



South Dakota Senate Bill 1 (2015)

Title of Bill: Senate Bill 1

Purpose: Revise certain taxes and fees to: fund improvements to public roads and bridges in South Dakota, to increase the maximum speed limit on interstate highways, and to declare an emergency. ⁱ

Status of Amendment: Passed

South Dakota Senate Bill 1 (2015) Signed into law: March 30, 2015		
	Senate	House
FOR	25	55
AGAINST	8	11

History

State Gas Tax

The state gas tax on gasoline and diesel for highway use has not been increase since 1999, when Bill Janklow (R) was governor. Subsequent governors Mike Rounds and Dennis Daugaard were both vocally opposed to highway-tax increases, until Dauggard changed his position in the beginning of 2015. ⁱⁱ

Gas Tax Distribution & Transportation Funding Sources

Most of the funds generated by SB 1 will go towards state work, but some will go into a local bridge fund managed by the state Transportation Commission. The gas tax increase will produce an estimated \$40.5 million and the excise tax an additional \$27 million to \$30 million. Additionally the license plate increases are expected to generate \$18 million for counties, their share depending on the number of vehicles registered there. ⁱⁱ

Need

South Dakota, like many states, is struggling to maintain funding for their transportation system.

Roads-Currently, South Dakota's state roads are considered to be in good conditions, with only 2 percent rated "poor" and 9 percent rated "fair." By 2024 though, the state Department of Transportation predicts that 25 percent of roads will be "poor" and 27 percent "fair." For local governments the current situation is more urgent. In a recent survey conducted by county

highway supervisors, 39 percent of paved roads and 26 percent of gravel roads rated “poor” or “failing.” Additionally, bad road conditions contributed to one-third of all fatality crashes in the state.ⁱⁱⁱ

Bridges- South Dakota bridges are currently in worse condition than the roads. One in five bridges in the state are considered structurally deficient, the fourth highest count in the nation. There is “significant damage in terms of corrosion” said Moretti who also notes that inspectors are “seeing significant wear and tear on those bridges.”ⁱⁱⁱ

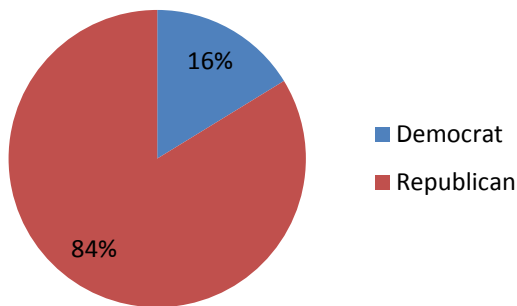
Governor Dennis Daugaard said in a release, “In order for us to get to work, school, church or the grocery store, we have to have adequate roads, this important legislation will significantly aid state and local governments in maintaining and improving infrastructure.”^{iv}

Summary of Legislation

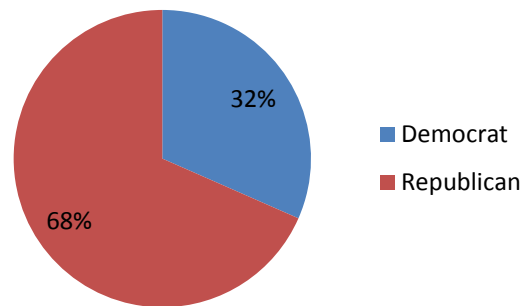
Senate Bill 1 was sponsored by Sen. Mike Vehle (R), Sen. Jim White (R), Sen. David Omdahl (R), Sen. Scott Parsley (D), Sen. Larry Tideman (R), Rep. Mary Duvall (R), Rep. David Anderson (R), Rep. Jean Hunhoff (R), Rep. James Schaefer (R), Rep. Mike Verchio (R), and Rep. Dick Werner (R).

