



Division of Planning & Engineering

Administration Program

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MEMORANDUM

DATE: October 16, 2026

TO: Mike Behm, Director
Division of Planning and Engineering

FROM: Joanne Hight, Program Manager
Office of Administration

SUBJECT: Transportation Commission Meeting October 29, 2026
Items for Consideration

Consideration of Changes to Transportation Loan Guidance:

Summary of Changes

- Loan Guidance:
 - Date changed from September 23, 2025, to October 29, 2026.
 - Added examples in parenthesis to Applicants are required to demonstrate their ability and commitment to repay the loan (**audited financial statements, proof of taxing or bonding authority**).
 - Added Applications may take a minimum of 6 months to process.
 - Revised interest rate from 3.58% to 4.10%.
- Application:
 - Interest rate was revised from 3.58% to 4.10%.
 - Added a checkbox on page 2 of application for ATTACHMENT C - Audited Financial Statements, proof of taxing or bonding authority.
 - Updated date in upper left corner on pages 2-4 from 09/25 to 10/2026.

cc: File

Transportation Loan Informational Sheet

**SIB / Federal Loan
STBGP Advancement
State Highway**

General Information for All Loans

October 29, 2026

There are three categories of loans administered by the South Dakota Department of Transportation (SDDOT):

- (1) State Infrastructure Bank (SIB) Loan/Federal Loan Program;
- (2) Surface Transportation Block Grant Program (STBGP) Advance; and
- (3) State Highway Fund Loan.

Applications are available at <https://dot.sd.gov/doing-business/local-governments/forms-documents>.

Loans are subject to approval by the South Dakota Transportation Commission. Applicants are required to demonstrate their ability and commitment to repay the loan (audited financial statements, proof of taxing or bonding authority). The Commission may impose such terms and conditions as the Commission, in its discretion, determines are appropriate. The Commission may reject any application. This informational sheet is intended to give applicants guidance on how loans have been administered in the past, but applicants are cautioned that the Commission is not bound by this guidance and has ultimate authority over the approval, terms, and conditions relating to any loan. The interest rate will be fixed and will be based on the 3-year average of the annual State rate received by the Cash Flow Fund managed by the Investment Council. The Commission will determine anticipated loan rates annually (typically in September) and provide updates to these guidelines as appropriate. Applicants who are approved for a loan will be required to execute a loan agreement with SDDOT. Sample loan agreements are available upon request. Applications may take a minimum of 6 months to process.

State Infrastructure Bank (SIB) / Federal Loan Program

- Federal money is available to loan to tribes and political subdivisions for public road and bridge construction projects on federal-aid routes and federal-aid eligible activities.
- Applicants perform all right-of-way acquisitions, wetland mitigation, and utility relocations for federal loan projects.
- SDDOT performs project bid-lettings and manages project construction.
- Federal loan projects must receive approval from the Commission for inclusion in SDDOT's Statewide Transportation Improvement Program.
- Interest rates on recent loans have been set at 4.10% but will be set by the Commission at the time of loan consideration.
- Typically, full repayment of the loan is due within 7 years after project completion.
- Applicants that receive annual STBGP funding allocations will be required to pledge those allocations toward repayment of the loan. However, a loan recipient is responsible for making timely repayment of the loan, regardless of whether STBGP allocations stop or are inadequate to cover the full repayment obligation.
- Applicants may be required to submit audited financial statements, annual financial reports, and proof of taxing or bonding authority.
- Federal loan funding is limited to the available balance at the time of application.

Surface Transportation Block Grant Program (STBGP) Advance

- The Commission regards Surface Transportation Block Grant Program Advance as funding of last resort. Applicants should show they have pursued and exhausted other feasible funding avenues, while demonstrating their requests are still a reasonable risk.

