

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

455J0120

HOUSE ENGROSSED NO. **HB 1145** - 02/12/2004

Introduced by: Representatives Dykstra, Haverly, McCaulley, and Van Gerpen and Senators Dempster, Duenwald, Kelly, Knudson, Koskan, and Symens

1 FOR AN ACT ENTITLED, An Act to establish the South Dakota entrepreneur support program
2 and to provide 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 hereby created within the revolving economic development and initiative fund,
7 created in § 1-16G-3, the South Dakota entrepreneur support program. The purpose of the
8 program is to make loans to South Dakota entrepreneurs and South Dakota start-up businesses
9 to develop and promote new business activity and to create employment in the state.

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

12 For purposes of this Act, the term, start-up business, means any new business venture in the
13 technology, communications, service, or manufacturing sector.

14 Section 3. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as
15 follows:



1 The Board of Economic Development shall designate up to three million dollars of the
2 money in the revolving economic development and initiative fund for the purposes of the South
3 Dakota entrepreneur support program.

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

6 The Board of Economic Development shall administer the South Dakota entrepreneur
7 support program and make loans under the following terms:

8 (1) No loan may be for less than thirty thousand dollars or for more than fifty thousand
9 dollars;

10 (2) Each loan applicant shall provide for a matching amount of funds available from
11 non-state sources equal to the amount of the loan. No in-kind amounts or services
12 may be included in the matching funds; and

13 (3) Each loan may be made on an unsecured basis unless security is available. The loan
14 shall be set up for repayment of the principle plus accrued interest beginning on the
15 third anniversary date of the loan approval date with a balloon payment after the
16 seventh anniversary of the loan anniversary date. However, the board may grant a
17 further two-year extension before repayment begins.

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

20 An applicant for a loan pursuant to this Act shall meet the following criteria:

21 (1) An innovative business concept with a reasonable probability of creating a new
22 market or filling an existing market need;

23 (2) A three-year strategic plan for developing the business, creating jobs, and sourcing
24 qualified employees to execute the plan with sufficient justification to support the

1 amount of the request; and

- 2 (3) Demonstrable support from economic development and academic professionals or
3 business consultants who can provide advice and guidance to the applicant.

4 Section 6. That chapter 1-16G be amended by adding thereto a NEW SECTION to read as
5 follows:

6 In connection with the administration of the South Dakota entrepreneur support program,
7 the Board of Economic Development may, pursuant to chapter 1-26, promulgate rules to:

- 8 (1) Set the application procedures for those who apply for loans from the fund;
9 (2) Establish criteria to determine how loan funds shall be awarded and distributed to
10 applicants;
11 (3) Govern the use of proceeds of the loans; and
12 (4) Establish criteria for the terms and conditions upon which the loans shall be made.

13 Section 7. That § 1-16G-24 be amended to read as follows:

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