

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

SOUTH DAKOTA COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Counties receive half of the revenues from a state tax on the severance of energy minerals from its land and they must use the revenues for school and road purposes in order to offset the impact of energy development in the county.
- Of total motor vehicle registration fee revenues, 41.5 percent are distributed by counties and 58.5 percent are distributed by the state. The county portion is distributed within the county where the revenue was collected, the state portion is pooled in the Local Road and Bridge Fund and then distributed to individual counties, cities, and county township systems according to formulas fixed in statute since 1987.

From Federal Funds:

- Federal Aid State Funds generated from motor fuel and vehicle excise taxes were transferred to local governments for match to federal grants.
- Counties receive federal highway gift funds.
- Counties receive an annual allocation of federal Surface Transportation Program (STP) funds based on highway miles, geographic size, and population. The state also shares the bridge replacement funds 50/50 with local government entities.

From County Funds:

- Funding for local roads and streets derives mainly from vehicle registration fees, county wheel taxes and property taxes. Counties reported \$5 million of general property taxes used to fund highways in 2007. Over 96 percent of vehicle registration fees are distributed to counties, cities and townships.
- Counties collect Motor Vehicle License fees, with the revenues distributed as follows:
 - Local Government Highway and Bridge Fund: 54%
 - County Road and Bridge Fund (in county where collected): 22.5%
 - Retained by County in Special Highway fund: 14%
- Thirty-eight counties have imposed a wheel tax, most imposed either a \$2 or \$4 per wheel tax. Approximately 90 percent of wheel tax revenue is retained by counties while the remainder is distributed to cities and townships.

Share of County Owned Road Miles Out of Public Roads Statewide	43%
Share of County Owned Bridges Out of Public Bridges Statewide	63%
Share of Structurally Deficient Bridges Out of County Owned Bridges	28%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	The rate cannot exceed 12 mills, or with voter approval 18 mills.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes		
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee	X	A wheel tax capped at \$4 per wheel and 4 wheels per vehicle.
Form Special Districts for Transportation	X	Counties are authorized to establish tax incremental district to finance public improvements with anticipated tax resulting from increased property evaluations.

- Money from the Local Government Highway and Bridge Fund with respective proportion for the County highway and bridge reserve fund. Funding is allocated to counties for highways, roads and bridges by a statutory formula based on population, road mileage and area.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The biggest challenge in county transportation funding is the inability of counties to raise additional revenues, since property tax rate increases are limited to three percent, tied to CPI.
- The premier industry is agriculture and local roads were not built to withstand heavy agriculture loads and equipment those roads are carrying.
- The wheel tax is limited to \$4 per wheel for only 4 wheels, therefore counties cant tax all 18 wheels on the heavy trucks that are putting the most pressure on their roads. The legislature argues that since only 42 of the 66 counties have imposed the wheel tax, that counties don't need additional revenues.
- Counties are concerned that they will be asked to take responsibility for maintenance of roads under jurisdiction of road districts as use of the roads expands to users from outside the district, traffic levels increase and maintenance costs rise.
- Revenues from overweight vehicle penalties flow to the school district in which the violation occurred and do not offset the cost of infrastructure damage due to overweight loads.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- In 2011, the South Dakota Legislature approved the increase of license plate fees in a two-step phase, the first taking effect July 1, 2011 and the second increase on July 1, 2013. These extra monies are dedicated specifically to county road and bridge funds. It provided an extra \$18 million the first year and another estimated \$13 million when the second stage took place.
- The \$42 fee for a typical car increased to \$51 in 2011 and then to \$60 in 2013. Fees also were raised for noncommercial farm trucks, motor homes, travel trailers and motorcycles.
- The new law also reduced the number of vehicles that got a 30 percent discount on registration fees. The discount went to vehicles that were at least five years old, whihc amounted to about 82 percent of all cars and trucks on the road. The discount now will go only to vehicles at least 10 years old, or about half of those on the road.
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