Attachment #3

AERONAUTICS COMMISSION REPORT
CY2026

50-2-4. Report to Governor. On or before the thirty-first day of December, in each year, the commission shall make, to the Governor, a full report of its proceedings for the year ending the thirtieth day of June preceding and may submit with the report any recommendations pertaining to the commission's affairs as seem to the commission to be desirable.

Commission members and terms (all expire on October 30):

- Robert "Bob" Huggins, Chairman, Sioux Falls, term expires 2029
- Rolf Johnson Vice-Chairman, Mina, term expires 2027
- Dustin Coleman, Rapid City, term expires 2027
- David Howard, Winner, term expires 2029
- Ivan Venner, Sioux Falls, term expires 2028
- Court Ecklund, Brandon, term expires 2028
- Mike Ginther, Lemmon, term expires 2029

Number of airports:
There are currently 69 public-use airports in the State, five have commercial services and the remainder being general aviation.

Number of registered aircraft over the last five years and registration fees collected in the same period:

- The "Registration Fee" is due yearly based on the size and age of an aircraft. The average registration fee is less than $35, and a relatively large percentage of aircraft are registered for $27.50 per year. However, there were a considerable number of registration fees between $100 and $300 which brought the average registration fee to $42.06. For further details, please refer to Attachment A.
- The "Tax Payment" is an original registration tax based on the purchase price of the aircraft. This is 4% on all aircraft except agriculture related aircraft which is set at 3%. The variation that occurs from year to year is caused by the high value of some aircraft. For example, the original registration of just one $20,000,000 jet would provide $800,000 in tax.

Aviation fuels used in the last five years, and the tax received is listed in Attachment A.

Federal grants received per the federal fiscal year (October 1st – September 30th) for the past five years are listed below:

FY2022 - $56,397,913 (Includes Covid related grants and IIJA)
FY2023 - $36,021,091 (Includes BIL grants)
FY2024 - $55,379,475 (Includes BIL grants)
FY2025 - $93,699,291 (Includes IIJA grants)
FY2026 - $103,541,957 (Includes IIJA grants)

Airport Improvement Program (AIP):
See Attachment B for a list of Airport Improvement Program (AIP) projects the State of South Dakota received. This list of projects comprises our 2026 AIP grants and shown is a breakdown of costs based on participation. Normal federally funded AIP projects are 90% federal, 5% state, and 5% local. In 2025 and 2026, the match was 95% federal, 2.5% state and 2.5% local. Typical eligible projects for AIP work include runway construction, runway maintenance, taxiways, airport aprons, runway lighting, airport fencing, and other infrastructure improvements.

Infrastructure Investment and Jobs Act (IIJA):
Signed into law on November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) also known as the Bipartisan Infrastructure Law (BIL) provides $550 billion over fiscal years 2022 through 2026 in Federal eligible infrastructure projects, including roads, bridges, mass transit, water infrastructure, resilience, and broadband. South Dakota airports were allocated $19,418,630 in FY2026 this includes airport terminal project grants. The expenditure dates vary for each grant awarded and are based upon each individual airport's funding agreement. The last funding agreement must be executed by 9/30/2030.

Airport inspections:
Non-commercial airports are inspected by SDDOT each year, with further compliance inspections conducted as needed. The commercial service airports are inspected by the FAA inspectors.

South Dakota Airport Conference:
SDDOT hosts a yearly "Airports Conference" in the spring to educate and communicate with airport managers, airport sponsors, finance officers, SDDOT staff, engineering consultants representing the sponsors, and FAA personnel. The conference for 2026 was held in Pierre, SD at the Ramkota Hotel on April 8, 2026. The conference provided a great opportunity to exchange information for current and future aviation issues. The conference for 2027 will be held in Deadwood, SD at The Lodge and Convention Center and will be April 7-8, 2027.

