

# SDATAT's 9<sup>th</sup> Legislative Newsletter

**March 15, 2010**

The 9<sup>th</sup> and final week of the 2010 Legislative Session has concluded and most of legislative business was completed except for adoption of the State Budget. That will be completed when Legislators return to Pierre on March 29th for Veto Day. The need to make cuts to the Budget will be eased by the expected receipt of \$36 million in new Stimulus Funds approved by Congress this week.

It was very frustrating to lose two bills in the House after they were passed in the Senate by near unanimous votes. SB 130 passed the Senate 33-1, but was killed in the House Local Government Committee, largely as the result of confusion created regarding an issue in Minnehaha County – Wayne Township and an ongoing lawsuit initiated by a rural subdivision. SB 192, regarding the distribution of wind energy tax funds, passed the Senate 33-0, but failed on the House floor by a single vote, 35-33.

However, the biggest disappointment of all was the lack of Legislative support for SB 1, which would have provided badly needed funding for repair and maintenance of State highways and local government roads and bridges. The bill was killed in the Senate Transportation Committee and was not given a chance for debate on the Senate floor because of a lack of support by a number of Senators.

An effort has been spearheaded by SDATAT to try to get the Legislature to reconsider the highway funding issue on Veto Day- however; it seems highly unlikely now as the major issue on that day will be approving the State budget. A copy of the letter drafted by SDATAT to the Majority and Minority Leaders in both Houses is attached for your information. This letter has NOT been sent out at this time (and may not be sent), but its contents were discussed with a number of legislators during the past few days. The draft outlines the issues and the need for additional funding.

In addition to our efforts- **THE BEST THING TOWNSHIPS SUPERVISORS CAN DO IS CONTACT YOUR LOCAL COUNTY COMMISSIONERS AND JOINTLY INVITE YOUR LEGISLATORS TO TOUR THE FLOODED AND BADLY DAMAGED COUNTY AND TOWNSHIP ROADS IN YOUR AREA BEFORE THE FINAL LEGISLATIVE DAY ON MARCH 29<sup>TH</sup>, 2010.**

If you have any questions or comments on any legislation, please feel free to contact the SDATAT Office at (605) 353-1439 or Dick Howard at (605) 222-7700.

## **STATUS OF SDATAT'S BILLS:**

**SB 1** - An Act to increase certain registration fees and taxes for use of motor vehicles on the public highways was killed in the Senate Transportation Committee on Feb. 1 based on a lack of support on the Senate floor at the time. No further action has been taken.

**SB 130** - An Act to revise certain provisions concerning the township road system" had a hearing on 2/12/10 in the Senate Transportation Committee. It was approved by a vote of 4-3. An amendment was placed on the bill on the floor and it passed the Senate 33-1 on Feb. 18th. In an unanticipated event, HB 130 was killed in the House Local Government Committee on March 4th. Minnehaha County continued their opposition in the Committee. Unfortunately, to several Committee members, it became a conflict between a township, a county and a housing development with a pending lawsuit, and a feud between county commissioners and townships opposing each other. The Committee members don't like controversy, and basically said wait until the lawsuit is over and for the locals to resolve their conflict and then come back again – maybe next year.

**SB 192** - An Act to modify distributions from the wind energy tax fund by allocating more money to townships when wind farms are built along township roads. It would allocate the wind energy tax based on a ratio of miles of township roads to miles of county roads. It unanimously passed the Senate floor on 2/17/10 and was approved 9-2 in the House Taxation Committee on 3/2/10 with an amendment proposed by SDATAT. On 3/8/10, it failed on the House Floor 35-33 (36 votes are required for passage). A motion to reconsider was approved 38-30. On 3/9/10, an amendment to cap the maximum township share at 25% was offered by the sponsor and passed 37-32. Even after securing "yes" votes from 3 members who voted against it the first time, the bill failed 29-39 as 8 votes were lost.

The main opposition to SB 192 was that it was just taking money away from counties who also need the money, and it singled out wind farms and did not include pipelines, large dairies or other operations that also damage local roads. SDACC opposed the bill.

