



2026 South Dakota Legislature

House Bill 1286

HOUSE STATE AFFAIRS ENGROSSED

Introduced by: **Representative** Overweg

1 **An Act to amend the process by which moneys are distributed from the employer's**
 2 **investment in South Dakota's future fund.**

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

4 **Section 1. That § 61-5-29.1 be AMENDED:**

5 **61-5-29.1.** There is ~~hereby~~ created in the state treasury ~~a special revenue fund~~
 6 ~~to be known as the employer's investment in South Dakota's future fund. Moneys in the~~
 7 ~~fund must be used for purposes related to,~~ to be administered by the Governor's Office of
 8 Economic Development, for the purpose of making grants or awards for research and or
 9 ~~economic development for the projects in this state.~~

10 For purposes of this section, section 61-5-29.3, and sections 3 to 6, inclusive, of
 11 this Act, "a research or economic development project" means:

12 (1) Research or equipment required in support of key industries, universities, or
 13 industries determined to be viable through an economic analysis of this state, a
 14 specific community, or a research project;

15 (2) A scholarship for any program that prepares a student for a career field available
 16 in this state and is offered through:

17 (a) A public institution of higher education under the jurisdiction of the Board
 18 of Regents or the South Dakota Board of Technical Education; or

19 (b) A nonpublic or tribal institution of higher education accredited by an
 20 accrediting agency recognized by the United States Department of
 21 Education;

22 (3) Workforce development, apprentice programs, workforce trainings, workforce
 23 recruitment, or career and technical education programs offered through:

24 (a) A school district;

25 (b) An accredited nonpublic secondary school;

26 (c) A state agency;

- 1 (d) A public institution of higher education under the jurisdiction of the Board
 2 of Regents or the South Dakota Board of Technical Education; or
 3 (e) A nonpublic or tribal institution of higher education accredited by an
 4 accrediting agency recognized by the United States Department of
 5 Education;
 6 (4) The development of infrastructure required to support economic development in
 7 this state;
 8 (5) Projects that support business retention or expansion; and
 9 (6) Recruiting:
 10 (a) Out-of-state projects to this state; or
 11 (b) Out-of-state workers to move to and work in a career field available in this
 12 state.

13 **Section 2. That § 61-5-29.3 be AMENDED:**

- 14 **61-5-29.3.** The Governor's Office of Economic Development shall provide a written
 15 report to either the Joint Committee on Appropriations or the Interim Committee on
 16 Appropriations, the House Committee on State Affairs, the House Committee on
 17 Commerce and Energy, the Senate Committee on State Affairs, Senate Committee on
 18 Commerce and Energy, and the Government Operations and Audit Committee on a
 19 biannual an annual basis the following for each award or grant made from the fund:
 20 (1) The name of the recipient and the amount of the award or grant;
 21 (2) The location of the recipient;
 22 (3) The research or economic development purpose being funded;
 23 (4) The measures being used to determine the economic impact of the award or grant;
 24 ~~and~~
 25 (5) The number of jobs created or retained, if any;
 26 (6) The balance of the fund at the time of reporting;
 27 (7) The status of the research or economic development purpose; and
 28 (8) For awards or grants made more than two years prior to the report, any projection
 29 of jobs created or retained in this state by the recipient of the award or grant
 30 resulting from the research or economic development purpose since the award or
 31 grant was made.
 32 Upon the request of the chair of a committee receiving the report, pursuant to this
 33 section, the commissioner of the Governor's Office of Economic Development shall appear

1 before the committee, to answer questions that the members of the committee may have
2 on the report.

3 **Section 3. That a NEW SECTION be added to chapter 61-5:**

4 If an applicant for an award from the employer's investment in South Dakota's
5 future fund is a business, the applicant must submit a business plan to the Governor's
6 Office of Economic Development before the Governor may award the applicant any
7 moneys from the fund. The applicant's business plan must include:

8 (1) The goods or services to be offered by the applicant;

9 (2) A description of:

10 (a) The types of jobs required to offer the goods or services;

11 (b) The educational requirement for each type of job; and

12 (c) The compensation package to be offered to individuals employed to perform
13 each type of job;

14 (3) The accounting practices employed by the business; and

15 (4) Other private or public funding received by the applicant.

16 **Section 4. That a NEW SECTION be added to chapter 61-5:**

17 Moneys from the employer's investment in South Dakota's future fund may be
18 awarded only to reimburse the actual cost of the research or economic development
19 project.

20 Before any moneys may be expended from the fund, the applicant shall sign an
21 agreement with the Governor's Office of Economic Development. If the award from the
22 fund exceeds one million dollars, the applicant must provide an itemized invoice of all
23 expenditures made by the applicant required in furtherance of the project and
24 documentation demonstrating proof of payment before any moneys may be expended
25 from the fund.

26 Any agreement executed pursuant to this section is open to public inspection and
27 must be posted on the state's website.

28 **Section 5. That a NEW SECTION be added to chapter 61-5:**

29 Before the Governor may approve the award of moneys from the employer's
30 investment in South Dakota's future fund, the Governor's Office of Economic Development
31 shall provide a detailed recommendation for the award to the Governor. Upon receiving

1 approval for the award from the Governor, the commissioner of the Governor's Office of
2 Economic Development and the applicant must sign the agreement required pursuant to
3 section 4 of this Act.

4 Each agreement for an award provided pursuant to this section is open to public
5 inspection and must be posted on the state's website. Any information in the agreement
6 that constitutes trade secrets or other sensitive or privileged information is not open to
7 public inspection. Nothing in this section may be construed to repeal or otherwise modify
8 any confidentiality requirements found in state law.

9 **Section 6. That a NEW SECTION be added to chapter 61-5:**

10 The Governor's Office of Economic Development shall promulgate rules, pursuant
11 to chapter 1-26, establishing:

12 (1) The process by which an industry is determined to be a key industry for the
13 purposes of subdivision 61-5-29.1(1);

14 (2) The process by which an individual or entity applies for an award from the
15 employer's investment in South Dakota's future fund;

16 (3) The methods for assessing or estimating the economic impact, including the
17 potential investment-to-impact ratio, that a research project or economic
18 development opportunity will have on the state;

19 (4) The contractual provisions that must be included in the agreement signed by the
20 applicant and the Governor's Office of Economic Development, including:

21 (a) Performance expectations;

22 (b) A schedule for providing performance progress reports to the Governor's
23 Office of Economic Development;

24 (c) A conflict-of-interest policy; and

25 (d) Other contractual provisions that provide for the general terms and
26 conditions of the agreement;

27 (5) The criteria for determining how a research project or economic development
28 opportunity is recommended to the Governor for an award from the fund;

29 (6) Any requirements that the individual or entity applying for an award must meet in
30 order to receive the award;

31 (7) If the award from the fund exceeds one million dollars, the documentation required
32 to demonstrate proof of payment for all expenditures for which the applicant seeks
33 reimbursement;

34 (8) The process by which an award is disbursed; and

- 1 (9) The process by which any moneys awarded from the fund are returned to the fund
2 in the event of a change in the project's circumstances, the applicant's failure to
3 meet the established performance expectations, or the projects failure or relocation
4 outside of the state.