



# MINUTES

## EXECUTIVE BOARD

Three Hundred Twenty-seventh Meeting  
Tuesday  
November 29, 2005

LCR 1 & 2  
State Capitol Building  
Pierre, South Dakota

### Tuesday, November 29, 2005

The three hundred twenty-seventh meeting of the Legislative Research Council Executive Board was called to order by Chair Senator Ed Olson at 8:00 a.m. (CT), November 29, 2005, in LCR 1 and 2 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Mike Broderick, Bob Gray, Ed Olson, and Jim Peterson; and Representatives Pat Haley, Phyllis Heineman, Jean Hunhoff, Matthew Michels, and J.E. "Jim" Putnam. Senators William Earley, Gil Koetzle, and Lee Schoenbeck; and Representatives Paul H. Dennert, Barry Jensen, and Gordon Pederson were excused.

(**NOTE:** For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Minutes.)

(**Clarification:** Voice votes that prevail with all members present voting "aye" will carry the disposition language "prevailed unanimously." Voice votes that prevail with a majority of all members present voting "aye" will carry the disposition language "prevailed." Voice votes that prevail without all members present voting "aye" will list those members casting "nay" votes if so requested by the dissenting voter.)

### **Approval of Minutes**

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE PUTNAM, THAT THE EXECUTIVE BOARD APPROVE THE MINUTES OF AUGUST 8, 2005, MEETING AS PRINTED AND MAILED. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### **Report of Executive Board Subcommittees**

There were no reports received from the Executive Board Subcommittees.

### **Bonding Committee**

**REPRESENTATIVE PUTNAM MOVED, SECONDED BY SENATOR PETERSON, THAT THE EXECUTIVE BOARD ACCEPT ALL BONDING COMMITTEE REPORTS. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

Chair Senator Ed Olson announced that there would be no Homeland Security Report at this time. He also reported that the 2006 sunset committees would be selected either in March or April when all members of the Executive Board could be present.

## Director's Report and Correspondence

### Redistricting Update

**Mr. Jim Fry**, Director, Legislative Research Council, advised the Executive Board that a motion for stay of judgment in the redistricting lawsuit has been filed with the District Court, and then with the Appeals Court if necessary. He stated that getting the stay of judgment is very important. Mr. Fry indicated that the brief had been sent approximately two weeks ago, and we should be hearing the decision fairly soon. He stated that no further decisions must be made by the Executive Board.

### Use of Legislative Rooms

Mr. Fry directed the Board's attention to the applications for use of legislative chambers completed by Michael Joseph Mehlhoff, Jr., SD Federation of Teen Age Republicans for March 25, 2006, (**Document #1**), and Cec Johnson, SD Department of Agriculture and SD Conservation Districts for April 1, 2006, (**Document #2**). Mr. Fry said that the organizations have used the chambers in the past.

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE MICHELS, THAT THE EXECUTIVE BOARD APPROVE USE OF THE LEGISLATIVE CHAMBERS BY THE SOUTH DAKOTA FEDERATION OF TEEN AGE REPUBLICANS ON MARCH 25, 2006, AND THE SOUTH DAKOTA DEPARTMENT OF AGRICULTURE AND SOUTH DAKOTA CONSERVATION DISTRICTS ON APRIL 1, 2006. THE MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### Printing Contract

Mr. Fry reported on the printing contract with State Publishing. Representative Putnam asked if this contract is put out for bids. Mr. Fry indicated to the affirmative. In the past, he stated that an out-of-town company had the contract, but there were delivery time issues and that company from Rapid City no longer submits a bid.

**REPRESENTATIVE MICHELS MOVED, SECONDED BY SENATOR GRAY, THAT THE EXECUTIVE BOARD AWARD TO STATE PUBLISHING COMPANY OF PIERRE, SOUTH DAKOTA, THE LEGISLATIVE PRINTING CONTRACT (BILLS AND RESOLUTIONS, DAILY JOURNALS, INDEX, SESSION LAWS, AND THE 2006 OFFICIAL DIRECTORY AND RULES OF THE SOUTH DAKOTA LEGISLATURE (REDBOOK). MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### Payroll for Interns

Mr. Jim Fry reported that internal revenue has advised that federal income taxes and social security taxes must be withheld from the intern's per diem paid during the 2006 Legislative

Session. He said \$110 would be sufficient to insure their compensation would remain as last year. Mr. Fry indicated that there will be no change with the pages payroll.

