

# 2023 Legislative Session

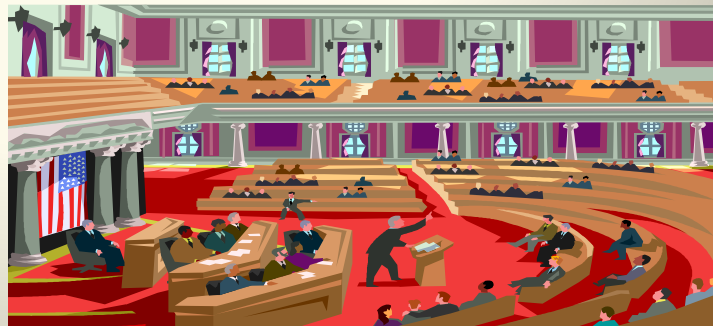
## **GOED *After Action Report***

- **Business Community Did Well**
  - *Mostly*
- **Honorable Process – Fulfilled Purpose**
- **Will be Repeated Next Year**



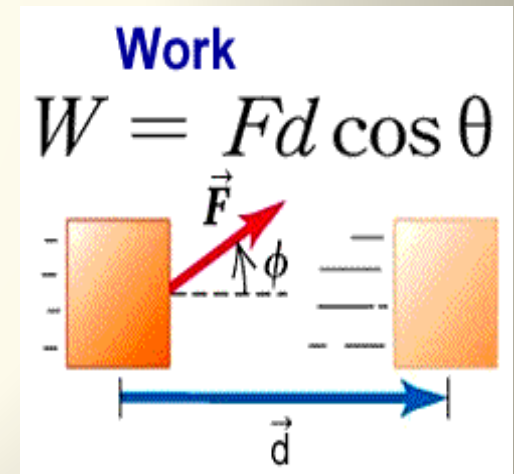
# The 2023 Legislature

- **Senate: 31(R) – 4(D) = 35**
- **House: 63(R) – 7(D) = 70**
  
- **33 New – No Previous Legislative Experience**
  - 5 in Senate; 28 in House
  
- **New Record number of Women = 31!**
  - Senate – 8
  - House - 22



# Their “Real” Lives

- Business/Professional - 54
- Retired - 22
- Attorney - 8
- Agriculture (Farm/Ranch) - 8
- Agriculture/Business - 3
- Educators - 2
- Healthcare – 6
- Wife/Mother - 1



# The Session: By the Numbers

- Senate           **210** bills       **5** SJR       **215** – total
- House           **241** bills       **6** HJR       **247** – total
- Totals           **451**           **11**           **462**

<u>Chamber</u>	<u>Bills</u>	<u>Passed</u>	<u>%</u>	<u>Notes</u>
• Senate	<b>210</b>	<b>110</b>	<b>52.3%</b>	<b>2</b> Vetoes/Sustained
• <u>House</u>	<b>241</b>	<b>98</b>	<b>40.6%</b>	<b>3</b> Vetoes/Sustained
• Total	<b>451</b>	<b>208</b>	<b>46.1%</b>	

Senate Vetoes       **2** – Letter Vetoes  
House Vetoes       **3** – Letter Vetoes  
 Total Vetoes        **5** – Sustained



# Number of Bills and Pass Rate

<u>Year</u>	<u>Senate</u>	<u>House</u>	<u>Total</u>	<u>Pass</u>
<b>2023</b>	<b>210</b>	<b>241</b>	<b>451</b>	<b>46%</b>
2022*	213	340	553	45%
2021	195	283	478	52%
2020	194	298	492	51%
2019	191	272	463	47%
2018	215	320	535	54%
2017	178	211	389	56%
2016	172	247	419	58%
2015	193	236	429	61%
2014	188	261	449	55%

# Vetoes

- **SB 129** - Include school employees in certain assault provisions
- **SB 108** – “Sip N’ Spit” exception - taste a fermented beverage
- **HB 1209** - Provisions regarding industrial hemp
- **HB 1109** - Occupation tax for bus improvement districts.
- **HB 1193** - Uniform Commercial Code.

# Workforce Housing

**Done First Two Weeks** (Passed 1/23; signed 2/01)

- **\$200 Million** (\$150 million state funds; \$50 million Fed)
  - Half Grants/Half Loans
  - Used for Infrastructure
  - 30/70 Split based on Population
  - Grants/Loans cannot exceed 1/3<sup>rd</sup> total infrastructure cost
- **Appropriated to the Housing Development Authority**
  - Creates a new fund
  - Price limited to first time homeowner program/Lot to \$40K
  - Document housing need with a market study

# “Infrastructure”

- **"Public infrastructure," a right of way, water distribution system, sanitary sewer system, storm sewer system, lift station, street, road, bridge, curb, gutter, sidewalk, traffic signal, or streetlight, which is or will be owned, maintained, or provided by a political subdivision of this state; or excavation, compaction, or acquisition of land for such purposes.**





# Budget

- \$60 M - New Women's Prison
- \$52 M - Design/land men's prison near S Falls
- \$70 M - Upgrade accounting system
- \$30 M – Construction inflation projects
  
- 7% Increase K-12 & Technical Colleges
- 7% Increase in state employee salaries
- 5%+ Increase in Medicaid providers – Plus

