



— 2021-2022 —

BUSINESS

START-UP PACKET

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

New Business Checklist

☐ Business Formation

Will your business be organized as a Sole Proprietorship, Partnership, or Corporation? Consult an attorney, accountant, or the nearest Small Business Development Center to decide which business structure best meets your needs. There are several resources available at this link:

<http://sdbusinesshelp.com/small-business-development-center/>

☐ Business Name Registration

State law requires partnerships and sole proprietorships that use fictitious names to register their businesses with the county Register of Deeds Office. Find several of the counties' websites with contact information for those county's Register of Deeds Offices here:

<http://www.sdcounties.org/counties/>

DBA/Fictitious Business Names can also be filed online on the Secretary of State's website:

<https://sosenterprise.sd.gov/BusinessServices/Fictitious/FictitiousHome.aspx>

Along with limited partnerships and corporations, LLCs must also register and initiate the business formation process with the South Dakota Secretary of State's Office. For information and business forms, contact the Secretary of State's Business Filings Office at (605) 773-4845. To file online with the Secretary of State's Business Filings Office visit:

<https://sdsos.gov/business-services/default.aspx>

☐ Special Licenses, Permits, and Registrations

Depending upon the type of business, you may need a special license or registration at the city, county, or state level. See Step 8: Licensing and Registering Your Business for more state information.

☐ Federal Taxes

Be aware of the personal and business tax implications of starting your own business. You will also need to obtain an employer identification number if you hire employees or operate as a corporation or partnership. For appropriate business forms and information, contact the IRS at 800-829-1040 or 800-829-3676, online at: <http://www.irs.gov/Businesses>.

☐ State Sales and Use Tax License

Contact:

Department of Revenue, Business Tax Division
Anderson Building
Pierre, SD 57501
P: 800-TAX-9188

http://dor.sd.gov/Taxes/Business_Taxes

Tax License application can be found online at:

<https://apps.sd.gov/rv23cedar/main/main.aspx>

☐ Tribal Business

If doing business on Tribal land, please review the link below provided by the Department of Revenue to see how Sales & Contractors' Excise Tax applies on each reservation:

<https://dor.sd.gov/media/5cnnz2ww/tribal.pdf>

Contact:

Department of Revenue, Business Tax Division
Anderson Building
Pierre, SD 57501
P: 800-TAX-9188

http://dor.sd.gov/Taxes/Business_Taxes/

☐ Employer Responsibilities

You will need to be aware of the rights and responsibilities of employers and employees.

Contact:

Department of Labor, Reemployment Assistance Services
PO Box 4730
420 South Roosevelt
Aberdeen, SD 57402-4730
P: (605) 626-2452

<https://dlr.sd.gov/ra/default.aspx>

Or Contact:

Division of Labor and Management
Kneip Building
700 Governors Drive
Pierre, SD 57501-2291
P: (605) 773-3681

https://dlr.sd.gov/employment_laws/default.aspx

☐ **Environmental Standards**

Businesses must meet all air, water, and solid waste standards and requirements.

Contact:

Department of Agriculture and Natural Resources

Foss Building

523 East Capitol Avenue

Pierre, SD 57501-3182

P: (605) 773-3151

<https://danr.sd.gov/Press/PermittingGuides.aspx>

☐ **Zoned for Business**

Find the best location for your business. Contact your city or county equalization or zoning office for information on business zoning. For a list of city websites go to

http://www.sdmunicipalleague.org/index.asp?Type=B_BASIC&SEC={D3F8855C-992B-4DC8-A309-BC9246FBBD64}

☐ **Source of Assistance**

Seek management advice and counseling. Your local Development Corporation, Small Business Administration, and your local Chamber of Commerce are good resources. Refer to the Resource Guide at the end of the Business Start-Up Packet for more information.

☐ **Utility Service**

Check with local utility providers for service, cost, deposit, and supply information. The utility providers may be private or public entities. For listings of utility providers throughout South Dakota go to: <http://www.puc.sd.gov/consumer/sdutilityproviders.aspx>

☐ **Business Insurance**

Identify your liability risks. Contact your local insurance agent to determine the types and amounts of insurance your business will require. Rates and types of coverage can vary so comparison shopping may be beneficial.

☐ **Trademarks, Etc.**

Protect your ideas, products, symbols, and logos through the proper registration and maintenance. Refer to Step 2: Protecting Your Product in the Business Start-Up Packet.

<https://sdsos.gov/business-services/trademark-name-registration/default.aspx>

Contact:

South Dakota Secretary of State, Trademark Administrator

500 E. Capital, Suite 204

Pierre, SD 57501

P: (605) 773-2797

E: trademark@state.sd.us

Or Contact:

US Commissioner of Trademarks and Patents

PO Box 1450

Alexandria, VA 22313-1450

P: 800-786-9199

<http://www.uspto.gov>

Or Contact:

The US Library of Congress, Copyright Office

101 Independence Ave S.E.

Washington D.C. 20559-6000

P: 877-476-0778

<http://www.copyright.gov>

Step 1: Assess Yourself and Your Idea

Factors That Contribute to Success

Patience: Most successful business owners find they have to work harder than ever, do without many extras, and constantly try to solve problems. They plan for a modest personal income at first and have the patience to wait for success.

Health: When you are the boss, the buck stops with you. If you do not do what has to be done, it will not get done. That means your good health is important. If you are sick, who will do your job?

Learning: Are you willing to keep learning? Perhaps the hardest part of all is living with your mistakes. In small business, the educational process never stops.

Family Support: Another major consideration is the effect your business will have on your family. Are they willing to make the sacrifices involved? If you are a family person and do not have their support over the long haul, you may find it very difficult to persevere when the going gets rough.

Risk: You are risking your capital in hopes of gain, but face the possibility of loss. More small businesses fail than succeed, so consider fully what a loss could mean to you.

Feelings: Can you handle discouragement? If there is any trait that determines success in business, it is the ability to roll with the punches. You will be fighting for survival. Unless you can accept adversity and come back stronger, you may want to consider less demanding work.

Getting along with people: Courtesy and understanding are important. You need to get along with people, understand their needs, and inspire their confidence, whether they are customers, suppliers, or bankers.

Taking Responsibility: As the boss, you are responsible for what happens. Long after others have gone home, you may have to stay on the job checking odds and ends, getting books in order, going over inventory, rearranging stock, meeting clients, seeing that repairs are made, and handling a thousand-and-one other details.

Selling: Sales skills inspire confidence, you must be good at convincing others that they need what you offer, whether it's goods or services. Unless you are a natural, you need to develop your sales skills. Books on selling are readily available at stores and libraries, and you may also want to take courses.

Decision-making ability: Business people often must make decisions quickly. Some do this naturally; others learn through experience.

Resourcefulness: You must be able to react quickly as circumstances change, to learn quickly, and to recognize and remedy mistakes.

Organizing ability: You need to keep things organized and be able to pay attention to administrative details. You must be self-disciplined and able to arrange your own time profitably. If you have employees, you also need to plan their work to obtain the full value of their services. You must arrange to meet payments and wages on time, and plan so that you avoid having surplus funds one month and a shortage the next.

Know yourself: If you love a challenge, can accept the unknown, and want to make it on your own, starting a business may be worthwhile. Only you can decide. The greatest reward comes, most say, out of the satisfaction of individual accomplishment.

Knowledge

Your foundation for success is a good general education, preferably supplemented by business courses. South Dakota's state universities are ideal providers of the business courses prospective entrepreneurs must take.

Round out your business education with books and magazines. Trade magazines, which focus on specific fields, are very helpful.

You must know your business and your market. This includes potential customers, product or service demand, competition, and location. Successful entrepreneurs spend months researching and preparing.

Most businesses require technical knowledge. Successful entrepreneurs often worked for someone else before starting a similar business. Some people turn a hobby into a full-time job. Others get special education in their chosen field

Do You Have a Feasible Idea?

A good business idea must be able to fill a need or a want of consumers. Generally this successful idea is one of the biggest steps in the development of a business. The entrepreneur, however, will find there is a great deal of work necessary to see the idea to fruition. Many underlying questions must be answered before the viability of a business idea can be confirmed. A carefully written business plan based on thorough research can answer these questions for you. If your business idea is not original or does not meet consumer needs, the key will be how the idea can be improved upon or made superior to the competition. The entrepreneur should ask: Why will someone buy from me instead of the competition? What value do I add to the business or product/service?

Successful Characteristics

A successful business idea should have most, if not all, of the following characteristics:

1. It should have a relative advantage over existing products or services.
2. The idea must be compatible with existing attitudes and beliefs. It shouldn't require a drastic change in the buyer's behavior.
3. It should not be so complex that the buyer has a difficult time understanding how to use it.
4. The results or benefits of the innovation must be easy to explain to potential users.
5. It is helpful if users can try the innovation without incurring a large risk, such as through samples or trial usage.
6. The innovation must be readily available to purchase by the consumer.
7. The buyer must believe that the innovation satisfies a personal need by giving some immediate benefit.

New Products and Inventions

If your idea is a new product or invention, it should pass the following four tests in order to be successful.

1. **Is the idea original?** There are a number of ways to determine this. If it is a consumer product, you should check stores, catalogs, trade associations, publications, and shows. If it is an invention that can be patented, a patent search can be done.
2. **How will the invention be produced and distributed?** The extremes range from starting your own company, producing items yourself, working out of your home and selling by mail

order, to convincing a big business to buy the idea. Any method presents challenges that must be carefully considered.

3. **Will your idea make money?** This is a question that is difficult to answer with any certainty. Many factors need to be considered. Is there a market, and where is it? Could the size of the market change suddenly? Will competition drive you out? The preparation of a carefully organized business plan can help shed light on these questions.
4. **Can you protect your idea?** If you have a tentatively satisfied the question of originality, production, distribution, and salability, the protection of the idea through patent laws should be considered.

Self-Evaluation and Checklist for Starting a New Business

Before going into business for yourself, you may wish to determine the viability of your business venture. You can start by completing the following checklist.

	Very Definitely	Likely	Not Sure	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		1. Is there a real market for the product or service?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		2. Can you access the market?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		3. Is your product or service competitive with others?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		4. Is the risk manageable? Can you personally survive a failure?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		5. Is the cash flow from operations adequate?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6. Will your income be adequate?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		7. Do you have your family's support to start your business?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		8. Do you have initiative, real desire and tenacity? Do you have leadership abilities?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		9. Are you realistic? Do you have an objective and not just an "I can lick the world" attitude?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		10. Can you obtain the necessary financing?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		11. Is there a reliable supply of materials to make the product or perform the service?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		12. Can you find enough good people to staff the organization?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		13. Can you obtain the required professional and technical assistance when necessary?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		14. Do you have adequate knowledge to conduct the business and its management?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		15. Are promotion ability and charisma required and do you have these qualities?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		16. Can you work well with customers and others?

- | | | | |
|--------------------------|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 17. Can you work comfortably with regulations, government permits and restrictions? |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 18. Has this business been tried before? If not, are you sure it can be done? |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 19. Are you aware of whom your competition is, and can you successfully deal with them? |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 20. Would customers buy from you rather than from your competition? |

Step 2: Protecting Your Idea

Trademarks, patents, and copyrights provide legal frameworks which people who make their creative works available to the public may, for a limited time, prevent others from taking unfair commercial advantage of their creative efforts. The U.S. government grants these exclusive rights only in exchange for information provided to the general public. If applicable to your business, you may want to apply for trademarks, patents, and copyrights.

