

SOUTH DAKOTA
BUDGET
PRIMER

a guide to the

south dakota budget process



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The South Dakota Budget and Policy Project's mission is to promote responsible and equitable fiscal policy through research and education.



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South Dakota Budget & Policy Project
Joy Smolnisky, Director

808 N. West Ave., PO Box 2196
Sioux Falls, SD 57101-2196
Phone: (605) 367-9667
Fax: (605) 335-3836
www.sdbudgetandpolicyproject.org

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SOUTH DAKOTA BUDGET PRIMER

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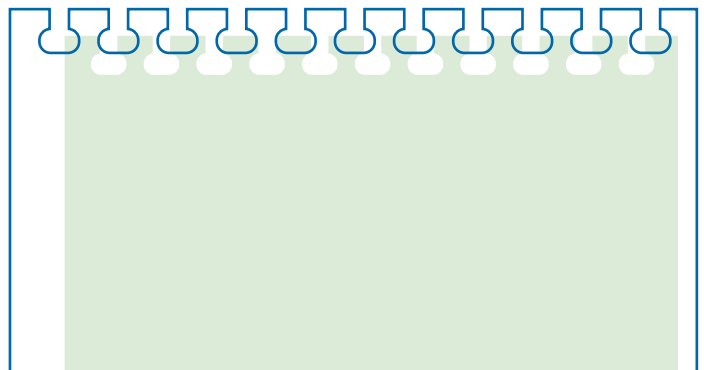
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INTRODUCTION

HOW BUDGET DECISIONS AFFECT POLICY

The state budget is the ultimate policy document. It determines how much is spent on programs and services that affect the lives of all South Dakotans. Our schools, health, safety and transportation – and the basic public systems that support them – are the foundation of South Dakota’s current and future prosperity. Investing wisely and adequately in these systems saves money and builds wealth in the long run.

This Budget Primer is a guide to understanding the components of the state budget, how it is created, and some of the priorities and choices it reflects. By understanding the complete fiscal picture we can make better decisions about our tax system and spending priorities.

Small changes in a budget or fiscal policy can have major impacts on the people in our state. These changes may not attract public attention, leaving most South Dakotans unaware of their effect. Broad-based and thoughtful citizen involvement helps ensure that South Dakota’s budget priorities reflect our values and that our budget decisions meet the needs of the state.

Even small fiscal policy changes can have big impacts:

In 2009 the eligibility for food-tax refunds was changed to exclude households that are income-eligible to receive food stamps.

That reduced a \$3 million food-tax refund program serving 42,161 households by over 97%, leaving only 726 South Dakota households receiving benefits in FY 2010.

Source: SD Dept of Social Services Annual Statistical Report FY 2010

This Budget Primer is a guide to understanding the components of the state budget, how it is created, and some of the priorities and choices it reflects.

BUDGET BASICS

FINDING THE BALANCE

While the state budget is more complicated than a household budget, there are basic similarities. Each year elected leaders must identify the most important state needs and determine how much money is necessary to cover those needs. There must be adequate state income (revenue) to cover all approved spending (expenditures). According to the state constitution¹ the budget must balance. In other words, *revenue must equal expenditures*.

When spending needs are greater than available revenue, tough decisions must be made. Will the state raise the additional income it needs by increasing taxes or fees? Will the state cut services for people? If so, which services will be sacrificed – road maintenance, public education, public safety? Who will be most affected – children, elderly, business, the poor, the wealthy? Or will the state select a balanced approach, including both service cuts and revenue increases that are spread broadly across many groups?

These are the questions the budget process answers. All are important policy questions that affect the lives of South Dakotans.

Broad-based and thoughtful citizen involvement helps ensure that South Dakota's budget priorities reflect our values and that our budget decisions meet the needs of the state.

A BUDGET IS BORN

By state law, the governor is required to submit a *budget report* to the Legislature each year in early December. It outlines proposed “financial plans and appropriations”² to cover the cost of state government services in the upcoming fiscal year. South Dakota’s fiscal year runs from July 1 through June 30 and is referred to by the year in which it ends (e.g. FY12 runs from July 1, 2011 to June 30, 2012).

In an election year, if there is a change in administration, the governor-elect has until the 10th day of the legislative session to review the outgoing governor’s budget and suggest changes.

The governor’s financial plan is submitted to the Legislature in the *general appropriations bill*, which “authorizes the expenditure of money from public funds for the ordinary current and capital expenditures of the executive, legislative and judicial departments of the state.”³

During the legislative session, which begins the second Tuesday in January, the *general appropriations bill* is reviewed and amended by the Joint Appropriations Committee of the Legislature. Then both the House and the Senate vote on the bill, which requires only a simple majority to pass.

The Legislature can also pass *Special Appropriations Acts* that authorize spending public funds for any purpose

¹South Dakota Bureau of Finance and Management, *State Budget Overview*, <http://www.state.sd.us/bfm/overview.htm>.

²South Dakota Codified Law 4-7-1 (5). ³South Dakota Codified Law 4-7-1 (8). ⁴South Dakota Codified Law 4-7-1.

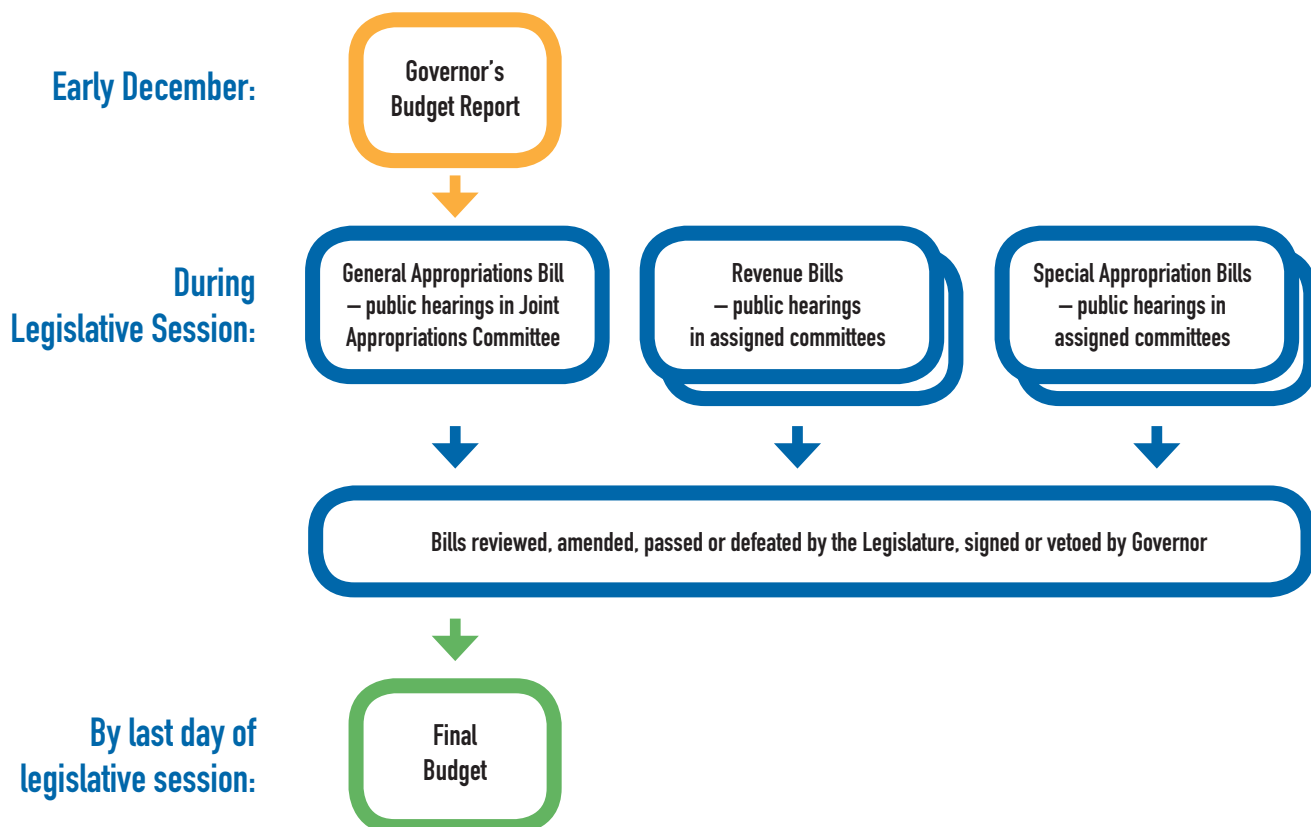
other than those allowed in the General Appropriations Act⁴ (Examples: construction of new campus buildings, the cost of fighting an extensive Black Hills fire). Special Appropriations Acts and *Revenue Acts*, which impose or increase taxes, require a two-thirds majority of both houses to pass.⁵

The governor has the power to veto individual line items of any appropriations bill passed by the Legislature.⁶ Gubernatorial vetoes require a two-thirds majority vote of both House and Senate to override.

Together, the general appropriations act, special appropriations acts, and revenue acts make up the budget – the financial plan for the upcoming year.⁷ The South Dakota Legislature must approve the budget by the end of the legislative session - there is no provision in state law for a continuing resolution.⁸ (A continuing resolution is a type of appropriations legislation used by the U.S. Congress to fund government agencies if a formal appropriations bill has not been signed into law.)

