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SOUTH DAKOTA

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

Contact Name: South Dakota Governor's
Office of Economic Development

Contact Phone Number: 605-773-4633

Contact Email Address:
goedinfo@state.sd.us

US State Name: South Dakota

State Abbreviation: SD

State Economic Development Web
Address: www.sdreadytowork.com

INCOME AND OUTPUT

This section highlights the state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Gross Domestic Product, in millions: \$51.58 billion

Gross Domestic Product % Growth: 40.7% over 10 years

Per Capita Personal Income (**GDP/Population*) *This is often used as a standard of living measurement:*
\$48,281

Per Capita Personal Income % Change: 24.7% over 10 years

WORKFORCE

This section gives manufacturers an idea of the industry's environment in the state, including the makeup of the available workforce, the labor requirements, and recent trends.

Total Population: 882,235 in 2018 (*US Census Bureau*)

Total Civilian Labor Force: 470,748 in October 2019 (*Bureau of Labor Statistics*)

Total Number of Persons Employed: 457,382 in October 2019 (*Bureau of Labor Statistics*)

Total Number of Persons Unemployed: 13,366 (*Bureau of Labor Statistics*)

Unemployment Rate %: 2.8% (*Bureau of Labor Statistics*)

Manufacturing Employment: 32,440 in 2018 (*Bureau of Labor Statistics*)

Business and Financial Operations Employment: 19,690 in 2018 (*Bureau of Labor Statistics*)

State Right-to-Work Law Y/N: Y

Large Factory Openings during Previous year: 0

Large Factory Closures during Previous year: 0

EDUCATION

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

% High School Diploma or More: 91.7%

% Bachelor's Degree or Higher: 28.1%

Enrollment in Higher Education Institutions: 46,558 (*fall 2018*)

Science and Engineering Graduate Students: 1,302 (*FY 2019*)

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:*

- Build Dakota Scholarship program offers scholarship opportunities for precision manufacturing and welding programs in partnership with South Dakota's four technical institutes.
- All four technical institutes (Lake Area Technical Institute, Mitchell Technical Institute, Southeast Technical Institute, Western Dakota Technical Institute) offer customized training options to area businesses, including manufacturers.

List of Additional Manufacturing Training Programs: R-Tec in Yankton, SD

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:* Unknown

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in the state including taxes, wages, insurance, and energy expenses.

State Corporate Income Tax %: 0%

State Individual Income Tax %: 0%

State Level Sales Tax %: 4.5%



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State Use Tax: 4.5%

Unemployment Insurance Tax % (estimate): 1.1% average experienced employer rate

Additional Relevant Taxes: A Contractor's Excise Tax of 2% is leveraged on construction projects. While not a direct tax on a business, a contractor will build that cost into their bid and the end user will end up paying more for construction than if the tax did not exist.

Workers' Compensation Employer Insurance Costs per \$100 of Payroll: Approximately \$3.91 for manufacturers.

Average Industrial Electric Rate: 7.8¢ per kilowatt-hour

Average Price of Natural Gas Delivered to Industrial Consumers: \$5.09 dollars per thousand cubic feet

Average Hourly Earnings of Production Workers in Manufacturing: \$16.76

Minimum Wage (current): \$9.10

Pending Legislation Regarding Minimum Wage: No, but it's set to change in January 2020

If you answered YES to the above question, What is the proposed minimum wage?: January 2020 it will increase to \$9.30

If you answered YES to the above question, What is the legislative bill number?:

ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of the state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Total Small Business Innovation Research (SBIR) Awards *Found at:* https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105791: 146 awards totaling \$32,712,400.53 as of December 2019

Total Small Business Technology Transfer (STTR) Awards *Found at:* https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105792: 22 awards totaling \$4,270,440.00 as of December 2019

Venture Capital Deals, in millions: \$21.48 million (2018)

% of State with Internet Accessibility: 89% of South Dakotans have broadband coverage

Newly Registered Businesses: 19,168 (Dec 2018 – Nov 2019)

Newly Registered Patents: 157 (CY 2018)



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FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Foreign Direct Announcements: NA

Foreign Direct Employment: 12,100

Foreign Direct Investment, in millions: NA

TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of the state and what a company can expect in terms of the logistics of shipping their product.

Number of major 2 or 4-Lane Highways running through state: Two major interstates: I-29 and I-90. I-29 runs north to south on the eastern side of South Dakota. Corridor 23 begins in Laredo, Texas, runs north through the state up to the Canadian border. I-29 is part of that highway system. I-90 runs east to west and connects to the Heartland Expressway.

Number of major railways going through state: 2 Class I railways

Number of major ports connected to state: 1, Sioux Falls

Number of airports throughout state: 71 public-use airports

Number of International airports throughout state: 0

Number of distribution centers: 217 warehousing and storage companies

Number of foreign trade zones: 1

INCENTIVES

Different states offer different incentives to entice companies to move to their state. This section will allow you to highlight these incentives.