Aeronautics Fund Balance: Attachments C and D
The State aeronautics fund receives its revenues from those funds listed above (aircraft registration fees and aircraft fuel taxes) and is used to support airport grants, ongoing aviation related services, and special projects. The funds deposited into the Aeronautics fund are allocated into two distinct uses, one for state aeronautics use and the other for individual airport sponsor use. The airport sponsor allocations are based on set allocations as established by the Aeronautics Commission and then are prorated according to aircraft fuel sold and collected at each eligible airport. Thus, each airport receives funding based on aircraft fuel sales derived from their individual airport which can be used for general aviation purposes. For SFY2026, year-end state aeronautics funds balance was $19,147,176 and the total for individual airport sponsor use was $1,339,329, giving a grand total amount of $20,486,505 in the state aeronautics fund.

Potential Air Space Obstructions:
Wind turbine construction across South Dakota has increased substantially, with many structures now exceeding 600 feet above ground level. Under Federal Aviation Administration (FAA) Part 77 regulations, structures above 499 feet are considered potential obstructions to air navigation. Despite this, several 600-foot turbines have been approved near airports and flight paths. The FAA guidance requires that a Safety Risk Management Panel (SRMP) be conducted locally when there are objections to the structure being built. To the best of our knowledge, no SRMPs have been conducted

for wind farms in South Dakota, even though turbines of this height could directly affect visual flight operations and radar coverage.

The Commission is now reviewing airport zoning regulations and FAA tall structure construction filings in greater detail. The Commission intends to provide formal comments on any proposed wind turbines exceeding 499 feet above ground level when such structures pose a potential threat to navigable airspace. In coordination with the FAA, the Commission also plans to participate in future SRMP processes to ensure that local aviation safety concerns are fully evaluated before project approval.

Aeronautics funding policy changes

In 2026, the South Dakota Aeronautics Commission approved major updates to its funding policy to better support statewide airport infrastructure needs, including increased assistance for general aviation airports, expanded funding flexibility for terminal projects, added clarity for revenue-producing facilities, and updated support for aviation weather cameras.

Starting with 2027 grants, standard state match for all public general aviation airports will increase from 5% to 7%, strengthening support for smaller airports across the state. Sioux Falls and Rapid City airports remain at 5%. A tiered, percentage-based formula now determines state financial participation for public, non-revenue-generating portions of airport terminal projects. State contributions range from $250,000 to $4 million depending on terminal size. Airports now receive reimbursement of 75% of the cost for installing aviation weather cameras. The remaining 25% can be funded through their airport fuel tax account if funds are available.

Aeronautics taxes and registration fees collected

State FY	Gallons of Fuel Sold		Taxes Collected			
	AV Gas	Jet Fuel	Fuel Collections	Aircraft Tax	Registration Fee	Total
FY2022	942,032	21,595,431	$919,261	$2,196,771	$57,424	$3,173,456
FY2023	831,660	21,159,714	$891,929	$3,193,041	$53,160	$4,138,130
FY2024	929,484	21,248,838	$923,439	$1,969,820	$51,439	$2,944,698
FY2025	967,011	22,437,961	$936,092	$5,750,228	$68,771	$6,755,091
FY2026	820,772	22,995,378	$964,001	$3,340,159	$63,175	$4,367,335

	FY2022	FY2023	FY2024	FY2025	FY2026
Number of Aircraft Registrations	1338	1268	1233	1542	1502
Percentage increases each year	-3.5%	-5.2%	-2.76%	25.1%	-2.59%

Figures based upon date of entry (or date payment is received), not when it's reflected in the State's Accounting System. The number of aircraft registrations may change throughout the year from the numbers listed if a plane is sold out of state or becomes unairworthy.