Trademarks

Trademarks are brand names or symbols used in any commerce that identifies goods of a particular manufacturer or the provider of services. A trademark may take any form such as: a word(s), an emblem, symbol, slogan, or other device; as long as it serves to identify the goods of a particular source. The underlying goal of trademark law is to identify the source of goods or the provider of services in order to prevent customers and potential customers from being confused. Trademark law also protects the goodwill and reputation of the trademark owner. The owner of the trademark may bring a lawsuit to stop others from using a similar trademark on similar goods. In addition, the owner of a federally registered trademark may obtain the assistance of U.S. Customs inspectors to prevent misbranded or counterfeit goods from being imported into this country.

A trademark registration may be applied for by filing a properly executed application with the U.S. Patent and Trademark Office (USPTO). The trademark registration is effective for 10 years and it may be renewed for a successive 10 years. Generally, the total time for an application to be processed may be anywhere from almost a year to several years, depending on the basis for filing, and the legal issues which may arise in the examination of the application. The PTO currently charges a fee of \$325 for trademark registration and \$400 for trademark renewal. You may access the trademark forms, plus information about applying for a trademark, by clicking on this link: www.uspto.gov/main/trademarks.htm. The forms may be downloaded, filled out and mailed in. You may also use TEAS-the Trademark Electronic Application System. TEAS allows you to fill out an application form and check it for completeness over the Internet. Using e-TEAS you can then submit the form directly to the USPTO over the internet, making an official filing on-line. Alternatively, using PrinTeas, you can printout the completed application for mailing to the USPTO.

For e-TEAS, you must pay by credit card OR through an existing USPTO deposit account. For PrinTEas, you must pay by check, money order, or through an existing USPTO deposit account. Both e-TEAS and PrinTEAS are available at <http://www.uspto.gov/trademarks/teas/index.jsp>. For additional information regarding trademarks, you may contact General Information Services Division and request to be transferred to the Trademark Assistance Center (TAC) 800-786-9199 or (703) 308-9000.

Trademark applications for South Dakota can also be registered with the Office of the Secretary of State if the mark is to be used only in South Dakota. You must submit three samples of your trademark, along with a fee of \$125; the trademark is then good for four years. If your mark is used in other states it must be registered with the Assistant Commissioner of Trademarks.

Contact:

SD Secretary of State of South Dakota Trademark Administrator

500 E. Capitol, Suite 204
Pierre, SD 57501

(605) 773-2797

trademark@state.sd.us

<https://sdsos.gov/business-services/trademark-name-registration/default.aspx>

US Commissioner of Trademarks and Patents

PO Box 1450

Alexandria, VA 22313-1450

(703) 308-4357 or 800-786-9199

www.uspto.gov/main/trademarks.htm

Patents

There are three kinds of patents in the U.S. First are utility patents that cover mechanical, electrical, chemical, and business processes, machines, articles of manufacturing, compositions of matter, and/or any new useful improvements. Second are design patents that cover only ornamental designs applied to useful articles. Third are plant patents that cover new plants that are sexually propagated. The term of both utility patents and plant patents expires at the end of 20 years from the date the application was filed. The term of a design patent is 14 years from the date it is issued.

Patents are awarded to the first person to “invent” something. Therefore, the ability to prove your date of invention may be important if other inventors file patent applications before you do. Professional assistance from a patent attorney is strongly urged because patent procedures are detailed and technical. A patent search is performed to see if a patent currently exists on the same or nearly the same device, and if not, to make proper application with the Patent Office.

Along with the written application there must be:

1. A description of the invention
2. A drawing of the invention
3. A specification which is a detailed description of the best mode of practicing the invention, concluding with one or more claims defining what the inventor considers to be the invention
4. A promise you are the original creator of your invention, and an application fee. The average cost for filing patents ranges as high as \$5,000 to \$10,000 and may take 12 to 18 months to obtain the actual patent.

Note: Only attorneys and agents registered with the U.S. Patent Office may represent inventors in related matters. The office has geographical and alphabetical listings of the more than 11,000 registered agents. Only these agents may perform patent searches in the patent office. Inventors or their attorneys can make arrangements with one of those agents. U.S. patents are issued by the Assistant Commissioner of Patents in Washington DC. Additional information is provided in the publications, General Information Concerning Patents, and other publications distributed through the U.S. Patent and Trademark Office.

Inventors may apply for one of two types of patent applications:

1. A non-provisional application, which begins the examination process and may lead to a patent
2. A provisional application, which establishes a filing date but does not begin the examination process.

Both types of patent applications can be filed either electronically or in writing to the Commissioner for Patents. To file electronically by using the Electronic Filing System (EFS), you can go to www.uspto.gov/patents-application-process/file-online. You can also request that the U.S. Patent and Trademark Office (USPTO) send informational materials providing a broad overview of the process of obtaining a United States patent, including general requirements and a listing of the depository libraries. For more information about patents, visit www.uspto.gov/patents-getting-started/general-information-concerning-patents.

Contact:

US Commissioner of Patents & Trademarks

PO Box 1405

Alexandria, VA 22313-1450

(703) 308-4357 or 800-786-9199

<https://www.uspto.gov/patents>

Copyrights

A copyright protects the expression of an idea (not the idea itself), which is provided by the laws of the United States (title 17, U.S. Code) to the authors of “original works of authorship”, including literary, dramatic, musical, artistic, and certain other intellectual works. The copyright is effective for the author’s life plus the date of publication or 120 years from the date of creation, whichever is less. This protection is available to both published and unpublished works. The time the Copyright Office requires to process an application varies, depending on the amount of material the Office is receiving. If your submission is in order, you may generally expect to receive a certificate of registration within approximately 4 to 5 months of submission. Section 106 of the 1976 Copyright Act generally gives the owner of copyright the exclusive right to do and to authorize others to do the following:

- To reproduce the work in copies or phonorecords.
- To prepare derivative works based upon the work.
- To distribute copies or phonorecords of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending.
- To perform the work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures, and other audiovisual works.
- To display the copyrighted work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work.
- In the case of sound recordings, to perform the work publicly by means of a digital audio transmission.

Several categories of material are generally not eligible for federal copyright protection. These include among others:

- Works that have not been fixed in a tangible form of expression (for example, choreographic works that have not been notated or recorded, or improvisational speeches or performances that have not been written or recorded).
- Titles, names, short phrases, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering, or coloring; mere listings of ingredients or contents.
- Ideas, procedures, methods, systems, processes, concepts, principles, discoveries, or devices, as distinguished from a description, explanation, or illustration.
- Works consisting entirely of information that is common property and containing no original authorship (for example: standard calendars, height and weight charts, tape measures and rulers, and lists or tables taken from public documents or other common sources).

To register for a copyright, send the following three elements in the same envelope:

- A properly completed application form.
- A nonrefundable filing fee of \$30 for each application.
- A nonreturnable deposit of the work being registered. The deposit requirements vary in particular situations. The general requirements are as follows:
 - If the work was first published in the United States on or after January 1, 1978, two complete copies or phonorecords of the best edition.
 - If the work was first published in the United States before January 1, 1978, two complete copies or phonorecords or the work as first published.
 - If the work was first published outside the United States, one complete copy or phonorecord of the work as first published.
 - If sending multiple works, all applications, deposits, and fees should be sent in the same package. If possible, applications should be attached to the appropriate deposit. Whenever possible, number each package (e.g., 1 of 3, 2 of 4) to facilitate processing.

Contact:

Library of Congress

Copyright Office

101 Independence Avenue S.E.

Washington, D.C. 20559-6000

(202) 707-3000 or 877-476-0778

<http://www.copyright.gov>

Step 3: Three Ways to Start a Business

There are three ways to go into business. You can start from scratch, you can buy or inherit an existing business, or you can buy a franchise.

Start From Scratch

Starting a business is often least expensive. You also get the most freedom because you are not restricted by history. The name, location, equipment, and employees are yours to choose. If you sell products, you start with a new inventory, unaffected by previous purchasing decisions. You are not affected by prior commitments to employees, leases, and other obligations.

On the other hand it is hard to raise money for a new business, and the risk is high. Because you probably do not have an established clientele, expect advertising expenses to be higher than those of an established business. You may have to go through a long period of trial and error as you develop a marketing strategy. Initially, there may also be insufficient cash flow, and without a history of operations to draw on, your projections may be too optimistic.

Acquiring a Business

For some people, acquiring a business through purchase or trade may be an excellent alternative to starting a new business from scratch.

As with any business entity, good judgment and competent advice are essential. Just as the term “business” has many meanings, exactly what is being acquired in a business may be understood differently by different people. Caution, prudence, and diligence must be practiced in acquiring an existing business or in starting a new one.

Where to Find Businesses to Buy

- Personal friends, acquaintances, and contact with other business activities
- Business opportunity advertisements and general business newspapers
- Acquisition wanted advertisements
- Trade associations
- Chambers of Commerce directories
- Government agency publications, directories, and yellow page

- Business brokers and consultants
- Commercial real estate brokers
- Bank trust officers
- Commercial loan officers with banks, savings and loans, and thrifts
- Public accounting firms
- Law firms
- Venture capital firms
- Insurance brokers and agents

What is Being Acquired?

Seek competent financial and legal advice. This does not need to be expensive if information is gathered and questions for advisors are prepared in advance.

- What special assets are included in the acquisition?
- How much “good will” is part of the price?”
- If the seller leaves, does the good will evaporate?
- What liabilities will be assumed?
- Can a similar business be started for less?

A deal should be made only after careful review. Determine whether a seller is:

1. Serious
2. Willing to discuss the pricing
3. Willing to have all terms reviewed by your advisor

Signed agreements, properly reviewed, are essential. A competent business consultant can help arrive at proper values.

Caution: When purchasing a business, the purchaser may be liable for debts of the seller or the acquired business. Always seek professional legal advice from an attorney to help avoid serious legal liabilities.

Consult the Better Business Bureau in your area, which can help you avoid swindlers. Have the business you are buying investigated by both a lawyer and an accountant.

Franchising

When you purchase a franchise, you run your business under the name and systems of operation of a master company. Franchises that are available can vary from tax-preparation services to soft-drink distributorships to fast-food restaurants to hotel chains. Sizes vary from simple one-person operations to businesses employing hundreds of people.

What you get as a franchisee depends on your contract. Frequently, you will get training and a precise formula covering every detail of an operation, based on the experience of the franchiser.

For further information contact:

International Franchise Association

1501 K Street, N.W., Suite 350

Washington, D.C. 20005

Phone: (202) 628-8000

Web: <http://www.franchise.org>

Precautions: Here are some basic precautions to take before investing in a franchise.

- Study the required disclosure statement and proposed contracts carefully.
- Consult with an attorney and other professional advisors before making a binding commitment.
- Be sure that all promises made by the seller are clearly written into the contract.
- Investigate all earnings claims carefully.
- Resist pressure to close the deal before you have examined all facts and have considered reasonable alternatives.
- Be sure you buy exclusive rights, and that the product or service involved sells elsewhere under similar circumstances.

How to investigate earnings claims: First, analyze the earnings claims. Be sure to get them in writing. The basis and assumptions for the claim must be described. Look for a statement of the number and percentage of other franchise, whose actual experience equals or exceeds the claims. Make sure there is an offer to show substantiating material for the claims. Check carefully for cautionary language regarding exceptions. Second, talk with others who invested in this type of franchise. Seek those recommended by the company and others who might offer a different view. Third, comparison-shop for other franchises in the field, and for similar opportunities not franchised.

