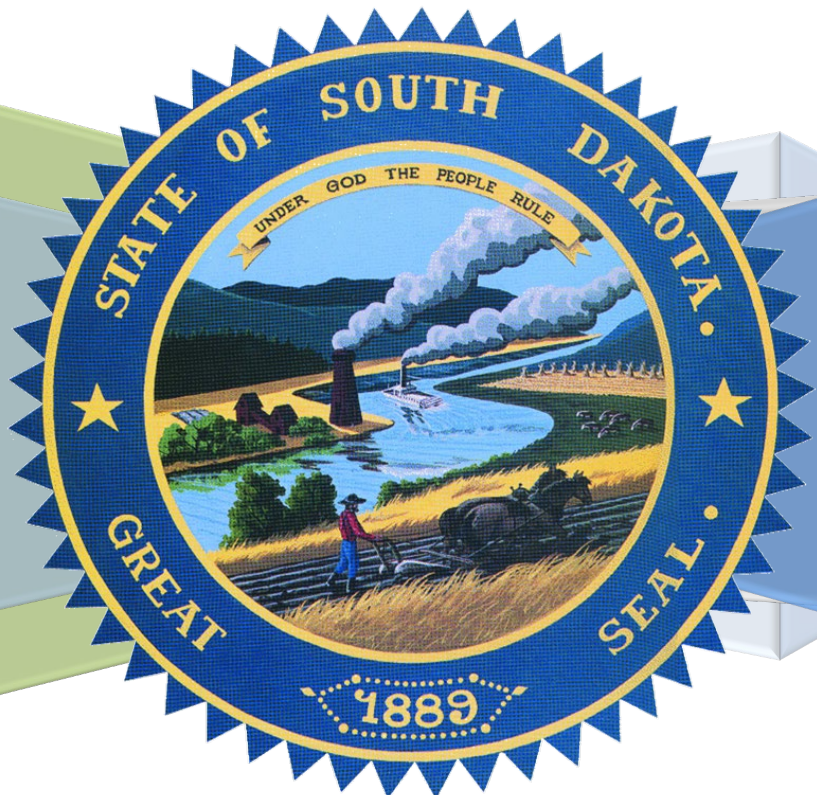


South Dakota Debt Limitation and Management Policy

Bureau of Finance and Management

January 2026



South Dakota Debt Limitation and Management Policy – Introduction

Governor Larry Rhoden remains committed to strengthening and building on a long-standing foundation of fiscal responsibility. The state's commitment to stability and transparency is reflected in the formalization of long-term financial planning practices, established through Executive Order 2014-06 and state law. In accordance with these directives, the Bureau of Finance and Management provides three key financial planning documents to the Governor by no later than January 10 of each year.

As outlined in Section 3 of the Executive Order, the South Dakota Debt Limitation and Management Policy provides *“recommended policies pertaining to the issuance, maintenance and servicing of debt of the South Dakota Building Authority and the South Dakota Health and Educational Facilities Authority (Vocational Education Program only).”*

State law limits the total outstanding debt held by the South Dakota Building Authority and the vocational education program of the South Dakota Health and Educational Facilities Authority to no more than one and two-tenths percent of South Dakota's gross domestic product and limits total debt service payments to no more than four percent of total ongoing general fund receipts.

We are pleased to submit this report, which includes the limits, metrics, and tools that are used to govern the issuance of new debt, the management of existing debt, and the management of debt service in South Dakota. The following pages contain actual total debt, available debt capacity, total debt service payments, and available debt service payment capacity for FY2024 and FY2025. In addition, the Debt Limitation and Management Policy shows projections for total debt, available debt capacity, total debt service payments, and available debt service capacity for FY2026 through FY2029.

Our hope is the information presented in the South Dakota Debt Limitation and Management Policy sets forth a clear picture of the state's indebtedness through the authorities, while further demonstrating the fiscal strength of South Dakota state government.