FIGURE 1: BUILDING A BUDGET

Data Source: South Dakota state law, graphic by South Dakota Budget & Policy Project



⁵SD Constitution, Article XI, Section 14 and Article XII Section 2.

⁶South Dakota Codified Law 4-4-14. ⁷South Dakota Codified Law 4-7-13.

⁸SD Bureau of Finance and Management, Budget Overview <http://www.state.sd.us/bfm/overview.htm>.

BUDGET BASICS

Individuals who want to influence fiscal policy must get involved before the appropriations bill is voted on by the House and Senate.

Individuals who want to influence fiscal policy must get involved before the appropriations bill is voted on by the House and Senate. The Joint Appropriations Committee begins hearing state agency proposals at the start of the legislative session and will listen to public testimony on agency recommendations, as well as on the various revenue or special appropriations bills.

WHERE DOES SOUTH DAKOTA GET ITS REVENUE?

The South Dakota tax system comprises a mix of many of the taxes and fees found in other states - except for our contractors' excise tax and the absence of personal or corporate income taxes.⁹

South Dakota's state and local tax revenue is made up of two primary types of taxes:

1. sales, use, and contractor's excise taxes,
2. property tax.

Other revenue comes from a variety of fees and taxes (such as taxes on banks, insurance, alcohol, cigarettes

and motor fuel and also vehicles fees). In all, the South Dakota Department of Revenue and Regulation collects 36 different state taxes, which totaled more than \$1.4 billion in FY09. This did not include \$933 million in property taxes paid through county governments, or \$119 million raised by video lottery. Figure 2 illustrates the overwhelming dependence of state and local government on property taxes, sales, use and excise taxes.

Sales, Use and Excise Taxes

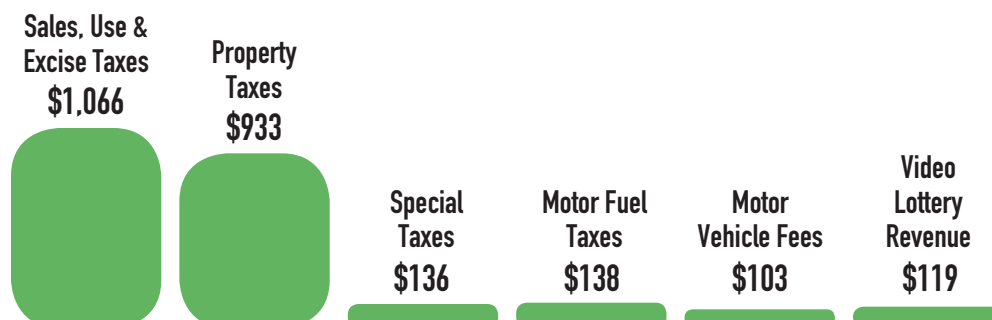
South Dakota's state sales tax rate is 4%, with a 2% municipal sales tax rate in most parts of the state. The national average for municipal/state tax rates is 7.18%. (1.66% municipal/ 5.52% state).¹⁰ This is slightly higher than South Dakota's combined 6% rate.

About a quarter of the \$1 billion in sales, use and contractors' excise taxes collected goes to South Dakota cities - the remainder is available to fund state government.

FIGURE 2: SOUTH DAKOTA STATE AND LOCAL REVENUE SOURCES

(in millions)

Data Source: 2009 Annual Report of SD Department of Revenue & Regulation, Chart by South Dakota Budget and Policy Project



South Dakota's dependency on sales, use and excise taxes has been increasing over time. In 2009, 74% of the local and state tax revenue collected by the Department of Revenue and Regulation came from sales, use and contractors' excise taxes.¹¹ Fifteen years ago, these taxes represented just 65% of total revenues. Repeal of the state inheritance tax in 2000 and slow growth of video lottery and other revenue sources have left sales, use and excise taxes as *the* major source of state and local revenue.

South Dakota taxes many types of services as well as goods under its sales tax system. The inclusion of services helps keep the sales tax base from eroding as the economy becomes increasingly service-based. For example, in the past households might have purchased a lawn mower and paid sales taxes on it. Today, many households will contract with a lawn mowing service to care for their lawns. If that service is taxed, they still pay sales tax on the transaction, even though they did not purchase the lawn mower.

South Dakota's dependency on sales, use and excise taxes has been increasing over time.

Property Taxes

Property taxes are the primary source of funds for school systems, counties, municipalities and other units of local government. Counties are responsible for property tax

LET'S EXPLAIN THE DIFFERENCE BETWEEN SALES TAX, USE TAX AND CONTRACTOR'S EXCISE TAX!

Sales Tax: Tax based on gross receipts a retailer or service provider received for the sale of tangible personal property or from providing a service. This tax is passed on to the consumer at the time of purchase.

Use Tax: Tax designed to protect in-state retailers and service providers from people purchasing items out-of-state and not having to pay an equivalent sales tax. Any item taxed in South Dakota but not taxed in the state where it was purchased is subject to use tax (including internet sales). The consumer is responsible for paying this tax directly to the state of South Dakota.

Contractor's Excise Tax: 2% tax on gross receipts of contractors who are engaged in construction services or real estate improvements in South Dakota. This tax is passed on to the consumer as a line item in the contractor's bill.

Source: South Dakota Legislative Research Council Issue Memorandum 03-05 Taxation

assessment, collection and distribution. In 2009 owners of South Dakota property paid more than \$933 million¹² to fund local governments and k-12 education.

⁹SD Legislative Research Council Issue Memorandum 03-05 <http://legis.state.sd.us/IssueMemos/IssueMemos/Im03-05.pdf>.

¹⁰Business Wire, *Average U.S. State Sales Tax Rate Increases to a Record 5.52 Percent*, 10-12-10 <http://www.pr-inside.com/average-u-s-state-sales-tax-rate-r2172176.htm>.

¹¹South Dakota Department of Revenue and Regulation, *Annual Report 2009*, p 12.

¹²South Dakota Department of Revenue and Regulation, *Annual Report, 2009*, page 19 http://www.state.sd.us/drr2/publications/annrpt/2009_annual%20_report.pdf.

BUDGET BASICS

Over the past 10 years, the percentage of property tax going to counties and municipalities has slowly increased, while the share going to schools has slowly declined from 61% to 57%.¹³

This shift is occurring for two reasons.

1. First, the percentage of education costs paid by the state (rather than local property taxes) has increased from 30% in 1993 to around 55% today.

2. Secondly, the school funding formula caps growth of education spending at 3% or inflation, whichever is less. This cap forces education spending to grow more slowly than inflation and slower than the spending growth of municipalities and counties. Further explanation of the school funding formula is provided on page 18 in the section titled: *An Example – K-12 education*.

South Dakota Lottery

In 2009, the South Dakota Lottery provided more than \$119.5 million to state funds,¹⁴ with the majority going to the Property Tax Reduction Fund (see full description of the Property Tax Reduction Fund on page 10). Money from this fund may be used to provide property tax relief through state aid to education. The money may also be transferred by the Legislature to the state general fund for unrestricted use.¹⁵

South Dakota is a *beneficiary* state when it comes to federal tax dollars - state residents pays less in federal taxes than the federal government spends in our state.

The Federal Government

South Dakota receives revenue from the federal government in different ways and for different purposes. The federal government provides reimbursement to the state for specific budgeted expenses. For example, in FY10 the federal government reimbursed the state for about two-thirds of the \$754 million spent providing health care services under Medicaid and the Children's Health Insurance Program.¹⁶ The state also receives federal block grants (fixed amounts of money) and formula funds (proportioned by federal law) for use in areas such as social services, Temporary Assistance for Needy Families (TANF) and highway funds.

South Dakota is a *beneficiary* state when it comes to federal tax dollars - state residents pays less in federal taxes than the federal government spends in our state. The Tax Foundation calculates that in 2005, South Dakota received \$1.53 in federal benefits for every dollar its residents paid in federal taxes.¹⁷ In FY11, federal government contributions, at almost \$2 billion, will account for nearly half of all budgeted state spending.¹⁸

¹³South Dakota Department of Revenue and Regulation, *Annual Report, 2009*, page 19 http://www.state.sd.us/drr2/publications/annrpt/2009_annual%20_report.pdf.

¹⁴*Ibid*, page 36. ¹⁵SD Legislative Research Council, *Issue memorandum 02-02* <http://legis.state.sd.us/IssueMemos/IssueMemos/Im02-02.pdf>.

¹⁶SD Department of Social Services, *Annual Statistical Report FY2010* <http://dss.sd.gov/statistics/docs/2010AnnualReport/SARAnnual2010.pdf>.

¹⁷The Tax Foundation, *Federal Taxes Paid vs. Federal Spending Received by State, 1981-2005* <http://www.taxfoundation.org/research/show/22685.html#ftsbs-timeseries-20071016>.

¹⁸SD Bureau of Finance and Management, *State of South Dakota Budget in Brief Fiscal Year 2011*, p 58 <http://www.state.sd.us/bfm/budget/bib11/sdbib2011.pdf>.

SOUTH DAKOTA SPECIAL FUNDS: Budget Reserve Fund, Property Tax Reduction Fund and Trust Funds

The Budget Reserve Fund

The Budget Reserve Fund was created in 1991 to provide the governor and Legislature with a pool of money to address revenue shortfalls resulting from unforeseen circumstances. The fund was started with \$20 million in unused general funds. Money flows into the budget reserve fund from two sources:

1. appropriated general funds unspent at the end of the previous fiscal year (reversions); or
2. general fund revenues in excess of the amount anticipated in the budget.