The Federal Trade Commission publishes *A Consumer Guide to Buying a Franchise*.

For more information write to:

Federal Trade Commission Regional Office

150 William Street, Suite 1300

New York, NY 10038

Phone: (212) 264-1207

Web: <http://business.ftc.gov/documents/inv05-buying-franchise-consumer-guide>

Step 4: Selecting Your Business Structure

Business Structure Options

Business activity may be conducted through a variety of organizational structures. An attorney, accountant, financial advisor, tax advisor or banker can suggest which form would be most suitable. One of the primary considerations in selecting a business organization is protection of a business owner from liability. Other considerations are the transferability of ownership rights, the ability to continue as a business in the event of the death or withdrawal of one or more of the owners, the capital needs of the business and tax liabilities.

Note: Legal requirements are determined by the selected business structure. The laws are very specific on the regulations required as you set up your business structure. Legal counsel or the assistance of a professional accountant may be needed. The most common business structures are as follows.

Sole Proprietorship

The single owner of the business is a sole proprietor. The single owner has sole control and responsibility. The sole proprietorship is easily formed, allows important decisions to be made quickly and may enjoy fewer legal restrictions.

The sole proprietorship is the simplest form of organization and the least expensive to establish. There are no statutory requirements unique to this form of organization. The business owner only needs to obtain the necessary business licenses and tax identification numbers, register the business name and begin operations. Many individuals begin their business as a sole proprietorship. As the business expands or more owners are needed for financial or other reasons, a partnership or corporation may be formed.

The sole proprietor is personally liable for the debts of the business, even if those debts exceed the owner's investments in the business. All of the owner's assets, both those used in the business and personal property, can be attached by creditors and sold to pay business debts. The sole proprietor may be able to minimize certain risks such as property loss, personal injury or product liability by obtaining adequate insurance

The sole proprietor has full and complete authority to manage and control the business. There are no partners or shareholders to consult before making decisions. This form of organization gives the proprietor maximum freedom to run the business and respond quickly to day-to-day business needs. The disadvantage of this form is that the sole proprietor, as just one person, will have limited time, energy and expertise to devote to the business. His or her experiences may not provide the breadth of skills and knowledge necessary to deal with all phases of the business. Further, he or she may be unable to leave the business for extended periods of time without jeopardizing its operations. As the business expands, the proprietor may be able to hire managers to perform some of these functions and provide additional expertise, but in the early years of the business, the sole proprietor often will perform many of these tasks alone.

A sole proprietor transfers ownership of the business by transferring the assets of the business to the new owner. The prior proprietorship is terminated and a new proprietorship is established under the new owner. The business entity terminates at the death of the proprietor or if the proprietor becomes unable to manage it.

In a sole proprietorship, the taxpayer is the individual business owner. The proprietor is taxed on the entire income from the business, regardless of whether the income is withdrawn for personal use or retained in the business. Income and expenses from the business are reported on a Schedule C or Schedule C-EZ (Form 1040) and any related forms and schedules. The net income or loss from the business is then transferred to the proprietor's individual Form 1040. The proprietor uses Schedule SE to report net self-employment income for purposes of computing the Social Security and Medicare self-employment tax.

If the business is to operate as a sole proprietorship, the entrepreneur should consider recording a declaration of business name at the local county Register of Deeds office or by going to <https://sosenterprise.sd.gov/BusinessServices/Fictitious/FictitiousHome.aspx>. State law permits this action and if the business is going to operate under a "fictitious name", it is required.

If the business is simply called the "Acme Company" the business owner must file a sworn declaration stating the names of the owners and participants, their present addresses, etc. If the business name includes the owner's last name, the owner may still want to consider filing to be assured of exclusive rights to use that name in that county.

General Partnership

A partnership is an association of two or more people acting as co-owners of a business for profit. Partnerships have specific attributes, which are defined by statute. All partners in a general partnership share equally in the right, and responsibility, to manage the business, and each partner is responsible for all debts and obligations of the business. Distribution of profits and losses, allocation of management responsibilities, and other issues affecting the partnership usually are defined in a written partnership agreement.

A general partnership is more complex than a sole proprietorship, but involves fewer formalities and legal restrictions than a corporation, or limited liability company. Basic elements of partnership law are established by statute, but most issues can be determined by agreement of the partners. A written partnership agreement is highly recommended, but is not legally required.

In a general partnership, each partner may be personally liable for up to the full amount of debts of the business, even if the debts exceed the owner's investment in the business. This is because, unless care is taken in the partnership agreement to limit a partner's authority and potential creditors are notified of the limitation, any partner may bind the partnership. The partner with greater personal assets thus risks losing more than a partner with fewer personal assets. As with a sole proprietorship, many business risks can be lessened by obtaining adequate insurance.

All partners share equally in the right, and responsibility, to manage and control the business. The partnership agreement may centralize some management decisions in a small group of partners, but all partners continue to share ultimate responsibility for these decisions. The right to share equally in decisions can make the decision making process cumbersome, and the risk of major disagreements can impair effective operation of business. An advantage of the partnership that is not present in a sole proprietorship is that the partnership, with its several owners, can bring a broader range of skills, abilities, and resources to the business. The owners' combined experiences can also promote more informed decision making. In addition, the workload can be shared to lessen the physical and other demands on the individual owners.

The transfer of a partner's economic interest in a partnership is determined by the partnership agreement or by statute if there is no partnership agreement. Unless permitted by the partnership agreement, no person may become a partner without consent of all the other partners. If a partner attempts to transfer his or her interest in the partnership without such an agreement, the transferee does not become a partner but instead becomes entitled to receive profits which the transferring partner otherwise would receive. A properly drawn partnership

agreement will address the conditions under which an ownership interest may be transferred, and the consequences to the transferee and the partnership.

General partnerships do not automatically cease to exist when a partner dies or otherwise withdraws from a partnership. The partnership continues, unless certain other events occur.

The partnership itself is not a taxable entity. The partnership serves as a conduit through which income, deductions and credits are passed through to the individual partners. Each partner is taxed on his or her share as defined in the partnership agreement. All income of the partnership is taxed to the partners, whether or not it is actually distributed. The partnership itself files an information return which reports partnership income and distributions to the partner. The partnership files Form 1065, which is an information return. No tax is paid by the partnership with this return. Other forms and schedules may be required, including Schedule K and K-1. Individual partners use Schedule E (Form 1040) which is prepared with information from their schedule K-1 of Form 1065, to report their distributive share of partnership income, deductions, credits and losses on their individual Form 1040. Schedule SD (Form 1040) is used to compute Social Security and Medicare self-employment tax.

One or more individuals may register a general Partnership Statement of Authority with the Office of the Secretary of State. A statement of authority costs \$125. This should be done at the Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845.

The form can be found at: <https://sdsos.gov/docs/business/partnershipauthority20161209.pdf>

Limited Liability Partnership (LLP)

Limited liability partnerships are more closely regulated than general partnerships permitting investors to become silent or limited partners without assuming unlimited liability. In a LLP, the personal assets of the partners are shielded against liabilities incurred by the partnership in tort and contract situations. This is different from a general partnership, in which partners may be personally liable up to an unlimited extent for the debts and obligations of the partnership.

An existing general partnership may elect LLP status by filing a LLP registration with the South Dakota Secretary of State Office. Such registration is effective for an indefinite period of time. It is recommended to seek advice of counsel when forming an LLP. The Secretary of State's Office will revoke the LLP if the required annual report is not filed.

A **limited partnership** is a type of partnership in which the limited partners share in the partnership's liability only up to the amount of their investment in the limited partnership. By

statute, the limited partnership must have at least one general partner and one limited partner. The general partner has the right and responsibility to control the limited partnership, and is responsible for the debts and obligations of the limited partnership. The limited partner, in exchange for limited liability, is usually not involved in the day-to-day management and control of the business. Limited partnerships must be established in compliance with statutory requirements, and the tax and securities laws. Because of their complex nature, limited partnerships should not be undertaken without competent professional advice.

A limited partnership must meet specific statutory requirements at the time of organization, and the offering of ownership interests in the limited partnership is subject to tax and securities laws. Accordingly, the limited partnership will be more complex and expensive to organize than a general partnership.

In a limited partnership, so long as the statutory formalities are met and the limited partnership is not relied upon by others as a general partner, the limited partner generally is not liable for the obligations of the limited partnership. Thus the limited partner risks loss only up to the amount of his or her investment.

A limited partnership does not terminate when a limited partner dies or becomes disabled. The limited partner's interest may be assigned, and if the limited partner dies, his or her legal representative may exercise all the partner's rights for purposes of settling the estate.

South Dakota has adopted the Uniform Limited Partnership Act. One or more individuals may form a domestic LLP or limited partnerships with the Office of the Secretary of State. The Certificate of Limited Partnerships and the Statement of Qualification cost \$125 each. An annual report with a \$50 filing fee is due each year on the anniversary date for LLP's only. Limited Partnership does not file annual reports. These forms can be obtained from the Office of the Secretary of State at the Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845

Statute for Limited Liability Partnerships (LLP):

https://sdlegislature.gov/Statutes/Codified_Laws/2069880

Statute for Limited Partnerships (LP): https://sdlegislature.gov/Statutes/Codified_Laws/2069805

To obtain the forms for **Limited Partnerships (LP)** go to <https://sdsos.gov/business-services/corporations/corporate-forms/limited-partnerships.aspx>.

To obtain the forms for **Limited Liability Partnerships (LLP)** go to <https://sdsos.gov/business-services/corporations/corporate-forms/limited-liability-partnerships.aspx>.

Business Corporation

A corporation is a more complex form of business organization. A corporation is a legal entity and exists apart from its owners or shareholders. As a separate entity, it has its own rights, privileges, and liabilities apart from the individuals. The corporation must be established in compliance with the statutory requirements of the state of incorporation. The shareholders elect a board of directors which has the responsibility for management and control of the corporation. Because the corporation is a separate legal entity, the corporation is responsible for the debts and obligations of the business. In most cases, shareholders are insulated from claims against the corporation.

Because of the complexities involved in incorporating, corporations often will make greater use of professional advisors, which will increase costs. Other costs associated with incorporation include filing fees, which are greater for corporations, and the costs associated with tax compliance and preparing various government reports. If the corporation does business in other states, it generally will be required to register to do business in those states, thus further increasing the cost and complexity of incorporation.

The corporation, in most cases, is the entity that is liable for the debts of the business. The shareholders generally are exempt from personal liability for those debts and thus risk loss only up to the amount of their investment in the corporation. It should be noted, however, that in a small, closely held or newly created corporation without an established credit history, some or all of the shareholders may be expected to personally guarantee repayment of certain corporate debts as a condition of obtaining a loan or credit. Also, under certain circumstances such as fraud or personal wrongdoing, shareholders may be held partially liable for wrongful acts. Finally, it is possible for courts to “disregard” the corporate entity and make shareholders liable under certain circumstances.

The rules for corporate decision making are established by statute, but many rules may be modified by the articles of incorporation or bylaws. Shareholders elect the board of directors, which in turn manages the operations of the business. The corporation also must have one or more natural persons exercising the functions of chief executive and chief financial officer. Except in very small corporations in which the shareholders are also the directors, shareholders as a group generally will not directly participate in management decisions. This concentration of decision making in a relatively few individuals promote flexibility in decision making, but also result in overruling of minority interests or in some cases manipulation or exploitation of minority shareholders. To resolve this problem, corporations may adopt provisions in the articles of incorporation or bylaws to give minority shareholders a stronger voice in management decisions. Decision making authority also may be delegated by the shareholders and/or directors to hired managers, who may or may not be shareholders. This delegation

further removes decision making authority from the shareholders. Like a partnership, the corporation can draw on the skills and expertise of more than one individual in running the business. This can broaden the base of information for decision making and reduce workload demands on individual managers.