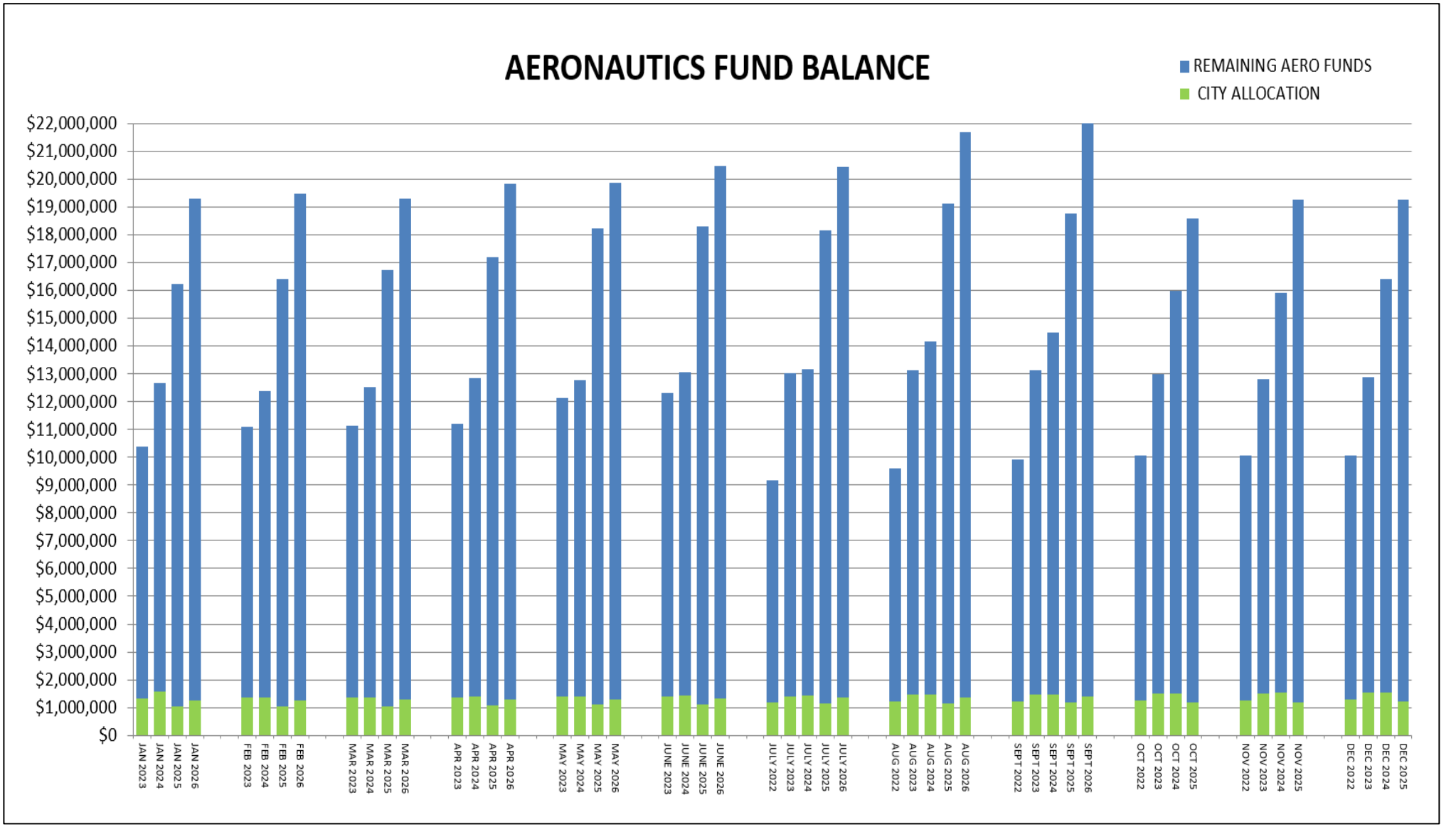
2026 AIP and IIJA Grants

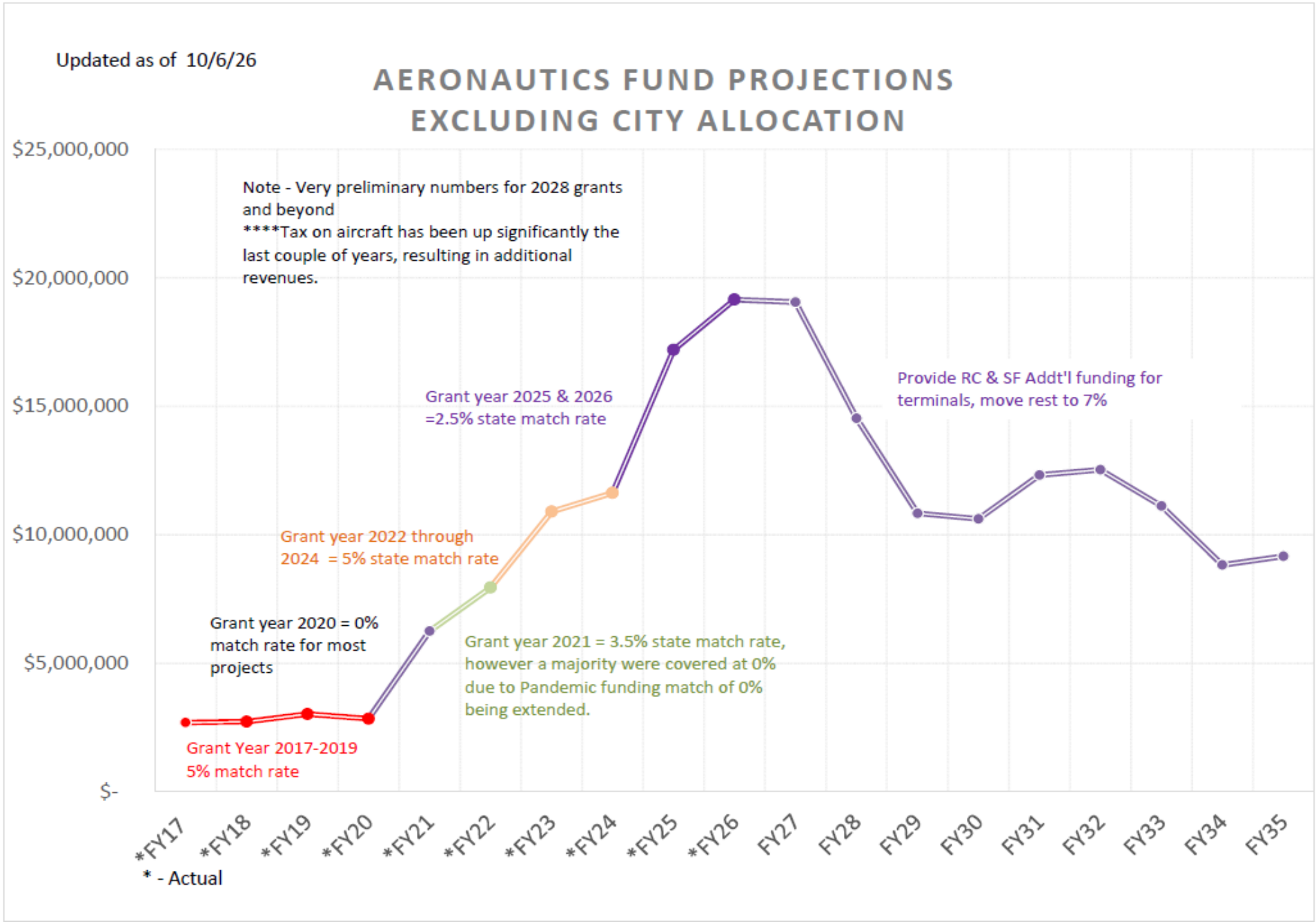
Attachment B

Airport Name	FAA Project Number	Project Description	Project Total	AIP	State	Local	BIL	BIL ATP
Aberdeen Regional	3-46-0001-058-2026	AIP Phase 1 Design - SRE Building Expansion (60 ft. x 90 ft.), Vault Relocation, Fire Alarm S	290,000.00	275,500.00	7,250.00	7,250.00	0.00	
Belle Fourche Municipal	3-46-0072-023-2026	IIJA Design and bid AWOS-III Installation.	100,000.00	0.00	2,500.00	2,500.00	95,000.00	
Belle Fourche Municipal	3-46-0072-024-2026	IIJA-ATP Remodel GA terminal building (1000 SF)	570,000.00	0.00	14,250.00	14,250.00		541,500.00
Bison Municipal	3-46-0003-019-2026	IIJA construct revenue producing hangar - phase 3	334,106.00	0.00	8,353.00	8,353.00	317,400.00	
Bison Municipal	3-46-0003-018-2026	AIP Construct revenue producing 3-unit hangar	503,527.00	478,350.00	12,588.00	12,588.00	0.00	
Brookings Municipal	3-46-0005-042-2026	IIJA Construct Expansion of snow removal equipment building	833,000.00	0.00	20,825.00	20,825.00	791,350.00	
Brookings Municipal	3-46-0005-041-2026	AIP Design SRE Building	280,000.00	266,000.00	7,000.00	7,000.00	0.00	
Canton Municipal	3-46-0007-020-2026	IIJA Design expansion for fuel system - add credit card reader and 10,000 gallon tank	59,000.00	0.00	1,475.00	1,475.00	56,050.00	
Chamberlain Municipal	3-46-0071-020-2026	IIJA Apron Reconstruction phase 2	445,863.00	0.00	11,147.00	11,147.00	423,569.00	
Chamberlain Municipal	3-46-0071-019-2026	AIP Phase 1 reconstruct terminal apron (3,110 SY), rehab auxiliary apron, rehab Twy B.	836,502.00	794,677.00	20,912.00	20,913.00	0.00	
Clark County	3-46-0009-019-2026	AIP Design and construct AWOS IIIP	386,000.00	366,700.00	9,650.00	9,650.00	0.00	
