LIVESTOCK DEVELOPMENT PROJECTS

South Dakota Governor's Office of Economic Development

AGENDA

- Brief overview of GOED
- Sales and Use Tax Rebate for Livestock Development

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Our mission:

- Help businesses create good paying jobs with benefits
- Enhance the tax base
- Improve the quality of life for all South Dakotans

GOED Office Structure

Administration

The administration division performs all administrative functions for the GOED including accounting, travel, reimbursements, directing phone calls, scheduling and mailings.

Business Development

The business development team engages directly with the business community and local leadership to generate leads and capture economic development projects for South Dakota.

Community Development

The community development division works directly with communities across the state to support their efforts to prioritize economic development. This division provides advice, training and resources to assist local leaders in moving their community forward.

Finance

The finance division works directly with the state's economic development boards to manage the various incentive programs available for economic development projects. This team works with in-state, expanding and relocating companies to ensure each new venture has access to the incentives necessary to secure the deal.

Marketing

The marketing division spearheads all marketing efforts, including lead generation and workforce recruitment. This division works closely with the business development team to research and provide the information and tools needed to stay engaged with our clients. The marketing team coordinates all trade shows and special events designed to attract clients to South Dakota. Lastly, this group is responsible for all media relations, social media and websites used to promote economic development in South Dakota.

AGRICULTURE

In the SD Economy

- Agriculture has a huge impact on the SD economy
- Includes production ag, value added ag, and precision ag
- Governor Kristi Noem has shown her commitment to the growth of agriculture
- GOED is committed to the growth of this important industry

SALES & USE TAX REBATE PROGRAMS

Two existing programs have been used to rebate sales and use tax

- Reinvestment Payment
- South Dakota Jobs

Created in 2013

Have been used in industries such as manufacturing and wind energy

MANUFACTURING EXAMPLE

- $10 MM for new manufacturing equipment
- Manufacturer pays sales and use tax on project
- Once a project is complete, the manufacturer receives a portion of the sales tax that was paid

LIVESTOCK DEVELOPMENT

These programs can be used for industries designated by GOED as targeted industries

- This includes livestock development

What qualifies?

- Feedlots, hog units, poultry, dairies, aquatic animals, etc.
- A project will qualify if it:

  - requires a new county conditional use permit
  - adds livestock to the state

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- Functions in a similar fashion as our previous example
- Assigning the sales/use tax rebate to the county will be a condition of the program
- Once the project is complete, the county receives the sales tax that was paid

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Example

$10 MM project

Developer pays sales and use tax on the project

- The maximum the state would collect is $450,000
- Note that some items within the project may not be taxable
- We need a few projects to go through the process but we anticipate that most of the project costs will be taxable
- For our example, let's be very conservative and estimate that only $5 MM is taxable resulting in $225,000 in sales and use tax collected

Once the project is complete, the county would receive the sales and use tax that has been collected

- In our example, that would be $225,000

USE OF FUNDS

- The county is free to use the funds as they see fit
- There are no strings attached
- Examples might include buying a new road grader, fixing roads, funding the sheriff's office, etc.

