

## **South Dakota Debt Limitation and Management Policy**

- BFM is required to submit the document to Governor per Executive Order 2014-06 by January 10.
- BFM is required to release the document 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 FY24, total debt was \$350.0M, representing 0.5% of South Dakota's GDP. This is well below the 1.2% limitation.
- For FY25, the total debt is estimated to decline to 0.4% of GDP.
- The debt as a percentage of GDP is estimated to stay at 0.4% for FY26 and fall to 0.3% for both FY27 and FY28.
- Based on our estimates, there is \$574.1M available debt capacity in FY25 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 FY24, total debt service payments totaled \$37.2M, representing 1.5% 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 FY25 and 1.3% in FY26.
- Based on our estimates, debt service payments as a percentage of total ongoing revenue will decrease in FY27 and FY28 to 1.2% and 1.1%, respectively.

## South Dakota Debt Limitation and Management Policy Metrics

	← Actual →		← Estimated →			
	Fiscal Year End 2023	Fiscal Year End 2024	Fiscal Year End 2025*	Fiscal Year End 2026	Fiscal Year End 2027**	Fiscal Year End 2028***
<b>Total SDBA &amp; Voc Ed Program Debt</b>						
SDBA Debt	\$ 286,362,000	\$ 265,869,000	\$ 248,205,000	\$ 229,874,971	\$ 182,364,607	\$ 155,144,607
SDHEFA - Vocational Education Program Debt	87,604,000	84,125,000	80,278,000	75,768,000	71,083,000	66,211,000
<b>Total SDBA &amp; Voc Ed Program Debt</b>	<b>\$ 373,966,000</b>	<b>\$ 349,994,000</b>	<b>\$ 328,483,000</b>	<b>\$ 305,642,971</b>	<b>\$ 253,447,607</b>	<b>\$ 221,355,607</b>
<b>Total Maximum Debt Policy</b>	<b>CY2022</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025</b>	<b>CY2026</b>	<b>CY2027</b>
South Dakota Nominal GDP	\$ 69,069,300,000	\$ 74,033,900,000	\$ 75,215,200,000	\$ 78,459,500,000	\$ 82,220,600,000	\$ 85,932,200,000
Debt as % of Gross State Domestic Product	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%
<b>Total Maximum Debt Capacity (1.2% of Nominal State GDP)</b>						
Total Maximum Debt Limit	\$ 828,831,600	\$ 888,406,800	\$ 902,582,400	\$ 941,514,000	\$ 986,647,200	\$ 1,031,186,400
Available Debt Capacity	\$ 454,865,600	\$ 538,412,800	\$ 574,099,400	\$ 635,871,029	\$ 733,199,593	\$ 809,830,793
<b>Debt Service Payments</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
SDBA Principal	\$ 19,727,000	\$ 20,493,000	\$ 21,149,000	\$ 18,330,029	\$ 17,575,364	\$ 15,840,000
SDBA Interest & Fees	\$ 10,657,322	\$ 9,923,824	\$ 9,325,278	\$ 6,437,849	\$ 6,005,391	\$ 5,138,320
SDBA Total Debt Service Pmts	30,384,322	30,416,824	30,474,278	24,767,878	23,580,755	20,978,320
SDHEFA (VocEd) - Principal	3,146,000	3,479,000	3,847,000	4,510,000	4,685,000	4,872,000
SDHEFA (VocEd) - Interest and Fees	3,266,764	3,266,590	3,131,742	2,971,136	2,788,366	2,603,415
SDHEFA (VocEd) - Total Debt Service Pmts	6,412,764	6,745,590	6,978,742	7,481,136	7,473,366	7,475,415
<b>Total Debt Service - SDBA/Voc Ed Prgm</b>	<b>\$ 36,797,086</b>	<b>\$ 37,162,414</b>	<b>\$ 37,453,020</b>	<b>\$ 32,249,014</b>	<b>\$ 31,054,121</b>	<b>\$ 28,453,735</b>
<b>Total Maximum Debt Service Policy</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
Ongoing General Fund Revenue	\$ 2,298,290,062	\$ 2,413,309,338	\$ 2,393,110,158	\$ 2,463,743,712	\$ 2,535,982,523	\$ 2,632,002,207
Debt Service as % Ongoing GF Revenue	1.6%	1.5%	1.6%	1.3%	1.2%	1.1%
<b>Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)</b>						
Total Maximum Debt Service Payments Limit	\$ 91,931,602	\$ 96,532,374	\$ 95,724,406	\$ 98,549,748	\$ 101,439,301	\$ 105,280,088
Available Debt Service Payments Capacity	\$ 55,134,516	\$ 59,369,960	\$ 58,271,386	\$ 66,300,735	\$ 70,385,180	\$ 76,826,353

\* FY2025 includes paying off the Series 2014B GF&P bonds in the amount of \$1,491,607 which is not included in the Debt Service Payments as it is prefunded.

\*\* FY2027 includes paying off the Series 2017A ADRDL Portion bonds in the amount of \$29,935,000 which is not included in the Debt Service Payments as it is prefunded.

\*\*\* FY2028 includes paying off the Series 2018A BOR Precision Ag bonds in the amount of \$11,380,000 which is not included in the Debt Service Payments as it is prefunded.