Desmet -Wilder Field	3-46-0063-021-2026	AIP Design GA apron and connector taxiway, remove direct access. Exhibit A update.	115,000.00	109,250.00	2,875.00	2,875.00	0.00	
Eureka Municipal	3-46-0079-011-2026	AIP Engineering and Construction of AWOS III	165,000.00	156,750.00	4,125.00	4,125.00	0.00	
Eureka Municipal	3-46-0079-012-2026	IIJA - Construction of AWOS-III	290,000.00	0.00	7,250.00	7,250.00	275,500.00	
Faulkton Municipal	3-46-0016-016-2026	IIJA Design runway 13/31 reconstruction, lighting, turnarounds and taxiway connector.	406,316.00	0.00	101,580.00	10,158.00	386,000.00	
Faulkton Municipal	3-46-0016-017-2026	AIP Phase 2 reconstruct runway 13/31, reconstruct taxiway A, extend runway 13/31 600'; ir	7,550,000.00	7,172,500.00	188,750.00	188,750.00	0.00	
Faulkton Municipal	3-46-0016-018-2026	AIP -Land Acquisition for runway 13/31 extention and construction	680,000.00	646,000.00	17,000.00	17,000.00	0.00	
Flandreau Municipal	3-46-0077-018-2026	AIP Construct runway 11/29 and taxiway, grading and surfacing, install runway lighting, gra	3,394,215.00	3,224,504.00	84,855.00	84,856.00	0.00	
Gettysburg Municipal	3-46-0017-019-2026	IIJA phase 2 Construct 3 unit revenue producing hangar (1,065, SF)	269,172.00	0.00	6,730.00	6,730.00	255,712.00	
Gettysburg Municipal	3-46-0017-020-2026	AIP phase 3 construct 3 unit revenue producing T-hangar (3,275 SF)	530,213.00	503,702.00	13,255.00	13,256.00	0.00	
Gregory Municipal - Flynn Field	3-46-0018-024-2026	IIJA Construct 4-unit revenue -hanger - construction engineering	114,737.00	0.00	2,868.00	2,869.00	109,000.00	
Highmore Municipal	3-46-0019-016-2026	AIP construct aircraft parking apron (358 SY) including engineering	87,734.00	83,347.00	2,194.00	2,194.00	0.00	
