



2024 South Dakota Legislature

House Bill 1216

Introduced by: **Representative Mills**

1 **An Act to create the local assistance fund and to provide for the transfer of certain**
 2 **unobligated cash balances.**

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

4 **Section 1. That § 4-7-31 be AMENDED:**

5 **4-7-31.** There is hereby established within the state treasury the budget reserve
 6 fund. The fund consists of money deposited in accordance with § 4-7-32(1) and other
 7 money designated for deposit into the fund. Expenditures from the budget reserve fund
 8 may occur only by special appropriation of the Legislature and only to redress unforeseen
 9 expenditure obligations or unforeseen revenue shortfalls, as may constitute an emergency
 10 pursuant to S.D. Const., Art. III, § 1.

11 **Section 2. That § 4-7-32 be AMENDED:**

12 **4-7-32.** On July first of each fiscal year or at such time ~~that~~ as the prior fiscal
 13 year general fund ~~ending~~ unobligated cash balance is determined, the commissioner of
 14 the Bureau of Finance and Management ~~shall~~ must transfer all prior year unobligated cash
 15 ~~up to an amount equal to ten percent of the general fund appropriations from the general~~
 16 ~~appropriation act for the prior fiscal year into the budget reserve fund. In no event shall~~
 17 ~~the cash balance in the budget reserve fund be greater than ten percent of the general~~
 18 ~~fund appropriations from the general appropriation act for the prior fiscal year.~~

19 ~~Expenditures out of the budget reserve fund shall only be by special appropriation~~
 20 ~~of the Legislature and shall only redress such unforeseen expenditure obligations or such~~
 21 ~~unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const.,~~
 22 ~~Art. III, § 1.~~ as follows:

23 (1) If the cash balance of the budget reserve fund is less than ten percent of the
 24 General Appropriations Act for the prior fiscal year, an amount of unobligated cash
 25 must be deposited into the budget reserve fund, created in § 4-7-31, so that the

1 cash balance equals ten percent of the General Appropriations Act for the prior
2 fiscal year;

3 (2) If any unobligated cash balance remains after the requirements of subdivision (1)
4 are met, the commissioner of the Bureau of Finance and Management must deposit
5 fifty percent of any unobligated cash remaining into the local assistance fund
6 created by section 3 of this Act; and

7 (3) After the requirements of subdivision (2) are met, the commissioner of the Bureau
8 of Finance and Management must deposit any unobligated cash remaining into the
9 general revenue replacement fund, created in § 4-7-45.

10 **Section 3. That chapter 4-7 be amended with a NEW SECTION:**

11 There is hereby established within the state treasury the local assistance fund. The
12 state treasurer must maintain and administer the fund. Interest on moneys credited to
13 the fund must remain in the fund. Moneys in the fund are continuously appropriated for
14 the funding of municipalities, counties, and school districts.

15 Upon the deposit of moneys in accordance with subdivision (2) of section 2 of this
16 Act, the state treasurer must distribute moneys in the fund as follows:

17 (1) Twenty-five percent for distribution to school districts. The distribution to each
18 school district must be the school district's percent of fall enrollment multiplied by
19 the amount for distribution;

20 (2) Fifty percent for distribution to counties. The distribution to each county must be
21 the county's percent of the South Dakota population based on the most recent U.S.
22 Census estimate multiplied by the amount for distribution; and

23 (3) Twenty-five percent for distribution to municipalities. The distribution to each
24 municipality must be the municipality's percent of the South Dakota population
25 based on the most recent U.S. Census estimate multiplied by the amount for
26 distribution.

27 **Section 4. That § 4-7-39 be REPEALED:**

28 ~~The commissioner of the Bureau of Finance and Management shall transfer any~~
29 ~~unobligated cash remaining after the transfer into the budget reserve fund as required by~~
30 ~~§ 4-7-32 into the general revenue replacement fund if the amount in the general revenue~~
31 ~~replacement fund does not exceed fifteen percent of the general fund appropriations in~~
32 ~~the General Appropriations Act for the previous fiscal year.~~