

## 2026 South Dakota Legislature

**House Bill 1204****AMENDMENT 1204C  
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 a NEW SECTION be added to chapter 13-24:**

5 There is created the ~~South Dakota~~ school building construction ~~loan~~ fund, to be  
6 administered by the ~~Department of Education commissioner of school and public lands,~~  
7 for the purpose of making loans to school districts to construct or expand a school building,  
8 as provided in section 2 of this Act.

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

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

15 **Section 2. That a NEW SECTION be added to chapter 13-24:**

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

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

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

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

6 ~~(1) — Thirty percent for the construction or expansion of a school building in a school~~  
 7 ~~district that has four thousand or more students; and~~

8 ~~(2) — Seventy percent for the construction or expansion of a school building in all other~~  
 9 ~~school districts.~~

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

13 **Section 3. That a NEW SECTION be added to chapter 13-24:**

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

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

16 ~~(2) The municipality in which the district is headquartered is less than ten miles from~~  
 17 ~~a municipality in which another school district is headquartered; or~~

18 ~~(3) — The school district has a fall enrollment of fewer than ~~two~~ one hundred ~~fifty~~~~  
 19 ~~students and is not designated as a sparse school district, as defined in § 13-13-~~  
 20 ~~78.~~

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

22           ~~The School Finance Accountability Board within the Department of Education~~  
 23 ~~commissioner of school and public lands shall promulgate rules, pursuant to chapter 1-~~  
 24 ~~26, specifying:~~

25 ~~(1) The process by which:~~

26 ~~(a) A school district applies for a loan;~~

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

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

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

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

1 ~~(b) — The amount of money the district has transferred and the number of~~  
 2 ~~transfers the district has made from the capital outlay fund, pursuant to~~  
 3 ~~§ 13-16-6 during the previous ten years;~~

4 ~~(c) — The district's current levy for the capital outlay fund;~~

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

6 ~~(e) — The enrollment trends of the district during the previous ten years; and~~

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

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

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

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

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

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

18 On or before August first of each year, the ~~Department of Education commissioner~~  
 19 of school and public lands shall submit a report to the special committee, created in § 4-  
 20 8A-2, detailing the number, amounts, and recipients of loans provided ~~by from the~~ ~~South~~  
 21 Dakota school building construction fund created in section 1 of this Act, and other relevant  
 22 information pertaining to the fund or program, as requested by the committee.

23 **Section 6.** The state treasurer shall transfer \$1 from the general fund to the ~~South Dakota~~  
 24 school building construction fund created in section 1 of this Act. The amount transferred in  
 25 this section is appropriated to the ~~Department of Education commissioner of school and public~~  
 26 lands for the purpose described in section 2 of this Act.

27 **Section 7.** This Act is effective beginning June 30, 2026.