

State of South Dakota

NINETY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2018

565Z0720

SENATE CONCURRENT RESOLUTION NO. 4

Introduced by: Senators Nelson, Russell, Sutton, and Tapio and Representatives May, Campbell, Dennert, and Gosch

1 A CONCURRENT RESOLUTION, To include the South Dakota Department of Legislative
2 Audit in upcoming South Dakota Department of Transportation financial reviews of
3 operators of rail lines owned by the State of South Dakota.

4 WHEREAS, in 2015 the South Dakota Department of Legislative Audit recommended the
5 revenue figures reported by the operators of state-owned rail lines be verified for accuracy; and

6 WHEREAS, in 2016 the interim Government Operations and Audit Committee heard
7 testimony about why the state-owned Mitchell-Rapid City rail line, after being rehabilitated at
8 public expense, had been allowed to deteriorate due to bad management and lack of oversight;
9 and

10 WHEREAS, in 2017 the interim committee continued to have concerns about state oversight
11 of the Mitchell-Rapid City rail line, and continued to gather testimony about these concerns; and

12 WHEREAS, in an August 2017 written response to the interim committee the South Dakota
13 secretary of transportation stated that his department could not conduct an audit of the operator
14 of the Mitchell-Rapid City rail line; and

15 WHEREAS, both the state lease and the Regional Railroad Authority sublease for the



1 Mitchell-Rapid rail line contain clauses authoring audits of the operator of the line; and

2 WHEREAS, various December 2017 public meetings of the Regional Railroad Authority,
3 the interim committee, and the South Dakota State Railroad Board exposed further and serious
4 concerns about oversight of the Mitchell-Rapid City rail line, to include financial issues
5 involving the operator of this line; and

6 WHEREAS, the Department of Transportation is hiring a New York company to do
7 financial reviews of operators of state-owned track, but these reviews will not constitute audits:

8 NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Ninety-Third Legislature
9 of the State of South Dakota, the House of Representatives concurring therein, that the auditor-
10 general's recommendation is implemented to assure the public interest is protected;

11 BE IT FURTHER RESOLVED, that the Department of Legislative Audit participate
12 without limitation in the financial reviews of rail operators, with special emphasis on
13 documenting revenue received from any and all sources; and

14 BE IT FURTHER RESOLVED, that any costs for the participation of the Department of
15 Legislative Audit be paid by the Department of Transportation.