The fund can be no greater than 10% of general funds appropriated for the prior year in the General Appropriations Act.

The only way to spend budget reserve money is through a special appropriation, which requires a two-thirds vote of each house of the Legislature. Budget Reserve Fund expenditures may only be made to address needs arising from unforeseen emergencies or unforeseen revenue shortfalls.

The Property Tax Reduction Fund

The Property Tax Reduction Fund was created in 1995 to help pay for state aid to education (thereby reducing local property taxes) or to help balance the general fund. Money flows into the fund from:

1. the state's percentage of net video lottery machine income,
2. 60% of the telecommunications tax,
3. 33% of tobacco tax revenue exceeding \$30 million,
4. money still remaining in the general fund at year end after the Budget Reserve Fund has been fully funded.

The Commissioner of Finance and Management may transfer available monies to the General Fund to

provide property tax relief through state aid to education and to balance the state budget. Money may also be transferred to the General Fund by a simple majority vote of the Legislature.

Dakota Cement Trust Fund

The Dakota Cement Trust Fund was created in 2001 as a result of the sale of the state-owned cement plant. Each year \$12 million is transferred from the Trust Fund to the state General Fund; any excess earnings from fund investments are appropriated for support of education.

Education Enhancement Trust Fund

The Education Enhancement Trust Fund was created in 2002 with funds resulting from the tobacco lawsuit settlement agreement, a youth-at-risk trust fund and from a 2007 one-time windfall in tobacco tax revenue.

Each year an amount calculated by law is transferred from the trust fund to the state General Fund to be appropriated for education enhancement programs. Funds cannot be used for any other purpose unless approved by a three-fourths vote of the entire Legislature.

Health Care Trust Fund

The Health Care Trust Fund was created in 2002 as a result of a one-time refund on state Medicaid expenditures from the federal government, and a one-time amount from the increase in 2007 tobacco tax revenue.

Each year an amount calculated by law is transferred from the Trust Fund to the state General Fund to be used for health care related programs. That money cannot be used for any other purpose except by a three-fourths vote of the entire Legislature.

Source: SD Legislative Research Council.

BUDGET BASICS

Special reserve and trust funds – another source of revenue

There are three state trust funds that provide revenue to the State of South Dakota.¹⁹ The amount of revenue trust funds provide is significant – but can vary from year to year depending on the income generated by the principal amounts in the funds. In FY08 and FY09, the three trust funds (Health Care, Education Enhancement and Dakota Cement) provided over \$30 million to the South Dakota general fund.

The Property Tax Reduction Fund grows by approximately \$120 million per year and all revenues it receives are available for transfer to the general fund.

The Budget Reserve Fund is the state's *rainy day* fund. The box on the previous page details how these five funds function.

Tax expenditures – the revenue we don't collect

Each year millions of South Dakota tax dollars are waived or given back to taxpayers. These tax *give-backs*, resulting from exemptions, credits or rebates specified in the tax code, are called *Tax Expenditures*. They lower total state revenues.

Unlike other expenditures for government services that are reviewed each year, most tax give-backs are written into law and can continue indefinitely without review.

According to the Legislative Research Council, there are more than 100 broad and specific exemptions to the sales and use tax alone.²⁰

Unlike other expenditures for government services that are reviewed each year, most tax give-backs are written into law and can continue indefinitely without review.

Most states require that tax give-backs be tracked in a regular tax expenditure report. In fact, South Dakota is one of only seven states²¹ that don't produce such a report. These reports are important tools that allow states to analyze and compare all their tax give-back policies and determine if they continue to be in the state's best interest.

The state General Fund

The state's General Fund pays for most state government services. General funds do not include federal funds and special funds earmarked for particular purposes, such as highway trust funds. They support most ongoing broad-based state services and are available for appropriation to support any governmental activity. Figure 3 describes the primary state revenue sources that flow into this fund.

Who actually pays South Dakota taxes?

South Dakota often is described as a "low tax state." It is. On average, per-capita state taxes are consistently among the lowest in the nation – ranking between 48th and 50th for the past 10 years. Overall, South Dakotans pay about 30% less in state taxes than the average paid by residents of other states.

¹⁹SD Legislative Research Council, *Trust Fund Fact Sheet, 1-13-09*, http://legis.state.sd.us/fiscal/revenue/reports/Trust_Fund_Fact_Sheet.pdf.

²⁰SD Legislative Research Council, *Issue memorandum 03-05 Taxation, 10-31-03, p.1.*

²¹Alabama, Alaska, Indiana, Nevada, New Mexico, South Dakota, Wyoming

On average, South Dakotans pay only 8% of their personal income in state and local taxes, compared to the national average of 10.9% of personal income.

It is often assumed these low per-capita tax amounts result because South Dakota is a low-income state. However, FY08 Bureau of Economic Analysis data ranks South Dakota per-capita personal income 26th in the nation, less than 5% below the national average. On average, South Dakotans pay only 8% of their personal income in state and local taxes, compared to the national average of 10.9% of personal income. This means state and local taxes as a percent of personal income are 26% lower in South Dakota than they are nationally – making South Dakota’s state and local taxes the lowest (relative to income) in the nation (see Figure 4).

While state taxes are low in South Dakota on average, they aren’t so low for state residents with meager incomes.

A tax system that requires low- and middle-income families to pay a higher share of their income in taxes than upper-income families is considered regressive. A November 2009 analysis by the Institute on Taxation & Economic

FIGURE 3: FY11 GENERAL FUND REVENUE SOURCES

Data Source: *State of SD Budget in Brief, FY11*, Chart by South Dakota Budget and Policy Project

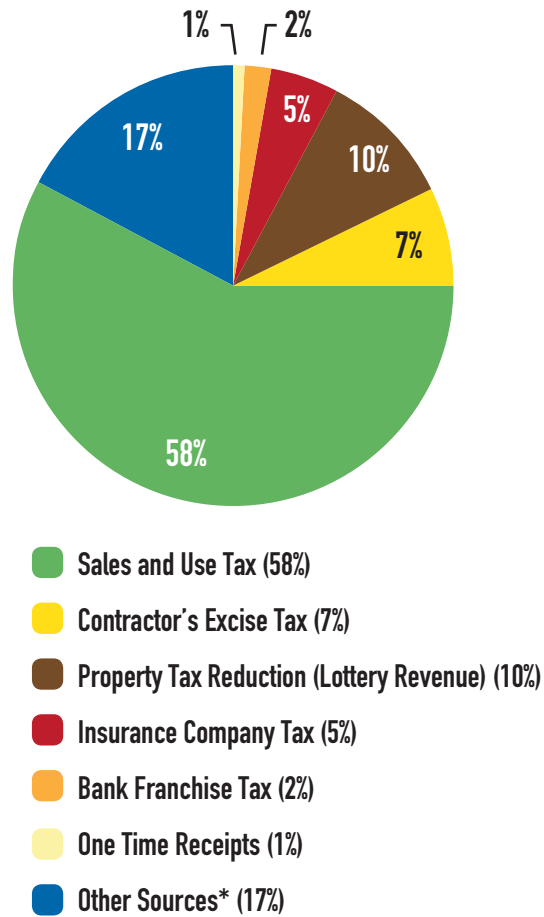


FIGURE 4: STATE AND LOCAL TAXES AS A PERCENT OF PERSONAL INCOME FY08

Data Source: U.S. Bureau of the Census and Bureau of Economic Analysis, Table by South Dakota Budget and Policy Project

| | South Dakota | National Average | South Dakota Ranking (compared to other states) |
|---------------------------------------|--------------|------------------|---|
| Per-Capita Income | \$38,289 | \$40,094 | 26th |
| State Taxes Paid Per Person | \$3,107 | \$4,371 | 48th |
| State Taxes as a % of Personal Income | 8.1% | 10.9% | 50th |

TAXATION PRINCIPLES²²

The fundamental purpose of taxation is to raise the money needed to fund public services. Tax structures differ from state to state, but there are widely agreed upon principles according to which tax systems, and proposals to change tax systems, can be evaluated. These principles of sound tax policy include:

Equity: There are two important ways to think about equity – vertical equity and horizontal equity.

Vertical equity addresses how a tax affects families from the bottom of the income spectrum to the top – from poor to rich. Three terms are used in measuring vertical equity:

- Regressive tax systems require that low- and middle-income families pay a higher share of their income in taxes than upper-income families.
- Proportional or flat tax systems ask the same share of income of all families
- Progressive tax systems require upper-income families to pay a higher share of their income in taxes than those with lower incomes.

Most people accept the notion that tax systems, at minimum, should not be regressive. Some argue that flat tax systems are the most fair because they ask the same share of everyone. Others argue that progressive taxes are the most fair because these taxes recognize that as people's income increases the portion of their income needed to meet basic needs shrinks, making it easier for them to pay a greater share of their income in taxes.

Horizontal equity measures whether taxpayers in similar circumstances pay similar amounts of tax. Taxes that impact similarly situated families differently lack horizontal equity. An example would be unequal property taxes for equally valued property.

Adequacy: An adequate tax system raises enough funds to sustain public services. To remain adequate, tax sources should be *stable* – growing at a predictable pace. And budget revenues must also *grow* at a pace that keeps up with the cost of services that governments provide. *Rainy day* funds are used to help level out revenue fluctuations secondary to economic cycles.