The bill was the first introduced in the 2015 legislative session and was the second-to-last bill to pass in the House. In the Senate, SB 1 passed with a vote of 25-8 and in the House with a vote of 55-11. The bill was signed into law by Governor Dauggard on March 30, 15.ⁱⁱ

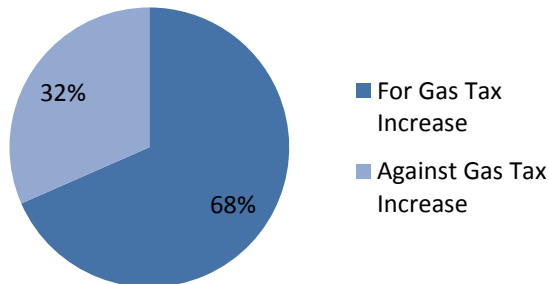
Legislators Voting For Gas Tax Increase



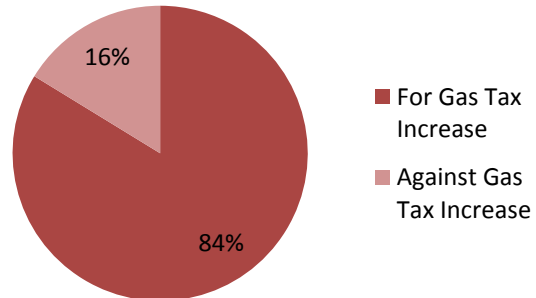
Legislators Against Gas Tax Increase



Democrat Votes



Republican Votes



Legislature Breakdown

At the time of SB 1's passage, the South Dakota governor was Dennis Dauggard (Republican), and the legislature was a majority Republican.

- There were 20 Democrats in the legislature.
 - Of the eight Democrats in the Senate, four voted for SB 1 and four voted against SB 1.
 - Of the 11 Democrats in the House, nine voted for SB 1 and two voted against SB 1. One Democrat in the House did not vote.
- There were 84 Republicans in the legislature.
 - Of the 26 Republicans in the Senate, 21 voted for SB 1 and four voted against SB 1. One Republican in the Senate did not vote.
 - Of the 58 Republicans in the House, 46 voted for SB 1 and nine voted against SB 1. Three Republicans in the House did not vote.

Legislation

SB 1 will enact the following:

- Raise the motor-fuels tax by 6 cents-per-gallon (a total of 28 cents-per-gallon) on April 1, 2015;
- Add 1 percentage point to the excise tax on vehicle purchases (a total of 4 percent);
- Increase license plate fees by 20 percent on noncommercial vehicles beginning in May;
- Allow counties and townships to impose additional property taxes for roads and bridges;
- And let motorists do 80 miles-per-hour on 1-29 and I-90 (as opposed to 75mph).ⁱⁱ

Once fully implemented, the bill will provide an additional \$85 million a year for state and local road and bridge projects, including a \$15 million per year Bridge Improvement Grant to specifically address

local bridge needs. The bill contains an emergency clause allowing many provisions of the bill go into effect on April 1, 2015. ^v

Supporters

Arguments:

- Funding for state road construction and maintenance projects
- Funding for local construction and maintenance projects
- Funding for bridge repairs

Key Players:

Governor Dennis Dauggard (R) - prior to becoming an avid supporter of SB 1, the Governor was a known opponent of raising the gas tax.

“Maintaining our roads and bridges is a fundamental function of government. In order for us to get to work, school, church or the grocery store, we have to have adequate roads. This important legislation will significantly aid state and local governments in maintaining and improving infrastructure.”^{vi}

Representative Mary Duvall (R- Pierre)

“The bottom line is we have a \$14 billion asset in the state and we need to take care of it,” and referred to SB 1 as “a first step.”ⁱⁱ

Representative Dennis Feickert (D-Aberdeen)

He said his concern is public safety and “Today is the day we need to move forward with this funding.”

Senator Mike Vehle (R)

"Road infrastructure is terrifically important. Our number one industries are agriculture and tourism and they're heavily dependent on roads."

