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(S.D.)-Lawmakers Optimistic On State Spending



By: Roxie Graham-Marski Posted at: 03/12/2014 08:07 AM

By CHET BROKAW
Associated Press

PIERRE, S.D. (ASSOCIATED PRESS) - Expressing optimism that South Dakota's construction and agricultural industries will prosper in the next year, the Legislature's budget-writing committee decided Tuesday that the state will have more money to spend than economists had predicted.

The Joint Appropriations Committee voted unanimously to adopt formal revenue estimates that exceed state economists' projections by as much as \$7 million for the remainder of the current budget year and the one that starts July 1.

The committee will use those estimates as it puts the finishing touches on next year's state budget, which will spend about \$4.3 billion in state, federal and other funds. The revenue estimates are for the portion of the budget that spends nearly \$1.4 billion from state tax collections and other state general funds.

Committee members said a strong agricultural economy carried South Dakota through the years since the recession, and they believe farmers and ranchers will continue to make and spend money that will lead to increases in sales tax collections.

Rep. Lance Carson, R-Mitchell, said he expects taxable sales will exceed expectations. Receipts from the contractor's excise tax also are likely to rise because people are starting to build new homes and update existing ones after the recession, he said.

"Our farm economy is going to do well. Our farm economy has carried us through these things," Carson said.

Sen. Jim White, R-Huron, said sales tax collections are growing in the state's major cities.

"I think we have reason to be optimistic, not overly optimistic," White said.

House Appropriations Chairman Fred Romkema, R-Spearfish, said the revenue estimates indicate the Legislature will not have to cut Gov. Dennis Daugaard's proposed budget by much.

"I'm confident we can meet most of the requests," Romkema said.

The committee plans to meet again Thursday to consider proposed amendments to the governor's proposed budget so the House and Senate can pass next year's budget by Friday, the final day of the main run of this year's legislative session. Lawmakers will return to the Capitol for a final day on March 31 to consider any vetoes issued by the governor.

On Monday, economists from the governor's budget office and the Legislature's staff had said they believe ongoing state general revenue will fall short of projections made when the governor proposed his budget in December. They said tax collections could be as much as \$14 million lower than those earlier projections for the current year and next year.

The Appropriations Committee decided that revenues are not likely to be as low as the economists estimated because construction is picking up and crop prices are rebounding.

Sen. Larry Tidemann, R-Brookings, said crop prices are still down from a year ago, but he said that helps those who feed grain to cattle and the ethanol plants that buy corn to make the fuel additive.

Sen. Billie Sutton, D-Burke, said many western South Dakota ranchers were hurt by an early October blizzard that killed an estimated 25,000 or more cattle. But he said donated relief funds and a federal livestock disaster program will help lessen those ranchers' financial losses.

Committee members said they are most uncertain about receipts from unclaimed property, which includes bank accounts and other financial holdings that are turned over to the state when owners cannot be found. A change in the law, combined with the relocation of a couple large banks to South Dakota, has substantially increased the state's receipts of unclaimed property. It is predicted to bring in \$60 million this year and again next year, but lawmakers said that revenue is difficult to predict.