

State of South Dakota

NINETIETH SESSION
LEGISLATIVE ASSEMBLY, 2015

400W0109

HOUSE APPROPRIATIONS ENGROSSED NO. **SB 43** - 02/06/2015

Introduced by: The Committee on Education at the request of the Department of Education

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding lease purchase
2 agreement payments and to ratify certain lease purchase agreements with the Health and
3 Educational Facilities Authority.

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

5 Section 1. That § 1-16A-93 be amended to read as follows:

6 1-16A-93. Beginning July 1, 2013, any bonds, notes or other obligations of the authority
7 which are payable out of receipts, rentals, and other payments made pursuant to lease purchase
8 agreements with the Western Dakota Technical Institute, the Southeast Technical Institute, the
9 Lake Area Technical Institute, the Mitchell Technical Institute, or the South Dakota Board of
10 Education under the authority of chapter 13-39 may only be issued if the Board of Education
11 determines, by the adoption of a resolution, that the estimated receipts, rentals, and other
12 payments, including appropriations by the Legislature, student fee payments, or other balances
13 or revenues pledged under the applicable bond indenture or similar agreement will not be less
14 than one hundred three percent of the projected scheduled payments of principal and interest on
15 all outstanding bonds which, for purposes of that determination shall include the proposed



1 bonds to be issued and shall exclude any bonds to be refunded. Proposed issuance of obligations
2 must comply with sections 4 and 5 of this Act. The South Dakota Board of Education must
3 approve the issuance of additional obligations prior to submission to the Legislature. In issuing
4 additional bonds, the authority may conclusively rely upon the determination of the board.

5 Section 2. That § 1-16A-95 be amended to read as follows:

6 1-16A-95. Beginning on July 1, 2013, the issuance of any additional bonds, notes, or other
7 obligations of the authority which are payable out of receipts, rentals, and other payments made
8 pursuant to lease purchase agreements with the Western Dakota Technical Institute, the
9 Southeast Technical Institute, the Lake Area Technical Institute, the Mitchell Technical
10 Institute, or the South Dakota Board of Education under the authority of chapter 13-39 shall be
11 approved by the Legislature before issuance. The South Dakota Board of Education must
12 approve the issuance of additional bonds, notes, or other obligations prior to submission to the
13 Legislature in accordance with §§ 1-16A-93 and 1-16A-94 and applicable administrative rules.
14 This requirement, however, does not apply to the issuance of bonds for the purposes of
15 refinancing or refunding existing bonds, notes, or other obligations.

16 Section 3. That § 1-16A-96 be amended to read as follows:

17 1-16A-96. Beginning in fiscal year 2015, lease payments made to the authority pursuant to
18 lease purchase agreements with the Western Dakota Technical Institute, the Southeast Technical
19 Institute, the Lake Area Technical Institute, the Mitchell Technical Institute, or the South Dakota
20 Board of Education under the authority of chapter 13-39 shall be paid in part from an
21 appropriation to be made by the Legislature in an amount that is equal to or greater than fifty
22 percent of the technical institute facility fee ~~that is~~ administered by the Department of Education
23 that is dedicated to the current year lease purchase agreement payments.

24 No provision of this chapter is deemed to adversely affect any of the covenants or other

1 agreements of the South Dakota Board of Education or the secretary of education in the lease
2 purchase agreement with the authority dated August 1, 1988, as amended and supplemented,
3 for the benefit of the holders of any bonds issued by the authority, and such covenants and
4 agreements in the lease purchase agreement dated August 1, 1988, as amended and
5 supplemented, are hereby ratified and confirmed.

6 Section 4. The total principal amount of debt outstanding through the South Dakota Building
7 Authority and the vocational education program of the South Dakota Health and Educational
8 Facilities Authority may not exceed one and two-tenths percent of South Dakota's gross
9 domestic product for the most recently completed calendar year as calculated by the United
10 States Bureau of Economic Analysis.

11 Section 5. The total annual debt service payments of the South Dakota Building Authority
12 and the vocational education program of the South Dakota Health and Educational Facilities
13 Authority may not exceed four percent of the total ongoing general fund receipts for the most
14 recently completed state fiscal year.