Sioux Falls Area Chamber of Commerce President & CEO Evan Nolte

"Right now, we see some of the issues and challenges, it's only going to get worse unless we start addressing it."**Error! Bookmark not defined.**

Opponents

Arguments:

- The bill will make South Dakota less competitive with other states

Key Players:

Oil and Gas Industry

Members of the Industry contested the size and longevity of tax increases during a House committee hearing. Dawna Leitzke, the Executive Director of the South Dakota Petroleum and Propane Marketers Association, expressed “If a tax increase is to come it has to be a lot smaller and it needs to be reviewed on a yearly basis.”^{vii}

Why did it succeed?

Governor as a Champion

After deciding that raising the gas tax, along with the other provisions of SB 1, were the solutions for South Dakota’s transportation funding issues, Governor Daugaard aggressively promoted the legislation. While the Senate and Gov. Daugaard’s administration had hoped for an even larger increase in the gas tax over a larger period of time, the Governor praised his fellow lawmakers on their compromise:

“I am grateful for the courage of the legislators who, while reluctant to raise taxes, realized that in some situations we need to do what we need to do to protect our infrastructure.”^{viii}

The Governor also recognized the urgency of the problem:

"I don't want to leave this problem to future governors and future Legislatures and future generations, let's fix this problem for good, this year."^{ix}

National Momentum

In passing this bill, South Dakota became the second state in 2015 to increase the state gas tax for transportation funding, with one additional state legislature—Utah— having approved a bill, and awaiting approval from the governor at the time South Dakota signed SB 1 into law. Prior to South Dakota, Iowa had approved a flat cents-per-gallon increase. After South Dakota, Georgia, Nebraska, and Washington all approved their own transportation funding legislation.

In 2013, six states had approved modifications to their motor fuel taxes to raise revenue for transportation funding, followed by two additional states in 2014.

ARTBA Contact:

Carolyn Kramer

Transportation Investment Advocacy Center Manager

202-289-4434

ckramer@artba.org

Kathryn Tooley

202-289-4434

ktooley@artba.org



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About the Transportation Investment Advocacy Center

The Transportation Investment Advocacy Center™ (TIAC) is a first-of-its kind, dynamic education program and internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, was created so transportation investment advocates do not have to “re-invent the wheel” to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To subscribe to at no cost—and receive via email—the regularly updated TIAC blog, visit the website.

In addition to the website, the TIAC program includes an annual workshop in Washington, D.C., and ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) program (www.tmaw.org) and funded through voluntary contributions and sponsorships. To become a sponsor or to make a contribution, visit the ARTBA store or contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202-289-4434. Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC.

Appendix

I. North Dakota Senate Bill 1(2015) Final Passage (March 30, 2015)

Legislators voting to approve the gas tax increase

Senate

Angie Buhl (D- District 15)
Jason Frerichs (D- District 1)
Bernie Hunhoff(D-district 18)
Scott Parsley (D- District 8)
Corey Brown (R- District23)
Gary Cammack(R- District 29)
R. Blake Curd (R-District 12)
Bob Ewing (R- District 31)
Terri L Haverly(R- District 35)
Phyllis M Heineman (R- District 13)
Ried Holien(R- District 5)
David Novstrup (R-District 3)
David M. Omdahl (R- District 11)

Ernie Otten (R- District 6)
Deb Peters (R- District 9)
Bruce Rampelberg (R- District 30)
Tim Rave (R- District 25)
Arthur L Rusch(R- District 17)
Deb Soholt (R- District 14)
Alan Solano (R- District 32)
Larry Tidemann (R- District 7)
Craig Tieszen (R- District 34)
Bill Van Gerpen (R- District 19)
Mike Vehle (R- District 20)
Jim White (R- District 22)

House

Julie Bartling (D- District 21)
Shawn L Bordeaux (D- District 26A)
Dennis Feickert (D- District 1)
Peggy Gibson (D- District 22)
Spencer Hawley (D- District 7)
Patrick A Kirschman ((D- District 15)
Steven D McCleerey (D- District 1)
Ray Ring (D- District 17)
Karen Soli (D- District 15)
David L Anderson (R- District 16)
Arch Beal (R- District 12)
Jim Bolin (R- District 16)
Kristin A Conzet (R- District 32)
Justin R Cronin (R- District 23)
Fred E Deutsch (R- District 4)
Dan Dryden (R- District 34)
Mary Duvall (R- District 24)
Brian G Gosch (R- District 32)
Don Haggar (R- District 10)
Michele K Harrison (R- District 23)
Steven G Haugaard (R- District 10)
Leslie Heinemann (R- District 8)

