Senators Give Final OK For River Basin Districts

Vermillion River Basin Is **Bypassed For Pilot Project**

BY BOB MERCER

State Capitol Bureau

PIERRE — Legislation that creates a new system for water management in South Dakota, with local boards to be elected from nine major river basins, received final approval Wednesday from the state Senate.

The next stop for SB 2 is the desk of Gov. Dennis Daugaard. He is expected to sign it into law, according to Sen. Jason Frerichs, D-Wilmot.

Frerichs served as the primary spokesman in the Senate for the plan, which was developed by the Legislature's watershed task force that has met the past three years.



leader Brian Gosch of Rapid City chaired the Vehle task force. Two of the panel's proposals have been passed by

the Legislature this year. The other is SB 3 creating a new state program offering voluntary mediation services in drainage disputes.

Sen. Mike Vehle, R-Mitchell, was the primary Senate spokesman for the mediation plan. Gosch was the lead House sponsor for both measures. Frerichs asked senators to agree with

a House amendment on the river-basin districts plan. "It's taken the entire session, literally,

to work through this," Frerichs said.

The legislation calls for an oversight panel and a pilot project. The project will be in the Red River and Minnesota River drainage in northeastern South Dakota. The House changed the location from the Vermillion River basin in the southeast.

Frerichs said there would be a need to work the Minnesota and North Dakota on the project.

He acknowledged there remains some hesitation among legislators about the plan. But no one has offered a better alternative, he said.

Vehle spoke in support. No one spoke against it. The final tally was 28-6 in favor.

Voting against it were Republicans Corey Brown of Gettysburg, Bob Ewing of Spearfish, Ried Holien of Watertown, Dan Lederman of Dakota Dunes, David Novstrup of Aberdeen and Bill Van Gerpen of Tyndall.

Wind Taxes Restructured In South Dakota

BY BOB MERCER

State Capitol Bureau

PIERRE — New projects for wind power in South Dakota would pay lower taxes under a plan that received final legislative approval Wednesday.

'We'll be competitive with North Dakota. We'll be right there with Minnesota," Rep. Roger Solum, R-Watertown, said

The measure didn't attract much attention but ranks as one of the significant economic-development accomplishments of the 2015 legislative session.

Wind projects in South Dakota reportedly are paying about \$5 million more in taxes over their lifespans than they would in neighboring states, according to various legislators and several representatives of wind-power companies.

Solum was at the center of much of the work in the state House of Representatives during the past week that produced the final version of SB 180.

He served as chairman of a legislative study in 2011 that analyzed South Dakota's competitiveness for wind energy projects, and this year he is chairman of the House Taxation Committee, where the final version came together.

The Senate voted 32-1 Wednesday to agree with that House version of the package, which now goes to Gov. Dennis Daugaard for his review.

Various provisions in the legislation allow county governments to continue receiving their current amounts of taxes on existing wind projects, while reducing the production tax for new projects that begin producing electricity April 1 and after.

The legislation also repeals South Dakota's tax-rebate program for electricity transmission lines and collector systems at generation sites.

Senate Republican leader Tim Rave of Baltic praised House members for their work.

"Over there a good compromise was brought by folks from North Dakota. It makes us more competitive," Rave said.

He was referring to officials for Basin Electric, which provides power to many South Dakota rural cooperatives.

Repealing the rebate pro-gram will allow the state treasury to keep more money, according to Sen. Scott Parsley, D-Madison, while holding counties unharmed and offering a more attractive tax structure to prospective projects.

"There is a lot of wins and winds in that," said Parsley, who was a long-time executive at East River cooperative that carries power from Basin to many rural electric cooperatives.

The House gave its approval to the package Tuesday 64-4.

Rave is the bill's prime sponsor while Solum is its lead sponsor in the House.

senators Jason Frerichs, D-Wilmot; Brock Greenfield, R-Clark; and Jim Peterson, D-Revillo; and representatives Fred Deutsch, R-Florence; John Wiik, R-Big Stone City; Patrick Kirschman, D-Sioux Falls; House Democratic leader Spencer Hawley of Brookings.

S. Dakota House Fails To Create State Debt Office

BY BOB MERCER State Capitol Bureau

PIERRE — The Daugaard administration's proposal to create an obligation recovery center to collect debts owed to state government and to crime victims bogged down Wednesday in the House of Representatives.

House members twice took votes, and fell short of the

privately operated by a contractor as part of the state Bureau of Administration but at no expense to the state

There would be an oversight panel and the center

treasury.

would report to the Legislature's Government Operations and Audit Committee. Lawmakers opposed to the center's creation don't want more government at

the cost of private business. "There's really two vi-

sions and we have to decide which vision to go with," one of the opponents, Rep. Al Novstrup, R-Aberdeen, said.