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): No



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If you answered YES above, please describe the pending incentives including the bill number if applicable:

Cash Incentives

Does the state provide any CASH incentives? (Y/N): Yes.

If you answered YES above, please provide details of this incentive including the contact information and website if applicable: South Dakota's Governor's Office of Economic Development's flagship financing program is the Revolving Economic Development & Initiative (REDI) Fund loan program. It is available to start-up firms, businesses that are expanding or relocating in South Dakota, as well as local economic development corporations. This low-interest loan can provide up to 45% of a project's total cost and requires a 10% minimum equity contribution. Projects can include: land purchases; site improvements; construction, acquisition or renovation of a building; or to the purchase and installation machinery and equipment. Go to <https://sdreadytowork.com/financing-incentives/redi-fund/> for more details.

State Tax Credits

Does the state provide any Tax Credit incentives? (Y/N): Yes

If you answered YES above, please describe the available tax credits: South Dakota has two tax incentive grant programs, the Reinvestment Payment Program and the South Dakota Jobs Program. The Reinvestment Payment Program provides reinvestment payments to projects in excess of \$20,000,000, or with equipment upgrades in excess of \$2,000,000. The awards are intended for projects that would not have occurred without the reinvestment payment. The South Dakota Jobs Program is available to assist companies in offsetting the upfront costs associated with relocating or expanding operations and/or upgrading equipment in South Dakota. The program allows for project owners to receive a South Dakota Jobs Grant for new or expanded facilities with project costs less than \$20,000,000, or for equipment upgrades with project costs less than \$2,000,000. To learn more about these tax incentive programs, go to <https://sdreadytowork.com/financing-incentives/tax-incentives/>.

State Tax Exemptions

Does the state provide any Tax Exemptions? (Y/N): N

If you answered YES above, please describe the available tax exemptions:

State Grants

Does the state provide any Grant incentives? (Y/N): Yes, please see above.

If you answered YES above, please describe the available grants:



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State Loans

Does the state provide any Low-Interest Financing incentives? (Y/N): Yes, see above. For additional information on other low-interest finance programs, go to <https://sdreadytowork.com/financing-incentives/>.

If you answered YES above, please describe the available financing opportunities:

Training Programs

Does the state provide any Specialized Training Program incentives? (Y/N): Yes.

If you answered YES above, please describe the available training programs: Though the GOED's Workforce Development Program, companies can access money to help train new and existing employees that require additional skills as the result of company growth. The program can fund up to 50% of eligible training expenses to companies that meet certain wage and benefit criteria. The funds are awarded on a reimbursement basis, typically \$500 per trainee.

Zoning

Does the state provide any Special Zoning incentives? (Y/N): N

If you answered YES above, please describe the available special zoning opportunities:

State Marketing and Promotions

Does the state provide any Marketing and Promotional incentives? (Y/N): Yes.

If you answered YES above, please describe the available special marketing or promotional opportunities: The South Dakota Certified Sites Program offers expanding businesses prequalified sites that are ready for development. A South Dakota Certified Site mitigates the risks associated with development by providing detailed information about the site including price and availability, utilities, access, and environmental assessments. The program is available to all economic development organizations, counties, cities, townships, planning districts, business improvement districts and developers, and is operated under the supervision of the Governor's Office of Economic Development (GOED).

Innovation Centers

Does the state have Innovation Centers or Additional Resource available for companies? (Y/N): Yes.

If you answered YES above, please describe the available innovation centers or additional resources: [Ascent Innovation in Rapid City, SD](#); [Research Park at SDSU in Brookings, SD](#); [Zeal Center for Entrepreneurship in Sioux Falls, SD](#); and [USD Discovery District in Sioux Falls, SD](#), to name a few.



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AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees “Truth in Advertising” regulations including promotion or disclosure of products displaying “Made in USA” labeling. FTC requires products advertised as “Made in USA” be “all or virtually all” made in the U.S. “all or virtually all” means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does the state have any specific requirements for labeling products "Made in USA"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in USA":

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): Yes

If you answered YES to the question above, what are the requirements for labeling products "Made in YOUR STATE": A packaged product’s labeling must clearly and conspicuously identify the product contained in that package. The declaration of identity must:

- Identify the commodity by its common name, by its legally required name when applicable, or by a generic name or description understood by consumers.
- Appear as a principal feature on the principal display panel. The principal display panel is the part of a package most likely to be displayed to or examined by a consumer under normal conditions of retail sale.
- Not be false, deceptive or misleading. Ingredients or components that are not present in the product in substantial or significantly effective amounts may not be featured in the declaration of identity.

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Is there an organization or entity that monitors state labeling? (Y/N): Yes

If you answered YES to the question above, please provide the name and contact information for the organization or entity: South Dakota Department of Public Safety



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Date of Submission: December 6, 2019

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.