testimony from county commissioners and other county officials.

Mr. Clint Farlee, Ziebach County Commissioner, Dupree, testified that Ziebach is the poorest county in the state. Much of the land in Ziebach County is tribal land and it is very difficult to collect the money from the U.S. Bureau of Land and Management that is owed for replacing the property tax dollars on that land. Ziebach County does have a policy statement regarding BLM land and any assistance from the state in collecting the money owed by the Federal government would be greatly appreciated.

Mr. Farlee added that he does not think the property tax is a fair method to provide revenue and that he believes a state income tax would be better.

Mr. Jeff Barth, Minnehaha County Commissioner, Sioux Falls, said that he believes that the amount of taxes collected is enough, but that the allocation of the taxes is the issue. The counties appreciate the assistance from the 2015 roads and bridges legislation, but the counties are restricted on how they use those dollars. Mr. Barth pointed out that the state had a budget surplus this past year, while the counties have to make more and more budget cuts. Mr. Barth said that is what he means by the allocation of tax dollars needs to be revised rather than looking at adding new taxes.

Mr. Barth continued saying that Minnehaha County works closely with Lincoln County in many areas so that both counties can save money. Crime is up 35% in that area over the past four years. Events are held where many people are arrested and there is not room for them in the current jail. The addition to the jail will cost $45 million. At this time, law enforcement receives 55% of the Minnehaha County budget. The fact that the county gets to pick up the expense after the party is over, does not

seem fair; it would be fairer if the cost causer paid those expenses. An alcohol tax for the county could address that issue.

Representative Mary Duvall asked if laws are needed to better enable the process of counties working together to help them save money. Mr. Barth explained that entering into cooperative agreements takes time and it is a challenge to make sure no one is stepping on anyone's toes. Schools are a good example; some school superintendents oversee several schools, while others may just have one school. Consolidating jails is another area where counties could save money.

Senator Vehle asked Mr. Barth for his suggestions on changing the allocation of taxes. Mr. Barth said that in looking at state, county, and city budgets, some entities have a surplus while others may have are challenged to meet their basic needs. When the state has a surplus and the city has a surplus and the county is struggling, maybe it's time to look at all government revenue and how it is distributed.

Senator Jim Peterson asked Mr. Barth to expound on the counties' discussion on the distribution of the alcohol tax. Currently, 75% of the alcohol tax goes to the state and 25% of the tax goes to the city. No part of the alcohol tax goes to the county. Mr. Barth pointed out that when an arrest is made regarding intoxication and the county is responsible for all costs after that arrest. In Mr. Barth's opinion, the county should receive 100% of the alcohol tax because alcohol is a big cost causer for the county.

Representative Dennis Feickert asked if the county were to receive a portion of the sales tax, could that be used to fund tax increment financing. Mr. Barth said that if a one cent tax was added to the city sales tax in Sioux Falls for county use, enough money would be collected in one year to pay for the new jail.

In response to a question from **Representative Jim Schaefer**, Mr. Barth said that the counties would be happy to take part in a more in depth study.

Mr. Lee Gabel, Codington County Commissioner, Watertown, said that over half the courthouses in South Dakota were built before 1940. The courthouse capacities don't always meet the needs of the number of cases heard. The county has seen a steady increase in the need to add to the jail. The commissioners have discussed the option to allow the counties to impose a sales tax to help with their expenses. There needs to be a less burdensome way to fund construction of jails and other projects than the need to go to a vote every time additional funding is needed.

Senator Peterson asked if the fees charged for housing prisoners from other counties are sufficient in covering the expenses. Mr. Gabel said that the fees do cover the day to day expenses for housing a prisoner but there are no extra dollars to be used towards building a new jail. Codington County contracts with three additional counties for housing prisoners and a few additional counties also use the jail if space is available. There are times Codington County cannot accept prisoners from the contract counties because there is no available space in the jail.

Senator Vehle asked what will happen if nothing is done; what will fall to the bottom over the next ten years. Mr. Gabel said that in regard to the jail and courthouse, the county will have to keep going back to the voters until the voters are willing to fund the project. The counties would like the ability to have an additional sales tax as one of the options to take to the voters for funding large projects like jails.