A corporation is a separate legal and taxable entity. For tax purposes, the corporation may be a “C corporation” or it may be treated as an “S corporation”. In a C corporation, the corporation itself pays tax on corporate profits. After taxes are paid, remaining corporate profits may be distributed to shareholders in the form of dividends. The shareholders are then taxed in a manner similar to a partnership; that is, the income, deductions and credits of the corporation are passed through to shareholders and are taxed to shareholders at their individual tax rates.

Ownership in a corporation is transferred by sale of stock. A change in ownership does not affect the existence of the corporate entity. Technically, shares of stock in a corporation are freely transferable. As a practical matter, however, the market may be limited for shares of stock in a small corporation that is not publicly traded. In addition, shareholders in a new venture often will want to prevent unrestricted transfer of shares and thus may provide in the articles of incorporation or bylaws for transfer restrictions or buy-sell and redemption agreements, further limiting transferability.

Since a corporation is a separate legal entity, the death, disability or withdrawal of an owner has no legal effect on the business entity’s existence. As a practical matter, however, many small businesses depend heavily on the efforts of one or two individuals, and the death or disability of one of those key individuals can seriously impair the economic viability of the business. For this reason, a small business corporation, like a partnership, often will obtain life insurance on key shareholder-employees. The articles of incorporation may provide for share purchase agreements or other restrictions on the transferability of stock in order to retain control of the firm by the remaining key individuals.

C Corporation

A C corporation reports its income, deductions and credits, and computes its tax, on Form 1120 or Form 1120-A. Supporting forms and schedules may be required. If the corporation issues dividends, it must annually send its shareholders Form 1099-DIV, stating the amount of dividends paid. A copy also is filed with the IRS. The shareholder reports dividends received from the corporation on his or her individual Form 1040.

The C corporation’s taxable income and tax are determined prior to distribution of profits to shareholders. Profits which are distributed to shareholders in the form of dividends are then taxable to the shareholders at their individual income tax rate. Thus these dividends are subject to double taxation; once on the corporation’s income tax return and once on the individual

shareholder's income tax return. In addition, the dividends are taxed to the shareholders as ordinary income; capital gains, charitable contributions and other income and deduction items do not retain their character when passed to shareholders in the form of dividends. Similarly, individual shareholders do not share a corporation's losses for tax purposes.

The C corporations offer some opportunity for tax planning in that dividends may be accumulated by the corporation rather than paid to shareholders, thus postponing double taxation. However, IRS regulations limit the amount of accumulated earnings that may be retained by the corporation. An accumulated earnings tax may be imposed on excessive accumulated earnings. Because all income of the sole proprietorship, partnership, and S corporation is taxable to the owners whether or not it is distributed, these entities are not subject to the employees. Salaries are deductible by the corporation and thus are not included in the corporation's taxable income. However, the IRS may treat as dividends excessive salaries that appear designed to avoid double taxation.

S Corporation

An S corporation files Form 1120S and supporting forms and schedules, including Schedules K and K-1. The S corporation generally is not separately taxed. Individual shareholders report their share of the S corporation's income, deductions and credits on their individual Form 1040, using information contained on the Schedule K-1.

The S corporation is a conduit through which the firm's income and deductions flow to the shareholder. Income items and deductions generally retain their character when passed through to shareholders, although special reporting rules apply and the opportunity to fully claim a share of the S corporation's losses may be limited. Unlike a partnership, allocations to S corporation shareholders must be in proportion to their shareholdings. Thus this form of organization may offer less attractive tax planning opportunities.

A shareholder's pro rata share of S corporation income and deductions is combined with income and losses from other sources and reported on the shareholder's individual income tax return. The total taxable income is taxed at individual income tax rates applicable to shareholder's tax bracket.

One or more individuals may form a South Dakota corporation by filing articles of incorporation with the Office of the Secretary of State. South Dakota law does not require a resident incorporator or director, but every corporation must maintain a resident registered agent. The filing fee is \$150 to form a South Dakota Corporation, \$750 for Application for Certificate of Authority. An annual report with a \$50 filing fee is due each year on the anniversary date of incorporation.

Corporations can be filed on-line at:

<https://sosenterprise.sd.gov/BusinessServices/Business/RegistrationInstr.aspx>. Filing on-line will save an additional paper filing fee.

The forms for Articles of Incorporation and application for Certificate of Authority may be obtained from the Office of the Secretary of State, Corporate Division, Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845 **Web:** <https://sdsos.gov/business-services/corporations/corporate-forms/business-corporations.aspx>

For more information on legislation of corporations go to https://sdlegislature.gov/Statutes/Codified_Laws/2068060

Limited Liability Company (LLC)

The Limited Liability Company is a form of business organization that is designed to combine the tax treatment of a partnership with the limited liability characteristics of a corporation. A LLC may have one or more members which may choose to be taxed as partnerships or corporations. Business income and losses of the LLC that choose to be taxed as a partnership or as a sole proprietorship may be passed through to the owners of the business. A LLC that chooses to be taxed as a partnership or as a sole proprietorship is not taxed at the entity level, eliminating the double taxation of profits that occurs with a C corporation. Income is then taxed at the owner's individual tax rate. Like a corporation, liability for business debts and obligations generally rests with the entity rather than with individual owners. A LLC is not subject to many of the restrictions that apply to S corporations. Unlike a limited partnership, all members of a LLC may participate in the active management of the company without risking loss of limited personal liability.

An LLC can be expected to be similar to a corporation in complexity and cost to organize. As with a corporation, the procedures and criteria for forming a LLC are specified by statute. There is very little case law to guide organizational and operational decisions although the LLC law is modeled on the business corporation law. For this reason, owners of a LLC may need to consult often with their professional advisors, increasing their costs.

Liability of the owners generally is the same as for shareholders of a corporation; that is, absent fraud, personal wrongdoing or disregard of the entity, they generally are not held personally liable for the debts and obligations of the business. They therefore risk loss only up to the amount of their investment. As is the case for corporations, owners of small, closely held, or newly organized LLCs may be required to give personal guarantees of repayment to secure financing or credit.

Like a corporation, a LLC has centralized management. By statute, a limited liability company is managed by or under the direction of a board of governors, comprised of one or more

individuals. In addition, the LLC must have one or more individuals exercising the functions of chief manager and treasurer.

Additional managers and agents may be appointed by the board. The LLC act also authorizes members of the LLC to make management decisions under certain circumstances. As with a corporation, many of the rules governing the management of the LLC are specified in the articles of organization, bylaws or the LLC statute.

Membership rights in a LLC consist of financial rights and governance rights. Financial rights are the rights to share in the profits, losses and distributions of the LLC. Governance rights are the rights to vote and to manage the business. Unless the articles of organization or operating agreement provide otherwise, a member may assign or transfer financial rights. Such a transfer gives the transferee all the rights to profits and distributions that the transferor had. The transfer does not create membership rights in the transferee, nor can the transfer allow the transferee to directly or indirectly exercise governance rights. Governance rights can only be transferred if all members give their written consent. The articles of organization may provide for less-than-unanimous consent.

For LLCs the termination of membership of a particular member is an event of dissolution only to the extent specified in the articles of organization or in a member control agreement, or if the membership of the last member terminates and no new members are admitted within 180 days of that termination. Otherwise, the termination of a member's interest does not affect the existence of the LLC.

One or more individuals may form a South Dakota LLC by filing articles of organization with the Office of the Secretary of State. The filing fee is \$150 for a domestic and \$750 for a Certificate of Authority. An annual report with a \$50 filing fee is due each year on the anniversary date of organization. The forms for Articles of Incorporation and application for Certificate of Authority may be obtained from the Office of the Secretary of State, Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845

For more information on legislation of a Limited Liability Company go to:

https://sdlegislature.gov/Statutes/Codified_Laws/2069721

Forms can be obtained at: <https://sdsos.gov/business-services/corporations/corporate-forms/limited-liability-companies.aspx>

LLCs can be filed on-line at:

<https://sosenterprise.sd.gov/BusinessServices/Business/RegistrationInstr.aspx>. Filing on-line will save an additional paper filing fee.

Nonprofit Corporation

A nonprofit corporation is created to help people achieve a common purpose. It is an organizing structure useful to small and large-scale activities, involving only a few people or many hundreds or people. It provides a useful and inexpensive structure for the enterprise of groups of all sizes, from community campaigns or events to perpetual and diverse activities by hundreds and thousands of people. A nonprofit corporation may be formed in South Dakota for any lawful purpose, but not for financial profit. It does not require large sums of money and it can be prepared initially by following a few simple rules:

1. It may not have shareholders or pay dividends.
2. It may compensate members, officers, and trustees (in reasonable amounts) for services rendered.

Special Note: Nonprofit incorporation status does not guarantee that your organization will be granted tax-exempt status, nor does it ensure that your contributors can deduct their gifts from reported personal income. Nonprofit incorporation is generally a prerequisite to applying to the Internal Revenue Service for preferential tax status, under IRS Code section 501(c) (3). To apply for exempt status contact the IRS for the necessary application forms.

Three or more individuals may form a South Dakota nonprofit corporation by filing articles of incorporation with the Office of the Secretary of State. The filing fee is \$30. An annual report with a \$10 filing fee is due each year on the anniversary date of incorporation. The forms for Articles of Incorporation may be obtained from the Office of the Secretary of State, Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845 **Web:** <https://sdsos.gov/business-services/corporations/corporate-forms/nonprofit-corporations.aspx>

Cooperative

A cooperative is a form of business organization in which the business is owned and controlled by those who use its services, rather than to generate profit for investors. A cooperative may be organized as a legal entity or it may be an unincorporated association. Some of the more common purposes for which cooperatives are formed are:

- To supply members with agricultural production components such as fuels, fertilizers, feed, and chemicals.
- To provide members with an organizational structure for jointly handling and marketing their products.
- To provide service to members, like housing, electricity, telephone, insurance, and health care.

Cooperatives have several features that distinguish them from for-profit business corporations. These include control of the cooperative by user-owners, services provided at cost and limited return on equity capital. An annual report with a \$50 filing fee is due each year on the anniversary of incorporation. For more information, contact the Office of the Secretary of State, Capitol Building, Suite 204, Pierre, SD. **Phone:** (605) 773-4845 **Web:** <https://sdsos.gov/business-services/corporations/corporate-forms/cooperatives.aspx>.

Federal Identification Number

If your business is a partnership or corporation (with or without employees), or a sole proprietorship with employees, one of the first things you must do is obtain a federal identification number for federal purposes.

To obtain a federal identification number, you must file Form SS-4, Application for Employer Identification Number, with the Internal Revenue Service. There are several ways to apply, for more information go to <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/How-to-Apply-for-an-EIN> or call (267) 941-1099 to obtain your EIN over the phone or ask any questions regarding your Form SS-4.

Step 5: Prepare a Written Business Plan

Why should anyone go to the trouble of creating a written business plan? There are several reasons:

- The process of putting a business plan together, including the thought put in before beginning to write it, forces one to take an objective, critical, unemotional look at the business project in its entirety.
- A business plan is an operating tool, which, if properly used, will help manage the business and work effectively toward its success.
- Lenders require one. A completed business plan communicates ideas to others and provides the basis for a financial proposal.

