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HAND DELIVERED

August 29, 2011

The Honorable Jason M. Gant
Secretary of State
500 E. Capitol
Pierre, SD 57501

RE: **Ballot Explanation**

Dear Secretary Gant,

On August 2, 2011, this Office received the enclosed initiated measure from David Hewett, on behalf of himself and Bryce Healy as co-sponsors of the measure. In compliance with the requirements of SDCL 12-13-25.1, enclosed is the Attorney General's Statement prepared with respect to this measure. By copy of this letter, I am providing the co-sponsors with a copy of the same.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marty J. Jackley".

Marty J. Jackley
ATTORNEY GENERAL

MJJ/ld
Enc.

cc w/enc: David Hewett
Bryce Healy

**Initiated Measure
Attorney General's Statement**

Title: An initiated measure to increase state general sales and use taxes for additional K-12 public education and Medicaid funding.

Explanation:

The initiated measure increases the state general sales and use tax rate from 4% to 5%. The additional tax revenue will be split evenly between K-12 public education and Medicaid. The education funds will be provided to school districts based on enrollment, to be spent on improving education as school boards determine. The Medicaid funds will be spent only on payments to Medicaid providers and related state expenses.

The additional funds cannot replace or reduce state funding levels set for fiscal year 2012 relating to existing Medicaid and K-12 public education programs, including state aid to education. Currently, state aid is to be adjusted annually by 3% or the rate of inflation, whichever is less. Under the measure, this annual adjustment cannot exceed the growth rate in state general fund revenues. Any resulting shortfall in state aid will be made up in subsequent years.