Simplicity: Complicated rules make tax systems difficult for citizens to understand. Efforts at simplification should, however, be looked at carefully to ensure they simplify the tax structure without negatively impacting other important tax principles like equity or efficiency.

Benefit Principle: Nonresidents who benefit from state public services should contribute their fair share to the support of those services. This applies to tourists, absentee landlords, and shareholders who earn profits from firms relying on South Dakota services.

Efficiency: Tax systems should not create incentives for businesses and individuals to make decisions that are counter productive for the state's economy.

Balance: A final principle for evaluating state tax systems is to consider whether they strike an appropriate balance among the types of taxes levied. States that rely too heavily on a single tax have an especially unbalanced tax structure.

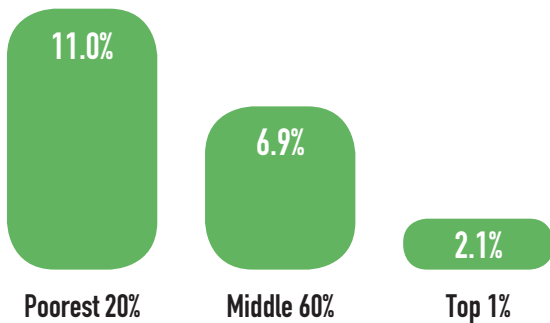
The fundamental purpose of taxation is to raise the money needed to fund public services.

BUDGET BASICS

Policy identified South Dakota as the third most regressive tax system in the nation. The poorest quintile (20%) of non-elderly South Dakota residents pay 11% of their income in state taxes. The 60% of residents with middle incomes pay 6.9% of their income in state taxes. The top 1% income earners pay only 2.1% of their income in taxes (see Figure 5).

FIGURE 5: TAXES AS SHARES OF INCOME, ON AVERAGE, FOR SOUTH DAKOTA NON-ELDERLY RESIDENTS

Data Source: Institute on Taxation & Economic Policy, *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*, Third Edition. Nov 2009



While state taxes are low in South Dakota on average, they aren't so low for state residents with meager incomes.

South Dakota's tax system is regressive in large part because, unlike most states, South Dakota does not have personal or corporate income taxes. Income taxes are typically progressive - progressive tax systems require upper-income families to pay a higher share of their income in taxes than those with lower incomes. Also unlike most states, South Dakota taxes sales of food. Since low-income people spend a much larger share of their income on food

than do wealthier people, they pay a greater share of their income for sales tax on food than do wealthier people.

To understand how a proposed revenue change would affect the taxes people actually pay, it is necessary to have a *tax incidence analysis* of the proposed legislation. Tax incidence analysis answers the question "Who will pay more or less in taxes as a result of this law change?" This is an important question to ask legislators and bill sponsors when considering revenue bills.

Tax incidence analysis answers the question "Who will pay more or less in taxes as a result of this law change?"

A few states do provide regular, comprehensive tax incidence studies that answer those questions for legislators and the public. Currently South Dakota does not.

WHAT ARE SOUTH DAKOTA'S MAIN EXPENDITURES?

The FY11 budget shows how South Dakota is spending *state tax dollars* from its general fund (see Figure 6 on page 15).

The majority of the state's General Fund dollars go to support three categories of spending:

1. State aid to schools and local governments,
2. Health, human and social services (including Medicaid),
3. Higher education (Board of Regents).

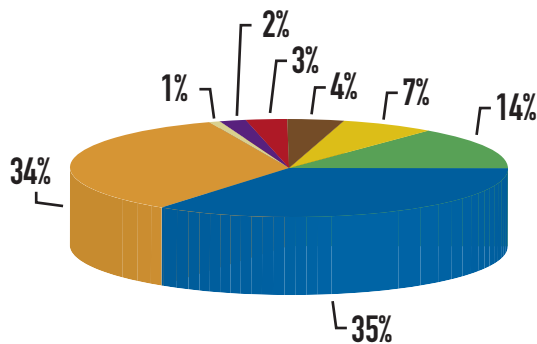
It is important to remember that the chart in Figure 6 presents spending *only* from the state's general fund. South Dakota also spends its allocated federal dollars and *other funds* - which are from revenue sources restricted

²²Institute on Taxation & Economic Policy, *Talking Taxes Policy Brief #9*, 2008.

BUDGET BASICS

FIGURE 6: SOUTH DAKOTA FY11 GENERAL FUND BUDGET EXPENDITURES \$1,164,617,153

Data Source: *State of South Dakota Budget in Brief, Fiscal Year 2011*



- Health, human and social services (35%)
- State aid to schools and local governments (34%)
- Board of Regents (14%)
- Corrections (7%)
- Remainder of State Government (4%)
- Unified Judicial System (3%)
- Legislature and Elected Officials (2%)
- Agriculture and Natural Resources (1%)

by law for particular governmental functions or activities. For example, a state gasoline tax dedicated to a highway trust fund appears in the “other state funds” category, and is not included in this chart. Other funds can also include payments from one state agency to another for support services (printing or computer support).

Almost half of the expenditures in the FY11 Total State Budget were funded by federal government sources. Another quarter comes from *other sources*, leaving less than 30% of state expenditures funded by the state’s General Fund (Figure 8).

Looking back to FY08,²⁴ before the temporary influx of federal stimulus dollars under the 2009 American Recovery and Reinvestment Act (ARRA), federal sources and general fund sources were about equal, each accounting for about 37% of the total budget with other funds providing around 26% (Figure 7).

Graphs of South Dakota’s spending trends over time help emphasize the importance of tracking changes in federal and other fund source expenditures. Figure 9 shows a six-year spending trend by category of expense, looking at general fund expenditures only. When, in Figure 10, we look at *total expenditures* in South Dakota, we see a marked increase in FY10 and FY11 in spending on education, people (health, human and social services) and physical resources (roads and other infrastructure). This reflects American Recovery and Reinvestment Act (ARRA) dollars used to offset normal state funding and to supplement state investments, as well as *other funds* and *federal funds* routinely invested in services and infrastructure (roads and buildings) not normally reflected in the general fund budget.

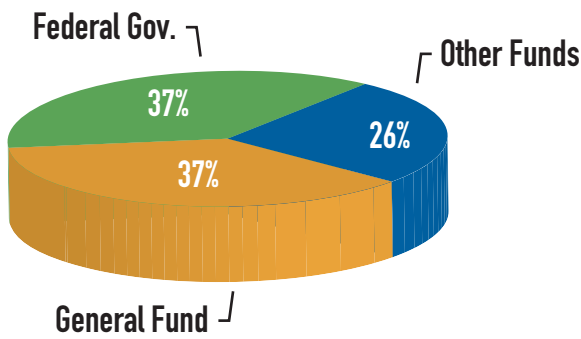
²³SD Bureau of Finance and Management, *State of South Dakota Budget in Brief Fiscal Year 2011*, p 58 <http://www.state.sd.us/bfm/budget/bib11/sdbib2011.pdf>.

²⁴NASBO Fiscal Year 2008 State Expenditures Report.

²⁵Legislative Research Council, *State of South Dakota Summary of FY 11 Budget Enacted in the 2010 Legislative Session*, 4-7-2010. ²⁶*Ibid.*

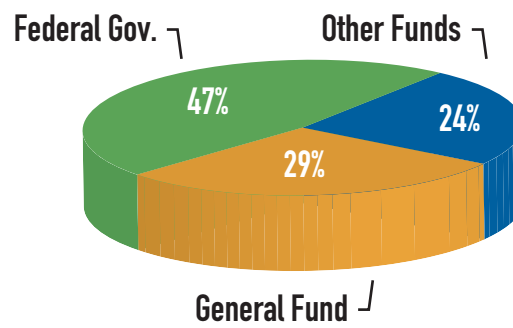
SOURCE OF TOTAL STATE BUDGET EXPENDITURES

FIGURE 7: FY08



Data Source: *NASBO Fiscal Year 2008 State Expenditures Report*
Chart by South Dakota Budget & Policy Project

FIGURE 8: FY11



Data Source: *State of SD Budget in Brief FY11²³*
Chart by South Dakota Budget & Policy Project

