

South Dakota Taxation

A Report from the South Dakota Issues Forums on Public Forums Convened during Fall 2001

In the fall of 2001, through newspaper announcements, flyers, and word of mouth, the public was invited to participate in forums on South Dakota Taxation in nine towns across South Dakota. The issue map used by the participants was developed through the South Dakota Public Policy Institute, with the assistance of citizens from a wide background, and presented three scenarios for South Dakota taxation. The forum participants looked at the benefits and drawbacks of: 1) Limiting Government Involvement, 2) Revising the System, and 3) Building a Better Understanding Between the People and Their Government. The South Dakota Issues Forums (SDIF) and the forum conveners promoted no choice over the other but instead provided opportunities for citizens to come together and hear the perspectives of their neighbors on this issue.

When deliberating the three options, a few said we need to be less reliant on government but most people saw government services as benefits providing an overall higher quality of life and a better community. People have expectations, and if services are decreased, people will object some said. An elected official stated, "I don't see a lot of people saying you shouldn't be doing this for me." Another participant wondered if government has not taken the place of neighbors because of the need for two incomes allowing people less time for other responsibilities.

Participants wanted everyone to contribute a fair share to support government services. This was seen as applying to both low and high income citizens with representative statements such as, "If you get some benefit, you should help pay the bill," and "Large incomes need to pay their fair share." Most expressed the need to tax income to create what they considered would be a more fair taxation system that would be less regressive and based on ability to pay. Many commented that lower income groups pay a higher percentage of their salaries in taxes than higher income groups. 84% of questionnaire respondents agreed that the taxation system should be revised even if it meant shifting the burden with some paying less and some paying more. 65% of questionnaire respondents said they would be willing to pay more taxes to create a system based on ability to pay.

Sales taxes were mentioned as being popular because they are hidden. One participant told his group that if people knew how much they paid in sales taxes, they would be surprised. There were differences in thinking with some wanting revision considering a sales tax as a forced tax since everyone buys food and probably clothing and others wanting it intact considering a sales tax as being the only contribution some may make to support government.

How agricultural property is taxed was a concern often expressed. The most common expression was related to "If you don't make money, they (taxes) still have to be paid." A rancher remarked that it is unfair to tax agriculture producers on what they have to have to make a living. Consolidation of government services may help make it easier to fund rural schools several said, but others noted that consolidation might lead to the demise of towns through the loss of a school or government jobs.

At a forum in a rural area, participants saw a difference in attitudes between long-term residents and newcomers and expressed a concern about losing a way of life due to the demand for more services by newer residents. There were stories from native South Dakotans about “making do” versus “not good enough” thinking by newer residents who do not want to deal with dusty roads, etc.

Many participants thought the public is generally uninformed about the taxation system with few people being interested enough or having time enough to become informed. There was also the feeling of “What good does it do to complain?” A city council member commented that approval of multi-million dollar budgets attract half a dozen people but a cat and dog ordinance will draw a hundred. Another participant responded that people feel their voice is not heard except on a cat and dog issue.

Where forums were combined with a presentation by an equalization director, all but three participants noted that the presentation had given them new knowledge about South Dakota’s property tax system. When answering the question asking if the forum process contributed to an understanding of the taxation issue and the perspectives of others, 96% said yes. Some of the comments on the forum format included: “I have a better understanding of others’ thoughts that are contrary to mine,” “It allowed a more complete discussion of concepts,” “good listening and communication,” “brought out ideas from everyone,” “deliberation rather than debate,” and “Thank you. I enjoyed this and learned a lot.” The South Dakota Issues Forums, a project of the neutral, nonprofit Chiesman Foundation For Democracy, serves as a community support and resource for citizen involvement in local, state, and national issues.

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