Mr. Duane Sutton, President of the SD Association of County Commissioners (SDACC) and Brown County Commissioner, Aberdeen, said that the counties appreciate the legislation that passed in 2015 providing an increase to the funding of roads and bridges.

Mr. Sutton reported that the SDACC has three suggestions for the committee to consider regarding increased funding for the counties. Those suggestions are:

1. Reconsider the current distribution of the alcohol tax. Currently, the alcohol tax revenues are divided 75% to the state and 25% to the cities. SDACC suggests that a portion of that tax go to the counties as the counties pay for the jails that house those arrested on alcohol charges.
2. Institute a statewide 1% sales tax that goes back to the counties. Currently, no sales tax revenue is remitted to the counties.
3. Levy an additional tax on alcohol at the wholesale level that is remitted to the counties.

Ms. Staci Ackerman, Executive Director of the SD Sheriffs Association, joined Mr. Sutton saying that the increased enforcement regarding DUI's and drug arrests continues to increase the need for additional funding.

Senator Vehle pointed out that a county sales tax would not benefit many of the smaller counties. Mr. Sutton explained that their suggestion is for an additional one cent sales tax that would be collected statewide and then divided amongst all the counties. The SDACC does have more specifics on how they would like to see the tax distributed, but are first waiting to hear the reaction of the legislature on the concept of an additional one cent sales tax to be used by the counties.

Representative Elizabeth May said that the majority of the issues her county faces are caused by statutory mandates and that the committee needs to review those statutes. Representative May added that there is money available but it is not being allocated properly.

Mr. Sutton's response was that there may be money out there, but no one is willing to give up part of their share for the counties.

Representative Feickert asked if the counties had discussed removing the limitations on property taxes as on option. Mr. Sutton said that the SDACC plans to discuss that further at their December meeting, but one of their resolutions they may bring forward would be to remove the cap and the property taxes can be raised 3% or CPI, whichever amount is greater.

Mr. John Claggett, Davison County Commissioner, Mitchell, addressed Senator Vehle's question regarding what the counties put at the bottom of the priority list. Mr. Claggett said that deferred maintenance goes to the bottom meaning that buildings and equipment do not receive proper upkeep. Mr. Claggett added that jails are a losing endeavor; the expenses keep increasing but the revenues do not grow. Mr. Cleggett believes that the sales tax increase is inevitable unless the legislature is willing to take over funding the jails. He pointed out that financial studies were completed when working on the road and bridges legislation and that same type of study should be done regarding county jails.

Mr. Dick Kelly, 1st Vice President of SDACC and Minnehaha County Commissioner, Sioux Falls, said that Minnehaha County was $7 million short when the budget was proposed; and it was a very conservative budget. One area the county has cut is limiting new hires. Mr. Kelly asked that the committee look closely at redistributing the alcohol tax. He added that the roads and bridges legislation was a big patch for their budget, but they are still struggling with the other two-thirds of the budget.

Mr. Kenneth Graupmann, Jackson County Commissioner, Kadoka, distributed a document listing the amount that would have been collected in each county in 2014 if there was a county sales tax ***(Document #2)***. Mr. Graupmann said that lengthy trials are quite expensive for the counties. For one recent trial in Kadoka, the time the defendant spent in jail prior to and during the trial will cost the

county about $5,000. Speedier trials could help reduce those costs. Mr. Graupmann said that Jackson County's opt out funds are almost gone and were used mostly for criminal cases. Mr. Graupmann added that the weather affects the counties because they are responsible for taking care of the roads in the winter and replacing the gravel after any type of weather event.

Ms. Cindy Heiberger, Minnehaha County Commissioner, Sioux Falls, talked about the options they have for making cuts to their budget. Ms. Heiberger listed several possible cuts such as the county fair, help line center, rural ambulance association, parks, museums, cemetery care, and more. Non-statutory budget items make up about 2% of their budget. They have also cut staffing as much as possible but may have to make more cuts.

Ms. Nancy Trautman, Pennington County Commissioner, Rapid City, pointed out that there are many difference between counties. Pennington County has added a new public defender every year for the past four years. There are many expenses the county is responsible for regarding the courts with which the state court system could help.

