



# State of South Dakota

EIGHTY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2007

177N0177

SENATE TAXATION COMMITTEE ENGROSSED NO.

**HB 1084** - 02/28/2007

Introduced by: Representatives Rhoden and Hargens and Senators Knudson and Heidepriem

1 FOR AN ACT ENTITLED, An Act to revise the property tax levies for the general fund of a  
2 school district.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-12-42 be amended to read as follows:

5 10-12-42. For taxes payable in ~~2007~~ 2008 and each year thereafter, the levy for the general  
6 fund of a school district shall be as follows:

7 (1) The maximum tax levy shall be ten dollars and ~~nineteen~~ seventeen cents per thousand  
8 dollars of taxable valuation subject to the limitations on agricultural property as  
9 provided in subdivision (2) of this section, owner-occupied property as provided for  
10 in subdivision (3) of this section, and nonagricultural acreage property as provided  
11 for in subdivision (4) of this section;

12 (2) The maximum tax levy on agricultural property for such school district shall be three  
13 dollars and ~~three~~ two cents per thousand dollars of taxable valuation. If the district's  
14 levies are less than the maximum levies as stated in this section, the levies shall  
15 maintain the same proportion to each other as represented in the mathematical



1 relationship at the maximum levies;

2 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in  
3 § 10-13-40, for such school district may not exceed four dollars and ~~seventy-six~~  
4 seventy-five cents per thousand dollars of taxable valuation. If the district's levies are  
5 less than the maximum levies as stated in this section, the levies shall maintain the  
6 same proportion to each other as represented in the mathematical relationship at the  
7 maximum levies; and

8 (4) The maximum tax levy on nonagricultural acreage property as defined in § 10-6-  
9 33.14, for such school district shall be four dollars and ~~three~~ two cents per thousand  
10 dollars of taxable valuation. If the district's levies are less than the maximum levies  
11 as stated in this section, the levies shall maintain the same proportion to each other  
12 as represented in the mathematical relationship at the maximum levies.

13 All levies in this section shall be imposed on valuations where the median level of  
14 assessment represents eighty-five percent of market value as determined by the Department of  
15 Revenue and Regulation. These valuations shall be used for all school funding purposes. If the  
16 district has imposed an excess levy pursuant to § 10-12-43, the levies shall maintain the same  
17 proportion to each other as represented in the mathematical relationship at the maximum levies  
18 in this section. The school district may elect to tax at less than the maximum amounts set forth  
19 in this section.

# State of South Dakota

EIGHTY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2007

910N0015

SENATE TAXATION COMMITTEE ENGROSSED NO.

**HB 1131 - 02/28/2007**

Introduced by: Representatives Tidemann, Burg, Dennert, DeVries, Dykstra, Hackl, Halverson, Howie, Juhnke, Lucas, Moore, Nelson, Noem, Peters, Rausch, Sigdestad, Van Etten, Vanneman, and Vehle and Senators Bartling, Duenwald, Garnos, Greenfield, Hansen (Tom), Hanson (Gary), Hauge, Hundstad, Maher, McNenny, and Peterson (Jim)

1 FOR AN ACT ENTITLED, An Act to increase the amount of funding for conservation and  
2 value-added agriculture purposes from certain unclaimed motor fuel tax refunds.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-47B-154 be amended to read as follows:

5 10-47B-154. The Legislature finds that not all motor fuel taxes which qualify for the  
6 nonhighway agricultural motor fuel tax refund are, in fact, refunded under the procedure set  
7 forth in this chapter. The Legislature further finds that a certain amount of these unclaimed tax  
8 refunds from the sale of motor fuel for nonhighway agricultural uses should be ~~utilized~~ used for  
9 agricultural purposes in a manner which benefits both agriculture and the citizens of the state  
10 by preserving its natural resources. Therefore, the Legislature declares that an amount equal to  
11 ~~thirty-five percent of~~ one-half of the gallons of the annual South Dakota agricultural gasoline  
12 and gasoline blend sales as determined in section 2 of this Act is used for nonhighway  
13 agricultural purposes and eligible for refund of the motor fuel tax. The amount of eligible tax



