



2026 South Dakota Legislature

House Bill 1130

Introduced by: **Representative** Peterson (Drew)

1 **An Act to amend permissible uses of a school district's capital outlay fund.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 13-16-6 be AMENDED:**

4 **13-16-6.** ~~The capital outlay fund of the school district is a fund provided by law to~~
 5 ~~meet expenditures which result in the acquisition or lease of or additions to real property,~~
 6 ~~plant, or equipment. Such an expenditure shall be for land, existing facilities, improvement~~
 7 ~~of grounds, construction of facilities, additions to facilities, remodeling of facilities, or for~~
 8 ~~the purchase or lease of equipment. It may also be used for~~The board of a school district
 9 may expend moneys from the capital outlay fund for:

10 (1) Any expenditures that are required as the result of the acquisition or lease of or
 11 additions to real property, plant, or equipment;

12 (2) Land, existing facilities, improvement of grounds, construction of facilities, or
 13 additions to or remodeling of existing facilities;

14 (3) Any installment or lease-purchase payments for the made to purchase of any real
 15 property, plant, or equipment, which have that has a contracted terminal date not
 16 exceeding twenty years from the date of the installment contract or lease-purchase
 17 and for the;

18 (4) The payment of the;

19 (a) The principal of and interest on capital outlay certificates issued pursuant
 20 to § 13-16-6.2;

21 (b) Any premium for a property insurance policy held by the school district;

22 (c) Up to fifteen percent of the amount of a transportation contract, if a school
 23 district contracts for student transportation; or

24 (d) Up to fifteen percent of the amount required to reimburse mileage costs, if
 25 a school district reimburses for mileage, pursuant to § 13-30-3, in lieu of
 26 providing transportation;

1 (5) The purchase of:

2 (a) Warranties on capital assets, provided that the warranties do not include or
3 require supplies; or

4 (b) Textbooks;

5 (6) The purchase or renewal of instructional software; or

6 (7) The purchase or lease of equipment.

7 Any purchase ~~of~~ that does not exceed one thousand dollars ~~or less~~ may be paid
8 out of the general fund. The total accumulated unpaid principal balances of ~~such an~~
9 installment ~~contracts contract~~ and lease-purchase, and the outstanding principal amounts
10 of ~~such any~~ capital outlay certificates, may not exceed three percent of the taxable
11 valuation. The school district shall provide a sufficient levy each year under the provisions
12 of § 13-16-7 to meet the annual installment contract, lease-purchase, and capital outlay
13 certificate payments, including interest.

14 ~~A school district which contracts its student transportation may expend from the~~
15 ~~capital outlay fund an amount not to exceed fifteen percent of the contract amount. In~~
16 ~~addition, a school district which reimburses for mileage instead of providing transportation~~
17 ~~pursuant to § 13-30-3, may use the capital outlay fund to pay for fifteen percent of its~~
18 ~~mileage reimbursement costs.~~

19 ~~The capital outlay fund may be used to purchase textbooks and to purchase or~~
20 ~~renew instructional software.~~

21 ~~The capital outlay fund may be used to purchase warranties on capital assets if the~~
22 ~~warranties do not include supplies.~~

23 ~~A~~ The board of a school district may transfer from its capital outlay fund to its
24 general fund an amount not to exceed forty-five percent of the total tax revenues
25 deposited in that fund during the current school fiscal year.