

State of South Dakota

EIGHTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2014

393V0473

HOUSE JOINT RESOLUTION NO. 1006

Introduced by: Representatives Wick, Haggar (Don), Haggar (Jenna), Heinemann (Leslie), Nelson, Stalzer, and Steele and Senators Novstrup (Al), Curd, Jensen, Kirkeby, Lederman, Omdahl, Otten (Ernie), and Van Gerpen

1 A JOINT RESOLUTION, Proposing and submitting to the electors at the next general election
2 an amendment to Article XI of the Constitution of the State of South Dakota, relating to
3 revenue and expenditure limits for the State of South Dakota.

4 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF SOUTH
5 DAKOTA, THE SENATE CONCURRING THEREIN:

6 Section 1. That at the next general election held in the state, the following amendment to
7 Article XI of the Constitution of the State of South Dakota, as set forth in section 2 of this Joint
8 Resolution, which is hereby agreed to, shall be submitted to the electors of the state for
9 approval.

10 Section 2. That Article XI of the Constitution of the State of South Dakota, be amended by
11 adding a NEW SECTION to read as follows:

12 § 16. A limit is hereby established on the aggregate tax revenues which may be collected in
13 any fiscal year by the State of South Dakota. Effective with the first fiscal year beginning after
14 the ratification of this section and in each fiscal year thereafter, the Legislature may not impose



1 direct or indirect taxes in any fiscal year which cause the aggregate tax revenues to increase
2 from the previous fiscal year by more than the lesser of: (a) the percent change in the state's
3 population plus the rate of inflation; or (b) the percent change in the state's population plus three
4 percent. Tax revenues are any form whatsoever of direct or indirect taxation, including any tax,
5 fee, or charge imposed on the privilege of entering or conducting a business or profession but
6 not any revenues derived from the voluntary purchase of goods or services by the public, if the
7 state does not create a monopoly or limit the opportunity for competition to provide such goods
8 or services other than through the provision of subsidies from tax revenues.

9 § 17. For any fiscal year that the state tax revenues exceed the tax revenue limit established
10 by § 16 of this Article by two percent or more except by reason of a declaration of emergency
11 provided under § 18 of this Article, the Legislature shall provide by law for the return of at least
12 the amount of tax revenues collected over the permissible limit to residents of South Dakota not
13 later than the end of the second fiscal year thereafter. The return of excess tax revenues shall be
14 accomplished through a reduction in taxes by an amount at least equal to the tax revenues which
15 exceed allowable tax revenues as provided in § 16 of this Article. If the tax revenues exceed the
16 limit provided in § 16 of this Article by less than two percent, the Legislature may provide for
17 the transfer of the excess to a state budget stabilization fund. Moneys in this fund may be
18 expended by a vote of two-thirds of the members elect of each house of the Legislature
19 following any fiscal year in which tax revenues collected are five percent or more below the
20 limit for tax revenues provided in § 16 of this Article.

21 § 18. The tax revenue limitation of § 16 of this Article may be exceeded only if all of the
22 following conditions are met:

- 23 (1) The Governor requests the Legislature to declare an emergency;
- 24 (2) The request is specific as to the nature of the emergency, amount of funds required

1 to meet the emergency, and the method by which the funds required to meet the
2 emergency shall be raised; and

3 (3) Upon receiving the request, the Legislature declares an emergency and makes
4 provision therefor by law substantially in accord with the details of the Governor's
5 request, by a two-thirds vote of the members elect of each house.

6 The emergency must be declared in accordance with this section prior to incurring any of
7 the expenses which constitute the specific emergency request. The tax revenue limitation may
8 be exceeded only for the fiscal year in which the emergency is declared; and in the next and
9 subsequent fiscal years, the tax revenue limitation of this Article shall again take effect.