



# 2018 Legislative Session

Swan-Song for Daugaard Administration

# Items of Interest

- Term Limits
- Tax Increment Finance
- Ballot Measures
  - Initiative
  - Legislative Action
  - Ballot Action Committees
- Immigration/Refugees
- Revenues/Budget
- Interim Committees
  - Initiative/referendums
  - Accountability
  - Workforce housing



*Another one bites the dust*

## **Daugaard appoints a legislator**



- Don Haggar — (R-Sioux Falls)
  - District 10
  - Speaker Pro Tempore



- Doug Barthel — (R-Sioux Falls)
  - District 10
  - Former Chief of Police
  - Sanford Health

# Term Limits

- 4th Term
- Elected in 2010
- Reelected in 2012, 2014 and 2016.
- Ineligible to run for the same seat in 2018.
- \* indicates also served a partial term Governor appointed

- **Senators**

- Jason Frerichs
- Deb Peters
- Billie H. Sutton
- Larry Tidemann

- **Representatives**

- Kristin Conzet \*
- Spencer Hawley
- Tona Rozum
- James G. Schaefer
- Burt E. Tulson

# The Spiff on TIFs

- Property worth \$100,000 - gets improved
- Now worth – 1,100,000 - \$1 million increase
- TIF takes the taxes on the \$1 million and uses it to pay off infrastructure and stuff
  
- At 25 mils total = \$25,000 “directed revenue”
- Schools still get general fund revenue
  - At \$7.63/mils = \$7,630
- Where does that money come from???



# Finding School \$\$\$ from TIFs

## Local TIF

- Revenue is divided among local school district
- Brown = \$3.9 billion taxable
  - Recover or TIF = .002 mil
  - \$400K home = less than \$1
- Aberdeen – Housing
  - \$15/\$100K
  - \$100K total tax = \$2,500
  - TIF portion = 1%
- Levy lower – previous TIFs

## Statewide – Econ Devel & Industrial

- Revenue is divided among all property taxes – state aid formula
- Total valuation \$91.8 billion
  - TIF valuations = \$800 million
- \$6.1 million
- Total school - \$717 million
- Levy lower – previous TIFs

# The Process of Statewide Distribution

- Not significant impact measuring tax dollars
  - Potential to grow
- Caution - one community can obligate all taxpayers to provide school GF revenue
- State be assured project fits criteria
  - Statewide (econ dev/industrial) ONLY
  - Local TIFs – up to local community
- Defined process to check with state early
  - Change criteria for Housing

# *Ballot Measures Update*

*Signatures must be turned in*

*Monday, November 6<sup>th</sup> – 5 pm*



# Gathering Signatures for 2018

*Amendments – 27,741 needed*

- **IM-22 Redux (Amendment)** (*IM-22 redux*) James D. Leach, Attorney (Rapid City) – **Turned in 50,000 signatures**
- **x-Limiting legislature's ability to change initiated measures (Amend)** – Roxanne Weber (Pierre). *Did not submit signatures*
- **An initiated amendment establishing open primaries.** Joe Kirby (Sioux Falls) - *37,000 signatures*
- **Redistricting by Commission (Amend)** Drey Samuelson (S Falls) – *34,000 signatures*

# Gathered Signatures – 13,871

- **Physician prescribe drugs for terminally ill to end life.** *Angela Albonico (Spearfish). Did not submit signatures*
- **Allowing certain elections to be done thru a voting-by-mail process.** *Drey Samuelson (Sioux Falls) – 20,000 signatures*
- **Establishing a cap on the price a state agency may pay for a prescription** *Drey Samuelson (S Falls) – 22,000 signatures*

# Gathered Signatures - 13,871

- *Prohibiting contributions from by non residents, not filed with Sec. of State - Mark Mickelson (S Falls/Speaker) — 18,000 signatures*
- **Increasing tobacco tax/Technical Institutes - \$1 / Pack**
  - - Mark Mickelson (Sioux Falls/Speaker) — 19,000 signatures

# Ballot Measures

*Gathered Signatures - 13,871*



- **Legalize certain amounts of marijuana, drugs made from marijuana, & drug paraphernalia** *Melissa Mentele/New Approach South Dakota (Emery). Did not file signatures*
- **Legalize marijuana for medical use** - *Melissa Mentele/New Approach South Dakota (Emery). — 15,000 signatures*
- **x - Legalize all quantities of marijuana; make other changes to State law**. John Dale (Spearfish). *Did not file signatures*

# Smothered in the Crib

- IM-22 Redux — versions 2-4
- Two — Gender
  - public facilities
- 50-cent tobacco tax hike
- Donor disclosure ballot measures
- Automatic registration (Samuelson)
  
