



**OVERVIEW AND ANALYSIS
OF
2016 LEGISLATIVE SESSION**

*APPARENTLY LIGHTENING DOES
STRIKE TWICE*

The Session by the Numbers



• Senate	172 bills	23 resolutions etc	195 - total
• House	<u>247 bills</u>	<u>51 resolutions etc</u>	<u>298 - total</u>
• Totals	419	74	493

• <u>Sn/Hs</u>	<u>Bills</u>	<u>Passed</u>	<u>%</u>	<u>Notes</u>
• Senate	172	106	61.6%	6- veto - Sustained
• House	<u>247</u>	<u>137</u>	<u>55.4%</u>	<u>1- veto - Sustained</u>
• Total	419	243	57.9%	7 veto

Senate Vetoes – 4 regular; 2 Style and Form
House Vetoes – 1 regular (sustained)

- **Senate override two regular vetoes; agreed to both style and form.**
- **House failed to override veto; agreed to one style and form**

Looking Back - Number of Bills



<u>Year</u>	<u>Senate</u>	<u>House</u>	<u>Total</u>	<u>Pass</u>
• 2016	172	247	419	58%
• 2015	193	236	429	61%
• 2014	188	261	449	55%
• 2013	242	250	492	53%
• 2012	197	274	471	54%
• 2011	202	256	458	47%
• 2010	169	278	447	51%
• 2009	203	301	504	54%
• 2008	205	326	531	52%
• 2007	219	313	532	56%

Inventory for Today



- **Education Funding/Tax Increase/Reforms**
- **Property Tax Relief - Sorry**
- **Work Comp – Wheeler Decision**
- **Medicaid Expansion – “Next Week”**
- **Any Willing Provider – Failed**
- **Use Tax Skirmish – Kinda Weird**
- **UI bills**



Blue Ribbon Education Reforms



- **Tax Increase = half a cent**
- **Estimated Revenue \$110 million**
 - Proposals to take from budget/Medicaid
 - Video lottery & budget cuts
- **Proportional Distribution**
 - 63% teacher salaries
 - 34% reducing property levies
 - 3% for technical school teacher salaries
- **85% New money to teacher pay/benefits**



Other Reforms

SB 131; SB 132; SB 133; HB 1222



- **New Formula**
 - Focus on student/teacher ratio goal
 - ✦ Held against a “model” = 14/1 (variations)
 - ✦ Lower ratio – lower average pay, inefficient
 - ✦ 85% of additional money to teachers
- **Caps on Reserves**
- **Cap Outlay & Retirement Mils – revenue limits**
 - Revenue increased avg. 9%/yr
 - Retirement levy moved into Gen Fund
- **Equalize “Other” Revenue**