**HB 1227** - An Act to allow townships the ability to provide certain health, life and disability income insurance benefits - was totally amended ("hog housed") and approved in amended form by the House Local Government Committee on Feb. 17th. It passed the House 60-6 on February 22<sup>nd</sup>. The bill was amended so it does not authorize group life insurance for township officers as we had proposed. Unfortunately, providing health insurance to full-time and part-time township employees was characterized as a "tax increase", and the bill was killed by the Senate Local Government Committee on March 3<sup>rd</sup>. On March 8th, the Committee voted 7-0 to reconsider the bill and amended it to give townships the authority to enroll in group insurance programs for both employees and officers, but prohibiting townships from paying any portion of the premiums for either officers or employees. The bill then passed the Senate 35-0 on 3/9/10. The House concurred with the Senate amendment 66-0 on 3/10/10.

**HB 1166-** An Act to clarify the locations where the local boards of equalization may meet, giving the decision to the board as to where to meet was officially signed by the Governor on Feb. 25, 2010.

## **ACTION ON OTHER BILLS OF INTEREST TO SDATAT:**

**HB 1046** - An Act to revise certain provisions for the procurement of goods and services for governmental agencies was tabled in House State Affairs Committee. on Feb. 3." It was referred to the House Government Operations and Audit Committee where it was amended and hog housed on 2/22/10. It passed the House on 2/23/10. It was amended and passed by the Senate State Affairs Committee on 3/3/10. On 3/8/10, it passed the Senate floor and was signed by the Governor on 3/12/10.

**HB 1128** – An Act to revise certain provisions concerning fire protection services provided through township funding was amended and passed by both Houses. It was signed by the Governor on 3/8/10.

**HB 1214** – An Act to allow for the acquisition of the fee ownership of highway right-of way land for certain local governments was amended in the House Local Government Committee to include Townships and passed. On 2/10/10, it unanimously passed the House. On 3/8/10, it was amended and passed the Senate floor.

**SB 58** – An Act to revise certain real property taxes for small renewable energy facilities was amended and passed by the Senate. On 3/8/10, it was amended and passed by the House.

**SB 65** – An Act to revise the time frame for the design of a new motor license plate series and the issuance of a new license plate design series. This is the bill to delay the date for making

new license plates by 5 years. This will result in saving \$4 million which will be transferred this year from the License Plate Revolving Fund to the Local Government Road and Bridge Fund for distribution to cities, counties and townships. Despite strong lobbying by 3M (who provides the reflective sheeting for the new license plates), the bill passed the Senate on 2/22/10 by a vote of 27-8 and the House on 3/9/10 by a vote of 52-17. SDATAT supported the bill. Approximately \$200,000 will be distributed to townships.

**SB 78-** An Act to revise the total amount of revenue payable to municipalities and townships from taxes on real property was amended in Committee to include townships. It passed the Senate on 2/3/10. On 3/2/10 it was passed by the House Taxation committee but deleted all amendments. The Senate concurred on all amendments and was passed on 3/10/10.

**SB 104** – An Act to revise certain provisions regarding disclosure of public information and public meetings was referred to Senate State Affairs and was totally “hog housed” and amended. As amended, it requires that draft, unapproved minutes be available for inspection within 10 days after the meeting. It passed the Senate unanimously on 2/23/10. On 3/9/10, it was amended and passed by the House. The Senate concurred with the amendments and passed it on 3/10/10.

**SB 133-** An Act to revise certain procedures for handling complaints regarding open meeting requirements unanimously passed by both Houses and was signed by the Governor on 3/10/10.

**SB 155-** Act to provide for the promulgation and adoption of administrative rules with a substantial financial impact upon political subdivisions of state government was amended and title changed to “An Act to revise the rules promulgation process for administrative rules with a financial impact upon political subdivisions of state government”. It passed the Senate Floor on 2/18/10. On 3/9/10, it was amended and unanimously passed by the House.