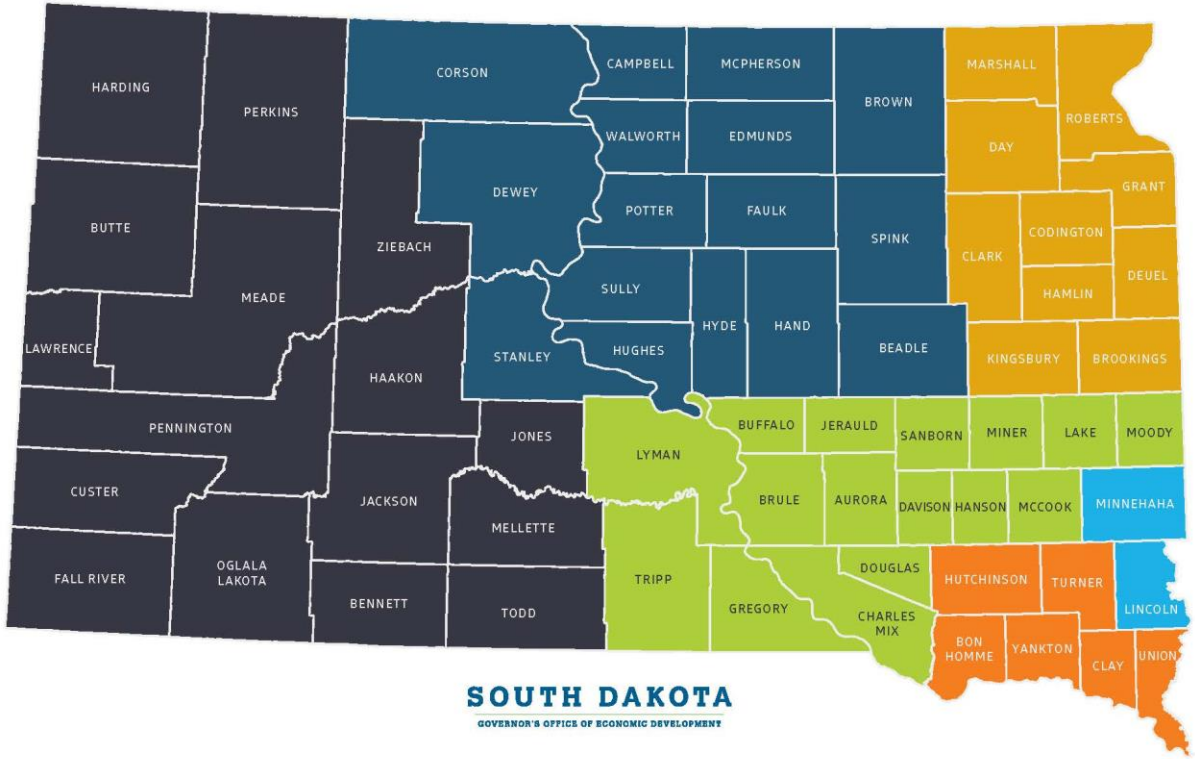
HOW IT WORKS

- Contact your Business Development Representative
- GOED will issue a proposal
- Developer completes application to be presented to the Board of Economic Development
- Company assigns the grant to the county
- Company pays sales & use tax to the State and reports periodically to our office
- Company submits an affidavit upon completion of the project
- Sales & Use tax is distributed to the county with no restrictions placed on how to use the money

South Dakota

BUSINESS DEVELOPMENT MAP

- HANNAH DOWNS
- KYLE PETERS, DAVE SKAGGS
- NATE GRAF
- BRANDY FIALA
- JEREMY FREKING, KATHERINE KIRBY NELSEN, ERIC SIEMERS
- MELISSA ANDRISEN



SOUTH DAKOTA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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LOCAL CONTROL

- The use of these programs does not impinge on the ability of the county to approve or deny projects
- The county maintains local control
- For counties that see livestock development as a fit this is a tool they can utilize

REGULATION

- The use of these programs does not change any rules or regulations for livestock development
- Counties will still follow their existing ordinances and comprehensive plans
- Department of Environment and Natural Resources will still follow all of their existing policies and procedures

ROLES & RESPONSIBILITIES

Developer

- Responsible for filling out the application and following the process

GOED

- Will work with everyone involved to answer questions and assist as needed

County

- No additional work!

SUMMARY

- This is an innovative way to encourage economic development across South Dakota
- It provides a financial benefit to counties that want to utilize this tool
- We are excited to work with county commissions across the state

FREQUENTLY ASKED QUESTIONS

What is the deadline to submit an application to the program?
The program application must be received by GOED well in advance of the county conditional use permit hearing. Application deadlines each month are 15 business days prior to the Board meeting, which is the 2nd Tuesday of each month.

Will projects qualify for the program if they already have the county conditional use permit but have not started construction?
No, those projects will not qualify for the programs.

Will projects in construction qualify?
No, projects that are already under construction do not qualify for the programs.

Does the project need to be a minimum size or dollar amount?
No, there is not a minimum dollar amount for livestock development projects that will qualify. However, there is a minimum number of animal units that determine whether a county conditional use permit is required. Those guidelines can be found in each counties' zoning ordinances.

Can a county receive the sales and use tax rebate on more than one project?
Yes, the county can receive the sales and use tax rebate on multiple projects. There is no limit on the number of projects for a county. A separate application must be submitted for each project.

FREQUENTLY ASKED QUESTIONS

Does a project qualify if it is within city limits?

No, a project must be outside of city limits to qualify for the programs.

How is the sales and use tax rebate to the county calculated?

The sales and use tax rebate will equal the sales and use tax that is collected by the state on a particular project. That amount is determined by the capital expenditures for the project and how much of those expenditures are subject to sales and use tax. GOED will work closely with the developer and the Department of Revenue to provide estimates to the county prior to the conditional use permit hearing.

Would aquaculture projects qualify?

Yes, as long as the aquaculture project is for the production of aquatic animals. Aquatic plant production does not qualify.

Does this initiative take anything away from livestock developers?

No, this initiative does not take anything away from livestock developers. They have not been eligible for the sales and use tax rebate in the past and they will not be eligible with this new initiative without the condition of assigning the grant to the county.

ADDITIONAL QUESTIONS

THANK YOU

South Dakota Governor's Office of Economic Development