

AN ACT

ENTITLED, An Act to establish the value added agriculture subfund and provide for its funding and disbursement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as follows:

There is created within the revolving economic development and initiative fund created in § 1-16G-3 the value added agriculture subfund. The purpose of the subfund created by this section is to make grants or loans for agricultural development, feasibility studies, or marketing.

Section 2. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as follows:

The Board of Economic Development shall designate three million dollars of the money in the revolving economic development and initiative fund for the purposes of the value added agriculture subfund.

Section 3. That § 10-47B-119 be amended to read as follows:

10-47B-119. Any motor fuel consumer may apply for and obtain a refund of fuel taxes imposed and paid to this state, for motor fuel purchased and used by the consumer in motor vehicles, recreation vehicles, and farm equipment used for nonhighway agricultural purposes; or used in vehicles or equipment for nonhighway commercial uses. The portion of this refund attributed to nonhighway use of motor vehicles shall be calculated by multiplying the motor vehicle's average miles per gallon during the claim period times the number of nonhighway miles the vehicle was operated. The average miles per gallon and nonhighway miles shall be supported by actual individual vehicle fuel disbursement records and odometer readings. The portion of this refund attributed to nonhighway machinery and equipment shall be supported by individual vehicle fuel disbursement records. Three cents per gallon of each tax refund shall be deposited in the value added agriculture subfund created

in section 1 of this Act. For the purposes of this section, the refund applies to any purchases of motor fuel made after July 1, 1999.

Section 4. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as follows:

The Board of Economic Development shall administer the value added agriculture subfund, and make grants or loans from the value added agriculture subfund. The value added agriculture subfund shall be used to develop and promote value added agriculture in South Dakota including the initial or subsequent production, use, or processing of any form of agricultural commodity, product, or by-product in this state. For projects which involve a separate agricultural research component, the Board of Economic Development shall consult with the research services of South Dakota State University.

Section 5. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as follows:

In connection with the administration of the value added agriculture subfund, the Board of Economic Development may, pursuant to chapter 1-26, adopt such rules as it deems necessary to implement the purposes of this Act, including:

- (1) Setting the application procedures for those who apply for loans or grants from the value added agriculture subfund;
- (2) Establishing criteria to determine which applicants will receive such loans or grants;
- (3) Governing the use of proceeds of such loans or grants;
- (4) Establishing criteria for the terms and conditions upon which such loans or grants shall be made, including the terms of security given, if any, to secure such loans; and
- (5) Governing the use of proceeds by lenders of funds advanced to the lenders by the board including the terms and conditions upon which the proceeds shall be loaned to borrowers for the purposes described in this Act.

Section 6. That § 1-16G-24 be amended to read as follows:

1-16G-24. Earnings on the revolving economic development and initiative fund and the value added agriculture subfund may be used for the administrative costs of the Division of Finance of the Governor's Office of Economic Development. Such earnings shall be expended in accordance with the provisions of Title 4 on warrants drawn by the state auditor on vouchers approved by the commissioner of the Governor's Office of Economic Development. Eligible expenses may not exceed total interest earnings during the previous fiscal year prior to the deduction of loan losses for the same fiscal year.

