

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

359C0136

SENATE AGRICULTURE AND NATURAL RESOURCES COMMITTEE ENGROSSED NO.

SB5 - 1/29/99

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsors.

Introduced by: Senators Benson, Brown (Arnold), Drake, Lange, Reedy, Valandra, and Vitter and Representatives Jaspers, Lockner, Weber, and Wetz at the request of the Interim Agriculture Committee

1 FOR AN ACT ENTITLED, An Act to establish the value added agriculture subfund and provide
2 for its funding and disbursement.

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

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

6 There is created within the revolving economic development and initiative fund created in
7 § 1-16G-3 the value added agriculture subfund. The purpose of the subfund created by this
8 section is to make grants or loans for agricultural development, feasibility studies, or marketing.

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

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

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

1 10-47B-119. Any motor fuel consumer may apply for and obtain a refund of fuel taxes
2 imposed and paid to this state, for motor fuel purchased and used by the consumer in motor
3 vehicles, recreation vehicles, and farm equipment used for nonhighway agricultural purposes; or
4 used in vehicles or equipment for nonhighway commercial uses. The portion of this refund
5 attributed to nonhighway use of motor vehicles shall be calculated by multiplying the motor
6 vehicle's average miles per gallon during the claim period times the number of nonhighway miles
7 the vehicle was operated. The average miles per gallon and nonhighway miles shall be supported
8 by actual individual vehicle fuel disbursement records and odometer readings. The portion of this
9 refund attributed to nonhighway machinery and equipment shall be supported by individual
10 vehicle fuel disbursement records. Three cents per gallon of each tax refund shall be deposited
11 in the value added agriculture subfund created in section 1 of this Act. For the purposes of this
12 section, the refund applies to any purchases of motor fuel made after July 1, 1999.

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

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

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

24 In connection with the administration of the value added agriculture subfund, the Board of
25 Economic Development may, pursuant to chapter 1-26, adopt such rules as it deems necessary

1 to implement the purposes of this Act, including:

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

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

12 1-16G-24. Earnings on the revolving economic development and initiative fund and the value
13 added agriculture subfund may be used for the administrative costs of the Division of Finance
14 of the Governor's Office of Economic Development. Such earnings shall be expended in
15 accordance with the provisions of Title 4 on warrants drawn by the state auditor on vouchers
16 approved by the commissioner of the Governor's Office of Economic Development. Eligible
17 expenses may not exceed total interest earnings during the previous fiscal year prior to the
18 deduction of loan losses for the same fiscal year.

1 **BILL HISTORY**

2 1/12/99 First read in Senate and referred to Agriculture and Natural Resources. S.J. 16

3 1/19/99 Scheduled for Committee hearing on this date.

4 1/19/99 Agriculture and Natural Resources Deferred to another day.

5 1/28/99 Scheduled for Committee hearing on this date.

6 1/28/99 Agriculture and Natural Resources Do Pass Amended, Passed, AYES 8, NAYS 1.

7 S.J. 228