

South Dakota Debt Limitation and Management Policy

- BFM required to submit document to Governor per Executive Order 2014-06 by January 10.
- BFM required to release documents for public viewing per SDCL 4-7-51 by January 15.
- Includes the limits, metrics, and tools used to govern the issuance of new debt management of existing debt, and the management of debt service.
- State law limits the total amount of debt that can be issued through the South Dakota Building Authority and South Dakota Health and Educational Facilities Authority. There are also statutory limitations on the amount of debt service payments for debt issued.

Total Debt Statutory Limitation

- Total maximum debt statutory limitation is no more than 1.2% of South Dakota's nominal Gross Domestic Product (GDP) for the most recently completed calendar year.
- At the end of FY23, total debt was \$374.0M, representing 0.5% of South Dakota's GDP. This is well below the 1.2% limitation.
- For FY24, the total debt is estimated to stay at 0.5% of GDP.
- The debt as a percentage of GDP is estimated to fall to 0.4% for both FY25 and FY26, and 0.3% for FY27.
- Based on our estimates, there is \$521.4M available debt capacity in FY24 which allows for consideration of future capital projects.

Total Debt Service Statutory Limitation

- Total maximum debt service cannot exceed 4.0% of total ongoing general fund revenue for the most recently completed state fiscal year.
- At the end of FY23, total debt service payments totaled \$36.8M, representing 1.6% of total ongoing general fund revenue. This is well below the 4.0% limitation.
- Debt service payments as a percentage of total ongoing revenue are estimated at 1.6% in FY24 and FY25.
- Based on our estimates, debt service payments as a percentage of total ongoing revenue will decrease in FY26 and FY27 to 1.5% and 1.4%, respectively.

South Dakota Debt Limitation and Management Policy Metrics

	Actual			Estimated		
Total SDBA & Voc Ed Program Debt	Fiscal Year End 2022	Fiscal Year End 2023	Fiscal Year End 2024	Fiscal Year End 2025	Fiscal Year End 2026	Fiscal Year End 2027
SDBA Debt	\$ 306,089,000	\$ 286,362,000	\$ 265,869,000	\$ 244,720,000	\$ 223,510,000	\$ 202,908,000
SDHEFA - Vocational Education Program Debt	90,750,000	87,604,000	84,125,000	80,278,000	75,768,000	71,083,000
Total SDBA & Voc Ed Program Debt	\$ 396,839,000	\$ 373,966,000	\$ 349,994,000	\$ 324,998,000	\$ 299,278,000	\$ 273,991,000
Total Maximum Debt Policy	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026
South Dakota Nominal GDP	\$ 62,607,100,000	\$ 68,781,700,000	\$ 72,617,670,000	\$ 75,134,270,000	\$ 77,402,180,000	\$ 79,892,500,000
Debt as % of Gross State Domestic Product	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%
Total Maximum Debt Capacity (1.2% of Nominal State GDP)						
Total Maximum Debt Limit	\$ 751,285,200	\$ 825,380,400	\$ 871,412,040	\$ 901,611,240	\$ 928,826,160	\$ 958,710,000
Available Debt Capacity	\$ 354,446,200	\$ 451,414,400	\$ 521,418,040	\$ 576,613,240	\$ 629,548,160	\$ 684,719,000
Debt Service Payments	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
SDBA Principal	\$ 18,970,000	\$ 19,727,000	\$ 20,493,000	\$ 21,149,000	\$ 21,210,000	\$ 20,602,000
SDBA Interest & Fees	10,980,354	10,657,322	10,657,322	9,923,824	8,679,864	8,095,035
SDBA Total Debt Service Pmts	29,950,354	30,384,322	31,150,322	31,072,824	29,889,864	28,697,035
SDHEFA (VocEd) - Principal	2,455,000	3,146,000	3,479,000	3,847,000	4,510,000	4,685,000
SDHEFA (VocEd) - Interest and Fees	3,793,096	3,266,764	3,266,590	3,131,742	2,971,136	2,788,366
SDHEFA (VocEd) - Total Debt Service Pmts	6,248,096	6,412,764	6,745,590	6,978,742	7,481,136	7,473,366
Total Debt Service - SDBA/Voc Ed Prgm	\$ 36,198,450	\$ 36,797,086	\$ 37,895,912	\$ 38,051,566	\$ 37,371,000	\$ 36,170,401
Total Maximum Debt Service Policy	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Ongoing General Fund Revenue	\$ 2,126,409,366	\$ 2,298,290,062	\$ 2,345,146,060	\$ 2,399,203,422	\$ 2,496,222,536	\$ 2,602,809,321
Debt Service as % Ongoing GF Revenue	1.7%	1.6%	1.6%	1.6%	1.5%	1.4%
Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)						
Total Maximum Debt Service Payments Limit	\$ 85,056,375	\$ 91,931,602	\$ 93,805,842	\$ 95,968,137	\$ 99,848,901	\$ 104,112,373
Available Debt Service Payments Capacity	\$ 48,857,925	\$ 55,134,516	\$ 55,909,930	\$ 57,916,571	\$ 62,477,902	\$ 67,941,971