

2026 South Dakota Legislature

House Bill 1204**AMENDMENT 1204A
FOR THE INTRODUCED BILL**

1 **An Act to create the ~~South Dakota~~ school building construction fund, provide for the**
2 **transfer of moneys to the fund, and make an appropriation therefor.**

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

4 **Section 1. That § 10-46-48 be AMENDED:**

5 **10-46-48.** All revenue arising under the operation of ~~Except as otherwise provided~~
6 ~~in section 4 of this Act, revenue collected pursuant to this chapter shall immediately must~~
7 ~~be turned over forwarded~~ to the state treasurer and by him credited to for deposit in the
8 general fund.

9 **Section 2. That § 10-46E-9 be AMENDED:**

10 **10-46E-9.** The ~~Except as otherwise provided in section 4 of this Act,~~ revenue from
11 the tax imposed by this chapter ~~shall must be deposited forwarded to the state treasurer~~
12 ~~for deposit in~~ in the general fund.

13 **Section 3. That § 10-58-5 be AMENDED:**

14 **10-58-5.** The ~~Except as otherwise provided in section 4 of this Act, the tax~~
15 generated by this chapter ~~must be deposited forwarded to the state treasurer for deposit~~
16 in the general fund.

17 **Section 4. That a NEW SECTION be added to chapter 13-24:**

18 There is created the ~~South Dakota~~ school building construction ~~loan~~ fund, to be
19 administered by the ~~Department of Education~~ commissioner of school and public lands,
20 for the purpose of making loans to school districts to construct or expand a school building,
21 as provided in section ~~2 5~~ of this Act. ~~The treasurer shall deposit in the fund, from the~~

1 taxes collected pursuant to chapters 10-45, 10-46, 10-46E, and 10-58, an amount equal
 2 to two percent of the taxes collected or ninety million dollars, whichever is less.

3 Any interest earned on moneys in the fund must remain in the fund. Any repayment
 4 of the principal amount of a loan must be deposited into the fund and used for making
 5 new loans. Money in the fund designated for loans is ~~continuously~~ appropriated through
 6 the general appropriation bill for the purposes provided in section ~~2 5~~ of this Act.

7 The ~~secretary of the department commissioner~~ shall approve vouchers, and the
 8 state auditor shall draw warrants to pay expenditures authorized from this fund.

9 **Section 5. That a NEW SECTION be added to chapter 13-24:**

10 The ~~Department of Education commissioner of school and public lands~~ may make
 11 loans from the ~~South Dakota~~ school building construction fund, created in section ~~1 4~~ of
 12 this Act, to a school district for the purpose of constructing or expanding a school building.
 13 The amount of the loan may not exceed forty percent of the total cost of the construction
 14 or expansion project. The ~~department commissioner~~ may use up to one percent of the
 15 principal amount of a loan to offset ~~the department's~~ expenses in administering the loan.

16 Any loan made by the ~~department commissioner~~ must be provided to the district
 17 at an interest rate of zero percent. The terms of the loan may not require collateral from
 18 the district.

19 The terms of the loan must require that the payments be based on a straight and
 20 level amortization of twenty years and be made annually over a term of twenty years,
 21 with the first payment due one year from the date of the funding of the loan.

22 The ~~department commissioner~~ shall make available moneys from the ~~South Dakota~~
 23 school building construction fund, created in section ~~1 4~~ of this Act, as follows:

- 24 (1) Thirty percent for the construction or expansion of a school building in a school
 25 district that has four thousand or more students; and
 26 (2) Seventy percent for the construction or expansion of a school building in all other
 27 school districts.

28 For purposes of this section, a "school building" is a structure that houses the
 29 academic instruction, extracurricular activities, and other functions of a kindergarten
 30 through twelfth grade educational program.

31 **Section 6. That a NEW SECTION be added to chapter 13-24:**

32 A school district is not eligible for a loan under section ~~2 5~~ of this Act if:

- 33 (1) The school district is eligible for a loan under § 11-15-8;

- 1 (2) The municipality in which the district is headquartered is less than ten miles from
 2 a municipality in which another school district is headquartered; or
 3 (3) The school district has a fall enrollment of fewer than ~~two~~ one hundred ~~fifty~~
 4 students and is not designated as a sparse school district, as defined in § 13-13-
 5 78.

6 **Section 7. That a NEW SECTION be added to chapter 13-24:**

7 ~~The School Finance Accountability Board within the Department of Education~~
 8 ~~commissioner of school and public lands~~ shall promulgate rules, pursuant to chapter 1-
 9 26, specifying:

10 (1) The process by which:

11 (a) A school district applies for a loan;

12 (b) ~~The department commissioner~~ reviews, assesses, and approves a school
 13 district's application; and

14 (c) ~~The department commissioner~~ disburses a loan to a school district; ~~and~~

15 (2) The information a school district must provide when applying for a loan pursuant
 16 to section ~~2~~ 5 of this Act, including:

17 (a) The amount of money currently in the district's capital outlay fund;

18 (b) The amount of money the district has transferred and the number of
 19 transfers the district has made from the capital outlay fund, pursuant to
 20 § 13-16-6 during the previous ten years;

21 (c) The district's current levy for the capital outlay fund;

22 (d) The district's fall enrollment for the current fiscal year; and

23 (e) The enrollment trends of the district during the previous ten years; and

24 (3) The criteria by which the ~~department commissioner~~ assesses a school district's
 25 application for a loan in accordance with section ~~2~~ 5 of this Act, including:

26 (a) The minimum amount of money, in proportion to the district's fall
 27 enrollment, ~~that which~~ must currently be in a district's capital outlay fund;

28 (b) The maximum amount of money a district may have transferred from the
 29 capital outlay fund, pursuant to § 13-16-6 during the previous ten years;

30 (c) The maximum levy a district may currently have set for the district's capital
 31 outlay fund; and

32 (d) The minimum increase necessary in the district's capital outlay levy to be
 33 sufficient for the district to repay the loan.

1 **Section 8. That a NEW SECTION be added to chapter 13-24:**

2 On or before August first of each year, the ~~Department of Education commissioner~~
3 of school and public lands shall submit a report to the special committee, created in § 4-
4 8A-2, detailing the number, amounts, and recipients of loans provided ~~by from the~~ ~~South~~
5 ~~Dakota~~ school building construction fund created in section ~~1 4~~ of this Act, and other
6 relevant information pertaining to the fund or program, as requested by the committee.

7 **Section 9.** The state treasurer shall transfer \$1 from the general fund to the ~~South Dakota~~
8 school building construction fund created in section ~~1 4~~ of this Act. The amount transferred in
9 this section is appropriated to the ~~Department of Education commissioner of school and public~~
10 lands for the purpose described in section ~~2 5~~ of this Act.

11 **Section 10.** This Act is effective beginning June 30, 2026.