USE OF STATE FUNDS: SIX-YEAR BUDGET TREND FY06 TO FY11

FIGURE 9: GENERAL FUNDS ONLY

Data Source – Legislative Research Council²⁵

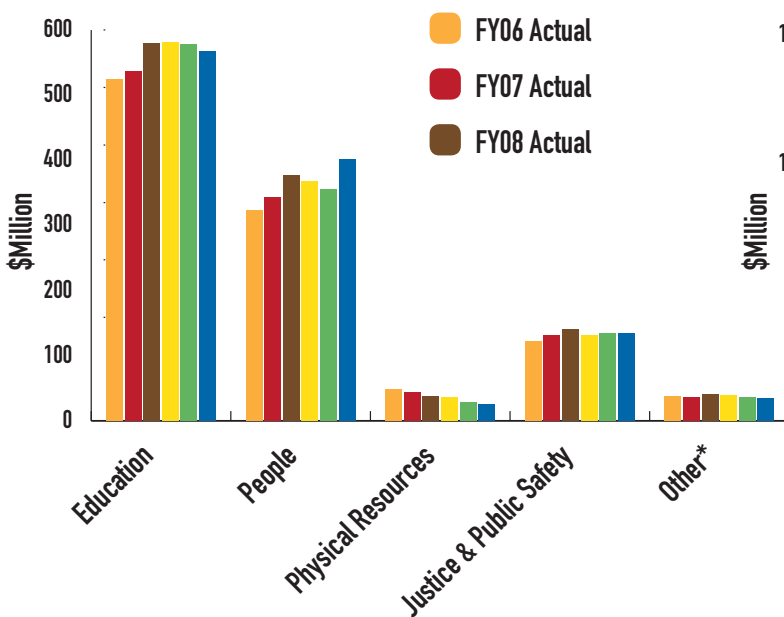
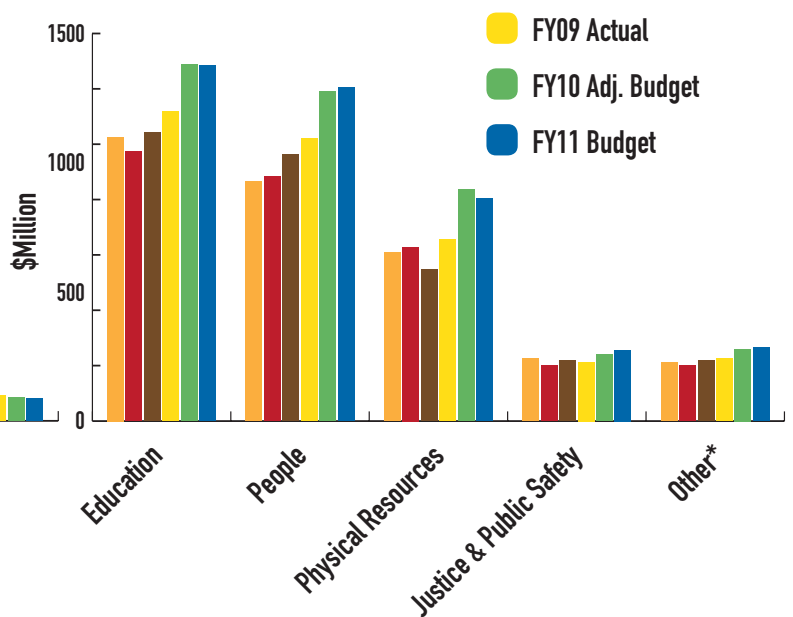


FIGURE 10: ALL FUNDS

Data Source – Legislative Research Council²⁶



*Administration, legislative branch, revenue & regulation

BUDGET BASICS

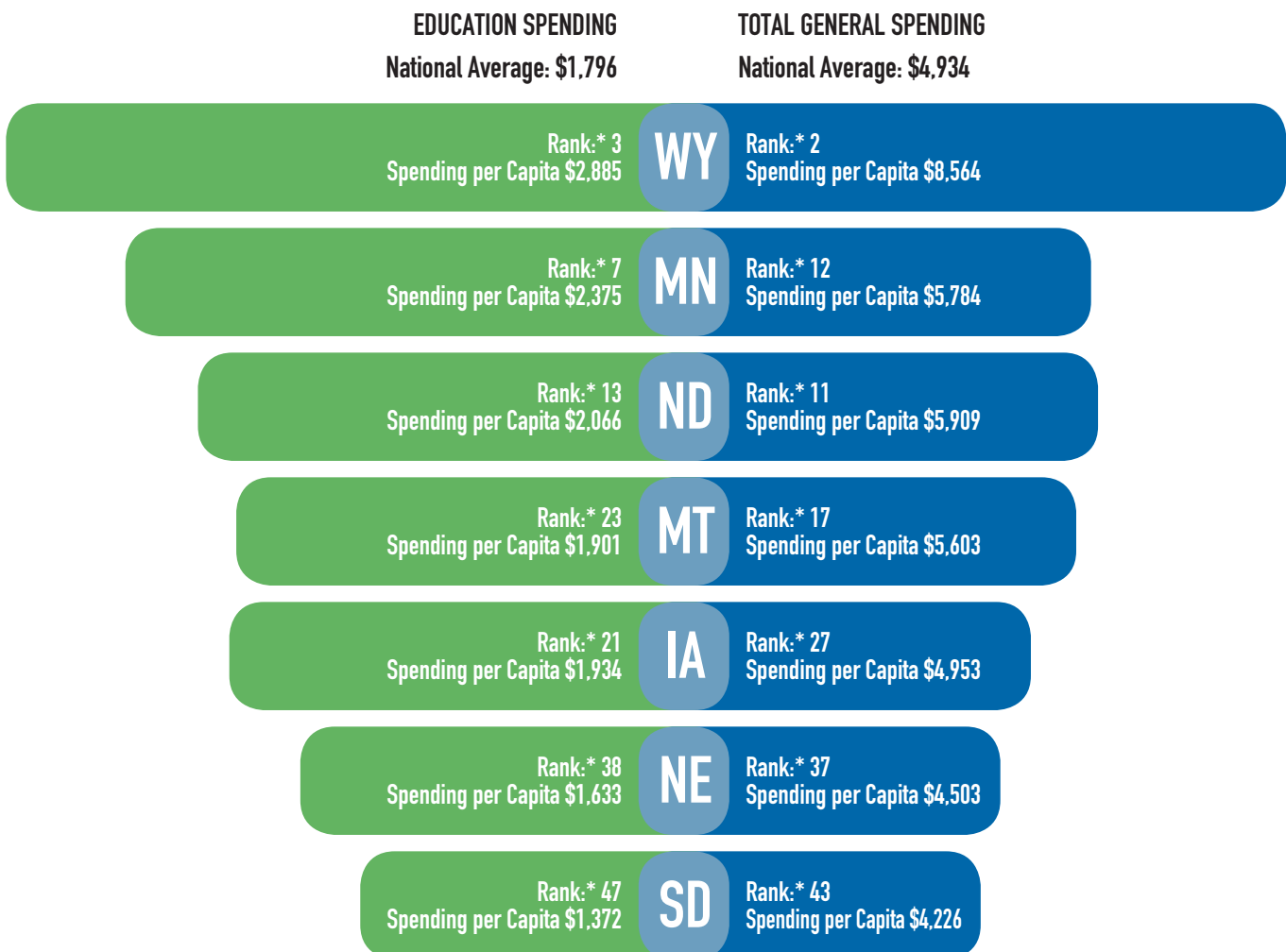
How does South Dakota spending compare to other states?

When trying to determine appropriate spending levels, it can be helpful to calculate spending for state services on a per-capita basis, and compare that with national average per-capita spending and per-capita spending among states in our region.

South Dakota had the lowest per-capita state spending among neighboring states in FY08 (see Figure 11).

FIGURE 11: STATE GOVERNMENT EXPENSES PER-CAPITA COMPARED TO OTHER STATES FY08

Data Source: US Census Bureau, Chart by South Dakota Budget & Policy Project
 *State Rank in per-capita spending: 1 is highest spending state, 50 is lowest spending state



South Dakota had the lowest per-capita state spending among neighboring states in FY08 (see Figure 11). And although education is the largest expense in South Dakota's General Fund budget, it still spends significantly less per-capita on education than neighboring states. South Dakota's 2008 average teacher salary of \$36,674 was the lowest in the nation.²⁷

An example: k-12 Education – Investing in South Dakota's human capital

South Dakota funds public education as an investment in children - our future citizens, taxpayers and workforce. Research suggests that early educational investment in human capital has one of the highest returns-on-investment of all economic development strategies.^{28, 29}

Funding for public k-12 education is always a hotly debated item in the South Dakota budget. While citizens know that funding comes from a mix of local property taxes and state taxes, the actual formula requires an explanation.

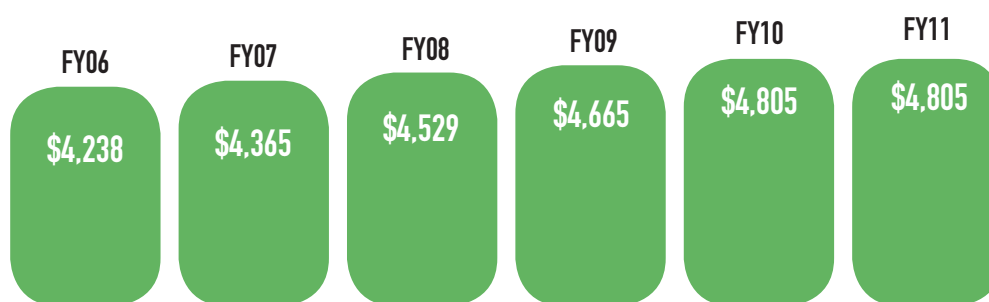
The current formula for funding general k-12 education, which took effect Jan. 1, 1997, *equalized* operating funding for k-12 education across the state. Under the formula, every school district receives the same amount of dollars per student they serve each year. Small schools receive an additional bonus of up to 20% because they lack the economies of scale of larger schools. The *per-student allocation* comes from a mix of local property taxes and state aid to education.

Under the *funding formula*, the per-student allocation increases each year by an *index factor* equal to inflation or 3%, whichever is less.³⁰ The legislature has the option to increase funding at a higher rate, and in some years has done so. During the 2010 legislative session, the Legislature

South Dakota funds public education as an investment in children - our future citizens, taxpayers and workforce.