Highmore Municipal	3-46-0019-015-2026	IIJA Construct aircraft parking apron (1858 SY)	455,336.00	0.00	11,383.00	11,383.00	432,569.00	
Hoven Municipal	3-46-0021-020-2026	AIP Construct Revenue Producing Hangar	331,579.00	315,000.00	8,289.00	8,289.00	0.00	
Hoven Municipal	3-46-0021-019-2026	IIJA Phase 2 construction revenue producing hangar (1,360 SF).	416,500.00	0.00	10,412.00	10,413.00	395,675.00	
Huron Regional	3-46-0022-047-2026	IIJA construct 125' parallel taxiway B	350,000.00	0.00	8,750.00	8,750.00	332,500.00	
Huron Regional	3-46-0022-046-2026	AIP Construct 500' parallel taxiway B	970,000.00	921,500.00	24,250.00	24,250.00		
Madison Municipal	3-46-0029-029-2025	AIP Master plan study - AGIS, obstruction survey, runway profile survey, RSA inventory	156,000.00	148,200.00	3,900.00	3,900.00	0.00	
Madison Municipal	3-46-0029-030-2026	IIJA Phase 2 Master plan study - ALP narrative report with drawing set and exhibit A propert	212,686.00	0.00	5,317.00	5,317.00	202,052.00	
Martin Municipal	3-46-0030-023-2026	IIJA Phase 3 Expand/reconstruct apron (1790 SY), hangar taxilane, taxiway B, Shift taxiway	352,590.00	0.00	8,815.00	8,815.00	334,960.00	
Martin Municipal	3-46-0030-022-2026	AIP Reconstruct hangar taxilane, taxiway B, GA apron; shift taxiway A,	668,486.00	635,061.00	16,712.00	16,713.00	0.00	
Milbank Municipal	3-46-0034-024-2026	IIJA Update airport master plan, airport layout plan and exhibit A, surveys	147,368.00	0.00	3,684.00	3,684.00	140,000.00	
Milbank Municipal	3-46-0034-025-2026	AIP Master plan with ALP, exhibit A and surveys	164,474.00	156,250.00	4,111.00	4,112.00	0.00	
Miller Municipal	3-46-0035-018-2026	IIJA Construction - Install AWOS III Installation.	335,000.00	0.00	8,375.00	8,375.00	318,250.00	
