



2022 South Dakota Legislature
House Concurrent Resolution
6002
ENROLLED

AN ACT

A CONCURRENT RESOLUTION, Recommending private sector housing solutions.

WHEREAS, the construction of sufficient housing to attract or retain an adequate number of workers to fill open positions has been identified as an important issue all across South Dakota; and

WHEREAS, from 1889 to the present, South Dakota has claimed a long and proud history of seeking to maintain a favorable tax and regulatory environment meant to encourage private individuals and companies to undertake the construction of both single-family and multi-family residential housing; and

WHEREAS, the South Dakota Legislature's workforce housing 2021 summer study committee conducted four meetings around the state examining housing issues and hearing testimony from a wide variety of housing experts; and

WHEREAS, housing experts testified to the committee about multiple state and federal programs that are currently available, including at least 15 programs dedicated to financing or assisting those seeking to build affordable housing that are administered by the South Dakota Housing Development Authority; and

WHEREAS, South Dakota inmates currently build hundreds of "Governor's houses" and "Dakota-plex" buildings annually that are sold and delivered across the state; and

WHEREAS, the committee also heard from Habitat for Humanity, CommonBond Communities, Rapid City Strategic Housing Trust fund, and several other non-profits who leverage donor funds and existing government programs to construct or finance affordable housing; and

WHEREAS, other innovators testified about plans to make housing affordable through cutting edge building techniques like 3D printing of tiny homes in pocket neighborhoods; and

WHEREAS, the committee further identified that cities and counties have additional ways to incentivize affordable housing by reducing development and infrastructure costs through maximizing the discretionary tax formula for new construction or the use of tax increment financing districts; and

WHEREAS, the committee received information on how use of the discretionary tax formula substantially lowers the cost of housing development, but that it is underutilized, with less than half of South Dakota's sixty-six counties making any use of the discretionary tax formula, and only two maximizing the allowable tax reduction; and

WHEREAS, the committee also found that permit fees, drainage fees, plan review fees, excavation fees, drainage studies, zoning changes, platting costs and infrastructure design requirements of cities and counties have grown significantly over recent decades, slowing the construction timeline and adding to the cost of housing; and

WHEREAS, the State of South Dakota imposes a two percent excise tax on all new construction, thereby adding thousands of dollars to the cost of a new home; and

WHEREAS, some have responded to all this by suggesting new or expanded state programs that encourage an ever-greater role for government in meeting the demand for housing; and

WHEREAS, examples from American and world history have taught us repeatedly that increasing government involvement disrupts the natural free market forces that inspire ingenuity to solve problems, and causes market distortions, increased costs, and inefficiencies:

NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Ninety-Seventh Session Legislature of the State of South Dakota, the Senate concurring therein, that the Legislature supports and encourages the free market system, in conjunction with an active reduction in governmental burden, as the most effective solution to meet the need for affordable and sustainable workforce housing in South Dakota.

Adopted by the House of Representatives,
Concurred in by the Senate,

February 10, 2022
March 7, 2022

Spencer Gosch
Speaker of the House

Patricia Miller
Chief Clerk

Larry Rhoden
President of the Senate

Kay Johnson
Secretary of the Senate