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EDITORS/NEWS DIRECTORS: For **audio** from the Governor on the surplus, visit news.sd.gov/media.aspx and click on “Audio” under “Governor Dennis Daugaard.”

South Dakota Ends Fiscal Year With Another Surplus

PIERRE, S.D. – South Dakota state government closed the 2016 budget year on June 30 marking the fifth consecutive year with a surplus, Gov. Dennis Daugaard announced today. The state general fund budget for Fiscal Year 2016 ended with both lower expenditures and higher revenues than budgeted.

The majority of the surplus was a result of state agencies demonstrating fiscal restraint. State agencies spent \$10.4 million, or 0.74 percent, less than appropriated. Additionally, revenue for Fiscal Year 2016 exceeded estimates adopted by the Legislature last March by \$3.6 million, or 0.24 percent. In total, the state’s budget for Fiscal Year 2016 ended with a \$14.1 million surplus.

“This marks the fifth 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. “Even with our revenue stream being soft the past few months, all areas of state government were able to spend fewer tax dollars than appropriated to contribute to the budget surplus. Finishing Fiscal Year 2016 in the black puts South Dakota’s budget in a positive position as we begin the 2017 fiscal year.” ([Audio](#))

State agencies again remained within their appropriated budgets in FY2016. Collectively, the three branches of state government spent \$10,427,398 less than appropriated. This reversion includes \$2.4 million across all state government due to a decrease in the state paid health insurance rate; \$2 million from the Board of Regents due to lower utility expenditures; \$1.3 million from the Department of Human Services related to lower than anticipated operating expenditures and vacancies at the South Dakota Developmental Center; and \$1 million from the Department of Social Services due to nominal variances in the utilization of services.

South Dakota’s sales and use tax receipts, the state’s largest revenue source, finished the fiscal year 0.71 percent below budgeted levels, but grew 2.91 percent compared to the prior year. Collections from the sales and use tax accounted for 58 percent of total general fund receipts in fiscal year 2016.

Sources of revenue with notable increases came from the bank franchise tax, severance taxes and insurance company tax, which grew 22.4 percent, 13.6 percent and 6 percent, respectively, over FY2015. Ongoing receipts to the general fund totaled \$1,438,386,820 which grew 4.1 percent compared to the previous year. Total state general fund receipts were \$1,496,940,642 for the recently ended fiscal year.

South Dakota state government ended FY2016 by transferring \$14.1 million to the Budget Reserve Fund, as required by law. The state's Budget Reserve Fund now has a \$113,379,805 balance and the General Revenue Replacement Fund has a \$44,000,048 balance.

The combination of those two funds, totaling \$157,379,853, represents a combined reserve of 10.8 percent of total general fund spending for FY2016.