- 8 Abandoned



# Summary -

- **20 ballot measures were submitted**
- **9 people submitted 16 of them**
  - Melissa Mentele submitted two marijuana measures –
  - Speaker Mark Mickelson submitted 4 measures –
  - Drey Samuelson submitted 4 measures –
  - James Leach – submitted 4 measures –
  - Hyde – submitted 2 measures –
- **12 Measures approved for gathering signatures**
  - 4 did not submit
- **8 Measures were abandoned – or were duplicates**
- **8 Measures submitted signatures – 1 unlikely to qualify**

# 2018 Legislature - May Add More

- Increasing the vote needed to approve a constitutional amendment to 55%
- Repeal of Marsy's Law
- Legislator Pay?
- Plus – Possible Referred Laws
  - *90 Days from Adjournment*



# Interim Committees

## Accountability

- Adjusting contribution limits for campaigns
- **Ballot Action Committees – Chamber led effort to create an ongoing committee for ballot measures similar to PACs.**

## Workforce Housing

- Funding current programs such as Build SD
- Portion of CE tax
- Straight appropriation rather change criteria
- Modify regulations



# Initiative/Referendum Task Force:

- Technical refinements
  - Deadlines, publishing, fiscal notes, LRC
- Rejected
  - Super majorities for amendments, amending initiatives, limits on number of ballot measures, multiple elections

# Immigration/Refugees

- Concern is economic
- Indelible part of meeting workforce needs
- Mindful of real security needs
- Avoid disrespectful inflammatory rhetoric

# Budget – Yachts will have to wait

- **Farm income down**
  - Equipment sales tax receipts dn \$15 million
  - Parts not taxed
- **Inflation is low – limits revenue**
  - Only 2 months of revenue growth

# FY2017 vs. FY2018 Taxable Sales Growth through First Quarter

<b>Taxable Sales by Major Group Comparison</b> (in millions)				<b>Average Growth from</b>
<b>Top 15 Major Groups (82% of total)</b>	<b>FY17</b>	<b>FY18</b>	<b>% Chg</b>	<b>FY09-FY17</b>
Misc. Retail *	\$553.7	\$597.8	<b>8.0%</b>	<b>1.8%</b>
General Merchandise Stores	\$588.5	\$591.2	<b>0.5%</b>	<b>3.5%</b>
Food Stores	\$408.6	\$407.2	<b>-0.3%</b>	<b>1.8%</b>
Building Materials & Garden Supplies	\$423.8	\$407.5	<b>-3.8%</b>	<b>3.6%</b>
Eating & Drinking Places	\$406.4	\$416.1	<b>2.4%</b>	<b>3.8%</b>
Electric, Gas, & Sanitary Services	\$354.3	\$356.5	<b>0.6%</b>	<b>1.0%</b>
Wholesale Trade - Durable Goods	\$317.5	\$310.4	<b>-2.2%</b>	<b>1.1%</b>
Auto Dealers/Service Stations	\$276.7	\$273.0	<b>-1.3%</b>	<b>3.5%</b>
Communications	\$301.0	\$299.1	<b>-0.6%</b>	<b>3.3%</b>
Business Services	\$260.7	\$264.1	<b>1.3%</b>	<b>4.2%</b>
Furniture & Homefurnishing Stores	\$160.6	\$154.7	<b>-3.7%</b>	<b>0.8%</b>
Auto Repair, Services, & Parking	\$137.6	\$143.9	<b>4.6%</b>	<b>4.7%</b>
Engineering & Management Services	\$118.7	\$126.0	<b>6.1%</b>	<b>4.7%</b>
Apparel & Accessory Stores	\$103.8	\$109.4	<b>5.4%</b>	<b>4.0%</b>
Hotels & Other Lodging Places	\$253.6	\$256.7	<b>1.2%</b>	<b>5.5%</b>
<b>Total of Top 15 Major Groups</b>	<b>\$4,665.4</b>	<b>\$4,713.7</b>	<b>1.0%</b>	<b>2.8%</b>
Remaining Groups	\$994.8	\$1,040.6	<b>4.6%</b>	<b>3.7%</b>
<b>Total Taxable Sales</b>	<b>\$5,660.2</b>	<b>\$5,754.3</b>	<b>1.7%</b>	<b>3.0%</b>

# Budget – Yachts will have to wait

- **Video Lottery**
  - 7% total – up 4% ydt – project 2.7%
- **Contractors Excise** – 7% total – incr 3.5%
- **Insurance Premium** – 5% total – FY18 =11%
- **Online Sales**
  - \$35 - \$50 million
  - Collect \$3 + Amazon (another \$3-5??)
  - Court Case

# Tight budget – limited growth

- **Vast majority of budget goes to:**
  - Education
  - Law enforcement
  - Care of people – Medicaid,

# Thank You!!

- **Business Day at Legislature**
  - February 22<sup>nd</sup> – Thursday after President's Day
  - Business Caucus
- **Conference Calls**
  - Wednesdays – 4 pm – Gov't Affairs Directors
  - Fridays at noon – Local Chambers

