

## GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2013	ACTUAL FY2014	PROJECTED FY2015	PROJECTED FY2016
<b>RECEIPTS</b>				
Sales and Use Tax	\$ 776,095,539	\$ 823,401,593	\$ 844,828,546	\$ 879,581,671
Lottery <sup>A,B</sup>	7,735,976	6,296,600	6,852,306	105,801,639 <sup>B</sup>
Contractor's Excise Tax	84,466,868	90,409,495	94,927,448	99,940,035
Insurance Company Tax	70,291,028	75,110,734	79,256,436	83,430,980
Unclaimed Property Receipts <sup>C</sup>	13,912,329	59,761,191 <sup>C</sup>	54,230,300 <sup>C</sup>	56,730,300 <sup>C</sup>
Tobacco Taxes <sup>A,D</sup>	30,000,000	30,000,000	30,000,000	53,526,233 <sup>D,I</sup>
Bank Franchise Tax	17,537,046	10,782,035	10,177,974	11,036,706
Property Tax Reduction Fund <sup>A,B</sup>	107,261,166	106,529,196	110,106,101	N/A <sup>A</sup>
Other <sup>A, E, F, G, H</sup>	150,877,265 <sup>I</sup>	151,506,401 <sup>I</sup>	150,706,887 <sup>I</sup>	151,195,343
One-Time Receipts	29,931,989 <sup>J</sup>	77,590,390 <sup>K</sup>	25,126,412 <sup>L</sup>	-
Transfer from Property Tax Reserves	-	19,626,221 <sup>M</sup>	-	-
Obligated Cash Carried Forward	75,655,964 <sup>W</sup>	25,216,171 <sup>V,W</sup>	9,876,349 <sup>V</sup>	-
<b>TOTAL RECEIPTS</b>	<b>\$ 1,363,765,170</b>	<b>\$1,476,230,027</b>	<b>\$1,416,088,759</b>	<b>\$1,441,242,907</b>
<b>EXPENDITURES</b>				
General Bill Excl. State Aid to Education <sup>N, O, P</sup>	\$ 849,777,970	\$ 897,015,578	\$ 981,404,468 <sup>Q</sup>	\$1,024,311,012
State Aid to Education	371,944,344	388,886,137	395,737,383	413,815,266
Special Appropriations	27,806,110	5,183,800	-	-
Emergency Special Appropriations	31,990,554	141,217,725 <sup>R</sup>	26,128,715	-
Continuous Appropriations <sup>S</sup>	2,435,167	2,617,916	2,941,844	3,116,629
Expenditure Transfers	6,745,000 <sup>T</sup>	7,200,000 <sup>U</sup>	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,290,699,145</b>	<b>\$1,442,121,156</b>	<b>\$1,406,212,410</b>	<b>\$1,441,242,907</b>
<b>TRANSFERS</b>				
Budget Reserve Fund <sup>V</sup>	\$ 47,849,854	\$ 24,232,522	\$ 9,876,349	\$ -
<b>TOTAL TRANSFERS</b>	<b>\$ 47,849,854</b>	<b>\$ 24,232,522</b>	<b>\$ 9,876,349</b>	<b>\$ -</b>
<b>Beginning Unobligated Cash Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net (Receipts less Expend./Transfers)</b>	<b>\$ 25,216,171</b>	<b>\$ 9,876,349</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OBLIGATIONS AGAINST CASH</b>				
Budget Reserve Fund <sup>V</sup>	\$ (24,232,522)	\$ (9,876,349)	\$ -	\$ -
Cash Committed for Following Budget <sup>W</sup>	(983,649)	-	-	-
<b>Total Obligations Against Cash</b>	<b>(25,216,171)</b>	<b>(9,876,349)</b>	<b>-</b>	<b>-</b>
<b>Ending Unobligated Cash Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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.

### NOTES FOR RECEIPTS SECTION

<sup>A</sup> For FY2016, the Governor is recommending legislation to repeal the Property Tax Reduction Fund (PTRF) and to deposit the ongoing funds previously dedicated to the PTRF directly into the state general fund. Over the past 10 years, all ongoing receipts to the PTRF have been subsequently transferred to the state general fund to provide property tax relief. Beginning in FY2016, the ongoing PTRF receipts will be re-categorized on this statement as follows: video lottery receipts will be included in the lottery receipts category, 33% of the tobacco tax in excess of \$35 million will be included in the tobacco taxes category, and the telecommunications tax and transfer from the Wind Energy Tax Fund will be included in other receipts.