# Tax Breaks

- **Governor – Groceries Out of Sales Tax**
  - Not based on fairness; based to give back
  - \$100+ million permanent reduction in Revenue
- **Property Tax Reduction**
  - \$100K Reduction in taxable value
  - \$325 Credit to pay property taxes
  - \$425 Check to Homeowners
- **Rate Reduction – 4.5% to 4.2% – All In**
  - Repeal Partridge Amendment; Sunset

# Chamber Analysis



- **Property Tax –**
  - Not workable
- **Grocery Tax Cut –**
  - **Voting for tax break** – biggest break to target
  - Everyone buying groceries – All families
- **Rate Reduction –**
  - **Voting best tax policy** – kept broad base
  - Business gets reduction

# And The Winner Is:

- Rate Reduction –

- **State sales tax rate is reduced: 4.5% to 4.2%**

- Small reduction - \$100 purchase = 30 cents

- **All taxpayers**

- Including Chamber members

- **Sunset – 2027 Legislative Session**

- First session for the next Governor
- Tax increase without a vote
- Could be extended



# Property Tax Limits

## Mil Levy Reductions Every Year

- **City & Counties Limited Revenue**
  - 3% or Inflation; whichever is lower
  - Plus growth – new properties
  - Revenue divided by tax base = Lower mil levy
- **School Taxes**
  - General Fund Levy Set by the State
  - State-Aid Formula

# School General Fund Levies

## 3% Lower for 2024

- **Agriculture Land**
  - From \$1.362 to 1.320 per \$1K
  - Taxes on \$500K acres – \$681 to \$660 (-\$21)
- **Homeowners**
  - From \$3.048 to 2.954 per \$1K
  - Taxes on \$500K - \$1,524 to \$1,477 (-\$47)
- **Commercial**
  - From \$6.308 to 6.113 per \$1K
  - Taxes on \$500K - \$3,154 to \$3,056 (-\$98)

# Reemployment Assistance HB 1011

## *Unemployment Insurance*

- **Federal program with shared costs**
- **State trust fund has \$180+ million**
  - Governor Noem used Covid funds to replace fund
- **HB 1011 creates a third fee schedule**
  - Max rate = 9.3% (\$1,395) to 8.8% (\$1,320)
  - Base of \$15,000
- **Surcharge – Sooner less harsh**
  - Payments get credited to business accounts

# Economic Development Organizations

## *Property Tax Exemption*

- **Increase from \$750K to \$2.5 Million**
  - Inflation is worse than anyone realizes
  - More realistic level – purpose of the organizations
- **No Loss of Revenue – City/County/Schools**
  - Schools – Increase in state-aid
  - City/County – Tax shift



# Shifty Business

- **Pennington County – 12.6 Billion Tax Base**
  - County Mil Levy = 4.771/1K
  - Exemption of \$2.5 million = \$11,928 shifted
  - Increase to Taxpayers < 0.00009 mil
  - Increase to \$500K = half of a penny
- **Brule County (Chamberlain) - \$1.1 Billion**
  - County Mil Levy = 4.51/1K
  - Exemption of \$2.5 million = \$11,275
  - Increase to taxpayers < 0.001 mil
  - Increase to \$500K = 50 cents



# Eminent Domain

- **CO2 Pipelines**
  - Need to sequester CO2
  - Critical to the Ethanol Industry
  - 8 bills – control access; limit eminent domain
- **Two Survived the House**
  - HB 1033 – CO2 pipelines NOT common carrier
  - HB 1230 – Clarify condemnation court action
- **Both failed in Senate Committee**
  - Proponents displayed grace

# Paid Family Leave

- **Governor Expanded Leave for State Workers**
  - Was 6 weeks at 60% pay
  - Governor moved to 12 weeks at full pay
- **Governor Wanted to Facilitate Private Sector**
  - **HB 1151** - create paid family leave program.
  - Private insurance plan available to business
  - Reduce cost of offering paid leave
  - Deferred to 41<sup>st</sup> day by Appropriation Committee
  - **SB 154** - \$20 million underwrite policy - failed

# Foreign Threats

- **Purchase of Agricultural Land**
  - SB 185 – Committee to review purchases
  - No purchase by foreign entity or person
  - 180 days review – extend 180 more days
- **SB 189 - prohibit contracting companies owned by certain foreign entities or gov't.**
- China, Cuba, Iran, Russia, N Korea, Bolivia, Venezuela

# Programs Change Funding

- Formerly Future Funds:
- **HB 1117 – SD Manufacturing and Technology Solutions**
  - Lake Area Technical Collage
  - Department of Education
- **HB 1118 – Small Business Devel Centers & APEX (Procurement Tech Assist)**
  - Board of Regents

# Noteworthy

- **HB 1055** – Increase Opportunity Scholarships
- **HB 1056** – Increase Terms for Bd Tech Ed
- **SB 149** – Saving Medicaid Bonus Funds
  - \$50 million each for two years
  - Pre-Paid for FY 25 budget
- **HB 1208** – Govt not contract with Bus ESG

# ***Thank You***

***Next Year's Business Day Blizzard February 22nd***

