South Dakota Aviation Trust Fund

The Aviation Trust Fund supports South Dakota's airport infrastructure by providing matching funds for Federal Aviation Administration (FAA) projects. The fund is supported by aircraft registration fees and fuel taxes.

The FAA typically funds 90% of eligible projects, with a 10% local match. However, a temporary increase to 95% federal / 5% local is in effect but will sunset in 2027, returning the local share to 10%.

The State Aeronautics Fund supports:

- Airport grants
- Ongoing aviation services
- Special projects

A well-funded aeronautics program allows airports to:

- Plan long-term for infrastructure improvements
- Maintain safety standards
- Support economic growth
- Reduce reliance on unpredictable federal grants and one-time legislative appropriations

South Dakota's Airport Infrastructure Needs

A 2023 Airports Council International – North America (ACI-NA) report identified:

- $547 million in total airport infrastructure needs.
- 58 public-use airports supporting 8,040 jobs.
- A $1.2 billion total economic impact.

Impact of Rising Costs on Airport Projects

Rising construction costs have outpaced available funding, delaying necessary projects.

General Aviation Airports Delayed Due to Insufficient State Apportionment:

- Wessington Springs Apron Expansion
- Huron Partial Parallel Taxiway
- Redfield Ag Spray Area
- Vermillion Partial Parallel Taxiway

Runway Costs at GA Airports:

- Philip Runway Reconstruction – $6.355 million
- Parkston Runway Project – $3.72 million

Pavement

A 2023 study by Helms & Associates determined that South Dakota needs $40 million per year for the next 30 years to maintain and improve existing airport pavements.
This estimate excludes access roads, parking lots, and new surface expansions.
A 3% annual inflation rate is factored into projections.

Funding

- In 2020, the Trust Fund balance fell to $2.8 million (excluding city allocations).
- The state legislature restored $4 million that had previously been removed.
- COVID-era FAA grants provided temporary relief, but the long-term trend remains a decline in available funding.
- Pre-COVID, the Aeronautics Commission reduced the state's contribution from 5% to 3%, stretching resources but failing to generate additional revenue.
- As FAA funding levels return to normal, the Trust Fund is expected to decline further.
- South Dakota currently receives $2.7 million annually in State Apportionment from the FAA.
- Small airports receive $150,000 annually in FAA entitlement funding, which can be banked for up to four years (max $600,000)
- A state-led study initiated by Secretary Joel Jundt, identified an additional $80 million in required funding for FY24, FY25, and FY26, beyond existing FAA programs.
- The 2024 FAA reauthorization raised federal funding nationwide from $3.2 billion to $4 billion; however, this increase failed to keep pace with inflation.
- Federal funds remain the primary funding source (90% federal, 10% local).
- Without increased FAA funding, South Dakota airports will struggle to complete improvement projects.