FIGURE 12: SOUTH DAKOTA K-12 PER STUDENT ALLOCATIONS

Data Source: SD DOE State Aid <http://doe.sd.gov/ofm/statefunding.asp> , Chart by South Dakota Budget and Policy Project



²⁷NEA Research. ²⁸Heckman and Masterov, *The Productivity Argument for Investing in Young Children*, October 2004.

²⁹Jeffry Thompson, *Prioritizing approaches to economic development in New England, skills, infrastructure and tax incentives*, Political Economy Research Institute, University of Massachusetts, August 2010, http://www.peri.umass.edu/fileadmin/pdf/published_study/priorities_September7_PERI.pdf.

³⁰Inflation factor used is the consumer's price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment.

BUDGET BASICS

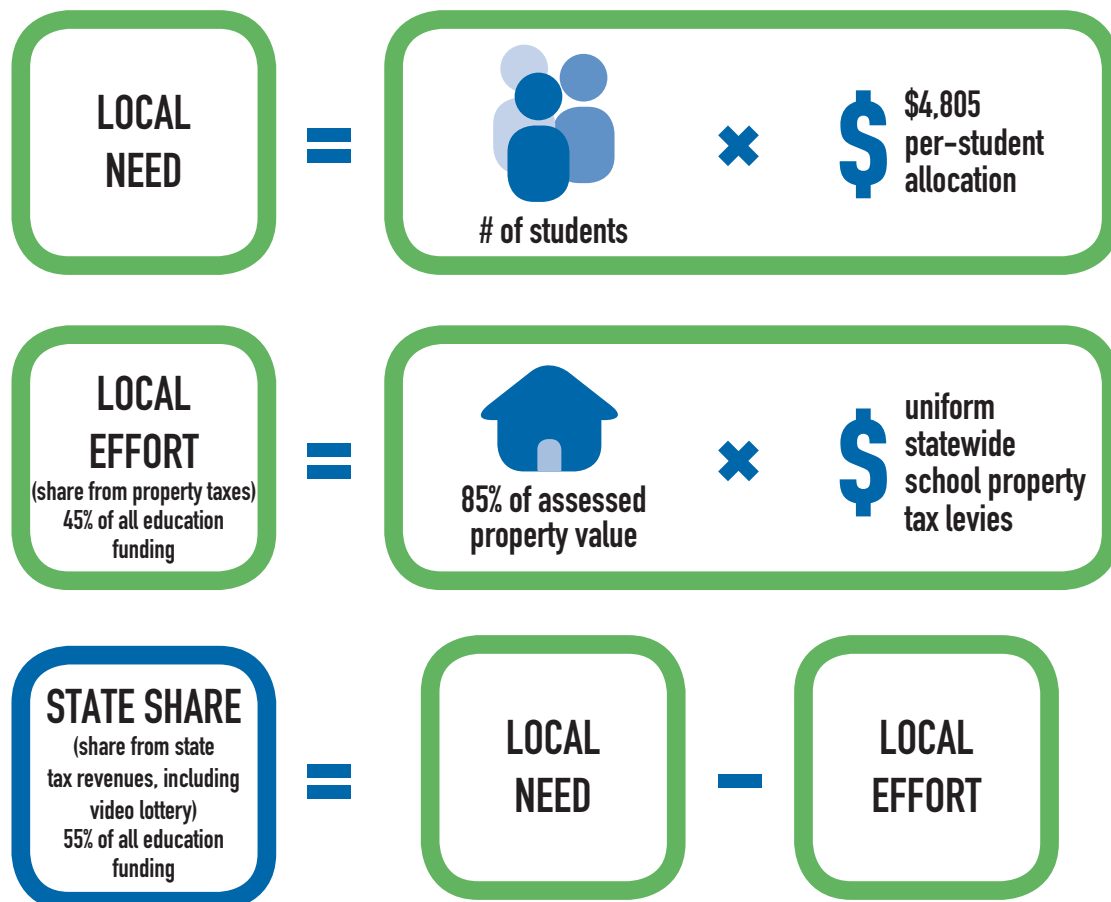
chose NOT to increase funding by the index factor for FY11. South Dakota law requires the proportion of funding from local property taxes and state funding to remain constant across the state. The target ratio is approximately 45% local property taxes and 55% state taxes. This means the combined money raised by school property taxes from all across the state should equal 45% of the revenue needed to fund the per-student allocation for all students in the state. The remainder of funding comes from state revenue. The

Legislature sets uniform school property tax levies for all property in the state to ensure all property owners are contributing an equal percentage of the value of their property in school property taxes toward the funding formula.

Because different school districts have greater or lesser amounts of assessed property value, the school property taxes they raise may be more or less than 45% of the money needed to fund their per-student allocation. State

FIGURE 13: SOUTH DAKOTA SCHOOL FUNDING EQUALIZATION FORMULA

Data Source: *The State Aid to General Education Formula*, Presentation to JCA, 10-19-2009
 Graphic by South Dakota Budget and Policy Project



funding makes up the difference. This provides a higher percentage of state funding for property-poor districts and less for property-rich districts, thereby equalizing school funding across the state.

Figure 13 diagrams the steps used by the state to calculate its overall share of the funding formula.

1. Determine the *local need* of each school district.

Local need is the per-student allocation multiplied by the fall enrollment of a district. Statewide local need is the total of all state school districts' local needs.

2. Determine the *local effort*.

Local effort is the amount of property taxes raised by all school districts. The state calculates the overall amount of school funding that must come from property taxes (45% of total local need) and establishes the uniform statewide school property tax levies at an amount that will raise that much revenue from all property in the state. All property is valued at 85% of assessed value and multiplied times the statewide levy for that class of property.

3. Determine the *state share*.

The state share is local need minus local effort.

To determine each individual school district's level of state aid, the state takes the same three steps, using only the information from a single district. The percentage of *local need* raised by a school district's property taxes varies widely across the state, ranging from 100 percent to less than five percent of total need.³¹

An example: Medicaid – investing in the health of South Dakotans

One role of government is helping those who cannot help themselves, the very young, the very old and those who are disabled. The federal government partners with South Dakota to provide health care to low-income children, elderly and disabled citizens.

Health care services are a second major expenditure from the South Dakota state general fund. These services are provided to South Dakotans through Medicaid and the Children's Health Insurance Program.

Created by Congress in 1965, Medicaid is a public insurance program that provides health coverage to low-income families and individuals, including children, parents, seniors, and people with disabilities. The program is funded jointly by the federal government and the states.

South Dakota operates the Medicaid program within broad federal guidelines, which give the state a great deal of flexibility in designing and administering its Medicaid programs. As a result, Medicaid eligibility and benefits here are not identical to those of other states.

In FY10, 13.7% of South Dakota's residents were eligible for Medicaid or CHIP – the Children's Health Insurance Program. The vast majority of these individuals were uninsured children from families whose household income

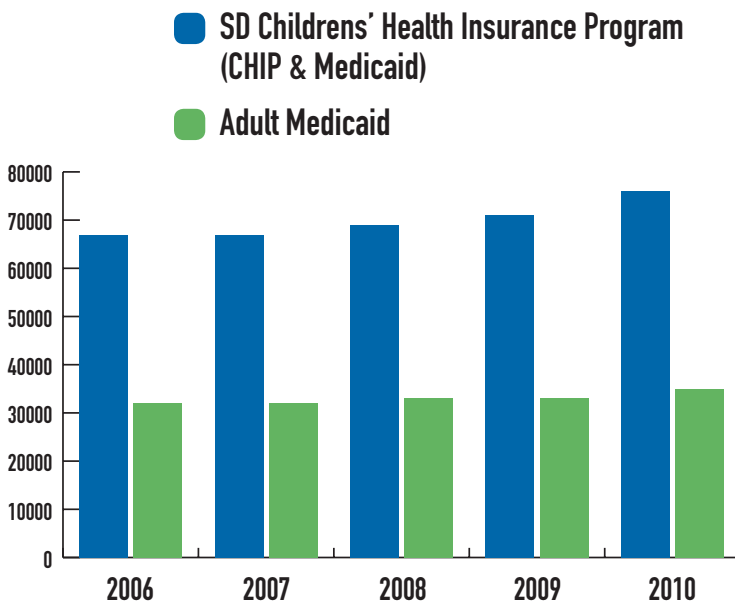
³¹South Dakota Department of Education http://doe.sd.gov/ofm/documents/StateFunding_EstimatedGFfirsthalf.xls.

³²100% of federal poverty level for family of 4 is \$20,050

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FIGURE 14: MONTHLY AVERAGE # OF PERSONS ELIGIBLE FOR MEDICAL SERVICES IN SOUTH DAKOTA

Data Source: SD DSS Annual Statistical Report FY 2010³⁴
 Chart by SD South Dakota Budget and Policy Project



is below 200% of the federal poverty level (\$40,100 per year for a family of four).³² One of every three South Dakota children is insured by CHIP/Medicaid.³³

Medicaid is sometimes confused with Medicare, the federally administered, federally funded health insurance program for people aged 65 and over and those qualified as disabled. Unlike Medicaid, Medicare is not limited to those with low incomes and resources.

Under Medicaid, the federal government contributes at least \$1 in matching funds for every \$1 a state spends on its Medicaid program, whatever the costs may be. The fixed percentage paid by the federal government, known as the FMAP, varies from state to state. Poorer states receive a greater federal amount for each state dollar spent than do wealthier states. In the poorest states the federal government pays 76 percent of all Medicaid costs. The national average is about 57 percent. The FMAP is adjusted each quarter to reflect changes in states' income histories. South Dakota's FMAP base for the first quarter FY11³⁵ is about 71% - meaning the federal government pays 71% of all Medicaid expenses and the state general fund pays 29%.