- <sup>B</sup> 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. Video lottery revenue continues to be below its previous peak of \$111.1 million, which was reached in FY2008. The state's share of video lottery revenue was \$91.4 million in FY2013 and \$91.6 million in FY2014, and is estimated to be \$95.3 million and \$98.6 million in FY2015 and FY2016, respectively. Beginning in FY2016, the state's share of video lottery will be included in the lottery receipts category.
- <sup>C</sup> Due to recent consolidation in the banking industry and changes in regulations, some large financial institutions have moved their home offices to South Dakota. This increased ongoing unclaimed property receipts to \$59.8 million in FY2014. In FY2015 and FY2016, the ongoing receipts from unclaimed property net of claims are estimated at \$54.2 million and \$56.7 million, respectively.
- <sup>D</sup> For FY2016, the Governor is recommending to repeal the Property Tax Reduction Fund, the Health Care Tobacco Tax Fund, and the Education Enhancement Tax Fund. Currently, these funds receive a portion of the tobacco taxes collected in excess of \$35 million (SDCL 10-50-52), but are directly deposited into the state general fund each year through the property tax reduction fund and other receipts. This change will allow the tobacco taxes collected in excess of \$35 million to flow directly to the state general fund beginning in FY2016. This change does not represent a net gain of revenue, just a change to how the taxes are receipted into the general fund.
- <sup>E</sup> This includes \$6.5 million in FY2013, \$5.8 million in FY2014, \$5.2 million in FY2015, and \$4.7 million in FY2016 derived from annuity contract payments related to the 1986 sale-leaseback transaction.
- <sup>F</sup> This includes receipts of \$2.0 million in FY2013, \$2.1 million in FY2014, \$2.4 million in FY2015, and \$2.4 million in FY2016 due to legislation allowing the Department of Game, Fish and Parks to make lease payments to the Building Authority. These 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, the Sioux Falls Outdoor Learning Center, stabilization of the Cedar Shore Resort marina, improvements to the Angostura sanitary sewer system, and improvements to Good Earth State Park.
- <sup>G</sup> This includes receipts of \$0.7 million in each fiscal year due to legislation passed in 2007 allowing the Board of Regents to make lease payments to the Building Authority. These are used to retire revenue bonds issued for critical maintenance and repair projects for the Board of Regents.
- <sup>H</sup> This includes \$17.9 million in FY2013, \$18.4 million in FY2014, \$20.0 million in FY2015, and \$21.7 million in FY2016 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.
- <sup>I</sup> The Health Care Tobacco Tax Fund and the Education Enhancement Tobacco Tax Fund, created by the 2007 Legislature, receive a 34% share and 33% share of the revenue, respectively, generated by the tobacco tax in excess of \$35 million. The transfer from the Health Care Tobacco Tax Fund to the general fund was \$8.0 million in FY2013 and \$8.3 million in FY2014, and is estimated to be \$8.1 million in FY2015. The transfer from the Education Enhancement Tobacco Tax Fund to the general fund was \$7.8 million in FY2013 and \$8.1 million in FY2014, and is estimated to be \$7.8 million in FY2015. For FY2016, the Governor is recommending legislation to repeal these funds to allow the tobacco taxes to flow directly into the general fund, which is included in the tobacco taxes category.
- <sup>J</sup> Included in FY2013 one-time receipts are \$17.4 million in one-time unclaimed property receipts, \$2.4 million from miscellaneous national settlements, and \$1.7 million from refinancing gains. In addition, the 2013 Legislature passed HB 1060 transferring \$4.1 million from the Tax Relief Fund and \$1.8 million from the Budgetary Accounting Fund to offset the shortfall in the state employee health insurance program. Also included in the one-time receipts are: a \$1.0 million transfer from the Tobacco and Prevention Reduction Trust Fund, which was offset by a corresponding expense transfer; \$1.2 million from a one-time bank franchise tax correction from a prior fiscal year; and \$0.3 million from unexpended carryovers and special appropriations.
- <sup>K</sup> Included in FY2014 one-time receipts is \$54.0 million of one-time unclaimed property receipts. HB 1270, passed by the 2012 Legislature, changed the dormancy period for most unclaimed property from 5 years to 3 years. Also included is a transfer of \$19.4 million of available cash from the large project refund liability account and \$4.2 million from unexpended carryovers and special appropriations.
- <sup>L</sup> For FY2015, the Governor is recommending to repeal the \$16.0 million Medicaid reserve, which is reflected as a one-time receipt. Also included for FY2015 is \$5.4 million from refinancing gains, a recommended transfer of \$2.4 million from the South Dakota Risk Pool, and \$1.3 million of available cash from the large project refund liability account.
- <sup>M</sup> The 2014 Legislature appropriated FY2014 one-time funds to pay off higher interest bonds to reduce future ongoing expenses. Included in the FY2014 budget as part of the bond reduction plan was a transfer of \$19.6 million from the Property Tax Reduction cash balance to the general fund.