A letter from **Mr. Leonard Spomer, Pierre**, was distributed to the committee ***(Document #3)***. The letter expresses Mr. Spomer's support of adding a sales tax that would be distributed to the counties.

Office of the Secretary of State

Ms. Shantel Krebs, Secretary of State, talked about how the Secretary of State's office interacts with the counties: pistol permits, UCC filings, and elections ***(Document #4).***

Pistol permits are purchased through the sheriff's offices and the requests and the fees are then submitted to the Secretary of State's office for processing. In 2014, there were 18,656 pistol permits processed. A pistol permit costs $10, of which $3 remains with the sheriff's office and $7 is retained by the Secretary of State's office as a processing fee. The last time the pistol permit fee was raised was 1997.

There is now an enhanced pistol permit that costs $100 and that is split equally between the sheriff's office and the Secretary of State's office. That program is so new that none of those permits have yet been processed.

The Register of Deeds offices filed 1,720 UCC statements in 2014. There is a $50 filing fee (one debtor name) and $20 goes to the Secretary of State's office and $30 remains with the county where filed. The amount of these fees was changed in 2012.

The Secretary of State's office works with the County Auditor's offices on elections. The Secretary of State's office provides election training free of charge. The average cost to each county for a primary and general election is $20,000 - $25,000.

In 2003, the Help America Vote Act (HAVA) provided dollars to help counties pay for primary and general elections that include a federal race on the ballot. Those HAVA dollars will be gone in 5-7 years and the counties will once again have to cover all expenses.

The County Auditor's offices process the voter registration file purchase requests. Those fees are sent to the Secretary of State's office and are used to pay for maintenance to the Total Vote System for each county.

Committee Discussion

Mr. Baatz, Principal Research Analyst for LRC, distributed copies of draft legislation written based on committee discussions and concerns ***(Document #5)***. Mr. Baatz went through the drafts explaining specifically how each would address a question or concern regarding county government.

Draft #30 is an act to show certain provisions relating to questions from the first meeting regarding county government, including: property tax limitations provisions; reset of the property tax base; tax collection compacts with the tribes; and the local bridge improvement grant program and wheel tax.

Draft #39 is an act to eliminate certain red tape reporting requirements for the county general fund.

Draft #50 is an act to make certain style and form changes to Title 7. There are some parts of Title 7 that have been there for well over 100 years and should be updated or removed.

Draft #31 is an act to revise certain provisions concerning property tax limitations for counties. This legislation addresses the 3% or CPI factor, whichever is less.

Draft #41 is an act to revise and repeal certain fees that are established to compensate counties for administrative services. There are fees that have not been changed since 2007 and some fees were set over a hundred years ago. This may be a good area for a subcommittee to work with the Sheriffs' Association to take a look at these fees.

Draft #53 is an act to revise the distribution of the revenue from the alcoholic beverage fund. As written, this legislation would send 20% of the fund to the city, 20% to the county and 60% to the state.

Draft #51 is an act to impose an additional tax upon the sale of certain alcoholic beverages and to distribute the revenue to counties. This draft imposes an additional wholesale tax on alcoholic beverages and would raise several million dollars.

Draft #52 is an act to authorize counties to impose sales and use taxes. This would allow counties to impose a sales and use tax in the same manner as municipalities and could raise $210 million if set at the highest rate in each county.

Senator Vehle distributed a draft copy of legislation that would impose a county sales and use tax that would apply to sales that do not occur within a municipality thus not being subject to city sales and use tax ***(Document #6)***. Included in his handout was a document estimating the amount of tax that would have been collected in 2015 and how it would have been allocated to each county. Through this legislation each county would receive at least $250,000.

Chair Conzet appointed the following people to the subcommittee for evaluating the county fees: Representative Heinemann, Representative Feickert, Senator Vehle, and Representative Duvall as chair.

Mr. Baatz distributed the document, "CPI Carried Forward" (Document #7).

Representative Feickert commented on the great turnout of County Commissioners for today's meeting and suggested that County Highway Superintendents be asked to attend the next committee meeting to discuss what the roads and bridges legislation passed last session has done for them.

Representative Conzet recessed the committee at 4:30 p.m.

