

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2011	ACTUAL FY2012	REVISED FY2013	PROJECTED FY2014
RECEIPTS				
Sales and Use Tax	\$ 710,196,255	\$ 744,413,638	\$ 769,552,224	\$ 802,456,550
Contractor's Excise Tax	65,697,771	82,991,355	84,575,782	90,012,663
Property Tax Reduction Fund ^{I, J}	110,380,262	102,441,742	107,925,905	112,923,432
Bank Franchise Tax ^L	4,734,918	29,688,991	22,888,629	23,245,655
Insurance Company Tax	63,609,227	65,076,133	67,813,444	70,623,120
Other ^{A, C, D, G, H, I}	208,427,961	211,292,038	204,693,573	221,274,174 ^K
One-Time Receipts	(14,744,054) ^P	26,326,591 ^Q	6,050,448 ^S	12,603,052 ^T
Transfer from Budget Reserves	-	20,155,015 ^R	-	-
Obligated Cash Carried Forward ^{M, N}	-	-	75,655,964	-
TOTAL RECEIPTS	\$1,148,302,339	\$1,282,385,503	\$ 1,339,155,969	\$ 1,333,138,646
EXPENDITURES				
General Bill Excl. State Aid to Education ^{B, C, D, E}	\$ 768,547,609	\$ 811,329,252	\$ 860,359,010	\$ 919,801,267
State Aid to Education	376,588,656	335,465,599	371,819,013	390,984,966
Special Appropriations	836,656	27,845,256	27,806,110 ^N	9,708,800
Emergency Special Appropriations	-	24,693,972	12,361,236	-
Continuous Appropriations ^F	2,329,418	2,395,460	2,435,167	2,482,270
TOTAL EXPENDITURES	\$1,148,302,339	\$1,201,729,539	\$ 1,274,780,536	\$ 1,322,977,303
TRANSFERS				
Budget Reserve Fund ^M	\$ -	\$ -	\$ 47,849,854	\$ -
Other Transfers from General Fund ^O	-	5,000,000	150,000	-
TOTAL TRANSFERS	\$ -	\$ 5,000,000	\$ 47,999,854	\$ -
Beginning Unobligated Cash Balance	\$ -	\$ -	\$ -	\$ -
Net (Receipts less Expend./Transfers)	\$ -	\$ 75,655,964	\$ 16,375,579	\$ 10,161,343
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund	-	(47,849,854)	-	-
Cash Committed for FY2013 Expenses ^N	-	(27,806,110)	-	-
Total Obligations Against Cash	-	(75,655,964)	-	-
Ending Unobligated Cash Balance	\$ -	\$ -	\$ 16,375,579	\$ 10,161,343

SOURCE: State of South Dakota Bureau of Finance and Management

NOTE: This document was prepared on a cash basis for budgeting purposes and reflects obligations against cash. The totals may not add due to rounding.

^A Includes \$7,782,263 for FY2011, \$7,111,219 for FY2012, \$6,465,087 for FY2013, and \$5,838,681 in FY2014 derived from annuity contract payments.

^B Includes \$7,787,398 for FY2011, \$7,114,732 for FY2012, \$6,465,715 for FY2013, and \$5,395,369 for FY2014 as appropriated to the Bureau of Administration and to the Bureau of Finance and Management to make lease payments pursuant to the leases entered into with the South Dakota Building Authority dated December 1, 1986.

^C Includes receipts and expenditures (\$1,950,765 for FY2013 and \$1,940,486 for FY2014) due to legislation that allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which are used to retire revenue bonds issued for the renovation and modernization of infrastructure at Custer State Park, the renovation and modernization of fish hatchery facilities, and for the Sioux Falls Outdoor Learning Center.

^D Includes receipts and expenditures (\$685,070 for FY2013 and \$679,473 for FY2014) due to legislation passed in 2007 that allows the Board of Regents to make lease payments to the Building Authority, which is used to retire revenue bonds issued for critical maintenance and repair projects for the Board of Regents.