The importance of planning cannot be overemphasized. Taking an objective look at the business plan will identify areas of weakness and strength, pinpoint needs that might otherwise be overlooked, spot opportunities early. One can then begin planning on how best to achieve a business goal.

Your business plan is a working document, use it. Don't put it in the bottom drawer of a desk and forget it. Going into business is rough-over half of all new businesses fail within the first 10 years. A major reason for failure is the lack of planning. The best way to enhance chances of success is to plan and follow through on that plan. Your business plan provides benchmarks and milestones for you to use as measures of your success.

A business plan will help avoid going into a business venture that is doomed to failure. If the proposed venture is marginal, the business plan will show why and may help avoid paying the high tuition of learning about business failure. It is far cheaper not to begin an ill-fated business than to learn by experience what a business plan would have taught at the cost of several concentrated work hours.

The business plan also provides the information needed by others to evaluate a venture, especially if seeking outside financing. A thorough business plan will quickly become a complete financing proposal that will meet the requirements of most lenders.

Framework

Business planning does not offer solutions to business problems. Rather, business planning is the framework in which to structure concepts and information about a project. A well-written business plan will determine the feasibility of a project and lay out the action necessary to complete it.

Several adjectives can be used to describe the business planning process: logical, rational, and regimented. A business plan organizes, directs, coordinates, controls, and facilitates the development of a project from its inception to its completion. No matter how the process of the plan is described, basic business planning is a systematic methodology for reducing risk and enhancing success for any type of business operation.

There is no exact formula for putting a business plan together. There are, however, a number of “specific” topics that should be covered:

- **Executive Summary:** This is an overview of the business plan. Even though it will be at the beginning of the plan, write it after the rest of the plan is completed. It brings together the significant points and should convey excitement.
- **General Description:** Explain the type of company. If this is an existing business, give its history. If it is a new start-up business, not some of the qualifications to start this business. Why is this business needed and what is its chance for success?
- **Products and Services:** Describe the product and/or service. What are its unique features? Why will customers come to this business?
- **Marketing:** Identify your target market. There should be specific target markets that will need your products or services and be willing to pay for them. These have similar characteristics that can be identified and used in your marketing efforts. Outline your marketing strategy – a competitive edge – to draw customers to you rather than your competition. List your primary competitors and provide an honest appraisal of their strengths and weaknesses and how you will compete successfully against them.
- **Management:** Identify the people who will be active in this business. Describe their skills and experiences.
- **Legal:** Describe the type of legal organization; sole proprietorship, partnership, “S” corporation, limited liability company, corporation. Are patents or trademarks involved?
- **Finances:** State the business’ financial requirements and how these funds will come from project revenues, costs, and profits. Your efforts in developing the financial statements will help you understand the cash flow of your business, your break-even point and the sensitivity of your business to fluctuations in business levels.
- **Operations:** Explain any systems or processes that will be used. What facilities will be used? What supplies will be needed and where can they be obtained? Who will provide the labor and how will it be accessed? What are the hours of operation of the business?

Remember that the executive summary, which starts your plan, is the single most important part. Many people will not read past the executive summary. It must enthusiastically present enough information so readers will continue. How long will the plan be? Probably not much more than 10 pages. The complexity of a business plan will vary with the type of business, and the size will reflect that complexity.

Everyone needs help in putting a business plan together. There are several well written brochures and books available at libraries and bookstores for assistance. Most large accounting firms have manuals available. If more assistance is needed, contact your local Small Business Development Center or visit their website at <http://sdbusinesshelp.com/small-business-development-center/contact>. The National Commission on Entrepreneurship also offers research information on entrepreneurship. Various legal and financial consultants are also listed in the Yellow Pages.

A business plan is a prediction of the future based on current abstractions, assumptions, and estimates. This is unavoidable – if you could see into the future, there would be no need for a business plan. When a business plan is implemented, the plan comes in contact with reality. This could be a nasty shock for many business entrepreneurs causing a good deal of doubt about their business plan. However, reality is the feedback necessary to reinforce or adjust the business plan to achieve project completion. If a plan is not working, change items in the plan. The plan itself will show what impacts a change will have on other areas of a business. A business plan is never cast in stone – it is a working document. Use it as a management tool.

Goals/Objectives

A business plan forces a business entrepreneur to establish written goals and objectives. Goals should be:

- Achievable
- Quantifiable
- Prioritized
- Coordinated
- Realistic
- Both short and long term
- Action oriented
- Scheduled (i.e. time related)

Once goals and objectives are set they must be translated into strategies and paths of action.

Information

For a new business or operation, a business plan is the first piece of information that is brought together in one document. The information contained in a business plan will be the basis for both the entrepreneur's decisions and those of lenders, creditors, etc., who will review the business. After implementing a business plan, measure the performance against the facts and figures in the plan. This will help evaluate where the weaknesses and strengths lie.

Communications

One of the most important aspects of a business is communication. A business plan is one of the easiest and most reliable communication tools you can possess. The plan will relay to the reader information about the business.

A business plan can be used to communicate information to a variety of people. Lenders and creditors will obviously want to read it. A decision on whether to extend credit will be based on the information in the business plan.

Internally, the business plan can be used to communicate the goals of the business and how the firm operates. This will help define the roles in the business and may improve the efficiency of an operation. It could certainly improve the coordination among various sections of a business.

Managerial Skills

Most business plans are written to acquire capital from lenders. However, a business plan is a very useful management tool, and will help develop managerial skills.

Developing a business plan provides a set of decisions and assumptions about the business and the economy. Comparing actual events to your decisions and assumptions provides the basis for a day-to-day decision-making process. The plan will help evaluate the effects of alternatives before a decision is implemented. It will assist in balancing important issues, and also give the owner a sense of perspective relating one area of activity to another. The business plan will also assist in fitting the skills of the employees to specific jobs.

Problems/Opportunities

The business plan gives a structure within which unforeseen problems can be solved. Many problems can be avoided, as the business plan will bring them to your attention before they become critical. If necessary, safeguards can be written in the business plan to avoid unforeseen problems. The importance of avoiding problems cannot be over emphasized. If a problem becomes serious enough and impacts on the business balance sheet and income statements (i.e. the track record of the company), this can have a disastrous impact on the business ability to raise funds and receive future credit.

Resources

All businesses have limited resources, which can apply to competing business operations. The business planning process will help differentiate among competing operations and allocate resources to optimize profits.

When writing a business plan, concentrate on the amount of resources (i.e. capital, expertise, etc.) that will be required to bring a project to bear fruit and not what can be collected. It is far better to postpone a project than have it fail due to lack of resources.

Orientation

A business plan should be oriented to creating a business which will satisfy the wants and needs of future customers, rather than producing a product or providing a service. A market orientation will help avoid the pitfalls of opening a business to satisfy the desire of owning a business. The best possible situation is where skills and abilities mesh with the wants and needs of the customer to form an efficient high demand business.

Suggested Outline of a Business Plan

1. Cover Sheet

Name of business, address and telephone number and the name(s) of principal(s). Include any pertinent contact information (cell phone, fax, etc.).

2. Executive Summary – Statement of Purpose

A summary of the business covering at least the following items: the name of the business, its legal structure, the amount and purpose of a loan request, a repayment statement, the business concept; product information; current stage of business (start-up, developing, or existing); and anticipated financial results and other benefits.

3. Table of Contents

4. The Business

- a. What product or service will you provide?
- b. Historical development: List the name, date of information, legal structure, subsidiaries, and degrees of ownership of your business.
- c. Product/service lines: What is the relative importance of each product/service? Include sales projections based on research conducted to identify the market.
- d. Market segment: Who will buy your product? How many of them are there and why will they want what you are offering?
- e. Competition: Describe competing companies and how your business compares.
Remember to include all substitute product/service providers.
- f. Location: Where will you locate and why?
- g. What will be your hours of operation?
- h. Marketing: What marketing methods will you use?

5. Management

- a. Business format: Is your business a sole proprietorship, partnership, limited liability company or corporation? Explain why you chose this form of business compared to others.
- b. Organizational chart: What is the personnel structure? Who are the key individuals and planned staff additions? How many and of which type will you need at the different stages of the business cycle?
- c. Personnel: What are the responsibilities and past experiences of partners and employees? How will they contribute to the success of the company?

6. Finance

- a. Description of the project.
- b. Total estimated project cost. Do NOT expect the lender to tell you how much money you can borrow. Explain how much money you need and WHY.
- c. Breakdown of the proposed uses of project funds. Consider presenting the total project in stages or phases of development to better identify cash requirements.
- d. Lending institution participation, including terms and conditions.
- e. Equity participation of the owners and investors.
- f. Projections and assumptions for
 - (1) Two years of both Profit and Loss Statements and Balance Sheets.
 - (2) One year of company Cash Flow, month-by-month.
- g. Personal financial statement of owner.

7. Production

- a. Description: How will production or delivery of services be accomplished?
- b. Capacities: What physical facilities, suppliers, patents, labor, and technologies exist or will be used?
- c. Capital equipment: What type and amount of machinery and durable equipment is needed to operate the business?
- d. Supplies: Where and how will you obtain your components and day-to-day supplies and services?

8. Supporting Documents

Include personal resumes; personal financial statements; cost of living budget; letters of reference; letters of intent; job descriptions; copies of leases, contracts and other legal documents that help convey an accurate picture of the business. Also include descriptive drawings to identify proposed site plan of facility and floor plan of operations.

9. Develop a Business Plan

You know what you need to do. Now you must develop specific, deliverable steps that will enable you to do it. For assistance in developing your own business plan, contact your local [Small Business Development Center](#).

- **Aberdeen** (605) 626.2565
- **Pierre** (605) 773.2783
- **Rapid City** (605) 716.0015
- **Sioux Falls** (605) 367.5757
- **Vermillion** (605) 677.5287
- **Watertown** (605) 882.5115
- **Yankton** (605) 665.0751

Step 6: Identify Ways to Finance Your Business

When starting a business or expanding an existing business, the owner needs money to pay rent and utilities; acquire inventory, equipment, and fixtures; pay employees' salaries; make payments for vehicles; market/advertise products and services; pay taxes and needed insurance; and most importantly, pay his or her own salary.

There are several options available for obtaining money to start a new business or expand an existing one. Most businesses begin with the owner's own capital or loans from friends and family. Some are successful in obtaining bank financing or using a government sponsored loan program. Regardless of the path you choose, it is wise to take time out to put together a credible business plan.

Equity Financing

Equity means ownership. Equity financing means that you give an ownership share of your business to your investor. Your new "partner" expects to share in the profits of your business. Equity financing differs from debt financing in two ways:

1. Lenders expect to get their money back plus interest. The amount of your obligation is fixed. There is a repayment schedule and that's it. Once a lender is paid off the relationship is over.
2. Equity investors don't expect to get their money back in the same way as lenders. They expect to get a stream of income out of the profits of the company. There is no payment schedule and the stream of income can vary over time. This is a riskier situation for the investor, so the hope is for an even higher return than a lender would get. Of course, investors are interested in more than the stream of income. They'd like to be able to sell their share in the business if they ever need to. That's the return of capital; similar to a lender's getting back the principal amount of a loan, but the amount is not fixed. Instead, it depends on what a buyer would pay for the ownership share.

