

# **SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL**

## **2024 South Dakota Legislature**

FISCAL NOTE 2024-FN1073A

HB1073, An Act to keep interest earned on incarceration construction fund moneys in the same fund.

HB 1073 makes one change to state law: the location where interest earned on moneys within the incarceration construction fund (ICF), created pursuant to SDCL 1-15-37, is held. Currently, interest earned on ICF moneys is deposited into the general fund. This bill would keep the interest earned within the ICF instead.

Currently, the ICF contains \$365.6 million. No moneys have yet been expended from the ICF. Based on the average yield from investing the cash flow account (which serves as the state's checking account) since FY 2019, it is assumed the ICF will see a return of 1.9% on investment. And assuming no expenditures are made from the ICF in FY 2025, such a return would result in a gain of around \$6.9 million. With the passage of this bill, such amount would be placed in the ICF instead of the general fund. Assuming expenditures up to the amount of ICF moneys currently appropriated (\$86.6 million), the ICF would instead gain around \$5.3 million.

However, in practice, this bill has no impact on the total resources of state government. The only effect is the location of interest earned on moneys in the ICF in the state's accounting system. Indeed, the ICF is already combined with the general fund when accounted for in the Annual Comprehensive Financial Report. During session, the Legislature could transfer moneys from the ICF into the general fund and vice-versa as long as the moneys are not already obligated so that the charge on an appropriation has become a vested right.

APPROVED BY: /s/ John McCullough  
Director, Legislative Research Council

DATE: 1/12/2024

---