



LEGISLATIVE UPDATE

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Spring #9

2015 LEGISLATIVE WRAP-UP

By Richard Howard

SDATAT Lobbyist/Transportation Consultant

Details on SB 1 Funding

The Legislature passed SB 1 on Friday, March 13, 2015 (Legislative Day 38) and the Governor signed it on Tuesday, March 17, 2015. SB 1 contains an emergency clause which makes it effective on April 1, 2015.

The bill provides major funding increases for both State and local government roads and bridges through increases in traditional highway user fees: motor fuel tax, motor vehicle excise tax and vehicle registration fees. The State will receive an increase in the motor fuel tax of 6 cents per gallon and an increase from 3% to 4% in the motor vehicle excise tax. Local governments will receive a 20% across the board increase in vehicle registration fees, plus increases in registration fees for non-commercial gross weight vehicles (farm trucks) from 60% to 70% of commercial rates effective on July 1, 2015 and from 70% to 80% of commercial rates on July 1, 2016.

Overall, the total increase is approximately \$86 million per year of which the State will receive an increase of \$68.5 million per year (80%) and local governments will receive \$17.3 million per year (20%). In addition, during negotiations, the State agreed to consider the potential and options to provide additional assistance to local government entities from the State Highway Fund subject to approval by the Transportation Commission.

Shown below is a summary of the estimated 2015 funding increase by source:

State Highway Fund

Motor Fuel Tax (6¢/gallon)	\$41.25 million
Vehicle Excise Tax (3% to 4%)	<u>\$27.2 million</u>
Total	\$68.45 million

Local Governments

Vehicle Registration Fees (20% Across the Board)	\$14.8 million
Non-Commercial Gross Weight Vehicles (Farm Trucks)	<u>\$ 2.5 million</u>
Total	\$17.3 million

Details on SB 1 Funding (Continued)

The \$17.3 million of increased vehicle registration fees will be divided among local governments as follows:

Counties (67%) =	\$11.6 million
Townships (17%) =	\$ 2.9 million
Municipalities (16%) =	\$ 2.8 million

The bill also contains additional local funding provisions as described below:

Creates a Local Bridge Improvement Grant Fund of \$15 million per year, which will be funded with a combination of State funds (\$2 million), Federal bridge funds (\$6 million) and Local funds (\$7 million - \$1.75 million per quarter transferred from the Local Government Road and Bridge Fund.) The State Transportation Commission will award grants from the fund to any local government entity to construct, reconstruct and repair bridges (structures over 20 feet in length). The bill specifies that no county may receive a grant from the fund unless they have imposed a wheel tax and have an annually updated 5-year county highway and bridge improvement plan in place (it is expected that township plans will be incorporated into the county plan). The Transportation Commission will adopt rules to establish the requirement for the 5-year plan and for guidelines and criteria for distribution and approval of the grant funds.

Authorizes counties to increase the wheel tax up to \$5 per wheel on a maximum of 12 wheels per vehicle. (maximum of \$60 per vehicle.) The current rate is \$4 per wheel on a maximum of 4 wheels per vehicle (maximum of \$16 per vehicle).

Authorizes Townships to adopt a levy of up to 50 cents per \$1000 valuation by a vote of the registered voters at the Annual Meeting. This levy would be outside of the limitations currently imposed on Townships. The procedure in this bill would replace the need for an opt-out; however, the opt-out option would still be available.

Authorizes counties to adopt an additional levy based on the overall valuation of the county (up to 60 cents/ \$1000 valuation for counties over \$2 billion, up to 90 cents/\$1000 valuation for counties over \$1 billion but less than \$2 billion and up to \$1.20/\$1000 valuation for counties less than \$1 billion. The levy would be subject to referendum and would have certain limitations on future increases.

SB 1 was characterized during the Session as providing the funding needed for the future of South Dakota's Transportation System. It is by far the largest transportation funding bill ever passed in South Dakota.



SESSION BILL RESULTS



SENATE BILLS

SB 3 - An act to provide for mediation of certain drainage disputes.

3/20/15 - Signed by the Governor

SB 5 - An act to revise certain provisions concerning the assessment and taxation of real property.

3/11/15 - Signed by the Governor

SB 81 - An act to require persons convicted of driving a vehicle while under influence of alcohol, drugs, or intoxicants to pay certain costs to the county.

3/11/15 - Signed by Governor

SB 129 - An act to revise provisions relating to trespass associated with hunting, fishing, or trapping.

2/11/15 - Senate Do Pass, Failed, YEAS 12, NAYS 21

SB 135 - An act to authorize municipalities to impose an additional sales and use tax for a limited period of time for a specified use.

15 - State Affairs Do Not Pass, Passed, YEAS 7, NAYS 5.

3/10/15 - Intent to reconsider

3/10/15 - No motion to reconsider.

SB 180 - An act to revise certain provisions regarding the production tax for wind energy facilities.

3/13/15 - Signed by Governor

SB 185 - An act to increase the motor vehicle excise tax rate and to dedicate a portion of the revenue to the local government highway and bridge fund.

2/20/15 - Transportation Tabled, Passed, YEAS 4, NAYS 0

HOUSE BILLS

HB 1083 - An act to require reimbursement to certain entities for fire suppression and extinguishment costs.

3/4/15 - Local Government Deferred to the 41st legislative day, Passed, YEAS 4, NAYS 3.

HB 1121 - An act to authorize township boards to establish speed zones on township roads.

3/11/15 - Signed by the Governor

HB 1122 - An act to authorize township boards to designate certain roads as no maintenance roads.

3/13/15 - Signed by the Governor

HB 1135 - An act to expand certain bonding provisions regarding local government officials and employees.

3/11/15 - Signed by Governor

HB 1152 - An act to limit the terms of certain conservation easements.

2/3/15 - Agriculture and Natural Resources Deferred to the 41st legislative day, Passed, YEAS 7, NAYS 6.

HB 1201 - An act to revise certain provisions regarding planning and zoning.

3/13/15 - Signed by Governor

HB 1227 - An act to authorize counties to impose sales and use taxes.

2/25/15 - House of Representatives Do Pass, Failed, YEAS 32, NAYS 37.