Thomas R Holmes (R- District 14)
Jean Hunhoff (R- District 18)
Roger W Hunt (R- District 25)
Alex Jensen (R- District 12)
Timothy R. Johns (R- District 31)
Joshua M Klumb (R- District 20)
Kris K Langer (R- District 25)
G. Mark Mickelson (R- District 13)
Scott Munsterman (R- District 7)
Al Novstrup (R- District 3)
Herman Otten (R- District 6)
Jeffrey D Partridge (R- District 34)
Kent Peterson (R- District 19)
Lee Qualm (R- District 21)
Nancy Rasmussen (R- District 17)
Fred Romkema (R- District 31)
Tim Rounds (R- District 24)
Tona Rozum (R- District 20)
James G Schaefer (R-District 26B)
Kyle Schoenfish (R- District 19)
Jacqueline Sly (R- District 33)
Roger D Solum (R- District 5)

Jim Stalzer (R- District 11)
Mike Stevens (R- District 18)
Burt Tulson (R- District 2)
Mike Verchio (R- District 30)
Dick Werner (R- District 22)
Steve Westra (R- District 13)

John J Wiik (R- District 4)
Mark K Willadsen (R- District 11)
Mathew J Wollmann (R- District 8)
Larry P Zikmund (R- District 14)
Dean Wink (R- District 29)

Legislators voting against the gas tax increase

Senate

Jim Bradford (D- District 27)
Troy Heinert (D- District 26)
Jim Peterson (D- District 4)
Billie H Sutton (D- District 21)

Jenna Haggar (R- District 10)
Phil Jensen (R- District 33)
Jeff Monroe (R- District 24)
Betty Olson (R- District 28)

House

Thomas J Brunner (R- District 29)
Blaine "Chip" Campbell (R- District 35)
Lynne A DiSanto (R- District 35)
Lana Greenfield (R- District 2)
Dan Kaiser (R- District 3)
Isaac Latterell (R- District 6)

J. Sam Marty (R- District 28B)
Elizabeth May (R- District 27)
Lance Russell (R- District 30)
Paula Hawks (D-District 9)
Kevin Killer (D-District 27)

ⁱ "Senate Bill 1"

http://legis.sd.gov/Legislative_Session/Bills/Bill.aspx?Bill=1&Session=2015

ⁱⁱ "Lawmakers approve 6-cent increase in gas tax, 80 mph on interstates"

http://rapidcityjournal.com/news/local/lawmakers-approve--cent-increase-in-gas-tax-mph-on/article_7cb301b0-99bb-54ba-8054-56676b504e43.html

ⁱⁱⁱ "We don't have a problem; it's a crisis' funding roads"

<http://www.argusleader.com/story/news/2014/07/02/problem-crisis-funding-roads/11958559/>

^{iv} "South Dakota governor signs road funding bill"

<http://www.kotatv.com/news/south-dakota-news/South-Dakota-governor-signs-road-funding-bill/31851138>

^v "Gov. Dugaard Signs Road and Bridge Funding Bill"

<http://news.sd.gov/newsitem.aspx?id=17375>

^{vi} "S.D. Approves Bill to increase State Gas Tax"

<http://www.transportationinvestment.org/2015/03/16/s-d-governor-reviewing-bill-to-increase-state-gas-tax/>

^{vii} "Opponents push back against transportation funding taxes"

<http://www.washingtontimes.com/news/2015/feb/18/opponents-push-back-against-transportation-funding/>

^{viii} "South Dakota Legislature passes transportation funding hikes"

<http://www.washingtontimes.com/news/2015/mar/13/legislators-agree-to-6-cent-gas-tax-hike-in-road-d/>

^{ix} South Dakota Governor Proposes Perpetual Gas Tax Increase
<http://www.planetizen.com/node/73320>