

## Minnehaha County Board of Commissioners

Jean Bender, Chairman  
Dean Karsky, Vice Chairman  
Jeff Barth, Commissioner  
Gerald Beninga, Commissioner  
Cindy Heiberger, Commissioner

From the Desk of Commissioner Dean Karsky:

Since May, Minnehaha County has been in the budget process. The Commission believes it is important for the public to understand how Commissioners create the budget each year.

Property taxes paid to the County Treasurer are split between different levels of local government. In 2019, schools received 51%, cities received 28%, and Minnehaha County received 21% of property tax revenue. These figures are approximate and may vary slightly depending on where you live.

As the legislative and executive branch of government, the County Commission builds, approves, and implements the budget. This makes counties unique compared to city and state government.

An important factor in creating budgets is the property tax freeze implemented by the legislature and Governor in 1995. This legislation capped the growth of property revenues to 3% or inflation whichever is less.

As the budget process begins, department heads meet with a Commissioner liaison to discuss budget submissions before they are heard at publicly noticed budget hearings. The Commission has multiple rounds of hearings before passing a provisional budget by the end of July. If the Commission determines an opt-out is necessary, statute requires a vote by the Commission at a public meeting no later than July 15<sup>th</sup>. The final budget must be passed by the end of September.

Minnehaha County is fortunate to have a strong economy and sizable, growing tax base. Growth has many benefits but also comes with challenges. Public safety expenses outpace inflation by 3-4 times the rate of inflation and have driven budget increases in recent years. Public safety expenses comprise approximately 66% of the general fund budget. Consequently, the only new positions added to the 2020 budget are public safety positions.

The Minnehaha County General Fund budget mostly contain spending required by state statute. The budget contains 94% required spending (public safety, auditor, treasurer, property assessment, etc.), 3% authorized spending by statute (human resources and IT), and 3% discretionary spending. Even if discretionary spending was completely removed from the budget, challenges remain because of spending required by codified law.

The Commission voted to authorize a \$6.5 million dollar opt-out that will be taken in pieces over the next 4-5 years. In FY 2020, the Commission plans to use \$1.9M of opt-out. A house valued at \$150,000 would see an increase of \$19.10 annually in property taxes.



Administration Building  
415 N. Dakota Avenue, Sioux Falls, SD 57104

**Strong Foundation. Strong Future.**

Equal Opportunity Employer and Service Provider

P: (605)367-4206

F: (605)367-8314

[minnehahacounty.org](http://minnehahacounty.org)



The Commission feels getting private sector input is beneficial for future planning. In late 2017, Minnehaha County instituted the Financial Action Network (FAN), an ad hoc working group of local business leaders, CPAs, and CFOs to analyze County budgets and projections to ensure the County meets statutory obligations.

The FAN recommended the County opt-out to address any budget shortfall and concluded statute does not allow any other option for the County to increase revenue. Counties cannot collect sales tax. The FAN also concluded the County is being well managed financially and recommended the County continue to pursue cost saving and innovative measures, some of which have been in place for a number years.

Column is 497 words - Headline is 7 words