- ^E Includes expenditures of \$2,304,765 in FY2013 and \$2,306,003 in FY2014 for the Board of Regents to make lease payments to the Building Authority for revenue bonds that were issued for science facilities, laboratory upgrades, and renovations for the Board of Regents.
- ^F Includes continuous appropriations for the payment of special assessments (SDCL 5-14-20) and fire premium tax refunds (SDCL 10-44-9.1). Included in FY2013 and FY2014 is \$80,000 each year for payment of special assessments and \$2,355,167 and \$2,402,270, respectively, for fire premium tax refunds.
- ^G Includes \$18,689,216 in FY2011, \$18,345,686 in FY2012, \$17,878,085 in FY2013, and \$18,289,198 in FY2014 in interest proceeds from the Education Enhancement and Health Care Trust Funds. The market values of the Education Enhancement and Health Care Trust Funds are calculated using a 16 quarter moving average of the prior 16 quarters as of December 31st.
- ^H The 2009 Legislature passed HB 1300 which transfers all funds from the Education Enhancement Tobacco Tax Fund to the general fund to partially offset declines in other general fund revenue sources. The transfer from the Education Enhancement Tobacco Tax Fund to the general fund is estimated at \$7.6 million in FY2013 and \$7.4 million in FY2014.
- ^I SB 225, passed during the 1996 legislative session, requires the state's proceeds from video lottery to be deposited into the Property Tax Reduction Fund (PTRF). In addition, the bill provides that the Commissioner of the Bureau of Finance and Management may transfer monies available from the PTRF to the general fund necessary to provide property tax relief through state aid to education. HB 1104, passed by the 2003 Legislature, imposes a tax of 4% upon the gross receipts of telecommunication services. Sixty percent of the revenue collected from this tax is deposited into the PTRF. Initiated Measure 2, adopted by the voters of South Dakota in November of 2006, increased the cigarette tax on a 20 pack of cigarettes by \$1.00 and the tax on a 25 pack of cigarettes by \$1.25. In addition, the wholesale tax on other tobacco products increased from 10% to 35% of the wholesale purchase price. The PTRF receives a 33% share of any revenue generated by the tobacco tax which is in excess of \$35 million. The PTRF's share of the tobacco tax is estimated to be \$7.6 million and \$7.4 million in FY2013 and FY2014, respectively. The Health Care Tobacco Tax Fund, created by the 2007 Legislature, receives a 34% share of the revenue that is generated by the tobacco tax in excess of \$35 million. The transfer from the Health Care Tobacco Tax Fund to the general fund is estimated to be \$7.9 million and \$7.7 million in FY2013 and FY2014, respectively, and is included in the "Other" receipts.
- ^J The PTRF's share of video lottery revenue was \$95.8 million in FY2011 and \$87.3 million in FY2012. In November of 2010, the voters of South Dakota approved referred law 12, which extended the statewide smoking ban to nearly all public places including restaurants, bars, and casinos. This change in law caused a sharp decline in video lottery revenue of approximately 18% for the first year, which included both FY2011 and FY2012. Due to new games and investment in new video lottery machines, the state's share of video lottery revenue is anticipated to increase to \$92.2 million in FY2013 and \$96.8 million in FY2014.
- ^K Due to consolidation in the banking industry, some national banks have moved their national charters to South Dakota. This, combined with the change of the dormancy period from 5 years to 3 years for most unclaimed property, is expected to increase ongoing unclaimed property receipts by \$15.0 million in FY2014.
- ^L The national recession combined with federal regulation changes in the financial sector, most notably the credit card industry, caused bank franchise tax collections to the general fund to decline substantially during and after the economic recession. As a result, the bank franchise tax collections were just \$4.7 million in FY2011. Improvement in economic conditions increased collections to \$29.7 million in FY2012. Due to recent consolidation within the banking industry and new financial regulations, the bank franchise tax revenue source has become uncertain in FY2013. As a result, bank franchise tax collections are projected to be \$22.9 million in FY2013 and \$23.2 million in FY2014. However, \$16.6 million of the ongoing bank franchise tax is being reduced on a one-time basis in both FY2013 and FY2014 due to the uncertainty regarding this revenue source.
- ^M HB 1287, passed during the 1991 legislative session, provided that on July 1, 1991, \$20.0 million of the general fund ending unobligated cash balance from FY1991 be transferred into the Budget Reserve Fund. For each year thereafter, the maximum level of funds in the reserve was set at 5% of the general funds appropriated for the prior year in the General Appropriations Act, with the funding coming from any unobligated cash remaining in the general fund at the end of the fiscal year. HB 1195, passed by the 2002 Legislature, changed the maximum level of funds in the reserve to 10% of the general funds appropriated for the prior year in the General Appropriations Act. At the end of FY2012, \$47.8 million of unobligated general fund cash was obligated to the Budget Reserve Fund and transferred at the beginning of FY2013.
- ^N SB 192, passed during the 2012 legislative session, obligated \$27.8 million of FY2012 cash and carried it forward to FY2013 to fund one-time special appropriations in FY2013.
- ^O HB 1137 and SB 48, which passed during the 2012 legislative session, transferred \$1.0 million and \$4.0 million, respectively, to the Cement Plant Retirement and the Railroad Trust Fund in FY2012. SB 197, the General Appropriations Act for FY2013, transferred \$0.2 million from the general fund to the Teen Court Grant Program Fund.