Medical service providers are reimbursed at a rate lower than their normal charges for services they provide under Medicaid and CHIP. Each year the South Dakota Legislature decides if it will increase reimbursement rates to providers of Medicaid and CHIP services. Medical service providers argue that their reimbursements should be adjusted as their costs increase with medical inflation. An increase in provider reimbursement rates, like an increase in the education funding formula, keeps funding in pace with inflation, but also increases costs to both the state and federal governments. In both FY10 and FY11 the South Dakota Legislature did not raise reimbursement rates for medical providers.

One of every three South Dakota children is insured by CHIP/Medicaid.³³

³³SD Dept of Social Services, Annual Statistical Report FY 2010, <http://dss.sd.gov/statistics/docs/2010AnnualReport/SARAnnual2010.pdf>.

³⁴Ibid.

³⁵Federal Funds Information for States, FFIS Issue Brief 10-21, May 21, 2010.

DEALING WITH DEFICITS – WHEN REVENUES AND EXPENDITURES ARE OUT OF BALANCE

When expenditures exceed revenues, a budget is out of balance. This imbalance, called a deficit, can be one of two types.

1. *Operating deficits* occur when changes in policy, unexpected expenses, or recessions cause a gap between revenue and expenditures. This kind of deficit is a short-term problem.
2. *Structural deficits* reflect a chronic inability of state revenues to keep pace with economic growth and the cost of government.³⁶ States have structural deficits largely because they have failed to modernize their revenue systems to reflect far-reaching changes in the economy. In these situations the *normal* growth of revenues under existing tax policy is chronically inadequate to finance the *normal* growth of expenditures for the current set of state programs (current services) even at times of healthy economic growth.

Operating deficits can be addressed using rainy day funds for one-time events, temporarily delaying, freezing or cutting services, or legislating new or temporary revenue sources to offset the deficit. Most states elect to use a balanced approach, cutting some services and raising some additional revenue.

Structural deficits must be addressed by changing the mix of revenue sources to ensure they grow at the same rate as the cost of current services and by modernizing tax systems to keep up with changes in the economy such as internet sales. Because state government expenses are

driven primarily by services such as education and health care, whose costs tend to rise faster than inflation, it is critical that revenue sources keep up.³⁷ States such as South Dakota (with a heavy reliance on sales and property taxes) may have more difficulty avoiding structural deficits over time than do states with a broader mix of taxes.³⁸

Structural deficits must be addressed by changing the mix of revenue sources to ensure they grow at the same rate as the cost of current services...

Determining if a state has an operating deficit or a structural deficit, requires two types of analyses. The state must project the *normal growth of continuing expenditures* – the amount it would cost the state to continue providing the *existing* level of programs and services. This is often called a *continuation budget* or a *current services budget*.

States must also calculate their *normal growth of continuing revenues* – the growth that would occur in the absence of any changes in tax rates or in what is taxable. If growth rates of revenues do not meet or exceed the normal growth rates of expenditures, the state has a structural deficit.

How South Dakota projects its anticipated normal growth of expenditures

The growth of expenditures projected in the governor's budget report generally does not reflect a *current services budget*. Instead, it shows the *Proposed General Fund*

³⁶Lav, I. J., McNichol, E., & Zahradnik, R. (2005). *Faulty foundations: State structural budget problems and how to fix them*, Center on Budget and Policy Priorities (CBPP).

³⁷*Ibid.* p 2&3. ³⁸Institute on Taxation and Economic Policy, *Talking Taxes, Policy Brief #9*. 2008.

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Expenses for the upcoming two years – which may include policy changes that increase or decrease the amount of services that can be provided. For example, in the FY11 budget address given in December 2009, the proposed general fund expenses were based on freezing state aid to education, freezing medical services provider reimbursements and freezing state employee compensation.

Moreover, even without freezes, expenditure projections based on the state school funding formula cap do not reliably capture the full cost of providing existing services because the formula assumes that education costs will grow only at the rate of inflation or 3 percent, whichever is less. This holds the cost of providing existing k-12 services artificially low, since the actual cost of maintaining existing education services could rise faster than the cap allows.

An accurate *current services budget* that projects the real growth of costs to continue providing existing services over a multi-year period (2-5 years) would help state decision-makers reach more informed budget policy decisions.

How South Dakota projects its anticipated normal growth of revenues

Each year, during legislative session, the Appropriations Committee receives information from the Bureau of Finance and Management (BFM)³⁹ and from the Legislative Research Council (LRC) projecting revenues for the upcoming budget year. The Joint Appropriations Revenue Subcommittee considers this information and submits its own revenue projection recommendation to the full Joint Appropriations Committee for approval.

Historically, the subcommittee's recommendation has varied, both higher and lower, from the recommendations from the Bureau of Finance and Management and the Legislative Research Council (see Figure 15^{40, 41, 42, 43, 44}) Generating an accurate revenue recommendation is critical because over- or underestimating future revenues directly affects the extent of services the Legislature can fund in the upcoming fiscal year.

Does South Dakota have a structural deficit?

Without an accurate long term *current services budget* that projects the real growth of costs to provide existing services, it is not possible to determine if South Dakota's revenues and expenditures are growing at the same rate. However, analysis of the actual historic expenditures against actual historic revenues provides some insight.

Continuing revenues have not always been adequate to cover all general and special appropriations, even during periods of economic growth. An analysis of historical

An accurate *current services budget* that projects the real growth of costs to continue providing existing services over a multi-year period (2-5 years) would help state decision-makers reach more informed budget policy decisions.

³⁹Bureau of Finance and Management, *Revenue Forecasts, Presented to Appropriations Committee March 2010*. <http://www.state.sd.us/bfm/econ/RevenueEstimates2010.pdf>.

⁴⁰South Dakota Joint Appropriations Committee, *Subcommittee on Projections, March 8, 2010*, <http://legis.state.sd.us/sessions/2010/appropriations/FinalRev.pdf>.

⁴¹South Dakota Joint Appropriations Committee, *Subcommittee on Projections, March 10, 2009*, http://legis.state.sd.us/sessions/2009/appropriations/Subcommittee_Report_Revenue_Projections.pdf.

FIGURE 15: CONTINUING REVENUE ESTIMATES (in billions)

Data Source: South Dakota JAC Subcommittee on Revenue recommendations 2006-2010. Table by South Dakota Budget & Policy Project

| | Bureau of Finance and Management | Legislative Research Council | Joint Appropriation subcommittee |
|------|----------------------------------|------------------------------|----------------------------------|
| FY07 | \$1.061 | \$1.065 | \$1.070 |
| FY08 | \$1.135 | \$1.126 | \$1.137 |
| FY09 | \$1.184 | \$1.181 | \$1.195 |
| FY10 | \$1.131 | \$1.140 | \$1.119 |
| FY11 | \$1.144 | \$1.152 | \$1.141 |

data from the South Dakota Budget Books from FY2002 through FY2009 reveals *one time revenues* were utilized in every budget, and represented 1 to 5 percent of total revenues used to balance the General Fund.⁴⁵ The majority (63 percent) of these one-time funds came from transfers from the Property Tax Reduction Fund. Examples of other one-time fund sources are accelerated interest earnings, refinancing gains and transfers from various fund balances (like the budget reserve fund, the technology fund and the petroleum release fund).

During the recent prolonged national economic downturn, that began affecting state budgets in late FY09, South Dakota has experienced a sustained operating deficit because revenues have fallen. In FY11 continuing revenues are projected to be less than 1% over FY08 revenues⁴⁶ – meaning state revenue hasn’t grown much in the past three years, making it impossible to continue funding existing services. At the same time, demand for government services for families impacted by the recession has grown. The funding gap has been addressed by using a combination of one-time revenue sources, federal stimulus dollars and freezing or cutting services. During the 2010 legislative session, operating budget deficits in the range of \$100 million were projected for FY12 and FY13, as federal stimulus funds expire.⁴⁷

It is not clear if South Dakota will face a growing structural deficit in future years. Knowing the fiscal realities through the analysis provided by a *Current Services Budget* would help citizens understand the future costs more fully and help policymakers plan more accurately.

⁴²South Dakota Joint Appropriations Committee, Subcommittee on Projections, February 25, 2008 <http://legis.state.sd.us/sessions/2008/RevenueProjections.pdf>.

⁴³South Dakota Joint Appropriations Committee, Subcommittee on Projections, February 28, 2007 <http://legis.state.sd.us/sessions/2007/Revenue.pdf>.

⁴⁴South Dakota Joint Appropriations Committee, Subcommittee on Projections, February 20, 2006 <http://legis.state.sd.us/sessions/2006/Revenue.pdf>.

⁴⁵South Dakota Bureau of Finance & Management Budget Reports FY05 through FY 11, <http://www.state.sd.us/bfm/budget.htm>.

⁴⁶Calculated by SD Budget and Policy Project, data source: State of SD Budget in Brief FY08 and FY11, General Fund Receipts, page 4.

⁴⁷Legislative Research Council, State of South Dakota Summary of FY11 Budget Enacted in the 2010 Legislative Session, 4-7-2010.