Thursday, September 17, 2015

Representative Conzet reconvened the County Government Interim Committee meeting at 8:30 a.m. with the following members in attendance: Duvall, Klumb, May, Schaefer, Haggar, Peterson, Vehle, Ewing, and Conzet. Members excused were Feickert and Heinemann.

Mr. Baatz distributed information regarding Tax Incremental Finance districts (TIFs) ***(Document #8)***.

Office of Attorney General

Mr. Marty Jackley, Attorney General, gave a PowerPoint presentation regarding the working relationship between the Attorney General's office and the counties ***(Document #9)***. The four main areas in which the Attorney General's Office works with the counties are: law enforcement; prosecution; Law Enforcement Training (LET); and the crime lab.

About $3 million is collected annually by the work of sheriffs, DCI agents, and other law enforcement officers that goes directly into the Law Enforcement Officers Training Fund (LEOT). That money is then used for training, crime lab, DCI, and legal services. While the LEOT funding is used for training law enforcement, the counties and municipalities pay the officers' salaries while they are in training.

Mr. Jackley pointed out that the uniform training South Dakota provides for all law enforcement officers is one of the main reasons South Dakota is able to avoid law enforcement issues found in other states. All officers have the same training when it comes to use of force, responding to an officer down, and other law enforcement tactics.

Mr. Jackley went through the growing number of criminal cases that are heard each year. The bulk of these cases are prosecuted by the county prosecutors, with the Attorney General's (AG) office stepping in for various reasons. With very few exceptions, the costs for these cases are paid by the counties, even if the AG's office prosecutes the case. One exception is if the crime takes place in the state prison, then the state is responsible for the cost because of where the crime occurred.

Law enforcement events, such as the Kimball standoff, are quite costly to the counties. The Kimball standoff included 12 different departments responding, including 135 personnel. Overtime expenses from this one event were almost $60,000. Although the AG's office calls for assistance during such an event, the AG's office is not authorized to pay for the assistance from counties and municipalities, so the responding entities must cover those costs. Mr. Jackley said that he is considering requesting a fund be added to the AG's budget that could help absorb these types of expenses.

Mr. Jackley discussed with the committee the 24/7 sobriety program which is an offender pay program that is run by the county sheriffs. This program deals with drug monitoring as well as alcohol monitoring. The fees paid by the offenders cover the expenses of the program and there is a sheriffs' committee that suggests where any remaining funds should go. The Attorney General has final say over where the additional dollars are used, but almost always goes with the suggestions made by the committee.

Senator Vehle commented that he had heard that this program was losing money. Mr. Jackley said that each of the 66 counties administering this program does it differently, but the fee schedule is set so that no county should be losing money. The offenders have to report at 7 a.m. and at 7 p.m. and the line can be long, and perhaps additional staffing may be an issue with some counties. If any county is losing money, they should report that to the oversight committee and perhaps the fee amount charged will need to be raised.

Offenders can instead use the ankle bracelets that detect alcohol through perspiration. The offender pays an initial fee and then a daily fee when using that bracelet. There are about 57 bracelets in use currently.

Representative May asked about the increased costs to the counties due to the passage of SB70. Mr. Jackley explained that the county is responsible for any costs attributed to anyone detained in the jail and the state is responsible for anyone held in the state penitentiary. SB70 established more probation presumptions and probation is a county expense, and that is the main reason SB70 has increased county expenses. When an offender is given probation, all costs, including drug and alcohol treatment, is the responsibility of the county.

Department of Public Safety

Mr. Trevor Jones, Secretary of the Department of Public Safety, discussed the eight major functions of the Department of Public Safety ***(Document #10)***. Those functions are: Highway Patrol, Emergency Management, State Fire Marshal, Highway Safety/Accident Records, Homeland Security, Inspections/Weights and Measures, Driver Licensing, and 911 and NLETS. Of these functions, almost all interact with county governments on a near-daily basis.

The Highway Patrol works daily with county and municipal law enforcement, providing SWAT, aircraft, accident reconstruction, police service dogs, motor carrier inspections, and state radio at no cost to the local entities. When putting equipment or vehicles up for surplus, the highway patrol will offer the items to local law enforcement at the auction price, saving the counties money.