## NOTES FOR EXPENDITURES, TRANSFERS, AND OBLIGATIONS AGAINST CASH SECTIONS

- <sup>N</sup> This includes \$6.5 million in FY2013, \$5.8 million in FY2014, \$5.4 million in FY2015, and \$4.8 million in FY2016 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.
- <sup>O</sup> This includes expenditures of \$2.0 million in FY2013, \$2.1 million in FY2014, \$2.4 million in FY2015, and \$2.4 million in FY2016 due to legislation allowing the Department of Game, Fish and Parks to make lease payments to the Building Authority. These 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, stabilization of the Cedar Shore Resort marina, improvements to the Angostura sanitary sewer system, and improvements to Good Earth State Park.
- <sup>P</sup> Includes expenditures of \$0.7 million in each fiscal year due to legislation passed in 2007 allowing the Board of Regents to make lease payments to the Building Authority. These are used to retire revenue bonds issued for critical maintenance and repair projects for the Board of Regents.
- <sup>Q</sup> As part of the debt reduction plan, which was adopted by the 2014 Legislature, a savings of \$6.3 million has been incorporated in the FY2015 budget. Reducing long-term debt with one-time funds allowed the state to eliminate South Dakota Building Authority generally funded bond payments beginning in FY2015.
- <sup>R</sup> This includes emergency special appropriations passed by the 2014 Legislature for the following purposes: \$56.3 million to prepay lease rental obligations, \$30.0 million to pre-fund the Building South Dakota Fund, \$16.4 million for a new State Veterans' home, \$16.0 million for a Medicaid and Children's Health Insurance Program contingency fund, \$7.2 million for the Railroad Trust Fund, and \$15.3 million for various other purposes.
- <sup>S</sup> This category includes continuous appropriations for fire premium tax refunds (SDCL 10-44-9.1), the payment of special assessments (SDCL 5-14-20), and allocations to the critical teaching needs scholarship program and needs-based matching program (SDCL 4-5-29.2). Included is \$2.4 million in FY2013, \$2.5 million in FY2014, \$2.8 million in FY2015, and \$2.9 million in FY2016 for fire premium tax refunds and \$80,000 each fiscal year for payment of special assessments. Also included are \$109,652 in FY2015 and \$119,411 in FY2016 for the critical teaching needs scholarship program and needs-based matching program.
- <sup>T</sup> SB 197, passed during the 2012 legislative session, transferred \$0.2 million from the general fund to the Teen Court Grant Program Fund. HB 1060 and SB 90, both passed during the 2013 Legislative session, amended the FY2013 General Appropriations Act to transfer \$6.6 million from the general fund for the following purposes: \$2.0 million to the Cement Plant Retirement Fund to reduce the liability shortfall, \$2.0 million to the Future Fund for economic development projects, \$1.0 million to the Department of Corrections Local and Endowment Fund for the Criminal Justice Initiative, \$1.0 million to the Tobacco Prevention and Reduction Trust Fund, \$0.5 million to the Research Proof-of-Concept Fund for research commerce grants, and \$0.1 million to the Boxing Commission Fund for the South Dakota Athletic Commission.
- <sup>U</sup> HB 1185, which is the General Appropriations Act for FY2014, transferred \$7.0 million from the general fund for the following purposes: \$2.0 million to the Cement Plant Retirement Fund to reduce the liability shortfall, \$2.0 million to the SD Science and Technology Authority to rehabilitate the Ross shaft at the Homestake mine, \$2.0 million to the Future Fund for economic development projects, and \$1.0 million to the Railroad Trust Fund for railroad projects. SB 237, passed by the 2013 Legislature, authorized \$0.2 million to be transferred to the Board of Regents for the needs-based matching program.
- <sup>V</sup> SDCL 4-7-31 provides for a Budget Reserve Fund of which the maximum level of cash in the Budget Reserve Fund is limited to 10% of the general funds appropriated for the prior year in the General Appropriations Act (SDCL 4-7-32). At the end of FY2012, FY2013, and FY2014, \$47.8 million, \$24.2 million, and \$9.9 million of unobligated general fund cash was obligated to the Budget Reserve Fund and transferred at the beginning of FY2013, FY2014, and FY2015.
- <sup>W</sup> 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. SB 90, passed during the 2013 legislative session, obligated \$1.0 million of FY2013 cash and carried it forward to FY2014. This obligated cash is reflected as a one-time receipt in FY2013 and FY2014.