**REPRESENTATIVE PUTNAM MOVED, SECONDED BY SENATOR BRODERICK, THAT THE DIRECTOR OF THE LEGISLATIVE RESEARCH COUNCIL BE AUTHORIZED TO INCREASE LEGISLATIVE INTERN PER DIEM BY AN AMOUNT NOT TO EXCEED TEN DOLLARS PER DAY TO OFFSET THE EFFECT OF RECENT INTERNAL REVENUE ADVISE TO WITHHOLD FEDERAL INCOME TAXES AND SOCIAL SECURITY TAXES FROM THESE PER DIEM PAYMENTS. THE MOTION PREVAILED UNANIMOUSLY ON A ROLL CALL VOTE WITH 9 VOTING AYE, 0 VOTING NAY, AND 6 EXCUSED. THOSE VOTING AYE: BRODERICK, GRAY, HALEY, HEINEMAN, HUNHOFF, MICHELS, PUTNAM, PETERSON, AND OLSON. THOSE EXCUSED: DENNERT, EARLEY, JENSEN, KOETZLE, PEDERSON, AND SCHOENBECK.**

### **Investment Council Report**

**Representative Michels** stated that a CD is being distributed to the Executive Board members on Peterson's presentation to the Invest Council. He stated that the relationship Steve Meyer has developed with Blackstone and other firms has helped the State of South Dakota and the retirement system.

**Mr. Larry Ness**, Vice-Chair of the Investment Council, distributed a copy of their presentation (**Document #4**), and a document entitled "The South Dakota Investment Council Annual Report 2005" (**Document #5**). He reported that Steve Meyer, former Investment Officer, is under contract at one-quarter pay. Mr. Ness stated that having Mr. Meyer's expertise as a consultant is very beneficial to the state because of his contacts with various firms we invest with. He also complimented the members of the Investment Council for their team effort.

Mr. Matt Clark, Investment Officer, stated that the internal management cost is \$0.84 per \$1,000 of assets compared with the median industry cost of \$4.41 per \$1,000. Mr. Ness discussed the dollar and percentage impact of the investment performance and stated that SDRS earned 13.34% (\$727 million) in FY 2005. Mr. Clark said the council is pleased with the long term focus, and South Dakota is above average which is the 50 year goal.

Mr. Clark reviewed the following:

- A total fund comparison of SDRS;
- Potential excess earnings—historic versus average returns;
- Realistic expectations for the future;
- Amount left to be appropriated and available for legislative session;
- Cash growth in the seven funds; and
- Emergency interim basis under new Investment Officer is selected.

Mr. Clark stated that the Dakota Cement Trust Fund has \$1.2 million still available for the upcoming budget. He said this fund has been audited and finalized. **Ms. Tammy Otten**, South Dakota Investment Council, said that the \$1.2 million remains in the Dakota Cement Trust Fund until it is appropriated. In the discussion of the 16 quarter average balance, Mr. Clark stated that the use of this system of calculation makes the payout less volatile

The Executive Board went into executive session at 9:15 a.m. to discuss the Investment officer's bonus, and reconvened at 9:30 a.m.

**REPRESENTATIVE MICHELS MOVED, SECONDED BY SENATOR BRODERICK, THAT THE EXECUTIVE BOARD APPROVE THE AWARDING OF A BONUS OF \$177,458.80 TO THE STATE INVESTMENT OFFICER MATT CLARK FOR THE PERIOD ENDING JUNE 30, 2005. MOTION PREVAILED UNANIMOUSLY ON A ROLL CALL VOTE WITH 9 VOTING AYE AND 6 EXCUSED. THOSE VOTING AYE: BRODERICK, GRAY, HALEY, HEINEMAN, HUNHOFF, MICHELS, PETERSON, PUTNAM, AND OLSON. THOSE EXCUSED: DENNERT, EARLEY, JENSEN, KOETZLE, PEDERSON, AND SCHOENBECK.**

Representative Michels expressed his gratitude to the Investment Council on how well the team managed the transition in leadership. Senator Olson also expressed his thanks to them for a terrific year.