Mitchell Municipal	3-46-0037-035-2026	IIJA phase 3 construct 2700 SF of revenue producing hangar (10,800).	235,000.00	0.00	5,875.00	5,875.00	223,250.00	
Mitchell Municipal	3-46-0037-036-2026	AIP Construct 1shift 8/36 realign taxiway A with lighting improvements, construct taxiway E	8,154,000.00	7,746,300.00	203,850.00	203,850.00	0.00	
Murdo Municipal	3-46-0039-018-2026	AIP Construct electrical vault, replace wind cones, beacon; engineering and construction a	695,000.00	660,250.00	17,375.00	17,375.00	0.00	
Onida Municipal	3-46-0041-018-2026	AIP Design 4000 SF revenue producing hangar	100,000.00	95,000.00	2,500.00	2,500.00	0.00	
Parkston Municipal	3-46-0042-021-2026	IIJA reconstruction of apron, shift taxiway improvements; earthwork/construct base, const	457,474.00		11,437.00	11,437.00	434,600.00	
Parkston Municipal	3-46-0042-022-2026	AIP Construction - shift taxiway B and reconst terminal apron.	405,000.00	384,750.00	10,125.00	10,125.00	0.00	
Pierre Regional	3-46-0044-055-2026	AIP Phase 3 Construct 4,400' of new parallel taxiway C; storm water drainage, mob, const a	2,462,137.00	2,339,030.00	61,553.00	61,554.00	0.00	
Pierre Regional	3-46-0044-053-2026	IIJA Update airport master plan - terminal area focus study	80,000.00	0.00	2,000.00	2,000.00	76,000.00	
Pierre Regional	3-46-0044-054-2026	IIJA Phase 2 Construct 4,400 SF of parallel taxiway C (earthwork and asphalt pavement)	3,710,040.00	0.00	92,751.00	92,751.00	3,524,538.00	
Rapid City Regional	3-46-0048-071-2026	IIJA ATP Design Terminal expansion and rennovation (TSA checkpoint, ticketing and baggag	1,052,631.00	0.00	26,315.00	26,315.00		1,000,000.00
Rapid City Regional	3-48-0048-070-2026	AIP Construct terminal remote parking apron; design/construct glycol containment facility	3,293,684.00	3,129,000.00	82,342.00	82,342.00	0.00	