There are two common types of equity financing:

1. **Venture Capital**

A venture capital fund is used for very narrow or niche equity financing. It is professionally managed money that seeks to make a high rate of return for its investors by taking high risks in investing in early-stage businesses.

These businesses must demonstrate the possibility of extremely rapid growth (i.e. \$50 million a year in sales after 5-7 years). Venture capital is equity money (money for stock) that is repaid by capital gains, through the sale of stock. Venture capital investors are typically short to intermediate-term investors (1-7 years) who generally invest over \$1 million in a company.

The following are South Dakota Venture Capital Firms:

Bluestem Capital Co., LLC
122 S. Phillips Ave., Suite 300
Sioux Falls, SD 57104
Phone: (605) 331-0091
www.bluestemcapital.com

Bird Dog Equity Partners
221 S. Phillips Ave., Ste 200
Sioux Falls, SD 57104
Phone: (605) 275-3939
www.birddogequity.com

Capitaline Advisors, LLC
111 Main Avenue
Brookings, SD 57006
Phone: (605) 696-3100
www.capitaline.net

PrairieGold Venture Partners
5708 S. Remington Place #600
Sioux Falls, SD 57108
Phone: (605) 275-2999
www.pgvp.com

South Dakota Innovation Partners
2329 Career Avenue
Sioux Falls, SD 57107
Phone: (605) 366-3151
www.southdakotainnovation.com

McGowan Capital Group
201 S. Phillips Ave., Ste 100
Sioux Falls, SD 57104
Phone: (605) 357-5302
www.mcgowancapitalgroup.com

The Funding Farm
304 Splitrock Blvd. Ste 205
Brandon, SD 57005
Phone: (605) 582-5964

Genesis Equity Fund, LLC
525 University Loop, Ste 101
Rapid City, SD 57701
Phone: (605) 716-0002

Black Line Capital
P.O. Box 1060
Watertown, SD 57201
Phone: (605) 882-0007

2. Angel Investing

An angel investor is a person who invests in a business venture, providing capital for start-up or expansion. These individuals are looking for a higher rate of return than would be given by more traditional investments (typically 25% or more).

Usually, an angel investor is looking for a personal opportunity as well as an investment. Often such an investor has business experience as well as money and will want to play some sort of active role in managing the company.

Because he or she is interested in adding value to the company, it's important for any business person thinking of accepting investment from an angel investor to be very clear about what the angel investor is bringing to the deal besides money, and to develop an understanding of what the angel investor would be like to work with.

Contact the Enterprise Institute to learn more or get started working with an angel investor. **Phone:** (605) 697-5015 **Web:** www.sdei.org **Email:** info@sdei.org

Debt Financing

Short-term financing/credit sources are usually grouped into two basic categories: unsecured and secured.

Unsecured credit is obtained without the borrower's pledge of specific assets to serve as collateral. Examples include:

- Personal credit cards, savings, stocks and bonds, and/or cash value of life insurance policies. Funds borrowed from family members and/or friends.
- A short-term, unsecured transaction loan is a direct, single payment financing one and six months, but may extend up to a year.
- A company's line of credit is a commitment from a bank to its regular credit worthy business customers to provide a stated maximum amount of short-term financing for a specified time period. The credit line is often granted with a compensating balance requirement, and the floating or variable-rate method of interest payment is used.
- Trade credit is credit extended by one firm to another in conjunction with the sale of goods or services that are used in the normal course of business. For the purchasing firm, using trade credit is the equivalent of a consumer charge account at a department store – goods are purchased but payment can be delayed to the extent of the specified credit terms.
- Accruals are services that are provided for a business on a continuing basis but are not paid for at the time the services are rendered. For example, employees provide services to the business each day they work, however, they are not paid until some specified future payroll date.

Secured short-term credit for new/existing businesses, businesses with a marginal credit rating, or businesses that have exhausted unsecured collateral may offer a financing opportunity that would otherwise not exist. The primary sources of secured short-term financing for business borrowers are:

- Commercial banks
- Commercial finance companies
- Factoring accounts receivables
- U.S. Small Business Administration (SBA) "guaranteed" loan obtained through a private lending institution. (The SBA rarely make a "direct" loan to an individual or company.)

State Loan Programs

There are a variety of financing programs available to aid South Dakota businesses with start-up, growth, and expansion. With the help of professional loan officers, financial packagers, and development specialists, companies can move from blueprints and business plans to bricks and mortars. Before approaching your banker or any other financing organization for assistance it will be required of you to have a business plan.

Revolving Economic Development and Initiative Fund (REDI)

Purpose

REDI (Revolving Economic Development and Initiative) Fund is designed to help promote job growth in South Dakota. This low-interest loan fund is available to start-up firms, businesses that are expanding or relocating and local economic development corporations. REDI Fund loans are done in conjunction with traditional financing

How it Works

The REDI Fund provides up to 45 percent of a project's total cost. Companies should secure interim (construction) financing, matching funds for permanent financing and be able to provide a 10 percent minimum equity contribution before applying to the Board of Economic Development for a REDI Fund loan.

Costs eligible for participation may include:

- the purchase of land and the associated site improvements
- construction, acquisition or renovation of buildings
- the purchase and installation of machinery and equipment

Costs that are NOT eligible include:

- refinancing of existing debt
- short-term, interim financing for the construction or acquisition phase of a project
- trade receivables
- inventory
- other working capital needs
- preliminary design stage costs which include, but are not limited to market research, written cost estimates, development of business plan
- preliminary product development costs

Terms

The REDI loan program offers fixed rate interest which is currently 2%. Loans may be amortized up to 20 years on land and buildings and up to 10 years on equipment, with a balloon payment due after five years.

How to Apply

Go to <https://sdgoed.com/financing-incentives/redi-fund/>, and then click on Loan Application located on the right side of the page in the Downloads box. Please note that while you may type your information onto this application and then print it, once you leave this site the information will not be saved.

For more information contact:

South Dakota Governor's Office of Economic Development

711 E. Wells Avenue

Pierre, SD 57501

Phone: (605) 773-4633 or 800-872-6190

Web: <https://sdgoed.com/>

Email: Travis.Dovre@sdgoed.com

South Dakota MicroLoan Program

For Small Businesses

The MicroLOAN South Dakota Loan Program offers loans to small businesses within the borders of South Dakota and South Dakota residents, including main street and retail operations, for working capital, equipment, real estate or other fixed asset project costs. Loans are done in conjunction with outside financing.

Some features of the program are:

- 3% fixed rate interest.
- Up to a 10-year term.
- Takes a second collateral position behind lead lender if they are a bank or credit union.
- Lead lenders can be banks, credit unions or other approved lenders, but the MicroLOAN is in a shared first collateral position when the lead lender is not a bank or credit union.
- Loan amount from \$1,000 to \$100,000.
- Project size up to \$750,000.

MicroLOAN Express

The MicroLOAN Express operates in almost the same fashion as the MicroLOAN, but takes a shared first collateral position with the lead lender and can be funded prior to Board approval. Call 800-872-6190 for more details.

How to Apply

Go to <https://sdgoed.com/financing-incentives/microloan-sd/>, and then click on MicroLoan Policy and Application located on the right side of the page in the Downloads box. Please note that while you may type your information onto this application and then print it, once you leave this site the information will not be saved.

For more information contact:

South Dakota Governor's Office of Economic Development

711 E. Wells Avenue

Pierre, SD 57501

Phone: (605) 773-4633 or 800-872-6190

Web: <https://sdgoed.com/>

Email: Travis.Dovre@sdgoed.com

Bond Financing

Purpose

Another financing option is the pooled loan program through South Dakota's Economic Development Finance Authority. This loan program, designed for more capital-intensive projects, provides small businesses access to larger capital markets for tax-exempt or taxable bond issuances. The program can fund projects individually or pool them to help lower the cost of the bond issuance. One of the biggest advantages of this program is a long-term loan with a fixed interest rate. A major benefit to borrowers is the South Dakota Economic Development Finance Authority's "AA" rating by Standard and Poor's. By maintaining an "AA" rating, the Authority is able to offer a lower interest rate to the applicant.

Who's Eligible

All for-profit businesses that are engaged in the operation of an industrial, ag processing or manufacturing business may apply for bond financing through the South Dakota Economic Development Finance Authority.

How it Works

The bonds can be either taxable or tax-exempt. To qualify for tax-exempt financing the borrower must be a manufacturer and total project costs must be less than \$20,000,000. Bond proceeds can be used to finance 80 percent of new construction or purchase of existing building, and 75 percent of new equipment costs, with no greater than 25 percent of the bond proceeds being used for ancillary activities such as office or inventory space.

How to Apply

Go to <https://sdgoed.com/financing-incentives/bond-financing/>, and then click on Loan Application located on the right side of the page in the Downloads box. Please note that while you may type your information onto this application and then print it, once you leave this site the information will not be saved.

For more information contact:

South Dakota Governor's Office of Economic Development

711 E. Wells Avenue

Pierre, SD 57501

Phone: (605) 773-4633 or 800-872-6190

Web: <https://sdgoed.com/>

Email: Travis.Dovre@sdgoed.com

South Dakota WORKS

Program Overview

- Business/commercial loans for businesses needing working capital
- Term of 1 to 5 years

Eligible Borrowers

- Businesses seeking new financing
- Certified Community Development Financial institutions

Ineligible Borrowers

- Speculative development
- Lending institutions, insurance companies
- Businesses engaged in pyramid sales
- Gambling concerns and private clubs
- Businesses engaged in activities prohibited by law

Eligible Use of Funds

- Business purposes including: start-up costs, working capital, payroll, inventory needs and interim construction loans

Ineligible Use of Funds

- Purchase, construction, renovation, or tenant improvements of an eligible place of a business that is for passive real estate investment purposes
- Refinancing purposes
- Repay delinquent federal or state income taxes
- Repay taxes held in trust or escrow
- Reimburse funds owed to any owner
- Purchase any ownership interest of any owner

Structure

- Bank or credit union must provide matching at-risk funds.

The Process

- The application packet is submitted to GOED loan officer for review
- SD WORKS loan review committee will meet to review the application on an as needed basis.

Private Lender Participation

- The bank or credit union must file all the applicant's documents they require, as well as all internal documents relating to the loan with the GOED, or the borrower needs to submit a SD WORKS application to the GOED

Collateral

- Second on assets that banks or credit unions take as collateral

Fees

- Origination fee of 1.5%

How to Apply

Go to <https://sdgoed.com/financing-incentives/south-dakota-works/>, and then click on Loan Application located on the right side of the page in the Downloads box. Please note that while you may type your information onto this application and then print it, once you leave this site the information will not be saved.

For more information contact:

South Dakota Governor's Office of Economic Development

711 E. Wells Avenue

Pierre, SD 57501

Phone: (605) 773-4633 or 800-872-6190

Web: <https://sdgoed.com/>

Email: Travis.Dovre@sdgoed.com

Step 7: Lawyers, Accountants, and Insurance

Attorney

You should work with an attorney to help meet many of the legal requirements facing you and your business, including:

- Your choice of business type
- Employee relations
- Partnership agreements
- Obtaining licenses
- Reviewing and negotiating contracts
- Reviewing various laws and regulations
- Antitrust, product liability and environmental concerns
- Protection of your idea or product

Accountant

Your accountant should be a practical business advisor who can set up a total financial-control system for your business and render sound business advice. At the outset, your accountant should work with you to establish accounting and reporting systems, cash projections, financing strategies and tax planning. In addition, as the company matures, the following services can be provided:

- Strategic planning
- Cash-management advice
- Merger, acquisition, and appraisal assistance
- Compensation strategies
- Cost-reduction planning
- Management information systems

Insurance Coverage

Most businesses require insurance in one form or another. Some forms, such as workers' compensation, may be required by law. Others, such as liability insurance, may not be required but should be purchased by most businesses. Shop around to find the insurer who offers the best combination of coverage, service, and price. Trade associations often offer special rates and policies to their members.

