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South Dakota Marks Fourth Consecutive Fiscal Year End With Surplus

PIERRE, S.D. – South Dakota state government closed the 2015 budget year on June 30 marking the fourth consecutive year with a surplus, Gov. Dennis Daugaard announced today. The state general fund budget for Fiscal Year 2015 ended with both higher revenues and lower expenditures than budgeted.

Revenue growth for the completed 2015 fiscal year exceeded estimates adopted by the Legislature last March by \$10 million, or 0.71 percent. In addition, state agencies also demonstrated fiscal restraint, spending \$11.5 million less than appropriated, or 0.84 percent. In total, the state's financial picture improved by \$21.5 million from the March fiscal year 2015 estimates.

“When I took office, balancing the budget was my number one priority. Now, for four years in a row, we have maintained structural balance in our budget and we’ve done so without using one-time revenues or rainy day funds,” said Gov. Daugaard. “We had a strong finish to the fiscal year. Our ongoing revenues came in higher than projected and our expenses came in lower than budgeted. This leaves us in an enviable position as we begin the new fiscal year and increases our ability to continue responsible budget practices for Fiscal Year 2016.”

South Dakota’s sales and use tax receipts, the state’s largest revenue source, finished the fiscal year right at the projections, growing 0.03 percent over the revised projections and 1.6 percent over last year’s levels. Collections from the sales and use tax accounted for 61 percent of ongoing general fund receipts in FY2015.

Other notable revenue increases came from the contractor’s excise tax and insurance company tax, which grew 10.7 percent and 6.5 percent, respectively, over FY2014. Notable revenue reductions include the bank franchise tax, declining 20.4 percent, and ongoing unclaimed property at 11.5 percent, compared to the prior year. Ongoing receipts to the general fund totaled \$1,381,384,943, which combined with nonrecurring receipts of \$36,404,005 yields total general fund receipts of \$1,417,788,948.

State agencies again remained within their appropriated budgets in FY2015. Collectively, the three branches of state government spent \$11,535,637 less than appropriated. The lion’s share of this – over \$5.1 million – was seen in the Department of Social Services,

where utilization growth in Medicaid has remained lower than estimates. Another \$5 million of unspent appropriation was by the Department of Education, where reduced enrollments and increased tax assessments provided savings to general funds during the FY2015 fiscal year.

South Dakota state government ended FY2015 by transferring \$21.5 million to the Budget Reserve Fund, as required by law. The state's Budget Reserve Fund now has a \$126,737,303 balance, and the Property Tax Reduction Fund which has transitioned to the General Revenue Replacement Fund has a \$44,000,048 balance.

The combination of those two funds, totaling \$170,737,351, represents a combined reserve of 12.3 percent of total general fund spending for FY2015.

For more information, go to the Bureau of Finance and Management's homepage at bfm.sd.gov.