Redfield Municipal	3-46-0049-019-2026	AIP Design and construct hangar taxilane rehab	345,000.00	327,750.00	8,625.00	8,625.00	0.00	
Redfield Municipal	3-46-0049-020-2026	IIJA Design and Construct GA apron rehab (6,700 SY), engineering and testing	450,000.00	0.00	11,250.00	11,250.00	427,500.00	
Rosebud Sioux Tribal	3-46-0082-022-2026	IIJA Design 2 bay revenue producing hangar (100 x 50')	130,000.00	0.00	3,250.00	3,250.00	123,500.00	
Sioux Falls-Joe Foss Field	3-46-0050-073-2026	AIP acquisition and installation of 24 vehicle movement area transpondors (VMAT)	89,060.00	80,154.00	0.00	8,906.00	0.00	
Sioux Falls-Joe Foss Field	3-46-0050-069-2026	IIJA-ATP phase 4 expand terminal building	3,852,917.00	0.00	0.00	1,852,917.00		2,000,000.00
Sioux Falls-Joe Foss Field	3-46-0050-071-2026	AIP Phase 6 Expand terminal concourse - add gates (41,765 SF)	3,437,971.00	2,828,384.00	0.00	609,587.00	0.00	
Sioux Falls-Joe Foss Field	3-46-0050-070-2026	IIJA phase 5 terminal expansion (53,852 SF) construction admin and observation.	11,435,619.00	0.00	0.00	7,231,361.00	4,204,258.00	
Sioux Falls-Joe Foss Field	3-46-0050-074-2026	IIJA ATP Phase 8 expand terminal (53,852 SF) construction admin, observation.	5,000,000.00	0.00	0.00	0.00		5,000,000.00
Sioux Falls-Joe Foss Field	3-46-0050-075-2026	AIP Supplemental phase 9 construct Terminal expansion (53,852 SF)	17,780,917.00	17,780,917.00	0.00	0.00	0.00	
Sioux Falls-Joe Foss Field	3-46-0050-072-2026	AIP Supplemental CDS Phase 7 expand terminal building (53,852 SF)	14,852,598.00	12,219,083.00	0.00	2,633,515.00		
Sisseton Municipal	3-46-0051-024-2026	AIP Bidding, IFE for AWOS-III construction admin and engineering	163,000.00	154,850.00	4,075.00	4,075.00	0.00	