Sincerely,



Jim Terwilliger
Commissioner
Bureau of Finance and Management

Table of Contents

Commissioner's Letter

Table of Contents

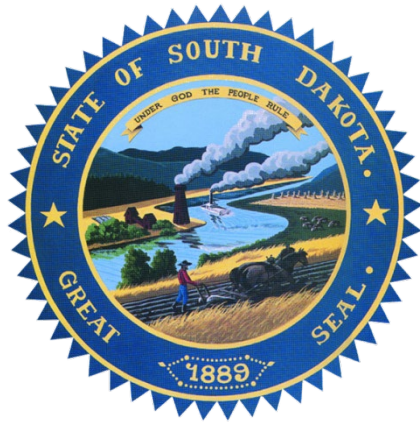
Staff List

Debt Limitation and Management Policies..... 1-3

Debt Measurement Benchmarks 4

State Credit Rating Comparisons..... 5

BUREAU OF FINANCE AND MANAGEMENT



BUDGET ANALYSIS TEAM

JIM L. TERWILLIGER, COMMISSIONER
STEVEN C. KOHLER, DEPUTY COMMISSIONER
COLIN R. KEELER, DIRECTOR OF FINANCIAL SYSTEMS
DEREK W. JOHNSON, ECONOMIST
BRANDY N. MIESNER, CHIEF BUDGET ANALYST
YOLANDA Y. SUNG, BUDGET ANALYST
DUNCAN A. KOCH, BUDGET ANALYST
GRANT R. JUDSON, BUDGET ANALYST
KATE O. SCHNABEL, BUDGET ANALYST

South Dakota Debt Limitation and Management Policies and Metrics

Background

Article XIII, § 2 of the South Dakota Constitution states, “*For the purpose of defraying extraordinary expenses and making public improvements, or to meet casual deficits or failure in revenue, the state may contract debts never to exceed with previous debts in the aggregate one hundred thousand dollars...*” In light of this constitutional debt limit, the South Dakota Building Authority (SDBA) and South Dakota Health and Educational Facilities Authority (SDHEFA) were created to allow the state to finance capital projects. The authorities are empowered to acquire, construct, complete, remodel, maintain, and equip buildings and other facilities that the Legislature declares to be in the public interest.

To finance such projects, the authorities are empowered to issue and sell bonds or other forms of indebtedness in such amounts as the authorities may determine, to refund and refinance their indebtedness as often as is advantageous in the public interest to do so, to pledge any and all income of the authorities and any revenues derived from such facilities or any combination thereof, to secure the payment of such bonds and other forms of indebtedness, and to redeem such bonds or indebtedness. Additionally, the authorities may also issue interim notes to finance any of the projects or perform any of the duties authorized under enacted legislation, including planning, architectural and engineering fees, acquisition of land, and purchase of equipment.

Over the course of the state’s history, debt has been issued through the authorities for a wide variety of projects. Examples of recent projects financed with debt include library renovations at several state universities, as well as health and nursing education buildings in Vermillion and Rapid City. Other examples are improvements to state park visitor centers and various building renovations on state university campuses.

The debt within the authorities is primarily financed through program specific user fees, such as state park entrance fees or student fees. Although the majority of the current outstanding debt is not paid with appropriated general funds through the annual budget process, the state still has a moral obligation to assure proper debt service of these bonds.

Debt Policies, Measurements, and Benchmarks

Total Maximum Debt Statutory Limitation

As of July 1, 2015, state law requires the total principal amount of debt issued and outstanding through the SDBA and the vocational education program of the SDHEFA to not exceed 1.2% of South Dakota's gross domestic product (GDP) for the most recently completed calendar year, as calculated by the Bureau of Economic Analysis.

Based on the statutory limitation of 1.2% of South Dakota's GDP, a total debt of \$921,549,300 would have been allowable under the total maximum debt limit in FY2025. At the end of FY2025, the SDBA and the vocational education program of the SDHEFA had a total combined debt of \$329,968,000, or 0.4% of the 2024 calendar year gross state domestic product. Under this limit, there was \$591,581,300 of available debt capacity, allowing consideration of future capital projects.

