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South Dakota Ends Fiscal Year With Surplus

PIERRE, S.D. – South Dakota state government closed the 2013 budget year on June 30 with a surplus, Governor Dennis Daugaard announced today. The state general fund budget for Fiscal Year 2013 ended with higher revenues and lower expenditures than budgeted.

Revenue growth for the completed 2013 fiscal year exceeded estimates adopted by the legislature last March by \$13.6 million. In addition, state agencies also demonstrated fiscal restraint, spending \$10.6 million less than appropriated. In total, the state's financial picture improved by \$24.2 million from the March fiscal year 2013 estimates.

“For the second year in a row, we maintained structural balance in our budget. This was my number one priority when I took office,” Gov. Daugaard said. “I’m pleased that FY2013 was closed successfully, and that South Dakota’s ongoing expenses are being fully covered by ongoing revenues - without the use of one-time receipts or rainy day funds, and without raising taxes. The strength with which we end FY2013 increases the likelihood that we can maintain a balanced budget for FY2014 while continuing to invest in critical areas like education, Medicaid, and public safety.”

South Dakota’s sales and use tax receipts, the state’s largest revenue source, finished the fiscal year well, growing nearly 6 percent in the month of June, indicating an economy that continues to expand. Sales and use tax collections in FY2013 totaled \$766,095,539, which was 4.26 percent – or \$31.7 million – above the previous year. Collections from the sales and use tax accounted for 57 percent of general fund receipts in FY2013.

Other notable revenue increases came from the insurance company tax and property tax reduction fund receipts, which grew 8.01 percent and 4.70 percent, respectively, over FY2012. The revenue source that experienced the largest decline was the bank franchise tax, declining 40.93 percent - or \$12.2 million – compared to the prior year. Total state general fund receipts were \$1,363,765,170 for the recently ended fiscal year. Ongoing receipts to the general fund totaled \$1,258,177,217.

State agencies remained well within their appropriated budgets in FY2013. Collectively, the three branches of state government spent \$10,639,304 less than appropriated. Most of the ongoing expense reduction, \$9,762,087, was seen in the Department of Social Services, as enrollment growth in Medicaid and the Children's Health Insurance Program declined unexpectedly to near-zero percent in recent months.

South Dakota state government ended FY2013 by transferring \$24.2 million to the Budget Reserve Fund, as required by law. The state's Budget Reserve Fund now has a \$95,325,807 balance, and the Property Tax Reduction Fund has a \$63,626,269 balance.

The combination of those two funds, totaling \$158,952,076, is the highest in state history and represents a combined reserve of 12.3 percent of total general fund spending for FY2013.