Sisseton Municipal	3-46-0051-025-2026	IIJA Construct AWOS III	235,000.00	0.00	5,875.00	5,875.00	223,250.00	
Spearfish - Clyde Ice Field	3-46-0065-040-2026	IIJA construct terminal apron expansion; phase 2 construct taxilane C; engineering, asbest	503,732.00	0.00	12,593.00	12,594.00	478,545.00	
Spearfish - Clyde Ice Field	3-46-0065-039-2026	AIP construct terminal apron; construct taxiway C (110' x 50')	4,634,737.00	4,403,000.00	115,868.00	115,869.00	0.00	
Sturgis Municipal	3-46-0054-026-2026	AIP Acquire snow removal equipment (44% with plow, broom and blower)	194,500.00	184,775.00	4,862.00	4,863.00	0.00	
Sturgis Municipal	3-46-0054-027-2026	IIJA Acquire SRE (56% SRE with blower, plow, broom)	247,000.00	0.00	6,175.00	6,175.00	234,650.00	
Tea - Lincoln County	3-46-0078-025-2026	AIP expand south hangar taxilane phase 2 (1800' x 25')	590,000.00	560,500.00	14,750.00	14,750.00	0.00	
Vermillion-Harold Davidson Field	3-46-0056-024-2026	IIJA Rehabilitate pavement surfaces on taxiways, taxilanes and apron.	155,000.00	0.00	3,875.00	3,875.00	147,250.00	
Wagner Municipal	3-46-0057-023-2026	AIP Update airport master plan	340,000.00	323,000.00	8,500.00	8,500.00	0.00	
Wall Municipal	3-46-0069-018-2026	AIP Construct / expand apron 6,750 SY 25' x 450' taxilane extention	357,887.00	339,993.00	8,947.00	8,947.00	0.00	
Wall Municipal	3-46-0069-017-2026	IIJA Construct 6,750 SY GA apron and extend taxilane 450' to hangar development area	405,265.00	0.00	10,131.00	10,132.00	385,002.00	
Watertown Regional	3-46-0058-049-2026	IIJA PHase 2 construction taxiway A Asphalt	2,965,000.00	0.00	74,125.00	74,125.00	2,816,750.00	
Watertown Regional	3-46-0058-048-2026	AIP reconstruct taxiway A	500,000.00	475,000.00	12,500.00	12,500.00	0.00	
Watertown Regional	3-46-0058-050-2026	AIP VALE install solar panel arrays and electronics on carport structures to power airport e	2,990,000.00	2,840,500.00	74,750.00	74,750.00	0.00	
Webster Municipal - Siguard Anderson	3-46-0059-021-2026	IIJA Exhibit A update and Construction for AWOS III-P	239,000.00		5,975.00	5,975.00	227,050.00	
Webster Municipal - Siguard Anderson	3-46-0059-020-2026	AIP Engineering and construction AWOS IIIP	243,000.00	230,850.00	6,075.00	6,075.00		
Wessington Springs	3-46-0080-020-2026	IIJA Reconstruct GA apron (1,700 SQft) engineering, asphalt testing, IFE	252,000.00	0.00	6,300.00	6,300.00	239,400.00	
Wessington Springs	3-46-0080-019-2026	AIP Reconstruct GA apron (2,756 SY)	428,000.00	406,600.00	10,700.00	10,700.00	0.00	
Winner-Bob Wiley Field	3-46-0061-022-2026	IIJA Costruct Revenue Producing Hangar (840 SF)	508,947.00	0.00	12,723.00	12,724.00	483,500.00	
Winner-Bob Wiley Field	3-46-0061-023-2026	AIP Phase 3 Construct 6,760 SF of Revenue Producing Hangar (120' x 120')	631,579.00	600,000.00	15,789.00	15,790.00	0.00	
Yankton-Chan Gurney	3-46-0062-041-2026	AIP Reconstruct schedule 1 of apron and taxiway A	1,283,000.00	1,218,850.00	32,075.00	32,075.00	0.00	
Yankton-Chan Gurney	3-46-0062-040-2026	IIJA Construct sch 3 apron and taxiway A	320,000.00	0.00	8,000.00	8,000.00	304,000.00	
Total			119,006,099.00	75,581,827.00	1,655,341.00	13,900,219.00	19,418,630.00	8,541,500.00

Attachment C




Updated as of 10/6/26
AERONAUTICS FUND PROJECTIONS
EXCLUDING CITY ALLOCATION
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
Note - Very preliminary numbers for 2028 grants and beyond
****Tax on aircraft has been up significantly the last couple of years, resulting in additional revenues.
Grant year 2025 & 2026 =2.5% state match rate
Provide RC & SF Addt'l funding for terminals, move rest to 7%
Grant year 2022 through 2024 = 5% state match rate
Grant year 2020 = 0% match rate for most projects
Grant year 2021 = 3.5% state match rate, however a majority were covered at 0% due to Pandemic funding match of 0% being extended.
Grant Year 2017-2019 5% match rate
*FY17
*FY18
*FY19
*FY20
*FY21
*FY22
*FY23
*FY24
*FY25
*FY26
FY27
FY28
FY29
FY30
FY31
FY32
FY33
FY34
FY35
* - Actual