Assuming continued growth in South Dakota's nominal GDP and continued timely debt service payments, the projected total debt levels at the end of FY2029 are estimated to be \$193,694,000, which represents 0.2% of South Dakota's GDP, well within the 1.2% limitation.

Total Maximum Debt Service Statutory Limitation

As of July 1, 2015, state law requires the total debt service payments for debt issued and outstanding through the SDBA and the vocational education program of the SDHEFA in South Dakota not to exceed 4.0% of South Dakota's total ongoing general fund revenue for the most recently completed state fiscal year.

Based on the statutory limitation of 4.0% of total ongoing state general fund revenue for debt service payments, a total of \$95,221,963 would have been allowable under the total maximum debt service limit at the end of FY2025. During FY2025, the authorities had total debt service payments of \$37,442,882, which equates to 1.6% of total ongoing general fund revenue in FY2025. There was \$57,779,081 in available debt service payment capacity, allowing consideration for future projects.

In FY2029, debt service payments are projected at \$29,208,195 or 1.0% of total ongoing general fund revenue based on continued growth in ongoing general fund revenue. The projections for FY2026 through FY2029 remain well below the statutory limitation of 4.0% for the total debt service limitation.

South Dakota Debt and Debt Service Measurements

The following table presents measurements on both total debt and total debt service payments for the SDBA and the vocational education program of the SDHEFA. The financial information within the table demonstrates how South Dakota is in compliance with the statutory limitations. The table presents the two most recent years of history of total debt levels and debt service payments for the SDBA and the vocational education program of the SDHEFA, as well as four years of estimated calculations.

South Dakota Debt Limitation and Management Policy Metrics

	Actual		Estimated			
	Fiscal Year End 2024	Fiscal Year End 2025	Fiscal Year End 2026	Fiscal Year End 2027*	Fiscal Year End 2028**	Fiscal Year End 2029
Total SDBA & Voc Ed Program Debt						
SDBA Debt	\$ 265,869,000	\$ 249,690,000	\$ 228,330,000	\$ 177,633,000	\$ 149,143,000	\$ 132,538,000
SDHEFA - Vocational Education Program Debt	84,125,000	80,278,000	75,768,000	71,083,000	66,211,000	61,156,000
Total SDBA & Voc Ed Program Debt	\$ 349,994,000	\$ 329,968,000	\$ 304,098,000	\$ 248,716,000	\$ 215,354,000	\$ 193,694,000
Total Maximum Debt Policy	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
South Dakota Nominal GDP	\$ 74,458,750,000	\$ 76,795,775,000	\$ 80,330,157,000	\$ 84,719,574,000	\$ 88,412,357,000	\$ 92,051,920,000
Debt as % of Gross State Domestic Product	0.5%	0.4%	0.4%	0.3%	0.2%	0.2%
Total Maximum Debt Capacity (1.2% of Nominal State GDP)						
Total Maximum Debt Limit	\$ 893,505,000	\$ 921,549,300	\$ 963,961,884	\$ 1,016,634,888	\$ 1,060,948,284	\$ 1,104,623,040
Available Debt Capacity	\$ 543,511,000	\$ 591,581,300	\$ 659,863,884	\$ 767,918,888	\$ 845,594,284	\$ 910,929,040
Debt Service Payments	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
SDBA Principal	\$ 20,493,000	\$ 21,149,000	\$ 18,330,029	\$ 17,575,364	\$ 16,385,000	\$ 16,605,000
SDBA Interest & Fees	\$ 9,923,824	\$ 9,315,140	\$ 6,442,778	\$ 6,002,588	\$ 5,599,558	\$ 5,137,766
SDBA Total Debt Service Pmts	30,416,824	30,464,140	24,772,807	23,577,952	21,984,558	21,742,766
SDHEFA (VocEd) - Principal	3,479,000	3,847,000	4,510,000	4,685,000	4,872,000	5,055,000
SDHEFA (VocEd) - Interest and Fees	3,266,590	3,131,742	2,971,136	2,788,366	2,603,415	2,410,429
SDHEFA (VocEd) - Total Debt Service Pmts	6,745,590	6,978,742	7,481,136	7,473,366	7,475,415	7,465,429
Total Debt Service - SDBA/Voc Ed Prgm	\$ 37,162,414	\$ 37,442,882	\$ 32,253,943	\$ 31,051,318	\$ 29,459,973	\$ 29,208,195
Total Maximum Debt Service Policy	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Ongoing General Fund Revenue	\$ 2,413,309,338	\$ 2,380,549,081	\$ 2,462,776,640	\$ 2,521,438,703	\$ 2,717,027,168	\$ 2,810,497,926
Debt Service as % Ongoing GF Revenue	1.5%	1.6%	1.3%	1.2%	1.1%	1.0%
Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)						
Total Maximum Debt Service Payments Limit	\$ 96,532,374	\$ 95,221,963	\$ 98,511,066	\$ 100,857,548	\$ 108,681,087	\$ 112,419,917
Available Debt Service Payments Capacity	\$ 59,369,960	\$ 57,779,081	\$ 66,257,123	\$ 69,806,230	\$ 79,221,114	\$ 83,211,722