**Report on the Highway Safety Program  
By  
Department of Legislative Audit**

**Mr. Martin Guindon**, Auditor General, distributed a document entitled "A Report on the Highway Safety Program to the Executive Board of the Legislative Research Council" (**Document #5**). Mr. Guindon introduced **Lisa Schofield**, Auditor, Legislative Audit, who is in charge of audits in social service and public safety. Mr. Guindon explained to the Executive Board that this report takes a look at the highway safety program just as in the same manner the report on No Child Left Behind was submitted. He explained that this report consists of five chapters and a brief description of the contents of each are as follows:

- Chapter 1 provides a summary of funding available and the requirements associated with highway safety programs at the federal level;
- Chapter 2 consists of information on South Dakota's highway safety program and the activities and projects funded;
- Chapter 3 describes highway safety programs in neighboring states and how they compare with South Dakota;
- Chapter 4 details highway safety data collection and reporting in South Dakota and at a national level; and
- Chapter 5 discusses highway safety policy issues and how they related to South Dakota's highway safety activities.

At this time, Ms. Schofield proceeded to go into depth regarding each chapter.

Chapter 1 – Federal Highway Safety Funding

Ms. Schofield stated that the highway safety efforts are primarily federally funded. This process indicates that action in the highway safety program in South Dakota must begin with the federal regulations. She said that there were nine federal highway safety grants awarded to South Dakota in FFY2005 totaling approximately \$10 million. Ms. Schofield explained the requirements of each grant, South Dakota percentage match, and if South Dakota qualified.

Chapter 2 – South Dakota's Highway Safety Program

Ms. Schofield stated that the South Dakota Department of Transportation (SDDOT) and the Department of Public Safety's Office of Highway Safety (OHS) is responsible for implementing the majority of the highway safety programs in the state. She stated that a great share of the grants fall under one of three funding sources, and they are: Department of Justice, Federal Highway Administration, and National Highway Traffic Safety. Ms. Schofield said the FHWA programs are administered by the Department of Transportation, and Office of Highway Safety is responsible for the programs of NHTSA and DOJ..

### Chapter 3 – How South Dakota's Highway Safety Program Compares With Those In Neighboring States

Ms. Schofield explained that the fatality rate is per 100 million vehicle miles traveled. The comparison states shown on the tables were Iowa, Montana, Nebraska, North Dakota, Wyoming, and South Dakota. She stated fatality rates may be impacted by that state's laws.

### Chapter 4 – Highway Safety Data Systems

Ms. Schofield reported that there are various data sources such as death certificates, emergency medical service report, and police accident reports to mention a few. She stated that South Dakota's time frame for reporting an accident to data is 60 days. She said state law requires an accident be submitted to Public Safety within three days of completion of the accident report. However, reservations are not subject to this law, and it is not uncommon not to have the accident reported at all. Ms. Schofield stated that some states don't even collect the same information.

### Chapter 5 – Highway Safety Policy Issues

Mr. Martin Guindon said that the Allstate Foundation issued a report on teen driving which provided statistics regarding teen driving. He reported that 5,000 teens die in car accidents each year, and those accidents are the leading cause of death for young people. Mr. Guindon stated that information says that kids brains can understand facts as well as adults, but doing what is prudent isn't developed yet. South Dakota is one of only six states that allows driving at 14 years of age. Mr. Guindon said that the study suggests tougher graduating drivers laws. He said what he found interesting was that parents buy that first car for their young driver, and it is a small two door sedan with a lot of those vehicles having death rates three times higher compared to larger vehicles.

Senator Olson asked Mr. Guindon to provide the Executive Board with a copy of the Highway Safety Audit when it is completed. He also stated that there is a national movement among various agencies to help address the young people issue of high risk habits. Senator Olson stated that he feels really good with regards to the Roadway Safety Committee.

Representative Hunhoff stated that the report needs to be looked at seriously with action in mind, and not let the report just lay there. She would prefer having the Executive Board receive information on what action is being taken and by whom.

Representative Putnam asked if the Department of Legislative Audit found any exceptions in their report. Ms. Schofield answered no. He also asked when South Dakota appropriates on the fiscal year, and when grants are provided on a federal fiscal year, are we ahead of schedule or on budget. Mr. Guindon reported that an agency can decide which fiscal year they can spend the money. Senator Olson stated it was his understanding that a state had approximately 27 months of spending authority.

The Executive Board took a break at 11:00 a.m. and reconvened at 11:10 a.m.

## Reports of Interim Committees

### Government Operations and Audit Committee

Mr. Gary Hoscheid, Department of Legislative Audit, distributed a document entitled "Report of the Government Operations and Audit Committee" (**Document #6**). He stated that the committee consists of ten members and is appointed at each regular session of the Legislature. The goal of the committee is to review the operations of South Dakota state agencies.

