

# LIVESTOCK DEVELOPMENT PROJECTS: SALES & USE TAX REBATE

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT  
605.773.4633 | [www.sdreadytopartner.com](http://www.sdreadytopartner.com)

## SALES & USE TAX REBATE PROGRAMS OVERVIEW

Created in 2013, GOED has two existing sales and use tax rebate programs, the Reinvestment Payment and South Dakota Jobs programs. Historically, these have been used to help projects in the manufacturing, wind energy, and ag processing industries. In 2019, the capabilities of the programs were extended to livestock development projects, too.

Qualifying projects include, but are not limited to feedlots, hog units, poultry, dairies and aquatic animals. A qualifying project means it requires a new county conditional use permit and adding livestock to the state.

## HOW IT WORKS

The livestock developer applies to the Board of Economic Development for a reinvestment payment prior to the conditional use permit hearing. If the board approves the application, the livestock developer must comply with the conditions of the approval, to include the payment of all taxes it owes on the project before it receives the payment. At the conclusion of the project, the livestock developer files an Affidavit for Reinvestment Payment with GOED, and if all of the conditions of the reinvestment payment have been met, GOED disperses the reinvestment payment to the livestock developer.

As a condition of the program, the livestock developer assigns the sales and use tax rebate to the county which then decides how the reinvestment payment is utilized.

## HOW THE COUNTY CAN USE FUNDS

The county is free to use the funds as it sees fit and there are no strings attached. Some examples of uses would be purchasing a new road grader, fixing dilapidated roads and funding the sheriff's office. But these are just suggestions, again, welcoming the county to use the funds as it sees fit.

This program links arms with communities and supports long-term development from the county level. Incentive programs are used in other industries throughout the state – agriculture should be no different.

## RULES & REGULATIONS MUST STILL BE MET

The use of these programs does not change any rules or regulations for livestock development. Counties will still follow existing ordinances and comprehensive plans. Also, the Department of Environment and Natural Resources will still follow all of its existing policies and procedures, too.

## THE PROCESS

1. Contact your GOED Business Development Representative  
(Contact and region information can be found at [www.sdreadytopartner.com](http://www.sdreadytopartner.com))
2. GOED will issue a proposal
3. Developer completes application to be presented to the Board of Economic Development
4. Company assigns the grant to the county
5. Company pays sales & use tax to the State and reports periodically to our office
6. Company submits affidavit upon completion of the project
7. Sales & Use tax is distributed to the county with no restrictions placed on how to use the money

*For counties that see livestock development as a fit, this is an additional useful tool. It's still a local decision and it should be kept that way*

# FREQUENTLY ASKED QUESTIONS

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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.

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.