

A photograph of two women in a meeting, overlaid with a semi-transparent orange filter. One woman is seated at a table with a laptop, while the other stands and gestures. The background shows a modern office setting with large windows and plants.

— ECONOMIC DEVELOPMENT —

# FINANCE PROGRAMS

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SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT



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# FINANCE PROGRAMS

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In South Dakota, we're fortunate to work cooperatively in a business climate that's second to none. Our people are dedicated, prepared and productive—and our financing programs are evidence of that. We understand the needs of growing businesses. Our programs are structured to meet your long-term and short-term financing needs. We also know time is of the essence, especially your time. Rest assured, as we walk you through the process, we'll do it quickly and efficiently and will represent you well to our boards that finalize our loan decisions.

Whether you're just laying the ground work or you've been around for a while, no matter your company's size, South Dakota's economic development team is ready to partner with you.

The GOED **DEMONSTRATES** an  
**UNFAILING COMMITMENT**  
to South Dakota and its businesses,  
and is **GENUINELY**  
**DEDICATED** to providing  
businesses with **OPTIONS**  
and **ADVICE** when it comes  
to expanding and relocating. The  
**LOANS ARE VIABLE** and they  
give business owners a chance to  
**GROW AND SUCCEED.**

JASON ENGLE, CEO  
LEGACY ELECTRONICS

## REVOLVING ECONOMIC DEVELOPMENT & INITIATIVE (REDI) FUND\*

- » Provides permanent financing for land, buildings, machinery, and equipment
- » 2 percent fixed interest rate
- » 10 to 20 year amortization, based on useful life of assets financed
- » 5 year balloon payment
- » Take-out financing
- » Minimum 10 percent equity contribution; REDI Fund loan amount may not exceed 45 percent of total project costs
- » Job creation is a factor in determining loan amount – must meet program minimum wage and benefit requirements
- » Low origination fee

## ECONOMIC DEVELOPMENT FINANCE AUTHORITY (EDFA)

- » Designed for more capital-intensive projects; \$1 million minimum
- » Provides small businesses access to the public bond market backed by the EDFA's "AA" rating by Standard and Poors
- » Up to 20 year fixed-rate financing for fixed assets
- » Bonds may be tax-exempt on projects that are less than \$20 million in total project costs
- » Ideal for ag processing or manufacturing projects
- » Take-out financing

## SBA 504

- » Provides permanent fixed-rate financing for fixed assets
- » Available to for-profit businesses, including retail operations
- » Take-out financing
- » As a Certified Development Corporation (CDC), the South Dakota Development Corporation offers 504 loans statewide
- » Loan amounts: maximum of \$5 million; may increase to \$5.5 million if project meets national objectives
- » Subordinate lien position to bank
- » Up to 20 year term, fully amortized

## SOUTH DAKOTA MICROLOAN/ MICROLOAN EXPRESS

- » Offers access to working capital for small enterprises; may also be used for fixed assets
- » Up to 10 year term
- » Maximum loan amount of \$100,000; minimum \$1,000; total project costs cannot exceed \$500,000. Application fee, due at the time of funding, is the greater of 1.5 percent of loan amount or \$50
- » 3 percent interest rate
- » 50 percent of total financing must be provided by a bank, credit union, or local regional revolving loan fund; balance from MicroLOAN and equity injection (if required by lender); MicroLOAN may subordinate to lender involved.
- » Take-out financing

## SOUTH DAKOTA WORKS

- » Provides equipment, working capital and interim construction financing
- » Eligible borrowers include: businesses seeking new financing and certified development financial institutions (CDFIs)
- » Must meet US Treasury guidelines
- » Term: 1-5 years
- » Fixed interest rate, typically 1 percent less than lead lender
- » Bank must provide no less than 20 percent of “at risk” financing toward eligible costs
- » May take second position on collateral behind the lead lender



Using the SBA 504 program allowed us to lock in a low, long-term financing rate. That was a significant part of the loan, and pretty critical to the project.”

*Craig Ferguson, Partner  
Dunes Eye Clinic*

## REINVESTMENT PAYMENT PROGRAM\*

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- » Assists companies in offsetting the upfront costs associated with expanding operations and/or upgrading equipment
- » Total project costs in excess of \$20 million or equipment upgrades in excess of \$2 million
- » One key criteria considered by the board when reviewing an application is the likelihood the project will occur without the Reinvestment Payment Program
- » Grant may not exceed state sales/use tax paid on eligible project costs

## SOUTH DAKOTA JOBS PROGRAM\*

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- » Assists companies in offsetting the upfront costs associated with expanding operations and/or upgrading equipment
- » Total project costs less than \$20 million or equipment upgrades less than \$2 million
- » One key factor considered by the board when approving or denying an application is the likelihood the project will occur without the South Dakota Jobs grant
- » Grant may not exceed state sales/use tax paid on eligible project costs

## NEW FRONTIERS

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- » Assists companies in offsetting R&D costs, such as clinical trial costs, associated with gaining regulatory approval of products
- » Companies can apply for reimbursement of sales tax associated with R&D and testing expenditures
- » R&D plan and projected expenditures must be submitted with the application



## PROOF OF CONCEPT FUND

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- » Provides up to \$25,000 to conduct research demonstrating the technical and economic feasibility of an innovation
- » Eligible parties include: entrepreneurs, universities, existing South Dakota companies, or other entities committed to commercializing the results in South Dakota
- » Requires a matching cash or in-kind investment of at least 10 percent of the total project cost
- » Investment proceeds may be used to pay consultant contracts, materials and supplies, salaries for employees in South Dakota, and necessary services for technical feasibility or marketing studies

