

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2021 South Dakota Legislature

FISCAL NOTE 2021-FN1230A

HB 1230, An Act to establish a fund to assist counties with paying certain expenditures.

HB 1230 would establish the county capital improvement fund to assist a county with meeting expenditures for the purpose of acquiring, constructing, renovating, or replacing, within the county's jurisdictional boundaries, a building or structure, or a facility designed to reduce jail incarceration. The Secretary of the Department of Revenue on a monthly basis would deposit 0.05% of the revenue collected from sales and use taxes into the county capital improvement fund. Each fiscal year the percent deposited would increase by 0.05% until the end of FY 2026. There after the percent deposited would remain the same. The Board of Economic Development would promulgate rules concerning fund distribution.

HB 1230 would reduce ongoing sales and tax revenue available. The table below provides a breakout of the bill over the next five fiscal years.

Fiscal Year	Estimated Sales and Use Tax Revenue	% of Revenue Deposited in the County Capital Improvement Fund	\$ Deposited in County Capital Improvement Fund	General Fund Reduction
Adopted FY22 Revenue Target	\$ 1,157,606,191	0.05%	\$ 578,803	\$ (578,803)
FY23	\$ 1,203,910,439	0.10%	\$ 1,203,910	\$ (1,203,910)
FY24	\$ 1,252,066,856	0.15%	\$ 1,878,100	\$ (1,878,100)
FY25	\$ 1,302,149,530	0.20%	\$ 2,604,299	\$ (2,604,299)
FY26	\$ 1,354,235,512	0.25%	\$ 3,385,589	\$ (3,385,589)
FY27	\$ 1,408,404,932	0.25%	\$ 3,521,012	\$ (3,521,012)
Total			\$ 13,171,714	\$ (13,171,714)

Thus, the total estimated fiscal impact on revenue to the General Fund would be a reduction of (\$13,171,714). The amount of funds available to counties would be \$13,171,714 over five fiscal years.

The 20-year average growth in sales and use tax was used to estimate future sales and use tax revenue.

APPROVED BY: /s/ Reed Holwegner
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