



Joint Committee on Appropriations
REPRESENTATIVE MIKE DERBY, CO-CHAIR
SENATOR JEAN HUNHOFF, CO-CHAIR

May 21, 2024
Joel Jundt, Secretary
Department of Transportation
104 S. Garfield Ave.
Pierre, SD 57501

Letter of Intent Regarding Airport Terminal Funding

Dear Secretary Jundt,

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations (JCA) in approving your appropriation in the 2024 Legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on May 21, 2024.

While the guidance does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

SB144 was approved by the SD Legislature on March 7, 2024, and was signed by Governor Noem on March 15, 2024. SB144 appropriated \$10,000,000 in general funds to support the improvement, infrastructure, expansion, and future capacity demands of terminals at public airports. This Letter of Intent supplements legislation identified in SB144 with specific policy guidance.

SB144 funds are special one-time appropriated funds and are not required to follow current SD Aeronautics Commission ("Commission") funding policies. If an applicant for SB144 funding has received Commission funds for their project, the applicant is not eligible for SB144 funds. If the applicant elects to receive SB144 funds in lieu of Commission funds, the applicant must de-obligate any Commission funds already granted or allocated.

The following items are prominent and preemptory conditions for the granting of SB144 funds:

1. Eligible projects must have been included in the Airport Capital Improvement Plan (ACIP) or National Plan of Integrated Airports (NPIAs) requests that are annually submitted to the State Department of Transportation ("DOT").
2. Eligible projects must receive funding by the federal government, to include a minimum of one (1) year of Airport Improvement Program (AIP) entitlements and Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG) allocations. Applicants for SB144 funding must show proof that such federal funding applications have been submitted, that these federal grant moneys have

been awarded, or commit that federal applications will be submitted in support of a federal grant that will be issued by September 30, 2025.

3. Projects that have been submitted for a federal grant but have not been awarded such grant by September 30, 2025, are ineligible for SB144 funding. Any SB144 funds that were awarded but did not receive a federal grant by September 30, 2025, as required under Section #2 of this letter, will be repurposed to other SB144 grant applicants.
4. Applicants for SB144 funding shall submit their application prior to July 1, 2024.
5. Project eligibility is for those projects that have not been completed by July 1, 2024. Projects are ineligible if they have been completed prior to application for SB144 funding.
6. SB144 grants shall be used for reimbursing "hard" construction costs only. Costs related to project planning, design, preparation, and right-of-way acquisition are not eligible. Costs related to construction administration or grant administration are not eligible.
7. SB144 grants shall be awarded based on an application process as determined by the Commission, which shall review projects for reasonableness and qualification. All applicants shall submit a funding plan and spending proposal.

Priority consideration will be given to projects that include the following:

1. Projects with funding plans that include two (2) or more years of federal allocations or entitlements.
2. Projects that are receiving federal funding beyond entitlement funding. Projects that have unsuccessfully competed for federal funding beyond entitlement funding will still be considered, but with decreased priority.
3. Projects with funding plans where state funding does not exceed 60% of the non-federal costs.

The DOT and the Commission shall make SB144 grants to public airport entities only. The DOT shall report to the Joint Committee on Appropriations regarding recipient, distribution of funds, and reported outcomes during the 2025 Legislative Session and each session thereafter until all SB144 funds are allocated. Additionally, grant recipients themselves shall report on outcomes achieved using the SB144 funds.

Thank you for your cooperation.

Representative Mike Derby
Lead Co-Chair, Joint Committee on Appropriations

Senator Jean Hunhoff
Co-Chair, Joint Committee on Appropriations

cc: Russell Olson, Auditor General
Jim Terwilliger, Commissioner, Bureau of Finance and Management