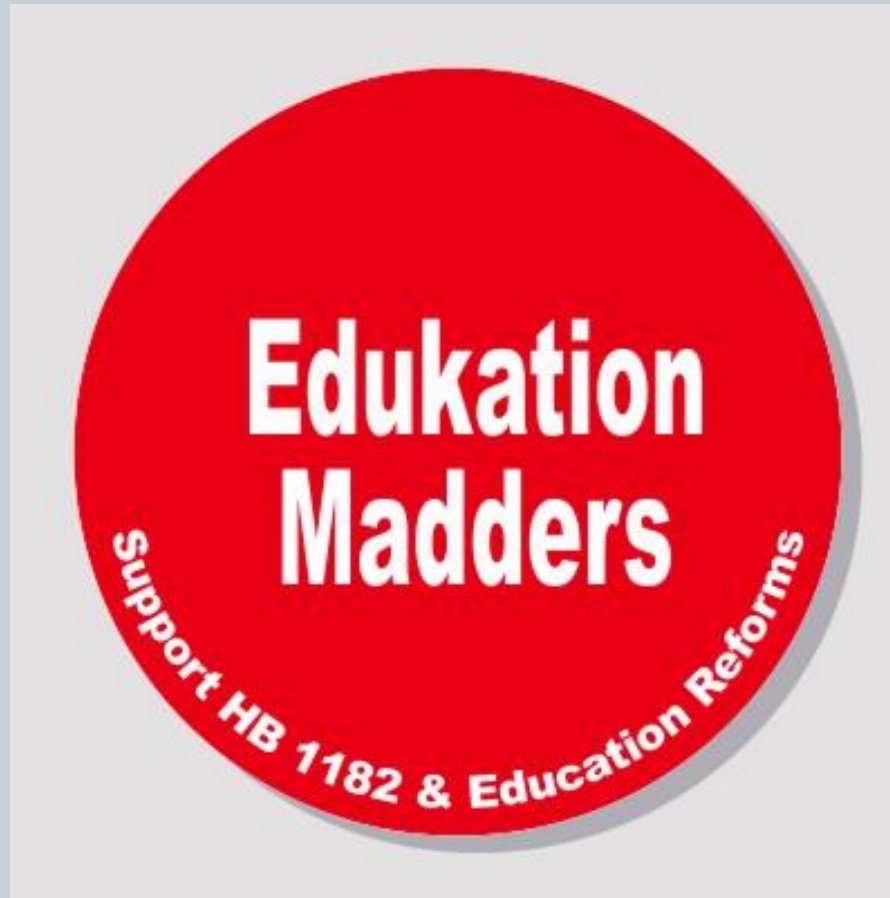


And Still More



- **Funding National Board Certification**
 - Increase pay by \$2,000/year for 5 years
- **\$1 Million for innovation**
- **Recognize other state's certificates**
- **Economy of shared services**
- **E-Learning**

The Bottom Line



Property Tax Relief



- **Step One: Cutler/Gabriel**

<u>Classification</u>	<u>Pay this year</u>	<u>Pay 2017</u>	<u>Reduction</u>
• Commercial	\$8.72/\$1,000	\$8.29	(-4.93%)
• Owner/Occ	\$4.07/\$1,000	\$3.87	(-4.91%)
• Agriculture	\$1.56/\$1,000	\$1.51	(-3.2%)

- **Taxes on a \$500,000 valued property in each classification**

- **Commercial** - \$4,360 this year to \$4,145 (same assessed value)
- **Owner/Occupied** - \$2,035 this year to \$1,935
- **Agriculture** - \$780 this year to \$755

Step Two: Money from Sales Tax Increase

- **Estimated \$37 million**

<u>Category</u>	<u>Amt of reduction</u>	<u>Pay 2017 (not final number)</u>
● Commercial –	\$0.90/\$1,000 taxable	\$7.39/\$1,000*
● Owner/Occ -	\$0.42/\$1,000	\$3.45/\$1,000*
● Agriculture -	\$0.18/\$1,000	\$1.33/\$1,000*



Last Step: Move Retirement Levy



• Comm	\$8.72/7.39	\$0.23	\$7.63
• Homes	\$4.07/3.45	\$0.23	\$3.68
• Ag	\$1.56/1.33	\$0.23	\$1.56

- Note – those paying retirement levy will no longer be assessed that levy; reducing overall school levy

Back to the \$500,000 Property



- | <u>Category</u> | <u>Pay16</u> | <u>pay 17</u> |
|-----------------------|--------------|--------------------------------|
| • Commercial - | \$4,360 | \$3,815 – less retirement levy |
| • Homes - | \$2,035 | \$1,840 – less retirement levy |
| • Ag - | \$780 | \$780 – less retirement levy |
- Retirement Levy max \$0.30 or \$150/\$500K value
 - Retirement levy was not subject to Cutler/Gabriel – now part of Gen Fund which is subject to limits



Workers' Compensation

The Wheeler Decision



- Ms. Wheeler was injured working at Cinnabon
- Cinnabon was one of three places she worked
- Injury kept her from working at the other jobs
- Qualified for lost-time payments (indemnity)
- Indemnity payments based on AWW
- Court ruled AWW should include wages from the other two jobs



