

December 5, 2025

Governor Rhoden Delivers Budget Address

In accordance with the constitution, Governor Larry Rhoden recently presented his budget before both legislative chambers. The address included budget priorities and proposals for the upcoming 2026 legislative session. Below are some highlights from the address.

- **No Increase for the Big Three:** The “Big Three,” also known as funding for education, state employees, and healthcare providers will see no increases this next year. Specifically, to education, Governor Rhoden said that the lack of funding increases can be attributed to a 9 percent decrease in birth rates over the past decade in the state and 216 percent increase in “alternative instruction,” such as homeschooling, private schooling, etc.
- **Maintenance and Repair (M&R):** Last year, as part of cuts to the ongoing budget, ongoing M&R funds were reduced from 1.75 percent of replacement values to 1.25 percent, though funds were leveraged to keep overall funding at 1.75 percent. This year, Governor Rhoden’s budget keeps ongoing funding at 1.25 percent and uses one-time funds to achieve 2.0 percent overall funding.
- **Airport Expansion Loans:** During the 2022 legislative session, \$100 million was dedicated to workforce housing loans, and approximately \$65 million of that funding remains unutilized. The Governor recommends transferring the remaining balance of these funds to the Revolving Economic Development and Initiative (REDI) Fund to provide loans to the airports and to support future economic development projects.
- **\$14 million unallocated:** Governor Rhoden included \$14 million from the reserve fund that was unallocated. He told legislators to come up with worthy ways to spend the money.
- **Reserves Still Strong:** South Dakota’s reserves will still be strong going forward. Governor Rhoden proposed to have 12.5 percent in the reserve account compared to the required 10 percent.

Click [here](#) to learn more about the budget address.

Attorney General Jackley Releases Final Ballot Explanation for Proposed 2026 Initiated Constitutional Amendment on Property Taxes

South Dakota Attorney General Marty Jackley has released the final ballot explanation for a proposed initiated Constitutional Amendment submitted by sponsors that would repeal property taxes in South

Dakota and replace them with a “retail transaction” tax. The proposed amendment would be on the 2026 general election ballot if 35,017 valid petition signatures are collected.

Attorney General Jackley takes no position on any such proposal for purposes of the ballot explanation. As required by law, he has provided a fair and neutral explanation on the initiated Constitutional Amendment to help assist the voters as required by state law. The sponsor of the proposed initiated Constitutional Amendment is Abolish Property Taxes SD, a Statewide Ballot Question Committee formed by Julie Frye-Mueller, Matt Smith, and Mike Mueller.

This proposed initiated Constitutional Amendment would repeal the South Dakota’s property tax scheme set forth in the Constitution and replaces it with a tax “on each retail transaction.” For each “retail transaction” of \$15 or more, a flat tax of \$1.50 is assessed. For each “retail transaction” less than \$15, a 10% tax is assessed.

Click [here](#) for the ballot measure language.

ACTION ALERT: “Waters of the United States” (WOTUS)

EPA recently released a new rule that supports a clear and workable definition of “Waters of the United States” (WOTUS). American Farm Bureau has created an action alert asking farmers and ranchers to submit comments to EPA and the Army Corps on the newly proposed WOTUS rule published in the Federal Register on Nov. 20, 2025.

Why it matters:

- The Supreme Court’s unanimous *Sackett v. EPA* decision narrowed federal jurisdiction under the Clean Water Act.
- The 2023 WOTUS rule failed to fully incorporate *Sackett*, leaving farmers with confusion and uncertainty.
- This new proposal begins to course-correct. It clarifies key terms like “relatively permanent” and “continuous surface connection” and is an important step toward a clear and durable WOTUS definition.

Click [here](#) to access the action alert.

SDFB Annual Convention Policy Recap

SDFB recently completed its 108th annual meeting in Sioux Falls. There were a variety of agricultural issues discussed at delegate session. Topics ranged from property taxes to crop insurance with 14 resolutions passing the grassroots delegate body. In addition to a range of policy issues being debated and voted on, the SDFB Board of Directors voted on Focus Areas for the upcoming year. These SDFB policy-based items will help guide the priorities of the organization throughout the year.

Click [here](#) to read the 2026 SDFB Focus Areas.

Contact for Questions

Krystil Smit

SDFB Executive Director

Email: k.smit@sdfbf.org

Cell: (605) 261-2960

Matthew Bogue

SDFB State Public Policy Director

Email: Matthew@sdfbf.org

Cell: (605) 377-8833