- ^P SB 196, passed by the 2010 Legislature, transferred the following one-time receipts to the general fund in FY2011 to help balance the budget: \$3.9 million plus interest from the Custer State Park Improvement Fund, which will complete repayment of the appropriation from SB 218 passed by the 2007 Legislature; \$1.5 million from the Tobacco Prevention and Reduction Trust Fund; \$1.0 million from the Tax Relief Fund; \$1.0 million from the Petroleum Release Compensation Fund; \$0.7 million from the Private Activity Bond Fee Fund; \$0.7 million from the Department of Corrections local and endowment funds; \$0.3 million from the Budgetary Accounting Fund; and, \$0.3 million from the Other Disease Fund. In addition, the one-time receipts in FY2012 were offset by a full repayment of a one-time bank franchise tax refund of \$26.1 million that is reflected as a negative one-time receipt. Also included in the one-time receipts in FY2011 is \$1.4 million for unexpended carryovers and special appropriations.
- ^Q HB 1251, passed by the 2011 Legislature, transferred \$1.0 million from the Tobacco Prevention and Reduction Trust Fund to the general fund. In addition, a reallocation of bank income from previous tax years increased the bank franchise tax collections by \$14.3 million on a one-time basis in FY2012. Also included in one-time receipts for FY2012 are \$0.4 million from CREP savings, \$0.4 million from a securities settlement, \$0.4 million from refinancing gains, and \$9.8 million for unexpended carryovers and special appropriations.
- ^R HB 1269, passed by the 2012 Legislature, transferred \$20.2 million from the Budget Reserve Fund to the General Fund to pay for 2011 flood and other disaster costs and for pine beetle suppression the Black Hills through the Emergency and Disaster Fund and the Fire Suppression Fund.
- ^S Included in FY2013 one-time receipts is a projected \$12.6 million in one-time unclaimed property receipts. In addition, the Governor is recommending a transfer of \$4.1 million from the Tax Relief fund, a transfer of \$1.8 million from the Budgetary Accounting fund, and \$2.4 million from miscellaneous national settlements to help offset the shortfall in state employee health insurance. Also included in one-time receipts for FY2013 is \$1.7 million from refinancing gains. These receipts are offset by a negative one-time receipt of \$16.6 million in FY2013, which is a one-time reduction against ongoing receipts for bank franchise tax.
- ^T HB 1270, passed by the 2012 Legislature, changed the dormancy period for unclaimed property from 5 years to 3 years. This change is estimated to generate \$29.2 million of one-time unclaimed property receipts in FY2014. This is offset by a negative one-time receipt of \$16.6 million in FY2014, which is a one-time reduction against ongoing receipts for bank franchise tax.