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South Dakota Marks Third Consecutive Fiscal Year End With Surplus

PIERRE, S.D. – South Dakota state government closed the 2014 budget year on June 30 marking the third consecutive year with a surplus, Gov. Dennis Daugaard announced today. The state general fund budget for Fiscal Year 2014 ended with both higher revenues and lower expenditures than budgeted.

Revenue growth for the completed 2014 fiscal year exceeded estimates adopted by the Legislature last March by \$2.6 million. In addition, state agencies also demonstrated fiscal restraint, spending \$7.2 million less than appropriated. In total, the state's financial picture improved by \$9.8 million from the March fiscal year 2014 estimates.

"This marks the third year in a row that we have maintained structural balance in our budget. This was my number one priority when I took office," Gov. Daugaard said. "We were able to finish the fiscal year strong. Our ongoing revenues came in higher than projected and our expenses came in lower than budgeted. These two important features will place state government in a very enviable position as we begin the FY2015 fiscal year. The strength with which we ended FY2014 increases the likelihood that we can maintain a balanced budget for FY2015 without the use of one-time revenue or rainy day funds and without raising taxes."

South Dakota's sales and use tax receipts, the state's largest revenue source, finished the fiscal year ahead of projections, growing 0.54 percent over the revised projections and 6.1 percent over last year's levels. Collections from the sales and use tax accounted for 56 percent of general fund receipts in FY2014.

Other notable revenue increases came from the contractor's excise tax and insurance company tax, which grew 7 percent and 6.9 percent, respectively, over FY2013. The revenue source that experienced the largest decline was the bank franchise tax, declining 38.5 percent, or \$6.8 million, compared to the prior year. Total state general fund receipts were \$1,476,230,027 for the recently ended fiscal year. Ongoing receipts to the general fund totaled \$1,353,797,245.

State agencies again remained within their appropriated budgets in FY2014. Collectively, the three branches of state government spent \$7,166,563 less than appropriated. The lion's share of the ongoing expense reduction, nearly \$6.3 million was seen in the

Department of Social Services, where enrollment growth and utilization growth in Medicaid and the Children's Health Insurance Program have continued to slow during the FY2014 fiscal year.

South Dakota state government ended FY2014 by transferring \$9.9 million to the Budget Reserve Fund, as required by law. The state's Budget Reserve Fund now has a \$105,202,156 balance, and the Property Tax Reduction Fund has a \$44,000,048 balance.

The combination of those two funds, totaling \$149,202,204, represents a combined reserve of 10.3 percent of total general fund spending for FY2014.