1 ~~refunds less~~ the claimed refunds authorized by § 10-47B-119, ~~not to exceed one million five~~  
2 ~~hundred thousand dollars in any single fiscal year~~, as determined in section 2 of this Act  
3 represents the amount of unclaimed tax refunds from the sale of motor fuel tax for nonhighway  
4 agricultural uses. The Legislature further declares that it is the policy of this state to use these  
5 funds, representing the unclaimed tax refunds from the sale of motor fuel for nonhighway  
6 agricultural purposes, to implement the Coordinated Soil and Water Conservation Program.  
7 Notwithstanding any other provisions of this Act, the total amount of unclaimed motor fuel tax  
8 refunds to be transferred to the coordinated soil and water conservation fund, may not exceed  
9 two million five hundred thousand dollars in any single fiscal year.

10 Section 2. For purposes of section 1 of this Act, the amount of unclaimed tax refunds from  
11 the sale of motor fuel for nonhighway agricultural purposes in any fiscal year is determined as  
12 provided in this section. The gasoline and gasoline blend sales in South Dakota in accordance  
13 with section 1 of this Act, is twelve percent of the gasoline and gasoline blend usage by the  
14 plains states as reported in the USDA-NASS Farm Production Expenditures Annual Summary  
15 Report. The number of gallons of gasoline and gasoline blend used in South Dakota for  
16 agricultural purposes is the amount of money spent on gasoline and gasoline blend in South  
17 Dakota for agricultural purposes divided by the average price of gasoline as published by the  
18 Energy Information Administration. The number of gallons of gasoline and gasoline blend  
19 purchased for nonhighway agricultural purposes is fifty percent of the gallons purchased in  
20 South Dakota in accordance with section 1 of this Act. That amount multiplied by the tax rate  
21 pursuant to § 10-47B-4 is the amount of tax that is eligible to be refunded by the Department  
22 of Revenue and Regulation. The amount of money eligible for refunds less the actual amount  
23 of refunds paid by the Department of Revenue and Regulation is the total amount of unclaimed  
24 refunds.

1 Section 3. That § 10-47B-149 be amended to read as follows:

2 10-47B-149. At the beginning of each month, the secretary shall make adjustments to the  
3 motor fuel tax fund balance in the following manner:

4 (1) Each July transfer an amount to the snowmobile trails' fund equal to the product of  
5 multiplying the number of licensed snowmobiles as of July first, times one hundred  
6 twenty-five gallons, times the rate of tax provided for motor fuel under this chapter;

7 (2) Transfer to the motor fuel tax refund fund an amount to pay motor fuel tax refunds  
8 for the current month;

9 (3) Transfer to the motor fuel tax administration account two percent of the deposits  
10 made to the motor fuel tax fund during the preceding month to cover the expenses  
11 incurred in administering all motor fuel and special fuel tax laws of this state. On or  
12 about August first of each year, the preceding year's remaining motor fuel tax  
13 administration account balance, less an amount to provide cash flow within the  
14 account, shall be transferred to the state highway fund. The remaining balance is to  
15 be calculated by subtracting from the total of monthly deposits, the amount of  
16 corresponding expenses. The expense of administering the chapters relating to motor  
17 and special fuel taxation shall be paid out of appropriations made by the Legislature;

18 (4) ~~Transfer~~ Each September transfer an amount to the coordinated soil and water  
19 conservation fund ~~an amount equal to thirty-five percent of the claimed refunds~~  
20 ~~authorized by § 10-47B-119 for the preceding month, not to exceed a cumulative~~  
21 ~~total of one million five hundred thousand dollars in any single fiscal year~~ the amount  
22 calculated pursuant to section 2 of this Act;

23 (5) Each July transfer to the parks and recreation fund an amount equal to the product of  
24 multiplying the number of licensed motorized boats as of the previous December

1 thirty-first, times one hundred forty gallons, times the rate of tax provided for motor  
2 fuels under this chapter;

3 (6) Transfer to the member jurisdictions taxes collected under the provisions of the  
4 international fuel tax agreement; and

5 (7) Transfer the remaining cash balance to the state highway fund.

6 Section 4. That § 38-7-26 be amended to read as follows:

7 38-7-26. The coordinated soil and water conservation fund shall consist of money  
8 transferred from the unclaimed tax refunds from the sale of motor fuel for nonhighway  
9 agricultural uses in the motor fuel tax fund as provided in ~~§ 10-47A-11~~ § 10-47B-149, and all  
10 public and private sources including legislative appropriations or federal grants.