Mr. Hoscheid informed the committee that eight review and study activities were conducted during 2005. He said that the committee reviewed specific matters pertaining to the Department of Social Services (Division of Child Protection Services), Department of Transportation (Land Purchase, Sale of Railroad Line Department of Corrections, Department of Public Safety, Department of Agriculture, Office of Attorney General (Furniture Contract). Department of Revenue (Division of Insurance), and Department of Health and Department of Corrections (Pharmacy Contract).

He stated that at the end of the document are copies of five pieces of legislation. **Mr. Reuben Bezpaletz**, Chief Analyst for Research and Legal Services, Legislative Research Council, explained that traditionally the Executive Board reviews and approves legislation that has been the result of the standing interim committee meetings; however, the relationship between the Executive Board and the statutory interim committees is somewhat different. He also stated that the interim committees have the option of submitting legislation on their own. Mr. Bezpaletz said this option is used when the Executive Board has not had the opportunity for sufficient input or feels uncomfortable with the legislation.

Senator Olson asked if they could accept the report and suggest that individual members have the sponsorship of a certain drafted bill with an affirmative being given. He said he was not very comfortable with the Executive Board submitting the drafted bills.

Representative Michels recognized that the committee had spent a great deal of time on the issues. He would be more comfortable with individuals drafting and sponsoring the bill.

**REPRESENTATIVE MICHELS MOVED, SECONDED BY REPRESENTATIVE HALEY, THAT THE EXECUTIVE BOARD ACCEPT THE REPORT OF THE GOVERNMENT OPERATIONS AND AUDIT COMMITTEE, AND THAT THE CHAIR OF THE GOVERNMENT OPERATIONS AND AUDIT COMMITTEE HAVE INDIVIDUALS INTRODUCE THE FIVE DRAFTED BILLS. THE MOTION PREVAILED UNANIMOUSLY ON A ROLL CALL VOTE WITH 9 VOTING AYE, 0 VOTING NAY, AND 6 EXCUSED. THOSE VOTING AYE: BRODERICK, GRAY, HALEY, HEINEMAN, HUNHOFF, MICHELS, PUTNAM, PETERSON, AND OLSON. THOSE EXCUSED: DENNERT, EARLEY, JENSEN, KOETZLE, PEDERSON, AND SCHOENBECK.**

#### Constitutional Revision Commission

**Mr. Dave Ortbahn**, Principal Research Analyst, Legislative Research Council, stated that the commission wanted to keep the Executive Board informed; therefore, copies of their minutes is being provided to the members of the Executive Board. Mr. Ortbahn said that there is a listing of joint resolutions that the commission is recommending at the back of the report which had been included in the packet mailed to them previously (**Document #7**). He stated that the Constitutional Revision Commission would like to meet with the Executive Board during the 2006 Legislation Session.

When asked by Representative Putnam the length of time that the commission will exist, Mr. Ortbahn responded by saying that it has been extended to 2006.

**REPRESENTATIVE PUTNAM MOVED, SECONDED BY REPRESENTATIVE MICHELS, TO ACCEPT THE COMMISSION'S REPORT AND INTRODUCE THE THREE JOINT RESOLUTIONS TO THE LEGISLATURE ON BEHALF OF THE CONSTITUTIONAL REVISION COMMISSION. THE MOTION PREVAILED UNANIMOUSLY ON A ROLL CALL VOTE WITH 9 VOTING AYE, 0 VOTING NAY, AND 6 EXCUSED. THOSE VOTING AYE: BRODERICK, GRAY, HALEY, HEINEMAN, HUNHOFF, MICHELS, PUTNAM, PETERSON, AND OLSON. THOSE EXCUSED: DENNERT, EARLEY, JENSEN, KOETZLE, PEDERSON, AND SCHOENBECK.**

#### Department of Agriculture Agency Review Committee

**Mr. Aaron Olson**, Fiscal Analyst, Legislative Research Council, stated that a copy of his report was included in the packet mailed previously to the members (**Document #7**). Mr. Olson said that the Agriculture Agency Review Committee met three times during the interim. He stated that during those meetings a discussion followed which included the 2006 State Fair, grants received, and seed certification.

Mr. Olson said that three legislative proposals were introduced, two being rejected, and one was approved. He said that page two of his report included an explanation of the approved Legislation which is an act to make form and style revisions to certain agricultural statutes.

