

AN ACT

ENTITLED, An Act to limit any future creation of QUEST entities.

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

Section 1. That § 10-43-79 be repealed.

Section 2. That § 10-43-80 be repealed.

Section 3. That § 10-43-81 be repealed.

Section 4. That § 10-43-82 be amended to read as follows:

10-43-82. Any for-profit corporation which seeks to be designated as a QUEST entity shall supply the secretary of state with the necessary information to prove it meets the definition of a QUEST entity as provided by § 10-43-81. Upon receipt of such information, the secretary shall certify the corporation as a QUEST entity. The secretary may not certify any corporation as a QUEST entity after the effective date of this Act.

Section 5. That § 10-43-83 be amended to read as follows:

10-43-83. Any financial institution that has invested in a QUEST entity certified pursuant to § 10-43-82 shall receive a credit towards any tax due from a financial institution or a subsidiary of a holding company of a financial institution pursuant to this chapter. To qualify for such a credit the investment by the financial institution shall have occurred on or before December 31, 1993. The financial institution shall receive a credit equal to eighty percent of the first twenty-five thousand dollars or less of total investments made in 1993. The financial institution shall receive a credit equal to forty percent of that portion of the total investments made in 1993 which is from twenty-five thousand dollars up to and including seventy-five thousand dollars. The financial institution shall receive a credit equal to twenty-five percent of that portion of the total investments made in 1993 which is from seventy-five thousand dollars and up to and including one hundred twenty-five thousand dollars. The financial institution shall receive a credit equal to twenty percent of that portion of the total investments made in 1993 from one hundred twenty-five thousand dollars up to and

including two hundred thousand dollars. That portion of total investments made in 1993 greater than two hundred thousand dollars does not qualify for a tax credit pursuant to this section. This section is repealed effective January 1, 2003.

Section 6. That § 10-43-83.1 be amended to read as follows:

10-43-83.1. Any financial institution that has invested in a QUEST entity certified pursuant to § 10-43-82 between January 1, 1994, and December 31, 1996, shall receive a credit towards any tax due from a financial institution or a subsidiary of a holding company of a financial institution pursuant to chapter 10-43. The financial institution shall receive a credit equal to thirty percent of the institution's total investment, or a credit of one hundred fifty thousand dollars whichever is the lesser. This section is repealed effective January 1, 2003.

Section 7. That § 10-43-84 be amended to read as follows:

10-43-84. For any investment made on or before March 31, 1993, a financial institution is entitled to one hundred percent of the tax credit provided by § 10-43-83. For any investment made on or before June 30, 1993, a financial institution is entitled to ninety-eight percent of the tax credit. For any investment made on or before September 30, 1993, a financial institution is entitled to ninety-six percent of the tax credit. For any investment made on or before December 31, 1993, a financial institution is entitled to ninety-four percent of the tax credit. An investment shall be deemed made when the QUEST entity accepts receipts of the financial institution's investment. This section is repealed effective January 1, 2003.

Section 8. That § 10-43-85 be amended to read as follows:

10-43-85. Any tax credit received pursuant to §§ 10-43-83, 10-43-83.1 and 10-43-84 may be used by a financial institution to off-set any tax owed by the financial institution pursuant to this chapter over a period of six years from the time of investment. In the first year after an investment is made no credit may be taken to off-set any tax owed. In the second year, a financial institution may use ten percent of the total tax credits received to off-set any tax owed. In the third year, a financial

institution may use twenty percent of the total tax credits received to off-set any tax owed. In the fourth year, a financial institution may use twenty percent of the total tax credits received to off-set any tax owed. In the fifth year, a financial institution may use twenty percent of the total tax credits received to off-set any tax owed. In the sixth year, a financial institution may use thirty percent of the total tax credits received to off-set any tax owed. Any tax credit which is unused in a particular year may be carried forward to any of the next three years. This section is repealed effective January 1, 2003.

Section 9. That § 10-43-86 be amended to read as follows:

10-43-86. If a QUEST entity receives an investment from a financial institution, the QUEST entity shall notify the Department of Revenue of the name of the financial institution, the amount of the investment and such information the Department of Revenue may require to show proof of the investment. The department shall compute the tax credit provided by §§ 10-43-83, 10-43-83.1 and 10-43-84. The department shall authorize and notify the financial institution of any tax credit it may receive based on its total investments. No tax credit may be used to off-set any tax owed pursuant to this chapter unless it has first been authorized by the department. This section is repealed effective January 1, 2003.

Section 10. That § 10-43-87 be amended to read as follows:

10-43-87. No more than two million dollars of tax credits in the aggregate may be authorized pursuant to §§ 10-43-86 and 10-39-66. The Department of Revenue shall monitor the total amount of tax credits authorized and may not authorize any tax credit which would exceed this two million dollar limit. The Department of Revenue may not authorize any tax credits pursuant to §§ 10-43-86 and 10-39-66 after the effective date of this Act. This section is repealed effective January 1, 2003.

Section 11. That § 10-39-61 be repealed.

Section 12. That § 10-39-62 be repealed.

Section 13. That § 10-39-63 be repealed.

Section 14. That § 10-39-64 be repealed.

Section 15. That § 10-39-65 be repealed.

Section 16. That § 10-39-66 be repealed.

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I certify that the attached Act  
originated in the

SENATE as Bill No. 264

\_\_\_\_\_  
Secretary of the Senate  
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\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 264

File No. \_\_\_\_\_

Chapter No. \_\_\_\_\_

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Received at this Executive Office  
this \_\_\_\_ day of \_\_\_\_\_ ,

19\_\_ at \_\_\_\_ M.

By \_\_\_\_\_  
for the Governor  
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The attached Act is hereby  
approved this \_\_\_\_\_ day of  
\_\_\_\_\_, A.D., 19\_\_

\_\_\_\_\_  
Governor  
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STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed \_\_\_\_\_, 19\_\_  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State