11 Section 5. That § 38-7-27 be amended to read as follows:

12 38-7-27. The Coordinated Soil and Water Conservation Program is hereby established.  
13 Under this program, the State Conservation Commission may grant or loan funds from the  
14 coordinated soil and water conservation fund. The Conservation Commission shall promulgate  
15 rules pursuant to chapter 1-26 for administration, terms, and conditions for the disbursement of  
16 grants ~~to conservation districts~~ or loans and to establish criteria for the selection of projects to  
17 receive grants or loans through the Coordinated Soil and Water Conservation Program.

# State of South Dakota

EIGHTY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2007

596N0597      SENATE EDUCATION COMMITTEE ENGROSSED NO.  
**HB 1171** - 02/27/2007

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Rhoden, Brunner, Deadrick, Dykstra, Faehn, Krebs, Rave,  
and Turbiville

1 FOR AN ACT ENTITLED, An Act to enhance education in the state and to make an  
2 appropriation therefor.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby created the teacher compensation assistance program within the  
5 Department of Education to provide funds to school districts for the purpose of assisting school  
6 districts with teacher compensation. The department shall provide four-fifths of the funds for  
7 the teacher compensation assistance program to each participating school district. The Board  
8 of Education shall promulgate rules, pursuant to chapter 1-26, to create an oversight board  
9 appointed by the secretary of education for approval of applications as well as guidelines for  
10 district applications based on district instructional goals, market compensation or other specific  
11 district requirements as approved by the department. Participation in the program is  
12 discretionary. District applications shall be approved by the local board of education. The  
13 applications shall be reviewed by the teacher compensation assistance program oversight board  
14 and shall be recommended to the Board of Education for final approval.



1 Section 2. Once a school district's initial five-year plan is complete, the school district may  
2 reapply for the program. If a school district reapplies and the district's application is denied by  
3 the Board of Education due to changes in the program's requirements, that school district is still  
4 entitled to receive funding for this program, if the school district continues to follow its original  
5 teacher compensation plan that it followed during the initial five years. The funding that school  
6 district is entitled to receive during the first year following the denial and in each year thereafter,  
7 as long as the school district continues to follow the original teacher compensation plan, shall  
8 be calculated as follows:

- 9 (1) Determine the amount received for this program per fall enrollment as defined in  
10 subdivision 13-13-10.1(1) in the prior year;
- 11 (2) Increase the amount in (1) by the index factor as defined in subdivision 13-13-  
12 10.1(3); and
- 13 (3) Multiply the result in (2) by the fall enrollment.

14 Section 3. The South Dakota Board of Education shall promulgate rules pursuant to chapter  
15 1-26 establishing the application process; application timelines; the guidelines for district  
16 applications based on school district instructional goals or market compensation; and a system  
17 to monitor the progress of participating school districts with their compensation assistance plans  
18 and to ensure that each participating school district is complying with the plan as submitted to  
19 the board.

20 Section 4. The secretary of the Department of Education shall establish seven education  
21 service agencies to provide services and leadership to school districts on a regional basis. Each  
22 education service agency shall serve the school districts in a particular region of the state as  
23 determined by the secretary of education, and the secretary shall ensure that every school district  
24 is served by an education service agency. Each education service agency may be incorporated

1 in the state of South Dakota as a nonprofit corporation organized under chapters 47-22 to 47-28,  
2 inclusive, which is exempt from taxation pursuant to 501(a) of the Internal Revenue Code, 26  
3 U.S.C. Section 501(a), and may be listed as an exempt organization in Section 501(c) of the  
4 Internal Revenue Code, 26 U.S.C. Section 501(c), or an education service agency may be  
5 directed by an educational cooperative.