State Radio Communications (SRC) falls under the highway patrol, and, in 2014, SRC handled 14,000 calls for service for local law enforcement. SRC also enters state cases for all law enforcement agencies and confirms warrants both within South Dakota and out of state.

Motor Carrier troopers and inspectors also work with local officers regarding enforcement and training. The fines imposed by these troopers go to the schools within the county where the truck was stopped.

The Office of Emergency Management (OEM) provides technical assistance to county emergency managers in all phases of emergency management. OEM hosts a full calendar of training classes each year for county officials and others, as well as distributing the FEMA funds.

The Office the State Fire Marshall provides technical services and training for local fire fighters. This office also assists with fire investigations when requested.

The Office of Highway Safety/Accident Records partners with local law enforcement and distributes funds to the local levels for equipment, operations and education that have proven to reduce traffic fatalities on South Dakota highways.

The Office of Homeland Security distributes federal funds to the local agencies for protecting against terrorist attacks and other man-made hazards. The office oversees millions of dollars in federal grants to city, county, and tribal governments for security needs.

The Driver Licensing offices are often located with county offices. Twenty-two counties partner with the state in actually issuing and renewing drivers licenses in rural areas, which saves the Department of Safety money that would otherwise be needed for staffing those areas.

The South Dakota 911 coordinator works with the counties to provide technical assistance on system upgrades and established state standards. The Department of Revenue collects the 911 surcharge and the Department of Public Safety redistributes that money in accordance with state law.

The NLETS (National Law Enforcement Telecommunications System) coordinator works with county agencies to ensure the 24/7 access to nationwide law enforcement information, making sure law enforcement has the information needed at their fingertips.

Public Testimony

Mr. Tom Tveit, Hughes County Commissioner, Pierre, said that when Hughes County built their new jail, the AG's office helped them install a system in the conference center, so that the defendant could be in that center and the preliminary hearing could be done through that system, saving the county the cost of transporting that defendant. However, it is up to the judge whether or not to use that system and many judges choose not to, meaning the system did not have the savings the county had expected.

Mr. Tveit said that the 911 fees are sent to the county and are then transferred to the City of Pierre for the dispatch center.

Mr. Aaron McGowan, Minnehaha County State's Attorney, Sioux Falls, and President of the South Dakota State's Attorney Association discussed some of the challenges his office faces in Minnehaha County. The number of DUI arrests keeps increasing. There are hundreds of arrest videos that have to be edited and copied for use in trials. The courts stack 40 DUI trials twice a week and videos have to be prepared for each case. There were 10,000 misdemeanor cases and 2,500 felony cases last year, and there are not enough hours in the day to handle such a caseload responsibly.

The county is responsible for any medical expenses incurred by those housed in the county jail. Minnehaha County spends over a million dollars a year on these medical expenses. A large percentage of those costs are for dental care because of increasing meth arrests.

Mr. McGowan said the City of Sioux Falls keeps adding more officers, who in turn make more arrests, and the caseload keeps increasing without additional staff in the County State's Attorney's Office. The continuing cuts to the county budget make it nearly impossible to meet the statutory requirements. Mr. McGowan stressed that his office will not be able to sustain the current growth in cases.

In response to a question from Senator Peterson, Mr. McGowan said that there is a city attorney who prosecutes a few city offenses, but any state laws that are broken in Minnehaha County are prosecuted by the County State's Attorney.

Senator Haggar asked about the alcohol stings that have increased throughout the state. Mr. McGowan explained that those stings are a collaboration between state, county, and local law enforcement officers. Grants subsidize the law enforcement side of these stings, but the county pays all the costs encumbered after the arrest, whether the arrest is made on the interstate, state highways or city streets. Those costs include blood draws, housing in the county jail, and prosecution of the offender.

Senator Vehle asked about the growing meth problem. Mr. McGowan said that there has been a paradigm shift in that they are now not just prosecutors but they also serve as problem solvers. People who use meth commit violent crimes either while on meth or to get more meth. A large percentage of the arrests now are related directly to meth use. The meth production is much more efficient now and it is much more difficult to locate the meth labs. There is also much more meth

coming up from Mexico. Mr. McGowan added that he is not aware of any successful programs relating to meth addiction.