You should consider the following types of insurance:

- Workers' compensation (mandatory)
- Automobile insurance (mandatory)
- Liability insurance to protect the business from claims of bodily injury, property damage, and malpractice.
- Fire insurance
- Business interruption insurance to compensate for revenue lost during a temporary halt of business caused by fire, theft, or illness.
- Crime coverage for reimbursement of robbery, burglary, and vandalism losses.
- Group life insurance (for employer and employees)
- Disability insurance (for employer and employees)
- Key-person insurance to compensate the business for the death or disability of a key partner or manager
- Fidelity bonds to insure against employee theft
- Product liability insurance

Step 8: Licensing and Registering Your Business

South Dakota state government recognizes that registration, licensing, and reporting requirements can place a burden on a business owner who has limited time and resources to spend away from his or her new business. Therefore, we have compiled a listing of various licensing and reporting areas that may assist you in this process.

Failure to license a business according to requirements can result in penalties being imposed by a particular department. The penalty will vary according to department regulations.

Included in this section is a listing of the licenses for the following agencies:

- South Dakota Animal Industry Board
- Department of Agriculture and Natural Resources
- Department of Game, Fish and Parks
- Department of Health
- Department of Labor & Regulation
- Department of Public Safety
- Department of Revenue
- Department of Social Services
- Department of Transportation

In addition to basic licensing guidelines, various departments have additional requirements that new businesses need to follow. Local cities and agencies also may have certain licensing requirements that you may need to inquire about.

Questions on licensing and other requirements should be directed to the responsible department or agency.

South Dakota Animal Industry Board

411 S. Fort Street

Pierre, SD 57501

Phone: (605) 773-3321

Web: <http://aib.sd.gov/>

Auction Market License

Owners of livestock auctions need to be licensed prior to selling any livestock.

Duration: 1 year

Cost: \$100

Pet Food Processing License

Any person who operates a business for the purpose of processing pet food must be licensed.

Duration: 1 year

Cost: \$25

Livestock Dealers License

Any person who engages in the buying and selling of animals must be licensed.

Duration: 1 year

Cost: \$50

Rendering Plant License

Any person who operates a business for the purpose of disposing of dead animals, hides, etc. must be licensed.

Duration: 1 year

Cost: \$25

Meat Plant

Any meat plant needs to have the facilities and equipment inspected prior to operating and needs to be licensed with the South Dakota Animal Industry Board.

Duration: 1 year

Cost: Slaughter \$100

Processing \$100

Custom \$50

Retail \$20

Contract Hauler Permit

Any person who maintains a contract with a licensed rendering establishment from South Dakota or from another state for the transport of carcasses to such rendering establishment or for the transport of carcasses to or from a collection station.

Duration: 1 year

Cost: None

South Dakota Department of Agriculture and Natural Resources (DANR)

Joe Foss Building

523 East Capitol Avenue

Pierre, SD 57501

Phone: (605) 773-3151

Web: <https://danr.sd.gov/default.aspx>; <https://danr.sd.gov/Press/PermittingGuides.aspx>

Air Pollution Control Permit

Any facility that emits an air contaminant must obtain an air pollution control permit. The department must receive the application for a new facility 180 days before construction begins.

Duration: 5 years

Cost: An application fee of \$138 is required for a construction permit for a major source, an initial Title V air quality operating permit, a permit renewal for a Title V air quality operating permit, and a permit modification for a Title V air quality operating permit, except ethanol plants. The application fee, except for ethanol plants, will be \$138 starting July 1, 2019. Ethanol plants are required to pay a one-time application fee of \$1,000 for a new ethanol plant. In addition, there is an annual dollar per ton fee and administrative fee. The dollar per ton fee is \$8.30 per ton of actual air emissions, except ethanol plants. Ethanol plants pay a dollar per ton fee of \$40 per ton of actual air emissions. The annual administrative fee, except ethanol plants, is \$138 for actual air emissions less than 50 tons per year; \$666 for actual air emissions of 50 tons per year or greater but less than 100 tons per year; and \$1,383 for actual air emissions of 100 tons per year or greater. Ethanol plants pay a flat administrative fee of \$1,000.

Animal Remedy

Before being distributed in South Dakota, each animal remedy shall be registered by the manufacturer or the person responsible for distributing the animal remedy.

Duration: 1 year

Cost: \$75

Apiary Inspection

To minimize the spread of parasites and disease, all apiaries, including hobbyists, must be registered with DANR. The registration fee, based on a per-apiary basis, covers all routine inspections and sampling. Each commercial apiary must be three or more miles from the nearest commercial apiary. Movement of bees into South Dakota requires an entrance permit and a health certificate from the state of origin. Those who wish to move bees out of South Dakota may use the inspection service provided by the state.

Duration: 1 year

Cost: Location Registration: \$11

Honey Promotion Fee - \$1 per apiary

Compliance Agreement - \$50

Asbestos Licenses

Any person wishing to do asbestos related work in South Dakota needs to be certified by the state. Individuals can be certified as inspectors, management planners, abatement project designers, contractor/supervisors, and workers. One person can be certified in more than one discipline.

Duration: 1 year initial

Cost: \$100

1 year renewal

Cost: \$50

Initial certification is valid for one year from the date of the training examination.

Renewal process requires the individual to take a refresher course within 90 days prior to or 90 days after the certificate's expiration date and apply for recertification within this 180-day time frame.

Building owners and/or contractors planning to demolish, or planning to remove friable asbestos from, public and commercial buildings are required to notify the state in writing 10 business days prior to the start of the project.

Bulk Milk Pick-up Tanker or Milk Transport Tank License

Any vehicle, including the truck, tank, and those appurtenances necessary for the tank's use, used by a bulk milk hauler or sampler to transport bulk raw milk for pasteurization from a dairy farm to a milk plant, receiving station, or transfer station is required to be licensed.

Duration: Annual, expires December 31st

Cost: \$50

Candler Egg License

Any natural person who candles or grades eggs shall be licensed.

Duration: Annual, Feb 28th

Cost: \$10

Class A Egg License

Class A dealer licenses shall be issued to set-in stations, buyers from producers only, and producers who pack eggs produced only by their own flock into South Dakota consumer grades and sell to retail stores, or institutional consumers, or both. For set-in stations, buyers from producers only, and producers who pack and sell eggs produced only by their own flock, known as "Class A."

Duration: Annual, Feb 28th

Cost: \$10

Class B Egg license

Class B dealer licenses shall be issued to wholesale dealers and dealers buying eggs from class A licensees. For wholesale dealers and dealers buying eggs from Class A licensees, known as "Class B."

Duration: Annual, Feb 28th

Cost: \$100

Commercial Feed

Any company who manufactures feed in South Dakota or whose name appears on the label of a feed product distributed in South Dakota must be licensed. Commercial feeds include livestock and pet feeds.

Duration: 2 years

Cost: \$50

Commercial Pesticide Applicator License

Any person(s) that sprays lawns, crops, etc. for hire must be at least 18 years of age and hold a license.

Duration: 2 years

Cost: \$35

Commercial Pesticide Applicator Certification (Categories)

Commercial applicators must pass certification exams to become eligible for a license. The exam categories are specific to the degree of proficiency required and are directly related to the activity and associated responsibility. Recertification costs vary based on classes taken (\$10-\$50 per class).

Duration: 2 years

Cost: None

Concentrated Animal Feeding Operations General Permit

A producer needs a permit for a large concentrated animal feeding operation when DANR determines an operation is a medium or small concentrated animal feeding operation that needs permit coverage to ensure protection of the state's water resources, or when the operation, regardless of size, is required to obtain approval by a local government entity, such as a county commission. The general permit was reissued and became effective on April 15, 2017.

Duration: The state general permit is effective for 5 years. If a producer obtains coverage under the permit after the permit has been effective for 2 years, the duration would be 3 years.

Cost: Annual fee:

- \$250 for operations with 2,000 or more animal units;
- \$175 for operations with 1,000 to 1,999 animal units; and
- \$100 for operations with less than 1,000 animal units.

Construction Storm Water Discharge Permit

Construction sites that disturb one or more acres must receive coverage under the general permit for storm water discharges associated with construction activity. This general permit is required for any construction site that disturbs at least one acre across the state.

Duration: The state general permit is effective for 5 years. A construction site operator must maintain coverage under the general permit until the construction has been completed and the site has been stabilized.

Cost: Annual fee based on the size of the project:

- \$100 for projects less than 5 acres;
- \$250 for projects 5 to less than 40 acres; \$500 for projects 40 to less than 80 acres; and
- \$750 for projects that are 80 acres or more.

Dairy Farm Permit

A producer engaged in the business of producing milk and offering for sale such milk selling Grade A, Manufacturing Grade or Raw Milk for Human Consumption must obtain a permit from the DANR. No permit shall be transferable to another location but may be transferred from one producer to another with the approval of the secretary or his duly authorized agent.

Duration: Permanent

Cost: None

Dairy Farm Inspection Fee

A milk plant or marketing organization of milk, milk products, sheep milk, or goat milk that processes or markets Manufacturing Grade or Grade A milk shall pay an inspection service fee for each dairy farm.

Duration: Semi-annual, July 1st and Jan 1st

Cost: \$50 per manufacturing, \$100 per Grade A farm

Dairy Plant Permit

All dairy plants where milk or a milk product is delivered or processed for commercial purposes need a permit.

Duration: Permanent

Cost: None

Dairy Raw Milk Assessment Fee

All milk purchased from South Dakota producers, which shall be paid by the beginning of each month to the secretary. Each licensed milk buyer in the state shall pay to the secretary on or before the 15th of each month a fee of 0.7 of a cent per hundred weight of all milk purchased from producers within the state the previous month. The raw milk assessment fee may not exceed one cent per hundredweight on all milk purchased.

Duration: Monthly

Cost: \$0.7 of a cent per hundred weight (cwt)

Dairy Raw Milk for Human Consumption Farm Inspection Fee

A dairy farm that produces and markets raw milk for human consumption shall pay an inspection service fee.

Duration: Annual, July 1st

Cost: \$50

Dairy Fieldman license

Any person employed by the milk plant to determine if a producer is maintaining satisfactory production requirements is required to be licensed.

Duration: Annual, July 1st

Cost: \$50

Dairy Plant License

All in state milk processing plants must have a license and permit. No license for a milk plant is transferable from one person to another, but may be transferred from one location to another in the same municipality with the approval from the department Secretary.

Duration: Annual, expires December 31st

Cost: In-state milk processing plant (by pounds of milk or milk product produced):

- (a) Less than 100,000 pounds per day, two hundred fifty dollars;
- (b) 100,000 to 500,000 pounds, inclusive, per day, five hundred dollars; and
- (c) Over 500,000 pounds per day, one thousand dollars.

Dry Draw Location Notice

A location notice is needed for any proposed dam/dugout impounding 25 acre feet of water or less at the primary spillway elevation with water stored for in-place uses only. Any dam on a navigable stream requires obtaining a permit to appropriate water.

