

# S.D. Lawmakers To Study Sales Tax Exemptions

## State Loses Estimated \$500M Due To Exemptions

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PIERRE — South Dakota lawmakers this summer will study sales tax exemptions that cost state government an estimated \$500 million or more a year in lost revenue, a legislative management committee decided Monday.

The Legislature's Executive Board voted unanimously to appoint a 15-member study committee that will look at exemptions, why they were put in place and whether they are still needed.

The study of tax exemptions finished first in a survey that asked lawmakers what topics should be studied in the

interim before the next legislative session.

Joy Smolnisky of the South Dakota Budget and Policy Project, a nonprofit that promotes equitable and reasonable tax and budget policies, urged lawmakers to study whether tax exemptions approved in the past still make sense. The study would help the Legislature decide whether to change tax law, she said.

House Speaker Val Rausch, R-Big Stone City, said the study is long overdue because many of the tax exemptions were passed years before current members of the Legislature were elected. The estimated \$500 million in tax

exemptions is equivalent to revenue that would be raised by boosting the sales tax by 3 percentage points, he said.

The sales tax — state government's largest revenue source — is expected to bring in nearly \$700 million this year. Most goods and services are taxed at the rate of 4 percent.

Over the years, many goods and services have been exempted from the sales tax. Exempt goods and services include many health, education and agricultural services and many agricultural products.

Sen. Craig Tieszen, R-Rapid City, said lawmakers need to take a comprehensive look at the tax exemptions rather than considering them one by one in bills filed during annual legislative sessions.

"We need to take a hard look as a group to see which of these are important, which are not important," Tieszen said.

The Executive Board, which handles management issues for the Legislature, also agreed that another study panel will review the state Department of Human Services. Summer studies in recent years have reviewed state agencies, and only three remain to be studied.

The panel rejected a request by Rep. Mark Venner, R-Pierre, to form another committee to look for ways to make government smaller and more efficient. Other lawmakers said unnecessary spending has already been eliminated from state government through budget cuts in the past three years.

"I just don't think we're going to find it in state government. We've leaned over the last three years," Rausch said.

Rep. Charles Turbiville, R-Deadwood, chairman of the Executive Board, said he wanted to limit the number of legislative studies because lawmakers are already committed to serving on some other panels this summer.

Turbiville said the governor's office is running a study of ways to rein in spending on Medicaid. A law passed during the last legislative session set up a task force to study taxes and incentives for wind energy, and the Legislature also has a committee to redraw the boundaries of legislative districts.

## MIDWEST DIGEST

### Daugaard: State's Credit Rating Is Strong

PIERRE (AP) — Gov. Dennis Daugaard says an independent credit ratings firm gives South Dakota good marks for its financial strength.

He said Standard & Poor's upgraded its issuer credit rating for South Dakota from AA to AA+.

Daugaard said the rating shows that state government has been prudent and responsible during the recession. The governor said that includes adopting a fiscal 2012 budget that cuts state spending and doesn't raise taxes or use state reserves.

Standard & Poor's also boosted ratings of bonds issued by the South Dakota Building Authority and the South Dakota Economic Development Finance Authority.



Daugaard

### Man Gets 3 Years In Faked Death Case

SIoux FALLS (AP) — A Florida man was sentenced Monday to three years in prison and ordered to help repay near \$2 million for faking his death to collect life insurance proceeds.

Forty-six-year-old Vij Misir had pleaded guilty in October to conspiracy to commit mail fraud.

The U.S. Attorney's office said his ex-wife, Rajmatee Kapadia, pleaded guilty Monday to the same charge and will be sentenced later.

The government said the couple, while married and living in Florida, conspired to lead authorities to believe Misir had died of food poisoning during a 2003 family vacation in Malaysia.

Prosecutors said Kapadia then collected \$1.99 million from life insurance companies in Sioux Falls and California. Prosecutors said the scheme began to unravel in 2009 when Misir tried to renew his passport at the U.S. Embassy in Indonesia.

### Standoff Ends Peacefully In Woonsocket

WOONSOCKET (AP) — A man was jailed on an aggravated assault charge after a five-hour standoff with law enforcement in Woonsocket.

Sanborn County Sheriff Tom Fridley told KORN radio that it began around 9 p.m. Sunday evening, possibly as the result of a household argument.

Fridley said the man was alone in the house during the standoff and weapons were found inside.

Fridley said the standoff ended peacefully and no one was hurt.

### Tyson Cited For Alleged Violations At Plant

OMAHA, Neb. (AP) — The Occupational Safety and Health Administration has issued eight violations against a Tyson Foods Inc. meatpacking plant in Lexington.

The federal agency on Monday cited the plant for one repeat and seven serious violations. They include failing to cover an electrical fitting and deficiencies in the refrigeration systems. Proposed fines total \$66,000.

OSHA says the violations followed inspections initiated in January under programs for industries with a high occupational injury and illness rate and for managing chemical hazards.

Arkansas-based Tyson Foods has 15 days to contest the findings.

OSHA spokesman Charles Adkins says employers must update and maintain the process to provide a safe workplace. Tyson spokesman Gary Mickelson says the company has many questions about the claims, and looks forward to meeting with OSHA officials.

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## Audit: Eastern Neb. Office On Aging Misspent Money

LINCOLN, Neb. (AP) — An Omaha-based advocate for the elderly submitted false expenses to Nebraska state officials and spent money improperly on such things as jewelry, beer and a Christmas dinner party, according to an audit report released Monday.

Nebraska State Auditor Mike Foley released the report detailing alleged misspending at the Eastern Nebraska Office on Aging. Foley issued a statement that says employees billed the Nebraska Department of Health and Human Services for counseling, services and meals on behalf of clients who had died.

The report also examines nearly \$21,000 in undocumented credit card expenses that were billed to the state. State auditors could not confirm whether the expenses were reasonable, or what was bought, but they reported that some spending appears "entirely inappropriate."

Foley said the organization has replaced its executive director, chief fiscal officer and other key

managers. The audit found undocumented purchases at sporting goods stores, hardware stores and department stores, restaurants and gas stations.

The Eastern Nebraska Office on Aging is one of 650 agencies nationwide that provide services to the elderly. It serves families in Douglas, Sarpy, Dodge, Cass and Washington counties. Its funding comes from state health department grants, federal and county money, private donations and client contributions.

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