## SPINK COUNTY COMMISSION SEEKS WHEEL TAX INCREASE

For years South Dakota counties have relied upon Federal funds passed through the state to supplement local revenue in the maintenance of roads and bridges. However, in recent years the United States Congress has delayed voting on this funding, leaving states and local governments unsure of what revenue they will receive to aid in maintaining an aging infrastructure of roads and bridges. In addition, very recent cuts to the federal funding, due to an anticipated shortfall to the Federal Account Trust Fund, have increased the uncertainty of local projects.

In an effort to address the uncertainty of federal funding, the South Dakota legislature passed Senate Bill 1 this past spring, with Governor Daugaard signing the Highway funding bill March 17, 2015. An emergency was declared to exist in the funding for road and bridge repair and the provisions of Senate Bill 1 became effective April 1, 2015. Some of the changes in Senate Bill 1 were: an increase in license fees; an increase in the excise tax on the purchase price of any motor vehicle, an increase in fuel excise tax rates, the creation of the Local Bridge Improvement Grant Fund, an increase to the maximum wheel tax; and the addition of an annual levy not to exceed \$1.20, \$0.90 or \$0.60 per \$1,000 of taxable valuation, depending on the county's total taxable valuation. The levy is for a county reserve fund for the upkeep of roads and bridges. The bill also includes a provision that allows townships to levy up to \$0.50 per \$1,000 taxable valuation for the improvement of secondary roads.

The creation of the Local Bridge Improvement Grant Fund(BIG) changes the rules on what is required of counties to receive assistance for bridge projects. BIG requires counties to provide the state Department of Transportation with a 5 year highway and bridge improvement plan and to have an imposed wheel tax. The grant program currently does not have a finalized ranking criterion, but the following will be considered on bridge project applications: traffic counts, detour length, structural deficiency, fracture critical, posted for loads, scour critical, emergency, and local share. The BIG fund will receive \$15 million a year in funds from the increases in fees in Senate Bill 1, but this fund alone will not be sufficient in meeting every county's and municipality's needs of bridge improvements and replacements. This is where the local share, which in this fund is calculated by the County wheel tax, becomes a vital part of the entire bridge improvement funding equation for two reasons: to rank higher than 65 other counties and numerous municipalities in the grant application process and to aid in meeting the bridge improvement needs not met by the BIG fund.

Spink County has 144 bridges, of which 38% of them are below the national condition standards and are in need of rehab or replacement. The county has been successful in the past in securing nonstate and nonfederal grants through the James River Water Development District to do bridge rehab; receiving a \$100,000 grant in 2014 allowed for 5 bridges to be rehabbed and there is a current grant award of \$100,000 for 2015 which will allow for 4 bridges to be rehabbed. These grants are 50/50 grants, meaning for every dollar received Spink County has to match it dollar for dollar with local tax dollars. The total amount spent on rehabbing the 5 bridges in 2014 was \$193,153, averaging \$38,631 per bridge. These grant awards have been extremely beneficial to the county, but are restricted to bridges on the James River and are not a certainty in the future. So in order to continue bridge replacements and improvements on an essential rotation schedule and to rank high in the BIG fund application process, Spink County is in the process of changing our Wheel Tax Ordinance. Currently the Wheel Tax is \$4 per wheel up to 4 wheels, with 25% of the tax being apportioned to townships and municipalities. Spink County is proposing to go to the maximum allowed after Senate Bill 1 of \$5 per wheel up to 12 wheels. This change is estimated to generate an additional \$72,000 a year for the road and bridge fund, with 25% of the increase being apportioned out to townships and municipalities.

Spink County roads have taken on the burden of heavier and wider vehicles that are required in a busy agricultural community. Wear and tear is obvious. Additional funds created by the tax increase will be spent to keep Spink County roads and bridges well maintained on an ongoing basis.

The Spink County Commission sees no immediate need to apply a property tax levy as allowed under the new law.

Respectfully submitted by the Spink County Commission.