**SB 184-** An Act to revise certain provisions concerning the taxes imposed by water development districts and the formation of water development districts was amended and passed the Senate floor on 2/22/10. On 3/9/10 it passed the House amended.

**REMINDER TO ALL TOWNSHIPS-**

As the flooding season is NOW upon us, please remember to:

\*Make sure your roads are being properly signed to keep everyone safe and reduce the townships liability.

\*Contact your local county highway supt. to inform them which township roads are being closed.

\*Contact 911 dispatch. This is imperative as emergency vehicles such as fire and ambulance need to know in advance of the best possible route to take. An expected closed road could mean the difference between life and death for someone.

## CALENDAR OF EVENTS

### MARCH

- 15 Local Boards of Equalization Meet SDCL 10-11-13
- 16 Lincoln County Township Mtg. 6:30 pm, Pizza Ranch in Tea, SD
- 18 Kingsbury County Township Mtg. at 12 noon, 4 H Bldg. in Desmet, SD
- 23 Brown County Township Mtg. 1 pm in Courthouse in Aberdeen, SD
- 25 Codington County Township Mtg. 7:30 pm Extension Blg. Watertown, SD
- 30 Township Board of Supervisor Mtg. (Required by SDCL 8-5-1)

### APRIL

- 5 pm, SD Minnehaha Co. Township Mtg. 7 Courthouse, 2nd fl. Sioux Falls, SD

**DRAFT LETTER TO MAJORITY AND MINORITY LEADERS OF BOTH HOUSES:**

Extreme events sometimes require exceptional action. The continuing wet weather conditions, severely damaged and deteriorating roads, and expected extreme flooding are creating critical conditions for the State's transportation system. Therefore, the purpose of this letter is to request your favorable support of proposed action to increase funding for repair and maintenance of state highways and local government roads and bridges before the end of the 85<sup>th</sup> Legislative Session.

Legislative interim studies which have been conducted the past two summers have identified the on-going needs and potential funding sources for repairing and maintaining both State highways and local government roads and bridges. These unmet needs, which are documented in LRC Issue Memorandum 10-01 of January 2010, are approximately \$160 million annually for the State Highway System and \$80 million for local government roads and bridges. These funding shortfalls do not take into consideration increased costs created by severe weather and flooding conditions.

You have all observed (and felt) the potholes in the streets of your hometown and on the state and local roadways that you have traveled. This severe highway break-up has been exacerbated by this winter's extreme weather conditions. Also, the flooding caused by melting of record amounts of snow has begun and is projected by experts to be as severe as that which occurred in 1997. The damage to roads and bridges then was so severe that it was necessary to call a Special Legislative Session to approve additional funding to cope with the severe conditions that occurred. Snow removal costs this winter, resulting from the large quantities of snow and frequent blizzard conditions, have also led to severe depletion of road and bridge budgets of state and local agencies.

Therefore, it is proposed that consideration be given to a bill to increase motor vehicle user fees to raise revenue necessary to repair and maintain the state's transportation system. Attached for your consideration is a draft bill that would increase motor fuel tax, motor vehicle excise tax and motor vehicle registration fees. This bill is patterned after SB1, which was the product of the 2009 Interim Study. The proposal would:

- 1) Increase motor fuel tax by 5 cents per gallon (from 22 cents to 27 cents per gallon). This would raise approximately \$28.5 million per year for the State Highway Fund.
- 2) Increase motor vehicle excise tax by 1% (from 3% to 4%). This would raise approximately \$19 million per year for the State Highway Fund.
- 3) Increase motor vehicle registration fees by \$18 for the most common weight class of automobile (from \$42 to \$60) with comparable increases for other vehicle classes. This overall increase of 40%-50% for license plate fees would raise approximately \$30 million per year for local government roads and bridges.

As the leaders of the State Legislature, your favorable consideration of this proposal for possible action prior to adjournment of the 85<sup>th</sup> Legislative Session is requested.

Richard L Howard, SDATAT

Bob Wilcox, SDACC

Yvonne Taylor, SDML