

## HB 1277: Conservation District Special Revenue Fund

Legislative request: dedicate \$3 million of one-time funds to the Conservation District Special Revenue Fund, also known as the revolving loan fund.

- Established by South Dakota legislature in 1949 with an appropriation of \$125,000. This is equivalent to \$3 million today.
- Purpose: "aiding, assisting, and cooperating with conservation districts of the state in securing by purchase, or otherwise, necessary equipment, trees, and other planting materials, and supplies as needed in furthering the program of conservation in these districts". Loans of 1-5 years are used to buy equipment or supplies; financing of buildings or land are not allowed.
- Issue: Costs of equipment and supplies increased since 1949 but revenue fund appropriation has not; therefore, requests outpace available funds. Example: a grass drill in 1949 cost about \$500; a grass drill today costs about \$100,000.
- In 1986, Conservation Commission adopted rules to charge 3% annual interest on loans which has accumulated \$200,672.66 since then.
- \$2,308,354.54 cycled through Revenue Fund since 1965 (records are not available prior to 1965). No conservation district has ever defaulted on a loan through the Revenue Fund.
- SD Dept of Ag-Division of Ag Development used to make available a conservation tillage loan program that assisted with purchasing no-till drills. Program ended when Division was transferred to GOED.
- Temporary fix: SD Dept of Ag and Natural Resources is developing a joint powers agreement with Governor's Office of Economic Development to make loan funds available as needed. However, a joint powers agreement is not a permanent solution as future administrations can terminate it.
- Revolving loan fund does not have a history of being the "lender of first resort." Conservation districts may request part from the revolving loan fund and the remainder through private sources. This has been especially helpful in reducing the net interest rate to a manageable level when commercial loan interest rates escalate.
- Another infusion into the revolving loan fund should not be necessary in the long-term as the 3% interest rate would usually cover inflation so the fund would remain current.
- Example of loan that provides additional public good: Minnehaha tree cooler is used by local food pantries/banks during the off season.
- Conservation districts do not receive state funding other than the conservation grants fund (HB 1034) which are competitive grants for specific projects. They cannot be used for operational expenses. As the only state-wide special purpose district that does not have revenue-generating (taxing) authority, conservation districts must turn to enterprise activities such as tree planting, grass seeding, plant & seed sales, etc. to earn operational revenue. Counties may, if they so choose, provide funding to conservation districts.

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### examples of revolving loan future needs

item	qty	cost each	total	CD total
<b>Beadle Conservation District</b>				<b>\$517,000.00</b>
replace drill	1	\$75,000.00	\$75,000.00	
replace tractors	2	\$100,000.00	\$200,000.00	
utility tractor		\$50,000.00	\$50,000.00	
replace pick-ups	3	\$30,000.00	\$90,000.00	
replace trailers	2	\$10,000.00	\$20,000.00	
greenhouse stuff for demonstration site				
heating fan system	4	\$7,500.00	\$20,000.00	
growing tables	10	\$1,200.00	\$12,000.00	
overhead misting system	2	\$5,000.00	\$10,000.00	
cooler		\$40,000.00	\$40,000.00	
<b>Bennett Conservation District</b>				<b>\$90,000.00</b>
replace drill	1	\$90,000.00	\$90,000.00	
<b>Brookings Conservation District</b>				<b>\$150,000.00</b>
tractor to replace leased tractor	1	\$150,000.00	\$150,000.00	
<b>Clark Conservation District</b>				<b>???</b>
tractor with loader to replace current Ford Tiger	1	??	??	
<b>Codington Conservation District</b>				<b>\$317,000.00</b>
replace Great Plains drill	1	\$75,000.00	\$75,000.00	
replace tractor	1	\$85,000.00	\$85,000.00	
replace Chevy 3500 pickups	2	\$75,000.00	\$150,000.00	
replace 1952 tree planter	1	\$7,000.00	\$7,000.00	
<b>Spink Conservation District</b>				<b>\$175,000.00</b>
replace drill	1	\$75,000.00	\$75,000.00	
replace tractor	1	\$100,000.00	\$100,000.00	
<b>Turner Conservation District</b>				<b>\$85,000.00</b>
replace 2004 15' Tye no-till drill	1	\$56,000.00	\$56,000.00	
replace 2000 10' Truax grass drill	1	\$20,000.00	\$20,000.00	
replace tree cooler compressors	2	\$4,500.00	\$9,000.00	



## KINGSBURY CONSERVATION DISTRICT

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Board of Supervisors  
Alan Vedvei – Chairman  
Erland Weerts – Vice Chairman  
Charlie Soeffing – Secretary  
Rich Abrahamson- Supervisor  
Rob Lee – Supervisor

Dear house appropriations,

We in Kingsbury Conservation District would like your support on HB 1277.

We have recently applied for a loan for a no till drill, we awarded ½ the amount of the loan. Since we had 2 other districts apply for loans in which maxed our funding out. Most of our districts run on older equipment and need to update and/or buy new equipment. All our income, operation cost and so on is made directly from tree sale, treeplanting, grass plantings. We do not charge for going out and looking at someone's land, helping the towns to identify trees, checking up on gravel sites promoting better ways to eliminate erosion.

Kingsbury has recently applied for a Urban conservation grant, with this being a new grant that helps our town directly with Pollinator plantings, drainage, tree plantings and education. This may directly affect how we look at buying new equipment for projects for our towns.

My tree planter is a 2003 handmade planter that needs welding each year, my no till drill that I got a loan for is a 1996 no till drill worth \$21,000. Kingsbury Conservation does not try to break the bank with what we buy for the conservation district.

This loan has also helped other districts buy land rollers, tractors for planting, tree planters, fabric machines and inner seeders for cover crops. In the last 50 years prices have come up extremely on all equipment. These loans help keep all our districts running and looking for the most innovated equipment to help our producers. For us to keep up with the changes we need to keep our equipment updated.

The Kingsbury Conservation District would like to thank you for taking time to listen to us on this subject and we also would like to thank the state for all the past support of conservation.

Kingsbury Conservation District

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