**REPRESENTATIVE HUNHOFF MOVED, SECONDED BY REPRESENTATIVE, THAT THE EXECUTIVE BOARD INTRODUCE AND ACCEPT THE REPORT OF THE DEPARTMENT OF AGRICULTURE AGENCY REVIEW COMMITTEE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### State – Tribal Relations Study Committee

Tom Magedanz, Principal Research Analyst, Legislative Research Council, distributed a copy of his report entitled “State-Tribal Relations Study Committee – 2005 Interim (**Document #8**). He advised that no legislation will be forthcoming from the two meetings that was held. Mr. Magedanz stated the interim committee was created in statute (SDCL 2-6-20) in 1993 as part of the state’s reconciliation efforts. The chair is elected every two years, and the committee selects a broad range of topics. Mr. Magedanz stated that information on an empowerment zone was discussed. He informed the board it is still active. Mr. Magedanz advised that they are involved at the present time in a project to raise kosher wheat.

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE HALEY, THAT THE EXECUTIVE BOARD ACCEPT THE REPORT OF THE STATE-TRIBAL RELATIONS STUDY COMMITTEE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### State & Local Government Task Force

Mr. Tom Magedanz, Principal Research Analyst, Legislative Research Council, stated that the task force was formed in 2004 and was instructed to report their findings to the 2006 Legislation Session. He said the final categories of concern were: flexibility, judicial and law enforcement, communications, and funding. Mr. Magedanz stated that because there was such a broad range of topics it was difficult to focus on a certain area. A copy of the State and Local Government Task Force Report to the South Dakota Legislature (**Document #9**) was distributed to the committee.

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE HUNHOFF, THAT THE EXECUTIVE BOARD ACCEPT THE REPORT OF THE STATE AND LOCAL GOVERNMENT TASK FORCE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### Department of Public Safety Agency Review Committee

**Ms. Sue Cichos**, Senior Fiscal Analyst, Legislative Research Council, gave a presentation on the Department of Public Safety Agency Review Committee, (**Document #7**). She reported that the committee consisted of 15 members, and met three times. These meetings included the discussion of Homeland Security, data protection, recruitment of highway patrol and how South Dakota fits in with other states, and DUI system and statistics. Ms. Cichos said that no concern was expressed regarding the state radio system. Representative Haley interjected that South Dakota is now funding some Ham Radio Clubs; however, they were reluctant at the beginning to fund this type of area.

**REPRESENTATIVE HALEY MOVED, SECONDED BY REPRESENTATIVE PUTNAM, THAT THE EXECUTIVE BOARD ACCEPT THE REPORT OF THE DEPARTMENT OF PUBLIC SAFETY AGENCY REVIEW COMMITTEE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

### Health Insurance Issues Interim Study Committee

**Ms. Jacquelyn Storm**, Principal Legislative Attorney, Legislative Research Council, stated that in the South Dakota Risk Pool there are eight carriers writing individual policies, sixteen small group carriers, and eleven large group carriers. Her report is included in **Document 7** which was mailed previously to the Executive Board members. Ms. Storm stated that The Association of Community Based Services approached the committee with the request to allow adjustment training centers to join the state health insurance plan. Committee discussion followed with the consensus being that allowing another entity to join may jeopardize federal funding. Ms. Storm stated that current rules do not allow general purpose associations in South Dakota. She said that no action was taken to expand the risk pool and no legislation is being recommended. Senator Broderick announced that he had spoken with Mr. Randy Moses of the Division of Insurance with regard to Association Group Health Insurance. Mr. Moses stated that the Division was reluctant to take another look at this issue. Mr. Moses said he would relay the concerns to the Division Director, and possibly they could again review the rule.

**REPRESENTATIVE HALEY MOVED, SECONDED BY REPRESENTATIVE PUTNAM, THAT THE EXECUTIVE BOARD ACCEPT THE REPORT OF THE HEALTH INSURANCE ISSUES INTERIM STUDY COMMITTEE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

Senator Olson reported that there would be no oral presentations given by the Appropriations Committee, and the Retirement Laws Committee.

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE HALEY, THAT THE EXECUTIVE BOARD ACCEPT THE REPORTS FROM THE APPROPRIATIONS COMMITTEE AND THE RETIREMENT LAWS COMMITTEE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

#### Committee on Classifications of Real Property

**Mr. Fred Baatz**, Principal Research Analyst, Legislative Research Council, presented a handout entitled "Committee on Classifications of Real Property" (**Document #10**). Mr. Baatz reported that in 1989 a major overhaul of the property taxation system occurred and the property tax freeze was implemented. He said that the value of cropland has increased 55% while cash rent has only increased 12%. Mr. Baatz stated that forty-six counties utilize zoning. However, only six West River counties utilize zoning and only four East River counties do not utilize zoning.