6 Section 5. Education service agencies are hereby authorized and empowered to develop,  
7 manage, and provide support services and programs as determined by the needs of the local  
8 school districts and as approved by the secretary of education. An education service agency may:

- 9 (1) Act primarily as a service agency in providing services and programs as identified  
10 and requested by the school districts it serves, including professional development,  
11 instructional materials, educational technology, curriculum development, and  
12 alternative educational programs;
- 13 (2) Provide for economy, efficiency, and cost effectiveness in the cooperative delivery  
14 and purchase or lease of educational services, materials, and products; the services  
15 may include purchasing cooperatives, insurance cooperatives, business management  
16 services, auditing and accounting services, school safety and risk prevention training,  
17 data processing, and assistance with student records;
- 18 (3) Provide administrative services such as communications and public relations  
19 services, employee background checks, grants management services, printing and  
20 publication services, and internship services;
- 21 (4) Provide educational services through leadership and research and development in  
22 elementary and secondary education;
- 23 (5) Work cooperatively with the Department of Education, institutions of higher  
24 education, local school districts, and other educational organizations to support,

1 develop, and implement long-range plans and strategic goals for the enhancement of  
2 educational opportunities in elementary and secondary education; and

3 (6) Serve, when appropriate and if funds are available, as a repository, clearinghouse,  
4 and administrator of federal, state, local, and private funds on behalf of school  
5 districts that may participate in special programs, projects, or grants in order to  
6 enhance the quality of education in South Dakota schools.

7 Section 6. Each education service agency shall have an advisory board. The advisory board  
8 shall meet at least twice a year, and its membership shall include the superintendent or a  
9 designee of the superintendent from every school district served by the agency. The advisory  
10 board shall provide guidance to the agency relative to the needs of the school districts and how  
11 the education service agency might address those needs.

12 Section 7. Beginning in 2008, the advisory board for each education service agency shall,  
13 upon receiving the approval of the secretary of education, appoint a fiscal agent to oversee the  
14 daily operations of the education service agency. Once appointed, the fiscal agent shall serve  
15 at the pleasure of the board. However, a board's decision to rescind a fiscal agent's appointment  
16 shall be approved by the secretary of education.

17 Section 8. A statewide leadership board, composed of the fiscal agent from each education  
18 service agency and a representative from the Department of Education, shall be created to  
19 establish uniform policies among the education service agencies and to allow for  
20 communication and the exchange of ideas.

21 Section 9. Upon receiving approval from the Department of Education, each education  
22 service agency, with input from both the advisory board and the statewide leadership board,  
23 may, as funding permits, contract with other entities to provide services to the school districts  
24 it serves.

1 Section 10. Each year, the Department of Education shall conduct an assessment and a  
2 performance evaluation of each education service agency and submit its findings in writing to  
3 the Legislature.

4 Section 11. The South Dakota Board of Education shall promulgate rules pursuant to chapter  
5 1-26 establishing the evaluation process and the criteria and performance measures the  
6 department will use to evaluate the education service agencies.

7 Section 12. The secretary of the Department of Education shall approve vouchers and the  
8 state auditor shall draw warrants to pay expenditures authorized by this Act.

9 Section 13. For the fiscal year beginning on July 1, 2007, there is hereby appropriated from  
10 the education enhancement tobacco tax fund the sum of nine million dollars (\$9,000,000), or  
11 so much thereof as may be necessary, to the Department of Education and shall be distributed  
12 as follows:

13 (1) Four million dollars for the teacher compensation assistance program created in  
14 section 3 of this Act;

15 (2) One million seven hundred thousand dollars for the education service agencies  
16 established in section 4 of this Act;

17 (3) One million five hundred thousand dollars for career and technical education  
18 programs;

19 (4) One million eight hundred thousand dollars to apply to any increases in the total cost  
20 of foundation program state aid or other educational programs that resulted from  
21 legislation enacted during the Eighty-Second Session of the South Dakota Legislature  
22 based on the findings of the two-year study of school funding that was undertaken by  
23 the Department of Education in 2005; and

24 Section 14. For the fiscal year beginning on July 1, 2008 and for each fiscal year thereafter,

1 the secretary of education shall expend nine million dollars of the monies deposited in the  
2 education enhancement tobacco tax fund through the normal budget process as set forth in § 4-

3 7-9. Expenditures from the fund shall support the following education programs:

- 4 (1) The teacher compensation assistance program created in section 3 of this Act;
- 5 (2) The education service agencies established in section 4 of this Act;
- 6 (3) Career and technical education programs; and
- 7 (4) Other education program expenditures as set forth by the Legislature.