



Division of Finance & Management

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TO: South Dakota Railroad Board & Authority

FROM: Jack Dokken, Office of Air, Rail and Transit

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SUBJECT: Authorization of Expenditures for Railroad Projects

State law allows some railroad project expenditures to be continuously appropriated. That means the department may expend money for certain projects without going through the legislative budget approval process. State laws set out the process to follow for continuous appropriation of railroad expenditures. *SDCL 49-16B-13.1; 49-16C-2; 49-16C-3; 49-16C-5; 49-16C-6; SDCL 49-16C-7.*

During the 2021 legislative session, the South Dakota Legislature enacted Senate Bill 93, which appropriated \$20,000,000 for the rehabilitation of the RCP&E railroad line from west of Fort Pierre to Rapid City, but the appropriation was contingent upon the receipt of federal grant money for the rehabilitation project. Federal grant money in the amount of \$20,000,000 has been awarded for this project.

During the 2023 legislative session, the South Dakota Legislature enacted Senate Bill 16, which appropriated \$6,250,000 for the rehabilitation of the rail line from Milbank to Sisseton, contingent upon the receipt of federal grant money for the rehabilitation project. Federal grant money of \$24,712,204.00 has been awarded for this rehabilitation project.

Under SDCL 49-16B-13.1 and SDCL 49-16C-2, the state funds allocated for these projects and the federal funds awarded for these projects may be continuously appropriated if:

1. The South Dakota Railroad Authority proposes and authorizes the expenditure of these funds for the rehabilitation projects;
2. The proposed expenditures are approved by the South Dakota State Railroad Board and the Governor; and
3. The Governor orders the transfer of funds from the railroad trust fund to the railroad authority fund for the designated projects.

Items for Consideration by South Dakota Railroad Authority. The Department of Transportation (SDDOT) is asking the South Dakota Railroad Authority to consider proposing and authorizing the expenditure of \$20,000,000 in state funds and \$20,000,000 in federal grant funds for the rehabilitation of the RCP&E railroad line from west of Fort Pierre to Rapid City. SDDOT is also asking the South Dakota Railroad Authority to consider proposing and authorizing the expenditure of \$6,250,000 in state funds and \$24,712,204.00 in federal grant funds for the rehabilitation of the Milbank to Sisseton railroad line.

Items for Consideration by South Dakota State Railroad Board. SDDOT is asking the South Dakota State Railroad Board to consider approving the proposed expenditure of \$20,000,000 in state funds and \$20,000,000 in federal grant funds for the rehabilitation of the RCP&E railroad line from west of Fort Pierre to Rapid City. SDDOT is also asking the South Dakota State Railroad Board to consider approving the proposed expenditure of \$6,250,000 in state funds and \$24,712,204.00 in federal grant funds for the rehabilitation of the Milbank to Sisseton railroad line.