GETTING INVOLVED

YOUR PART IN THE BUDGET PROCESS

Informing yourself and your community

The first step to getting involved is to become informed. This Budget Primer introduces you to the budget process and some of the important decisions made each legislative session. The South Dakota Budget & Policy Project website, www.SDbudgetandpolicyproject.org provides additional information, including a Budget Toolkit with links to relevant state websites.

The next step is to talk with your friends, neighbors and colleagues - sharing credible, objective information about the impact of budget decisions on the quality of life in South Dakota.

Finally, to really influence fiscal policy, you must take action. Organize South Dakotans to explore and address the fiscal issues you consider important. By taking action, you can:

1. Help others understand that a frank open discussion of fiscal options by elected leaders is necessary and responsible,
2. Ensure that independent research is available to clarify a variety of fiscal policy options, and
3. Create a visible, diverse, credible citizen group that supports policies addressing fiscal concerns.

Influencing your legislators

People often think their role in democracy ends with voting. In fact our work as citizens is just beginning. We have the responsibility to educate and inform our elected officials as well as to advocate for policy solutions that best meet the needs of the state. To do this effectively requires knowing the basic steps in educating and informing state legislators.

Knowing what is happening

The basic source of information about what is happening at the Legislature is the Legislative Research Council (LRC). The LRC website⁴⁸ serves as a portal to the content and status of bills,⁴⁹ contact information for legislators,⁵⁰ committee schedules,⁵¹ and much more. Committee meetings and floor debates are also streamed live (and archived). Clicking on the South Dakota Public Broadcasting icon on the committee schedule will take you to the audio of the meeting.

Introduction of legislation

A bill is simply an idea that someone would like to see become law. It could be anything from the penalty for committing a crime to the amount of money that can be spent on a state program. The idea can come from anyone, but only a State Representative or Senator can take that idea and guide it to final passage through the State Legislature. If you have an idea for a bill, contact a legislator you think would be supportive and propose the idea. It is best to do this BEFORE legislative session begins.

⁴⁸<http://legis.state.sd.us/>

⁴⁹<http://legis.state.sd.us/sessions/2011/BillMenu.aspx>

⁵⁰<http://legis.state.sd.us/sessions/2011/MemberMenu.aspx>

⁵¹<http://legis.state.sd.us/sessions/2011/CommitteeMenu.aspx>

Drafting a bill means putting the idea into legal language. The drafting is done by the Legislative Research Council, an agency of state government. Introduction of a bill can be made by any member of the House or Senate, and more than one legislator generally sponsors a bill. The legislator whose name appears first on the bill is the “prime sponsor.”

The South Dakota Legislature tends to move with speed. Each session 500 to 600 bills are introduced on a variety of subjects. Timeliness matters.

When the sponsor of a bill submits it for consideration, it is assigned to a committee. The committee chair schedules the bill for a hearing. All bills receive a hearing. At least one legislative day must intervene between the posting of the date when a bill is being considered by committee and the date of that meeting. These postings can be found on the Legislative Research Council website at either “Committee Schedule” or “Bill Status.” This notice enables people to contact their legislators and, if they wish, testify to the committee about the bill.

The basic source of information about what is happening at the Legislature is the Legislative Research Council (LRC). www.legis.state.sd.us

Five decision points

For a bill to become a law it needs to successfully move through five basic decision points. These are:

1. Pass out of the **committee** in the chamber (House of Representatives or Senate) where the bill started,

2. Pass out of the full **chamber** where the bill started,
3. Pass out of the **committee** in the other chamber,
4. Pass out of the full other **chamber**.
5. Be signed by the **governor**.

All five steps must take place for a bill to become law. To stop a bill from becoming law, one must successfully block the bill in any one of these five steps.

Communicating with legislators—

How to contact legislators

Members of the South Dakota Legislature are accessible. They regularly hold public meetings in their district and all have laptops for access to legislative information and communication. There are several ways to communicate with legislators.

- *Visit with them in their district.* Throughout the session legislators return home on weekends and visit with constituents. This happens informally and formally at public gatherings such as legislative coffees and cracker-barrels. They are publicized through local media and various interest groups. Weekends provide you with the opportunity to share your ideas and views on the topics before the Legislature.
- *Communicating with a legislator—e-mail.* Each legislator has an e-mail address. These can be found at the LRC website.⁵²
- *Communicating with a legislator—fax.* Faxes can be sent to legislators at (605) 773-6806. Be sure to include the legislator’s name on the fax.
- *Communicating with a legislator—phone.* Phone messages can be sent to legislators by calling (605)773-3851 for representatives and (605) 773-3821 for senators.

⁵²<http://legis.state.sd.us/sessions/2011/MemberMenu.aspx>

GETTING INVOLVED

- *Distributing information to legislators during session.*
There are two ways that information can be distributed. The first is through the legislators' mail boxes on the south side of the third floor of the Capitol between the two chambers. Drop off your information with the individual who is staffing the mailroom who will place it in the designated boxes. This does not require any special approval.
- *Placing items directly on the legislators' desks.*
This requires approval of the secretary of the Senate or the chief clerk of the House. An alternative is for a legislator to place the items on the desks under that legislator's name.
- *Visiting with legislators in chamber.* There are times each morning, usually before 11 a.m., when anyone can go on the floor of the House or Senate to visit with a legislator.
- *Visiting with legislators outside of the chamber.* Legislators are often in the halls of the Capitol, which offers an opportunity to visit about a specific piece of legislation.
- *Testifying at a legislative committee.* All bills must be heard by the committee to which they are assigned. People can contribute written testimony or appear at the assigned time and present views on a bill, for or against, in person. When testifying, an individual must sign in on a list by the door giving their name and organization (if any) that they represent. Those representing an organization are considered a lobbyist and must be registered as such. Information on this can be found on the Secretary of State's website.⁵³ If you are not representing an organization, you would sign in as 'self'.

The state budget is the ultimate policy document.

Communicating with legislators—How to make your case

When communicating with legislators, remember several things:

1. Introduce yourself and when writing a letter or e-mail sign your name and give your address.
2. With 500 to 600 bills to consider a legislator is not likely to know the specifics of the bill in which you are interested, so be sure to indicate the bill by number and title.
3. Keep in mind that the legislator may not be familiar with the issue you wish to discuss.
4. Give concise information associated with the bill that supports your point of view.
5. Share a relevant story to illustrate your point.
6. Ask the legislator what his/her view is on that bill.
7. Explain what you want to happen.
8. Ask the legislator to vote a certain way or to support a particular position.

Should you testify before a legislative committee there are several things to remember:

1. Be sure to sign in at the door indicating you wish to testify, noting the bill you are addressing (by number) and whether you are FOR or AGAINST it.
2. Those testifying FOR the bill speak first, followed by those AGAINST.

-
3. Begin your testimony by introducing yourself and stating whether you are speaking for yourself or on behalf of an organization.
 4. Make your points, couching what you have to say with information and/or a story that illustrates your point.
 5. Conclude your presentation by asking the committee to vote FOR or AGAINST the bill.
 6. Thank the committee and indicate that you will be available for questions.

Making a difference


The state budget is the ultimate policy document. By understanding South Dakota's fiscal picture and the budget process, you can influence the fiscal policy directions you believe best serve the interests of all the state's residents.

It is citizen involvement - your involvement - that helps assure that South Dakota's budget priorities reflect our values and meet the needs of our state.

It is citizen involvement -

YOUR INVOLVEMENT

- that helps assure that South Dakota's budget priorities reflect our values and meet the needs of our state.



SOUTH DAKOTA
BUDGET
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a guide to the

south dakota budget process



808 N. West Ave., PO Box 2196
Sioux Falls, SD 57101-2196
Phone: (605) 367-9667
Fax: (605) 335-3836
www.sdbudgetandpolicyproject.org

South Dakota Budget & Policy Project Advisory Council

Eileen Briggs, Executive Director
Cheyenne River Tribal Ventures

Sue Brown, Development Director
SD Parks and Wildlife Foundation

Robert Burns,
Distinguished Prof. Emeritus of Political Science
South Dakota State University

Terry Dosch, Executive Director
South Dakota Council of Mental Health Centers, Inc.

Deb Fischer-Clemens, Vice President of Public Policy
Avera Health

Rich Garry, Chartered Financial Consultant
Garry Associates, LLP

Randy Parry, Executive Director
Rural Learning Center

Susan Randall, Executive Director
South Dakota Voices for Children

Thomas Shortbull, President
Oglala Lakota College

Barbara A. Smith, Chief Executive Officer
South Dakota Medical Association

Jennifer Stalley, Government Relations Director
American Cancer Society SD

South Dakota Budget & Policy Project Guiding Principles

Reliable

The information produced is factual and nonpartisan - users can be confident that the content is accurate.

Accessible

Work products are available to any interested parties.

Timely

Priority is given to key issues currently before state policymakers.

Insightful

The purpose of the analysis is to deepen public insight into fiscal policy issues.

Special thanks for assistance and/or use of materials to:

- SD Budget & Policy Project Advisory Council
- State Fiscal Analysis Initiative of Center for Budget & Policy Priorities
- Institute on Taxation & Economic Policy
- South Dakota Legislative Research Council
- South Dakota Voices for Children staff:
Susan Randall, Betsy Rice and Greg Boris



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South Dakota Voices for Children's mission is to improve the lives of all South Dakota children through policy and program advocacy.



voices for children

advocating for our children...
healthy, educated, safe.

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