- STBGP advances are only available to counties and Class I cities that receive an annual STBGP allocation.
- Advances may be used for construction of public roads and bridges under the jurisdiction of counties and Class I cities.
- Advances are issued in a lump sum directly to the recipient.
- The loan recipient is responsible for all aspects of the project, including but not limited to right-of-way acquisition, wetland mitigation, environmental clearances, utility relocation, design, bid letting, construction, and construction management for the project.
- Interest rates on recent loans have been set at 4.10% but will be set by the Commission at the time of loan consideration. Typically, full repayment of the loan is received within three years after loan issuance.
- The maximum loan amount is usually limited to three times the applicant's estimated annual STBGP allocation.
- Applicants will be required to pledge STBGP allocations toward repayment of the loan. However, a loan recipient is responsible for making timely repayment of the loan, regardless of whether STBGP allocations stop or are inadequate to cover the full repayment obligation.
- Applicants may be required to submit audited financial statements, annual financial reports, and proof of taxing or bonding authority.

State Highway Fund Loan

- The Commission regards State Highway Fund loans as funding of last resort. Applicants should show they have pursued and exhausted other feasible funding avenues, while demonstrating their requests are still a reasonable risk.
- State highway fund loans are available to municipalities, townships, and counties to construct, reconstruct, repair, maintain and mark public roads and bridges.
- The Commission considers four factors when deciding whether to award a state highway fund loan:
 - The availability of other funding for the proposed project;
 - The likelihood the proposed project will foster and support economic development;
 - Whether a highway emergency exists; and
 - The ability of the local government to repay the loan on terms satisfactory to the Commission.
- Local funding commitments, in addition to the requested loan, increase the likelihood of a loan award.
- Eligible project costs are limited to preliminary engineering, design, utility relocation, right-of-way acquisition, environmental coordination and permitting, bid-letting, materials, construction, and construction engineering.
- Applicants should refrain from applying for funding for routine highway projects.
- Applicants that receive annual STBGP funding allocations will be required to pledge those allocations toward repayment of the loan. However, a loan recipient is responsible for making timely repayment of the loan, regardless of whether STBGP allocations stop or are inadequate to cover the full repayment obligation.
- Applicants that don't receive STBGP funding allocations, such as towns and townships, should be prepared to explain how repayment will be secured. One option is to enter into a joint powers agreement with a county or Class 1 city that supports the project, to ensure STBGP allocations are available for repayment.
- For projects tied to an imminent economic development project, applicants may be required to secure a loan guarantee from the developer. Applicants should consider available methods for securing repayment, such as tax increment financing (TIF), bank loan, etc.
- Total loans from the state highway fund are limited to \$25 million, and loans typically do not exceed \$7 million for a single project.
- Interest rates on recent loans have been set at 4.10% but will be determined by the Commission at the time of loan consideration.
- Annual payments will be required, with final payment due seven years after the initial loan issuance.
- The loan recipient is responsible for all aspects of the project, including but not limited to right-of-way acquisition, wetland mitigation, environmental clearances, utility relocation, design, bid letting, and construction management.



TRANSPORTATION LOAN REQUEST

By using this form
you are agreeing to
our terms of use.

[Please read:](#)

LOAN TYPE

- ☐ SIB/FEDERAL AID
☐ STBGP ADVANCE
☐ STATE HIGHWAY FUND LOAN

APPLICANT

- ☐ City
☐ County/Township
☐ Other (Specify) _____

INTEREST RATE: **4.10%**

APPLICANT NAME		DATE SUBMITTED	
<input type="text"/>		<input type="text"/>	
PROJECT NAME		PROJECT ZIP CODE	
<input type="text"/>		<input type="text"/>	
APPLICANT MAILING ADDRESS	CITY	STATE	ZIP CODE
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
CONTACT PERSON	TITLE	PHONE NO	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
CONTACT PERSON'S ADDRESS	CITY	STATE	ZIP CODE
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
E-MAIL ADDRESS	<input type="text"/>		
<input type="text"/>	<input type="text"/>		

PROJECT DESCRIPTION

ROUTE NAME/FACILITY		
<input type="text"/>		
LOCATION		
<input type="text"/>		
SDDOT REGION	COUNTY	CITY
<input type="text"/>	<input type="text"/>	<input type="text"/>

TYPE OF PROJECT ☐ HIGHWAY ☐ OTHER (Specify): _____

IS THIS PROJECT ELIGIBLE FOR FEDERAL AID? ☐ Yes ☐ No

PROJECT DESCRIPTION (Provide brief description here and more detail in Attachment A.)

