

FORM 5, BFM 50.10

**ADMINISTRATIVE PROCEDURES ACT
FISCAL NOTE
Prepared by Submitting Agency**

	CODE	NAME
DEPARTMENT	25	SDRS
DIVISION	01	
PROGRAM		

PROPOSED RULES: Administrative Rules of South Dakota §§ 62:01:05:01, 62:01:05:03, 62:01:05:03.01, 62:01:05:06 to 62:01:05:10, inclusive, 62:01:05:12, 62:01:05:13, 62:01:05:15, and 62:01:09:03

Hearing Date: September 7, 2016

FISCAL IMPACT STATEMENT:

Pursuant to 1-26-4.2, these rules have no impact to participating state agencies, local governments, or small businesses. No additional staffing or resources are needed. SDRS will cover the impact within its existing expenditure authority.

FISCAL NOTE SUMMARY:

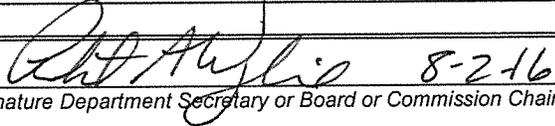
SDRS and its membership will be affected by these proposed changes.

COST INCREASES (DECREASES)

State Agencies:	First-Year Impact	Continuous-Yearly Impact
SDRS	\$30,000	\$10,000
Participating state agencies	\$0	\$0
TOTAL	\$30,000	\$10,000
Local Subdivisions:		
Participating local governments	\$0	\$0
TOTAL	\$0	\$0
Small Business Increases (Decreases)		
TOTAL	\$0	\$0

REVENUE INCREASES (DECREASES)

Revenue Increases (Decreases) State, Local & Small Business:		
TOTAL	\$0	\$0

APPROVED  8-2-16 DATE
Signature Department Secretary or Board or Commission Chairman

ATTACH: Copy of proposed rules; separate sections for: 1) explanation of rules effect, i.e. what procedures, schedules, activities, etc. will change with its adoption 2) statistics used, and their source, 3) assumptions that were made to arrive at fiscal impact, 4) computations that were made, and 5) small business impact statement

PROPOSED RULE CHANGES

South Dakota Retirement System Board of Trustees' rules §§ 62:01:05:01, 62:01:05:03, 62:01:05:03.01, 62:01:05:06 to 62:01:05:10, inclusive, 62:01:05:12, 62:01:05:13, 62:01:05:15, and 62:01:09:03

EXPLANATION OF RULE CHANGES EFFECT

The effect of the rules relating to elections (all proposed rules except § 62:01:09:03) will be to provide that SDRS may contract with a third party to conduct the elections of trustees. The proposed rules would permit SDRS to conduct the election in-house or contract with a third party to conduct the elections and would permit ballots to be cast in alternate ways, including electronically.

SDRS has always conducted the election in-house but the potential number of ballots in some elections approaches 50,000. This is the case for 2017. Looking at numbers in the tens of thousands makes the election an onerous process for SDRS to take on with its own staff.

This change in procedures for conducting elections, specifically to contract with a third party to conduct the election, is estimated to cost between \$6,000 and \$30,000, depending on the number of contested elections. For elections conducted by SDRS, just the cost of printing the ballots ranges from \$1,500 to \$11,000. SDRS will cover the difference in cost within its existing expenditure authority.

In arriving at the determination of the fiscal impact on the agency, estimates were sought from third parties offering election services with an assumption of 48,000 members reached, which resulted in a cost of approximately \$30,000.

The remaining rule, § 62:01:09:03, removes a requirement that was made obsolete by legislation in 2016 (SB 13). There is no fiscal impact on the agency. In arriving at this determination, no statistics were used, no assumptions were made, and no computations were made because none were necessary.