* 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.

South Dakota's Debt Measurements vs. Other Highly Rated States

The following table provides debt measurements of South Dakota and compares South Dakota's metrics against other states which have a credit rating of Aaa. This data is prepared by Moody's and is an independent comparative study of all Aaa states as of September 2025.

As such, the figures below should not be compared to the total debt and the total debt service payment metrics established for the SDBA and the vocational education program of SDHEFA. As a part of the South Dakota Debt Limitation and Management Policy, this table will be updated annually to provide a comparison of South Dakota versus states across the nation which are viewed to have the highest credit rating.

Included in this table are comparisons of net tax-supported debt per capita and net tax-supported debt as a percentage of both Personal Income (PI) and state Gross Domestic Product (GDP). A more in-depth look at the figures within the table below shows how South Dakota is in a position of relative strength when compared to other states which are Aaa rated as of September 2025.

State	Most Recent Credit Rating Moody's	Net Tax-Supported Debt per Capita	Net Tax-Supported Debt as % of 2024 PI	Net Tax-Supported Debt as % of 2024 GDP
South Dakota[^]	Aaa	\$525	0.7%	0.6%
Delaware	Aaa	\$4,472	6.5%	4.6%
Florida	Aaa	\$608	0.9%	0.8%
Georgia	Aaa	\$1,045	1.7%	1.3%
Idaho	Aaa	\$669	1.1%	1.0%
Indiana	Aaa	\$334	0.5%	0.4%
Iowa	Aaa	\$349	0.5%	0.4%
Minnesota	Aaa	\$1,571	2.1%	1.8%
Missouri	Aaa	\$382	0.6%	0.5%
Nebraska	Aaa	\$43	0.1%	0.0%
North Carolina	Aaa	\$551	0.9%	0.7%
Ohio	Aaa	\$1,445	2.3%	1.9%
South Carolina	Aaa	\$392	0.7%	0.6%
Tennessee	Aaa	\$312	0.5%	0.4%
Texas	Aaa	\$608	0.9%	0.7%
Utah	Aaa	\$572	0.9%	0.7%
Virginia	Aaa	\$2,034	2.6%	2.3%
Washington	Aaa	\$3,510	4.2%	3.3%
50 State Median	--	\$1,214	1.8%	1.7%

[^] South Dakota has no General Obligation debt ratings. However, South Dakota has an issuer rating of AAA by S&P, a Aaa issuer rating by Moody's, and has an implied General Obligation rating of AAA by Fitch.
Source: Moody's 2024 State Sector Profile