PROJECT BENEFITS (Provide brief description here and more detail in Attachment B. i.e., Importance of project to community, how it promotes economic development.)

APPLICANT RISK ASSESSMENT (What impact will it have on the applicant or community if agency does not receive loan, it may not (what?))

DOES THE PROJECT HAVE THE SUPPORT OF THE LOCAL GOVERNMENT UNIT(S) THAT ARE IMPACTED BY THE PROJECT? (Please include Resolution/Letters of Support)

☐ Yes ☐ No

DOES THE PROJECT HAVE THE SUPPORT OF THE TRANSPORTATION AGENCY (e.g. County Road Commission, City Street Administration, etc.) WITH JURISDICTION OVER THE FACILITY?

☐ Yes ☐ No

IS THE PROJECT WITHIN A METROPOLITAN PLANNING ORGANIZATION (MPO) BOUNDARY?

☐ Yes ☐ No

If yes, is the Project on an approved MPO Transportation Improvement Plan (TIP)?

☐ Yes ☐ No

If No, is the Project on an approved State Transportation Improvement Plan (STIP)?

☐ Yes ☐ No

IS THE PROJECT ON A STATE HIGHWAY?

☐ Yes ☐ No

If yes, is it on the STIP?

☐ Yes ☐ No

PROJECT FINANCING

PROJECT STATUS (Please explain current status of the project, e.g. planning, design, environmental, project start and completion dates.)

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ESTIMATE PROJECT CONSTRUCTION TIMELINE	START DATE	END DATE
TOTAL PROJECT COST	AMOUNT REQUESTED	

DESCRIBE ANY COSTS THAT MAY NOT BE ELIGIBLE

PROPOSED PROJECT FINANCING SOURCES

REQUESTED AMOUNT	\$	0.00
OTHER FEDERAL AID	\$	0.00
ASSESSMENTS	\$	0.00
USER PAYMENTS/FEES	\$	0.00
LOCAL FUNDS	\$	0.00
OTHER (Specify)	\$	0.00
TOTAL \$		0.00

PROPOSED PROJECT FINANCING USES

PRELIMINARY ENGINEERING	\$	0.00
DESIGN	\$	0.00
RIGHT-OF-WAY ACQUISITION	\$	0.00
CONSTRUCTION	\$	0.00
ENVIRONMENTAL	\$	0.00
OTHER	\$	0.00
TOTAL \$		0.00

PROPOSED

REPAYMENT TERMS

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START DATE

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(e.g. 2 year loan amortized over 5 years)

REPAYMENT SOURCE FOR REQUEST

	\$	0.00
	\$	0.00
	\$	0.00
TOTAL \$		0.00

CHECKLIST

CHECK ALL OF THE FOLLOWING ITEMS THAT ARE ATTACHED:

☐

ATTACHMENT A - Description of Proposed Project

☐

ATTACHMENT B - Benefits of Proposed Project

☐

ATTACHMENT C - Audited Financial Statements, proof of taxing or bonding authority.