Pipeline Foes Appeal To Lawmakers

LINCOLN, Neb. (AP) — Opponents of the Keystone XL pipeline are asking Nebraska lawmakers to repeal the law (LB473) that allowed former Gov. Dave Heineman to approve a route through the state.

Landowners and activists squared off with pipeline builder TransCanada on Wednesday in a hearing that included several testy exchanges with lawmakers.

The 2012 state law allowed pipeline developer TransCanada to use eminent domain on holdout landowners once the route was approved.

Sen. Ernie Chambers of Omaha says he introduced the bill as a "shot across the bow" to TransCanada, and to give voice to landowners who continue to oppose the pipeline.

TransCanada land manager Andrew Craig says eminent domain is a tool of last resort which is needed to develop infrastructure.

Neb. Gas Tax Moves To Full Senate

LINCOLN, Neb. (AP) — A proposal to raise Nebraska's gas tax to pay for bridges and roads has advanced for debate by lawmakers.

The Revenue Committee voted 5-2 on Wednesday to approve the measure for debate in the Legislature. The 6-cent increase, phased in over four years, would bring Nebraska's total gas tax to 31.6 cents per gallon.

The bill (LB610) would generate an estimated \$19 million a year for aging roads and bridges. Sen. Jim Smith of Papillion describes the tax as a "user fee" for motorists, saving it's a better alternative than tapping the state's general fund or issuing bonds.

Smith says the bill will reduce pressure on counties that use property taxes to pay for bridge and road repairs.

Raven Lays Off 115 Employees

SIOUX FALLS (AP) — Raven Industries Inc. is citing a weak agricultural market as its reason to lay off 115 employees.

The Argus Leader reports the employees were let go Tuesday. The cuts are part of a plan intended to save the company \$13 million a year.

The net income of the Sioux Falls-based manufacturer for the fiscal year that ended Jan. 31 decreased 26 percent to \$31.7 million.

CEO Dan Rykhus says farmers don't have money to spend on equipment.

The cuts affect the company's applied technology divi-sion and corporate services staff. Seventy-five of the employees who are no longer with the company were based in Sioux Falls.

The publicly traded company has been designing and manufacturing high-value technical products since 1956. It will have around 1,000 employees when the restructuring

R.C. Residents Reject \$180M Expansion

RAPID CITY (AP) - Rapid City residents have rejected a proposed \$180 million expansion of the Rushmore Plaza Civic Center.

Unofficial returns from Tuesday's election show 61 percent of the 12,902 voters were against the idea.

The project would have replaced the facility's 9,400-seat arena with one that could seat up to 19,000 people. The City Council approved the expansion in December, but an opposition group submitted petitions to force the public vote

Supporters of the proposed project considered it a wiser investment than upgrading the existing facility, which doesn't comply with the Americans with Disabilities Act. Opponents questioned the cost of what would have been the costliest project in city history.

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Their co-sponsors are

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two-thirds majority of 47 each time, first by two ayes and then by one.

The result was House members sent HB 1228 to a conference committee of three House members and three senators to negotiate.

The Senate approved the bill by a simple majority 18-17 Tuesday.

It is unusual for two different thresholds to be used. House Speaker Dean Wink, R-Howes, said Wednesday the bill contains an appropriation.

The legislation calls for the center to operate on revenues from a 20 percent surcharge on the debts collected. That is continuous appropriation authority.

Appropriations, or spending, bills require a two-thirds majority for passage. The twothirds requirement wasn't invoked in the Senate.

The legislation is now in its fourth variation. It had passed the House in version three on Feb. 25 with a vote of 58-11. Wink ruled a two-thirds majority was needed then.

Amendments by the Senate Appropriations Committee required its return to the House for a decision whether to agree with the Senate version.

Rep. Justin Cronin, R-Gettysburg, is the bill's prime sponsor. As he argued for it Wednesday, he said the bill doesn't include an appropriation.

Cronin is in his first session as the House Appropriations Committee chairman.

When the time came for the vote, however, Wink said the bill "still" required a twothirds majority.

The legislation is opposed by debt collection agencies throughout South Dakota.

Cronin said the current system of using debt collectors on contracts - state government's executive branch has one, for example - isn't working well.

Reportedly there are tens of millions of dollars in unpaid debts between the court system, the state universities and state agencies.

The legislation would allow the center to use tools such as blocking driver license renewals and rejecting purchases of hunting and fishing licenses. The center would be



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