Ms. Nancy Trautman, Pennington County Commissioner, distributed a copy of the Pennington County 2016 annual budget so that the committee could see how the TIF (Tax Incremental Finance districts) program affects the county finances ***(Document #11)***. Ms. Trautman said that most TIFs exist for 15-20 years before they are paid off and some do create increased valuations, but most see no activity at all.

According to Ms. Trautman, when a TIF is granted, the amount of property taxes collected on that property goes to pay off the TIF bond rather than going to the county. Rapid City has a committee that determines when a TIF is granted. The County Commission does have one person on that committee who is able to share the county's concerns but is only one vote.

This year, Pennington County loses $2,428,303 of revenue because of TIF payouts. Ms. Trautman said that there is a correlation between the amount the county has to cut from their budget and the amount of the TIF pay offs.

Representative Conzet asked for the number of new businesses the TIFs bring in to Pennington County and how many TIFs are granted to existing businesses. Ms. Trautman said that she would try to get that information from the city.

Senator Peterson asked if Ms. Trautman would like the legislature to review the qualifications for a TIF. Ms. Trautman responded that she would like the legislature to do that, as it seems to be much easier now to get a TIF. Ms. Trautman added that she does not believe it is fair that one governmental entity is able to commit funding from another governmental entity to pay off a TIF. This is just one more thing being pushed back on the counties for funding.

Mr. Tom Tveit, Hughes County Commissioner, said that the TIF program works very well in Hughes County because the city and the county work together. He said that the state gave them the tools and let the governmental entities figure out how to use them.

Mr. Dick Kelly, Minnehaha County Commissioner, said that the government has a tendency to study and study and nothing gets accomplished. The counties are facing problems that need immediate action, many are close to bankruptcy. The counties face a $40 to $60 million shortfall right now and that needs to be addressed. No one wants to raise taxes, but if people want to continue to receive the services the county provides, it is going to cost money. One common denominator in all counties is the increasing crime problem.

Committee Discussion

Representative Schaefer said that one big concern that needs to be addressed is the amount of land some counties have that has been taken off the property tax rolls.

Senator Peterson agreed with Representative Schaefer adding that we need a resolution addressing this situation with the federal government and asking them to reimburse the counties.

Representative Joshua Klumb said that rather than looking at adding more sales tax, perhaps the committee should look at legislation redistributing the existing sales tax.

Senator Haggar said that she does not want to see a proposed tax increase but would rather they look at the equalization of existing taxes.

Senator Bob Ewing said that the counties that have a great deal of tribal land have little property tax base and that issue needs to be addressed. Senator Ewing added that he would not want to support any new taxes this year, but would like to see the committee look more at the restructuring of the alcohol taxes.

Representative May pointed out that the common denominator is that the state makes the laws and the counties have to figure out how to pay for all the mandates. Perhaps the committee should take a look at what the statutes require of the counties and see if the state could fund some of those programs.

Senator Vehle said that he agrees with Representative May in that the committee needs to take a closer look at the statutes involving county mandates. Senator Vehle added that he would like to see lists from all of the counties of what programs and/or services each county will have to cut if they do not receive additional funding.

Representative Conzet asked that the LRC staff draft legislation that would divide the alcohol beverage tax in thirds for distribution to state, county, and municipalities. Representative Conzet added that she would like that to include information on the amount of money that would provide. Representative Conzet told the committee members to contact Mr. Fred Baatz at LRC if they have any additional legislation they would like to have drafted prior to the next meeting.

The next County Government Interim Committee meeting will be October 28 and/or 29. The length of the agenda will determine if that will be a two-day meeting.

Adjourn

A MOTION WAS MADE BY REPRESENTATIVE DUVALL, SECONDED BY SENATOR HAGGAR, THAT THE COUNTY GOVERNMENT INTERIM COMMITTEE BE ADJOURNED. The motion prevailed unanimously on a voice vote.

The meeting was adjourned at 11:20 a.m.

All committee agendas and minutes are available on the LRC website: http://legis.sd.gov/. You may subscribe to electronic delivery of agendas and minutes at E-Subscribe on the LRC website.