CERTIFICATION

SIGNATURE	TITLE	DATE

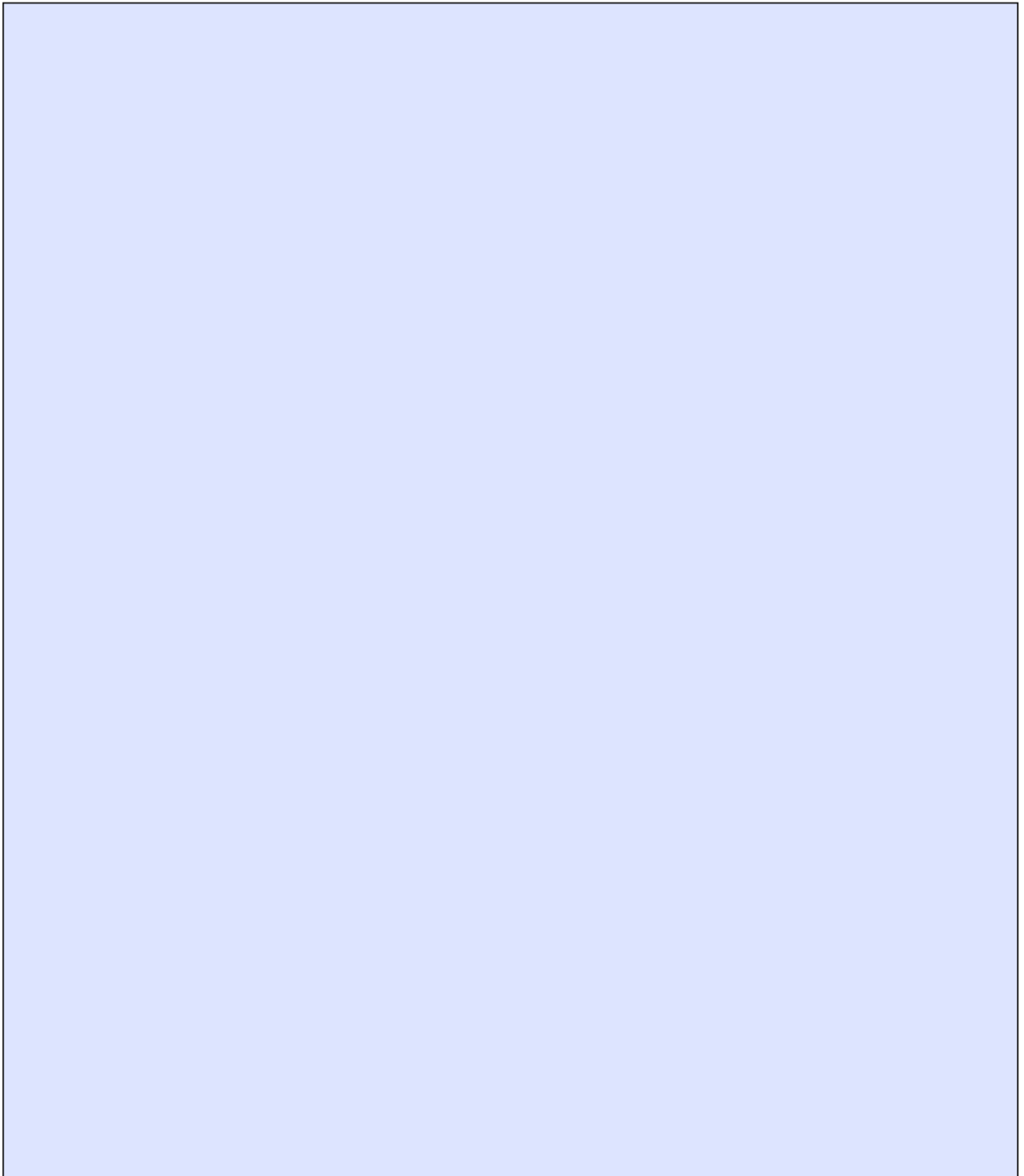
Completed Initial Project Application and all applicable attachments may be submitted for initiation of the review process to:

Transportation Loan Request
 South Dakota Department of Transportation
 Division of Planning and Engineering
 Joanne Hight, Administration Program Manager
 Becker-Hansen Building
 700 E. Broadway Ave.
 Pierre, SD 57501

ATTACHMENT A: DESCRIPTION OF PROPOSED PROJECT

In your description, include an explanation of the problem that this project is designed to address, other funding alternatives you've explored, and how your application meets the requirement of "funding of last resort".

Please include a map. Attach additional pages if necessary.



ATTACHMENT B: BENEFITS OF PROPOSED PROJECT

Discuss how Transportation Loan financing will help attract new public/private investment, reduce project costs and accelerate project completion. Identify other project benefits, e.g. access, mobility, economic, preservation, environmental. Attach additional pages if necessary.

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CLEAR FORM