School Funds

School district funds are all moneys received from federal, state or other local government sources, taxes, income from school property, borrowing sources, and other sources. (SDCL 13-16-1)

The moneys received are deposited into three major types of school district funds. A school district may have additional funds as well.

- General Fund (SDCL 13-16-3)
- Capital Outlay Fund (SDCL 13-16-6)
- Special Education Fund (SDCL 13-37-2)

This document will focus specifically on the Capital Outlay Fund and how money for this fund is generated.

Capital Outlay Fund Defined

South Dakota state law (SDCL 13-16-7) allows a school district to authorize an annual tax levy up to $3.00 per $1,000 of taxable valuation for capital outlay fund purposes. This tax levy is the same for all land classes.

The capital outlay fund of the school district is a fund for expenditures such as land, existing facilities, improvement of grounds or equipment, and construction, additions, or remodeling of facilities.

The fund may also be used for:

- Installment or lease-purchase payments for the purchase of real property, plant, or equipment;
- Student transportation;
- Textbooks and instructional software; and
- Warranties on capital assets.

If you have any questions about a school district’s capital outlay budget, contact the school district administrator or business official.
Capital Outlay Limitations Defined

Growth + CPI (Consumer Price Index) Limitation (SDCL 13-16-7)

Currently, all school districts follow the Growth + CPI Limitation. The Growth + CPI Limitation is the total amount of revenue payable from the capital outlay levy cannot increase annually more than the index factor plus growth factor.

- Index factor is defined as 3% or the CPI factor, whichever is less. (SDCL 10-13-38)
- Growth factor is defined as any new construction which has occurred in the last year within the school district boundaries.

Alternative Per Student Limitation (SDCL 13-16-7.2)

Starting with taxes payable in 2021 (assessed 2020), a secondary limitation possibility will be implemented. The Alternative Per Student Limitation will provide $2,800 for each enrolled student from the previous school year.

Determining the Appropriate Capital Outlay Annual Limitation

Starting with taxes payable in 2021 (assessed 2020), a school district will be limited to the maximum taxes allowed by either the Growth + CPI Limitation or the Alternative Per Student Limitation, whichever is less.

At that time, the school district and the Department of Revenue will analyze the data and calculations:

- **If the school district has acquired capital outlay debt prior to July 1, 2016**, they can ask for the debt payment (SDCL 13-16-6.2) plus an additional $2,800 per student.

- **If the school district does not have capital outlay debt prior to July 1, 2016**, then it must use whichever limitation generates less tax dollars — the Growth + CPI Limitation or the Alternative Per Student Limitation:
  - If the lesser is the Growth + CPI Limitation, then the dollar amount will continue to increase by both growth and CPI factors.
  - If the lesser is the Alternative Per Student Limitation, then the school district will be able to ask for $2,800 per student. Each year after taxes payable in 2021, that $2,800 will increase by the CPI factor only.

Contact Us

If you have any questions, please contact the South Dakota Department of Revenue.

**Call toll-free:** 1-800-829-9188 (option 2)
**Property Tax Division Email:** proptaxin@state.sd.us
**Website:** http://dor.sd.gov/
**Mailing address and office location:** South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501