

AN ACT

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

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

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

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

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

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 South Dakota entrepreneur support program and make loans under the following terms:

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

dollars;

- (2) Each loan applicant shall provide for a matching amount of funds available from non-state sources equal to the amount of the loan. No in-kind amounts or services may be included in the matching funds; and
- (3) Each loan may be made on an unsecured basis unless security is available. The loan shall be set up for repayment of the principle plus accrued interest beginning on the third anniversary date of the loan approval date with a balloon payment after the seventh anniversary of the loan anniversary date. However, the board may grant a further two-year extension before repayment begins.

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

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

- (1) An innovative business concept with a reasonable probability of creating a new market or filling an existing market need;
- (2) A three-year strategic plan for developing the business, creating jobs, and sourcing qualified employees to execute the plan with sufficient justification to support the amount of the request; and
- (3) Demonstrable support from economic development and academic professionals or business consultants who can provide advice and guidance to the applicant.

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

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

- (1) Set the application procedures for those who apply for loans from the fund;

- (2) Establish criteria to determine how loan funds shall be awarded and distributed to applicants;
- (3) Govern the use of proceeds of the loans; and
- (4) Establish criteria for the terms and conditions upon which the loans shall be made.

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

1-16G-24. Earnings on the revolving economic development and initiative fund, the South Dakota entrepreneur program, and the value added agriculture fund 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.

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I certify that the attached Act originated in the

HOUSE as Bill No. 1145

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1145
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State