



Policy Update

December 6, 2023

Governor Noem's Budget Address Recap

Governor Kristi Noem delivered her annual budget address on December 5th and provided some of her priorities for the 2024 legislative session. One of Governor Noem's priorities is making the state sales tax reduction permanent. During the 2023 legislative session, the legislature chose to reduce the state sales tax from 4.5% to 4.2% with a provision that allows for the sales tax to revert to 4.5% in 2027. Another promise of the address was to provide a 4.0% increase for state aid to K-12 education, reimbursement rates for health and human services, and salary increases for state employees. Listed below are other items outlined in the Governor's budget.

- \$6,034,444 in general funds for a new Center for Quantum Information Science & Technology (C-QIST).
- \$2.4 million in federal State Fiscal Recovery Funds and \$20.9 million in general funds to complete the women's prison. \$10.0 million in federal ARPA funds, \$132.5 million in one-time general funds, and a transfer of \$95.7 million from our reserves to be set aside for future construction for the future men's prison.
- \$2.4 million in ongoing general funds to assist counties with the cost of providing certain criminal justice services.
- \$7,018,780 in general funds to support the Information Technology (IT) Modernization Fund.
- \$6,000,000 in one-time funding to provide continued support to South Dakota schools for an evidence-based literacy framework.
- \$18,341,970 in general funds be dedicated to buy-down the cost of Medicaid Expansion once the 5% enhancement ends.
- Allocate the remaining \$130.6 million in one-time federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds. These dollars will be utilized to help complete state water projects.
- \$11,645,804 in one-time general funds and \$10,649,800 in one-time federal fund expenditure authority to complete repairs on three key dams across the state.
- \$4,818,836 in one-time general funds to support equipment priorities at South Dakota's four technical colleges: Lake Area Technical College in Watertown, Mitchell Technical College in Mitchell, Southeast Technical College in Sioux Falls, and Western Dakota Technical College in Rapid City.

It is important to notice that the final budget will need to be debated and passed by both Chambers of the Legislature and signed by the Governor during the 2024 Legislative Session. If you would like to see the entire proposed budget, please click [here](#).

Contact for Questions

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