## DAKOTA SEEDS

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- » Designed to help employers establish a pipeline for future skilled employees
- » Internship must provide a meaningful work experience for the student that will help them further their career pathway
- » Internships are open to both high school and post-secondary students
- » Positions must have a link to science, technology (computer science), engineering, mathematics, accounting or manufacturing
- » The internships cannot be filled by family members of the business ownership group
- » Students must be paid a minimum wage of \$10 per hour

## WORKFORCE DEVELOPMENT PROGRAM

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- » Provides matching grants to assist companies with up to 50 percent of eligible training expenses
- » Funding is released on a reimbursement basis upon the completion of the training
- » Assists with new and current employee upgrade training
- » Jobs must meet minimum wage and benefit requirements
- » Training must focus on the technical aspects of the job



The **DAKOTA SEEDS PROGRAM** is great because it **ESTABLISHES** a **PIPELINE** for **PERMANENT EMPLOYEES** and that's exactly what we're hoping to accomplish with our interns.

SHON ANDERSON  
VICE PRESIDENT  
B9 CREATIONS



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## LOCAL INFRASTRUCTURE IMPROVEMENT PROGRAM\*

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- » Provides matching grants to assist in funding the construction or reconstruction of infrastructure for the purpose of assisting economic development projects that facilitate job creation or retention
- » Eligible applicants include: any political subdivision of the state, tribal governments, or local development corporations
- » Board evaluates the feasibility, available funding options, and the economic impact of the project to be served by the proposed infrastructure improvements

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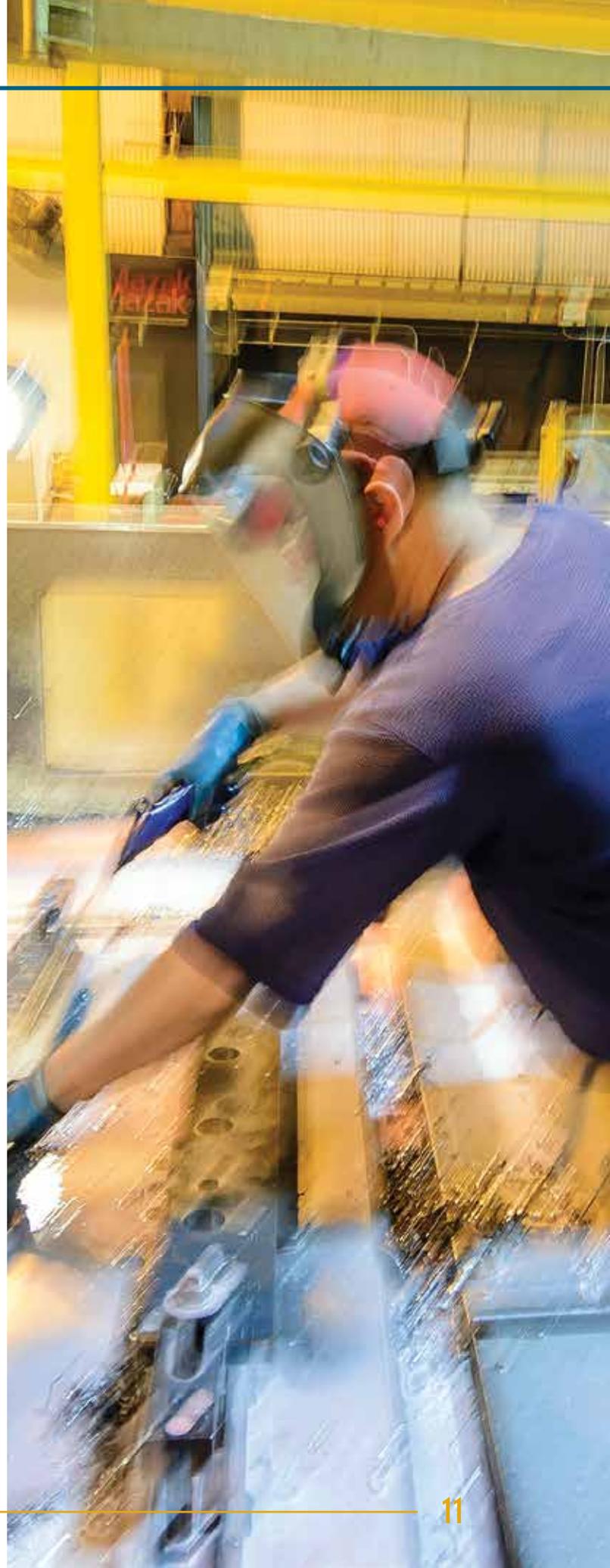
## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

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- » Provides matching grants to local governments (incorporated municipalities/counties) to assist with eligible community projects and workforce development training
- » Primarily benefits low and moderate income persons
- » Projects must meet federal requirements
- » Environmental review must be completed
- » Grants administered by local planning districts

## ECONOMIC DEVELOPMENT PARTNERSHIP PROGRAM\*

- » Provides matching grants for the purpose of developing or expanding community development programs
- » May also be used to establish or replenish local revolving loan funds
- » Eligible applicants include: nonprofit development corporations, tribal governments, or other political subdivisions of the state



# SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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