Mr. Baatz reported that the committee reviewed three legislative proposals and approved two. A listing of the legislation adopted is shown on the last page of the handout. The board discussed how taxes are impacted by hunting preserves, how valuations compared among neighboring counties, and whether counties are in compliance in the sale of land.

**SENATOR BRODERICK MOVED, SECONDED BY SENATOR GRAY, THAT THE EXECUTIVE BOARD INTRODUCE AND ACCEPT THE REPORT OF THE COMMITTEE ON CLASSIFICATIONS OF REAL PROPERTY. THE MOTION PREVAILED UNANIMOUSLY ON A ROLL CALL VOTE WITH 9 VOTING AYE, 0 VOTING NO, AND 6 EXCUSED. THOSE VOTING AYE: BRODERICK, GRAY, HALEY, HEINMEMAN, HUNHOFF, MICHELS,**

**PUTNAM, PETERSON, AND OLSON. THOSE EXCUSED: DENNERT, EARLEY, JENSEN, KOETZLE, PEDERSON, AND SCHOENBECK.**

Rules Review Committee

**Mr. Doug Decker**, Code Counsel, Legislative Research Council, reported that the mountain lion issue created a certain concern. He said they have had nine meetings and two meetings yet to meet. Mr. Decker stated that there will be many pieces of legislation being submitted during the 2006 Legislation Session by individuals from various delegations.

Code Commission

Mr. Doug Decker reported that there are six members on this commission. He said they have an excellent working relationship with West Publishing. Mr. Decker stated that the commission has met once to consider how to handle publication.

**REPRESENTATIVE PUTNAM MOVED, SECONDED BY SENATOR BRODERICK, THAT THE EXECUTIVE BOARD ACCEPT THE REPORTS OF THE RULES REVIEW COMMITTEE AND THE CODE COMMISSION. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

**Issue Memorandums**

Ms. Sue Cichos, Senior Fiscal Analyst, Legislative Research Council, presented a document entitled "Issue Memorandum 05-01 – Clawback Provision of the Medicare Prescription Drug Improvement and Modernization Act of 2003" (**Document #11**). She explained that "dual eligibles" are individuals who qualify for both Medicare and Medicaid coverage. She said that January 1, 2006, is the date that coverage for prescription drugs under Medicare Part D begins. Ms. Cichos reported that clawback shifts prescription costs from Medicaid to Medicare, and that states will no longer receive matching funds. Clawback is the formula the federal government designed for billing states.

Ms. Cichos said that clawback is expected cost neutral. She stated that South Dakota has a population of under 12,000 dual eligibles. Representative Michels said that it is his understanding that the workload will not diminish for dual eligibles, and Ms. Cichos replied that is correct.

Mr. Jim Fry, Director, Legislative Research Council, presented a document entitled "Issue Memorandum 05-02 – Economic Development in South Dakota Incentives for Growth and Advancement" (**Document #12**). Mr. Fry stated that this issue memorandum describes the state tax incentives for economic development in South Dakota as well as lists other incentive programs created to help businesses become established or expand. The goal of the incentives catalogued in Issue Memorandum 05-02 is to attract large and small businesses to the State of South Dakota.

Representative Heineman requested that the memorandum include a description of ethanol production incentives. She also questioned if these memorandums are on the internet, and Mr. Fry responded by saying that they are working on that issue.

**REPRESENTATIVE HEINEMAN MOVED, SECONDED BY BRODERICK, THAT THE EXECUTIVE BOARD ACCEPT THE ISSUE MEMORANDUM 05-01, AND TO ACCEPT THE ISSUE MEMORANDUM 05-02 AS AMENDED. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

Mr. Fry reported that Senator J. P. Duniphan would like to schedule a tour of the new DCI building on Thursday, January 12, 2006. A discussion followed with the conclusion being that possibly January 19<sup>th</sup>, 2006 would work with her schedule and a sack lunch would be provided. The Executive Board instructed Mr. Fry to visit with Senator Duniphan on the date change.

A short discussion followed regarding fourth floor utilization by the Legislature. Senator Gray said that the current administration position is that the Legislature will not be granted more space on 4<sup>th</sup> floor. However, we have the power to pass legislation to take over more space.

**SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE HUNHOFF, THAT THE EXECUTIVE BOARD ADJOURN. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.**

The Executive Board adjourned at 2:10 p.m.

T



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's home page: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **My LRC** (<http://legis.state.sd.us/mylrc/index.cfm>).