HB 1084 - Concurrent employment to be used to calculate earnings in workers' comp

- **Says court case is abrogated**
 - Sets a date specific – May 6
 - Cases before don't aggregate
- **Have to be working for each employer**
 - Can't add wages for summer job in Feb
- **Employer claim filed, entitled to wage data**
 - can charge \$15 to produce/ 10 day limit
- **Advisory Council to review data & report**

Medicaid Expansion



- **Increase income to 133% of poverty – 48K est**
 - \$11,670 individual (\$15,521)
 - \$23,850 family of 4 (\$31,720)
- **Include childless adults**
- **Feds pay all – thru 2016** (90% after 2020)
 - Cost \$30+ million plus administration
 - \$ More than a billion to economy by 2020 (cost \$100m)
 - Some covered thru exchange ins
- **Daugaard Administration – Trust Issue with Fed**
- **Combine Funding – Indian Health Services**



How's a Broken System Like IHS Fix Medicaid Expansion?



- **Fed responsible for healthcare to Native Americans**
 - Never fulfilled that promise
- **Some Native Americans eligible for Medicaid**
 - Governor asked Feds to pay full cost of Medicaid costs for these people
 - Save enough to pay for expansion costs – post 2020
- **Letter from Fed – needed more time**
 - Perhaps a special session

Any Willing Provider *Patient/Doctors Choice – HB 1067*

- **IM – 17 passed as a ballot measure**
 - 62% of the vote (51% voter turnout)
- **HB 1067 would amend the measure**
 - Require a full panel option by ins companies
 - Allow a narrow network option
 - Died in committee 10-3
- **How does one know if they are willing?**



Speed Rounds



UI Bills

- SB 43 – Increase penalty for late filing and payment
 - From \$5 to \$25
- SB 47 – decrease rates; create admin fee same amount. Pay for decline in Fed money
- Died on Hse Floor 34-33
 - Needed 47 votes

Use Taxes – DOR = 0 for 2

- Two pivotal tax cases
- Northern Pipeline
 - Can't tax product not owned. Can't create obligation with use alone
- PPM Technical Services
 - Can't tax item brought into the state that are not intended to be actually used in state. Storage is not use.

Speed Round (con't)



- **SB 106** – Require remote seller to collect tax
- **SB 62** – Lemon law for farm equipment
- **HB 1051** – Sales suppression devices
- **HB 1068** – Nonprofit law revision
- **HB 1193** – “Ban the Box” – criminal records
- **HB 1213** – Pharma/genetics incentives



What's Back and What's New



- **SJR 2 – Corp income tax**
- **SB 151 – Sales tax on Food (SB 161)**
- **HB 1142 – Guns in Trunks – again**
- **HB 1186 – “Leased Residential” classification**
- **SB 60 – Daylight Savings Time (HB 1233)**



Ballot Measures



Referred Laws

- **Ref Law 19 – 2015 SB 69**
 - Changes petition filing dates and signature requirements
- **Ref Law 20 – 2015 SB 177**
 - Youth minimum wage of \$7.50/hr

Initiatives

- **IM 21 – Short Term Loans**
 - Limits interest to 36% for short term loans
- **IM 22 – Public Finance Campaigns, Ethics Comm.**
 - \$50 credits for each voter
 - Limited to \$12 million
- **IM 23 – right to charge fees**
 - End run around Rt-to-Work

Constitutional Amendments

- **Amendment R** (HJR 1003)

- Tech schools not part of the Regents
- Legislature decides

- **Amendment S**

- Marsy's Law about Victim Rights

- **Amendment T**

- Legislative redistricting by commission

- **Amendment U**

- No limit on interest rates if written agreement
- No agreement limit of 18%

- **Amendment V**

- Nonpartisan elections
- Open primary – top 2
- Campaign commission



- **Any Questions?**
- **Any Comments**
- **Complaints can be filed later . . . Much later**
- **Membership in South Dakota Chamber of Commerce and Industry is open**
- *Slides available at www.sdchamber.biz*