

Study Committee on County Funding and Services

2023 Final Report



Study Assignment

The scope of the study is to examine the appropriate administration and funding of certain services to be provided by county governments, including, but not limited to: medical assistance for indigent persons, juror fees, elections, veteran service officers, criminal defense costs, court costs, cybersecurity costs, and mental health holds. In particular, the study will seek policies to encourage regionalization, consolidation, or alternate provision of services to gain efficiency for county governments and taxpayers. The study will further examine the available revenue sources of county governments and their utilization.

Summary of Interim

The Committee held its first meeting on June 14 in Pierre. The first meeting was intended to be informational for the benefit of all the Committee members. At the Committee's first meeting, the Department of Revenue explained that the property tax is the primary funding source for counties. This source of revenue is subject to the property tax limitation program enacted in 1995. The Unified Judicial System shared that South Dakota is one of only two states with an entirely county-funded process for providing legal services to indigent defendants. The Committee received information from the Department of Corrections, Legislative Audit, Sheriffs Association, and State's Attorney Association.

The second meeting was held on July 12 in Pierre. The committee heard about county road funding challenges, including inflationary costs of gravel and asphalt roadways, equipment, and corrugated metal pipes. After appearing at the first meeting, Legislative Audit staff sat in on this meeting to answer any potential questions and provided follow-up data regarding county legal type expenditures and explained that these expenses have risen dramatically. The Committee received additional information regarding indigent health care, cyber security, welfare, Medicaid expansion, veteran service officers, and election administration.

The final two meetings of the Committee were held for members to offer potential solutions and for the Committee to hear additional testimony from counties.

The Committee's third meeting was held on August 16 in Pierre. The Committee heard public testimony from county officials who shared common concerns, including the continued rise in costs for law enforcement, transporting inmates, road maintenance, employee recruitment, and jails. The Committee heard from the Bureau of Information and Telecommunications, the Bureau of Administration, and follow-up information from the Department of Revenue.

Emergency managers detailed the federal requirements. The Emergency Management Performance Grant Program reimburses counties for fifty percent of allowable costs, including emergency manager wages and benefits. The state receives Federal Emergency Management Agency (FEMA) funding and sources it to emergency managers after certain requirements are met. The state and FEMA require certain plans and documents including emergency management plans, natural hazard mitigation plans, hazardous material plans, and community wildfire protection plans. Common issues shared by emergency managers include funding issues, administrative challenges, and first responder volunteer shortages.

The Committee held its fourth and final meeting on September 13 in conjunction with the annual meeting of the South Dakota Association of County Commissioners in Sioux Falls. The Committee heard public testimony regarding

common issues facing county government, concerns regarding revenue sources, operations costs, and increasing demands for law enforcement expenditures. Commonly, testifiers shared that no county is the same, and county needs may deviate from county to county.

Upon the completion of the public testimony, the Committee discussed legislative ideas ([Document 1](#)) and expressed informal support for legislation to be drafted in the following areas: allowing counties to impose administrative fees on property tax collections and tax increment finance districts; court-appointed attorney fees; redistribution of the alcohol beverage tax; funding of veteran service officers; grant to encourage cooperation between counties; and emergency managers; a resolution to support the creation of a centralized property tax database; mental health holds funding; hold counties harmless for road district maintenance; allow counties to collect debt through the obligation recovery center; a resolution to encourage an amendment to include certain wildlife lands in the PILT Act; and cybersecurity grant funding.

Listing of Legislation Discussed by the Committee

- An Act to allow for counties to impose an administrative fee on the collection and distribution of property taxes. (Draft 241)
- An Act to clarify provisions pertaining to tax increment finance districts. (Draft 240)
- An Act to provide for the employment of veterans' service officers by the Department of Veterans Affairs. (Draft 185)
- An Act to provide for the employment and maintenance of emergency management personnel by the Department of Public Safety. (Draft 239)
- An Act to modify provisions pertaining to payment of public defenders and court-appointed attorneys. (Draft 271)
- An Act to revise provisions regarding the alcohol beverage fund. (Draft 152)
- An Act to provide for the payment of mental health holds by the Department of Social Services. (Draft 275)
- An Act to create the county cooperation and collaboration grant fund and make an appropriation therefor. (Draft 243)
- An Act to revise provisions regarding township contracts for snow removal. (Draft 55)
- An Act to make an appropriation to the Board of Regents to provide cybersecurity grants to local governments. (Draft 245)
- An Act to provide for the use of the obligation recovery center by counties. (Draft 244)
- A concurrent resolution urging the Department of Revenue to establish a centralized property tax database. (Draft 242)
- A concurrent resolution urging the members of South Dakota's congressional delegation to sponsor and support an amendment to the Payment in Lieu of Taxes Act. (Draft 247)

Summary of Meeting Dates and Places

The Committee met on June 14, July 12, and August 16 in Pierre. The Committee met on September 13 in Sioux Falls.

Listing of Committee Members

Members of the committee were Senators Jim Bolin, Randy Deibert, Helene Duhamel, David Johnson, Liz Larson, Jim Mehlhaff, and Al Novstrup, and Representatives Amber Arlint, Kirk Chaffee, Roger Chase, Lance Koth, John Mills, Neal Pinnow, and Tim Reisch.

Listing of Staff Members

Staff members for the Committee were Amanda Marsh, Principal Research Analyst; Jacob Carlson, Research Analyst; Joey Knofczynski, Senior Fiscal Analyst; Rachael Person, Chief of Operations; and Joleh McCullough, Administrative Specialist.

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