Duration: Permanent

Cost: \$50

Exploration Notice of Intent

Any person desiring to conduct mineral exploration in the state must file an exploration notice of intent with the department. A fee, reclamation plan, and maps are required. A reclamation bond based on the cost to plug all of the proposed test holes and reclamation of the affected land as determined by DANR is required. In lieu of submitting a bond for each exploration operation, a \$20,000 statewide reclamation surety can be submitted.

Duration: Life of exploration project

Cost: Application fee \$250

Fertilizer Distribution License

Any person(s) or business who manufactures or mixes fertilizer in South Dakota or whose name appears on the label of a fertilizer must be licensed.

Duration: 2 years

Cost: \$25

Flood Control Permit

Except for dry draws, a flood control permit is required for any operation diverting the flow or changing the stage of surface water for the purpose of flood control.

Duration: Permanent

Cost: \$500

Ground Water Discharge Plan

A ground water discharge plan may be required for any facility that discharges waste or pollutants that may move directly or indirectly, into ground water. If required, the facility must apply to the secretary for an approved groundwater discharge plan at least 180 days before any discharge.

Duration: Generally 4 years, maximum of 5 years, every 2 years if a Water Quality Variance Permit is issued.

Cost: None

Hazardous Waste Permit

Anyone who treats, stores, or disposes of hazardous waste must obtain a permit.

Notice must be given to the department by anyone who generates, transports, stores, treats, or disposes of a hazardous waste. Although fees are required of companies applying for a hazardous waste permit, hazardous waste notifications do not require a fee. Applications for hazardous waste permits must be submitted 180 days prior to construction.

Duration: Initial permit valid for two years

Cost: \$50,000 to \$175,000 (application fees apply only to hazardous waste disposal facilities)

Permit renewal: 5 years

Cost: \$25,000

Annual operating fee: \$25,000 per year - facilities disposing of >500 tons per year

Disposal fee: \$50.00 per ton or part thereof – accrued at the time waste is disposed of at the facility and payable the following month.

Industrial Hemp Grower License

Any person(s) or business that grows industrial hemp classified is required to submit an application with a \$50 fee and a grower license fee of \$500. A fingerprint background check is required as part of the application process. An annual inspection fee of \$250 per licensed lot is required.

Duration: 15 months

Cost: \$550 (plus \$250 per licensed lot)

Industrial Hemp Processor License

Any person(s) or business that processes industrial hemp must be licensed and is required to submit an application with a \$50 application fee and a \$2,000 processor license fee. A fingerprint background check is required as part of the application process. An annual inspection fee of \$500 is required after licensure.

Duration: 15 months

Cost: \$2,550

Industrial Storm Water Discharge Permit

Storm water discharges associated with industrial activity, including but not limited to industrial plant yards, immediate access roads and railroad sidings, drainage ponds, material handling sites, refuse sites, process wastewater sites, equipment handling/maintenance areas, residual treatment areas and loading/unloading areas, will be required to obtain a permit.

Duration: The state general permit is effective for 5 years. An industrial site operator must maintain coverage as long as the industrial activities continue.

Cost: Annual fee ranges from \$100 to \$800 depending on the size and type of operation

Milk Distributor License

Any person who purchases milk or any milk product and transports the milk or milk product to a retail dealer or a consumer is required to be licensed.

Duration: Annual, expires December 31st

Cost: \$250

Milk Plant Inspection Fee for Pasteurization Units, Reseal Fee

Each milk plant requiring inspection service from the department on pasteurization units shall annually pay two hundred fifty dollars per pasteurization unit to the secretary. The inspection fee shall be paid annually and is due July first of each year. A one-hundred-fifty-dollar resealing fee for any pasteurization unit shall be assessed to the plant and billed at the end of the month for nonroutine equipment checks.

Duration: Annual, July 1st

Cost: \$250

Mining Permit – Large Scale

A large scale mine permit is required for any mining operation that:

- Affects more than ten acres or extracts more than 25,000 tons of ore per year;
- Employs in situ mining; or
- Uses cyanide, chemical or biological leaching processes.

A reclamation bond based on the actual cost of reclamation determined by DANR is required. Operations that use chemical or biological leaching may be required to post an additional bond to respond to spills.

Duration: Life of mine

Cost: Application fee – Precious metal, coal, or uranium: \$50,000

Other large scale: \$1,000

Annual renewal fee – Precious metal, coal, or uranium: \$50,000. Other large scale: \$100

Mining Permit – Small Scale

Any mining operation that affects less than ten acres and extracts less than 25,000 tons of ore or overburden per year must obtain a permit. A reclamation bond of up to \$2,500 is required.

Duration: Life of mine

Cost: Application fee \$100. Annual renewal \$50

New Water System Approval

All new community and non-transient non-community water systems constructed after October 1, 1999, are required to obtain a Certificate of Approval from this department before beginning operation. This includes systems that do not meet the definition of community or non-transient non-community water system at start-up, but are designed to one day meet that definition.

Duration: Minimum 90 days prior to system start-up.

Cost: None

Out of State Milk Processing Plant or Marketing Organization License

Plants that wish to sell milk or milk products in the state are required to be licensed. Any milk marketing organization, an entity established for the purpose of procuring farm produced milk and offering for sale that milk to a milk plant, receiving station, or transfer station are required to be licensed.

Duration: Annual, expires December 31st

Cost: \$250

Permit to Appropriate Water

Except for certain domestic uses, any person(s) or business that wishes to appropriate water for any purpose must obtain a water right permit.

Duration: Permanent

Cost: Application – minimum \$100 to \$500 or more depending on amount of water appropriated
License fee \$200

Permit to Drill for Oil or Gas

Any operation with the intent to drill for oil or gas must obtain a permit prior to drilling. The bond amounts are \$50,000 per well or \$100,000 blanket. Operators may also be required to post an additional \$20,000 per well for wells that have been inactive for over six months.

Duration: Life of well

Cost: \$100

Permit to Inject Class II Fluids

A permit to inject is required for the injection of any substances associated with oil and gas production including maintaining reservoir pressure, enhanced recovery operations, disposal of exploration and production waste, or storage of liquid hydrocarbons.

Duration: Permits to inject may be issued for the operating life of the injection well.

Cost: None

Pesticide Product Registration

State law requires that all pesticide products sold in South Dakota be registered with DANR. Product labels are reviewed for compliance with state and federal labeling requirements. Products must be registered annually after expiration on June 30th.

Duration: 1 year

Cost: \$165

Pesticide and Operational Area Registration/Fertilizer Bulk Storage Facilities

Each storage facility must be constructed as approved and operated in accordance with the facility's permit.

Duration: Permanent

Cost: None

Plans and Specifications Approval

Plans and specifications for water and wastewater treatment, collection, and distribution must be submitted for review and approval at least 30 days prior to construction. Other than a conventional septic tank/drain field on-site system for a home, plans and specifications for all on-site wastewater systems must receive department approval.

Duration: The approval to begin construction is valid for two years.

Cost: None

Plant fabricating single-service articles license

Any plant manufacturing single-service articles expected to be in contact with Grade A milk and milk products and require a license.

Duration: Annual, expires December 31st

Cost: \$250

Private Pesticide Applicator Certification

Private applicators must be at least 18 years of age and shall be certified by completing a written examination or a department-approved training course. Recertification classes are offered at no cost.

Duration: 3 years

Cost: None

Phytosanitary Inspections

Phytosanitary certificates are issued by the DANR on plants or plant products for shipment to other states and countries in compliance with the plant inspection and plant quarantine regulations of the state or country of destination.

The fees and duration if applicable for inspection, obtaining samples, or issuing certificates are as follows:

- On-site inspection: \$200
- Growing Field Inspection: \$250 for the first acre and \$2 for each additional acre
- State Phytosanitary Certificate: \$50
- Federal Phytosanitary Certificate: \$125
- Reissue State or Federal Certificate: \$25
- In-Transit Compliance Agreement: \$50, 1 year
- In-Transit Certificate: \$25
- European Corn Borer Quarantine: \$200, 1 year

Pretreatment Industrial User Permit

Any industry that is discharging process wastewater to a municipal sanitary sewer system must contact the department to determine if a pretreatment industrial user permit is necessary. If the permit is needed, it will regulate the industrial discharge to ensure the industry does not overload the city's system. The application for a permit must be submitted at least 180 days prior to the anticipated discharge.

Duration: 5 years

Cost: \$600 per year

Producer packaging and selling raw milk for human consumption license

Any raw milk producer that is packaging and selling raw milk for human consumption is required to be licensed.

Duration: Annual, expires December 31st

Cost: \$50

Radiation Source Registration

Any non-medical facility, be it public or private, using nuclear materials and/or equipment must be registered with the department.

Duration: None

Cost: None

Receiving Station license

Receiving station which any place, premise, or establishment where raw milk is received, collected, handled, stored, or cooled and prepared for further transporting need to be licensed.

Duration: Annual, expires December 31st

Cost: \$250

Restricted Use Pesticide Dealer License

Any person(s) or business that sells products classified as “restricted use” under federal or state law must be licensed.

Duration: 2 years

Cost: \$75

Resident Nurseryman/Nursery Stock Dealer/Other Grower

Nursery stock dealers and resident nurserymen selling nursery stock will be required to purchase an annual nursery license and beginning July 1, 2016 will pay a fee if selected for inspection. Other growers or dealers may also purchase a certificate of inspection.

Greenhouses, tree nurseries, and nursery stock retail outlets are inspected to ensure that consumers receive healthy, viable stock. In addition, nursery stock that will be shipped out of state is inspected and certified as meeting standards of plant health for interstate commerce.

Duration: 1 year

Cost: Resident Nurseryman (Grows all or a portion of the nursery stock he sells):

\$42.50 (Sales under \$5,000) or \$200 (Sales over \$5,000);

Nursery Stock Dealer: \$70 (Sales under \$5,000); \$115 (Sales \$5,000-\$20,000); or \$200 (Sales over \$20,000).

Note: A nursery stock dealer who is not a nurseryman is someone who:

- 1) Buys nursery stock for the purpose of reselling or reshipping;
- 2) Makes landscape plans using nursery stock and negotiates the purchase of nursery stock for clients; or
- 3) Contracts to furnish and plant nursery stock.

Growers & Dealers of Decorative Plants, Annual Plants, Sod or Related Plant Products:
\$250 plus \$5 per acre and \$5 or 10,000 sq.ft. of growing greenhouse.

Nursery Inspection Fee: \$215

Sampler or Bulk hauler license

Any person sampling and grading of milk at a milk plant, or for the operator of a bulk tank truck picking up milk at the farm is required to be licensed. Each license shall be stamped, "Sampler Only" or "Bulk Hauler."

Duration: Annual, July 1st

Cost: \$50

Sand, Gravel, or Rock License

A license is required for any person(s) or business that mines for:

- Sand, gravel, or rock to be crushed and used in construction.
- Pegmatite minerals.
- Iron ore, limestone, sand, gypsum, shale, pozzolan or other materials used in the process of making cement or lime.
- Lake dredging spoils for sale or processing.

A reclamation bond of \$500 per acre or \$20,000 for statewide mining is required.

Duration: 1 year

Cost: \$100 for each privately operated mine site authorized under a mine license

SARA Title III – Section 302/303 Report

A business storing an Extremely Hazardous Substance (EHS) in an amount in excess of the federal Threshold Planning Quantity (TPQ) may be required to submit this report.

The report must be submitted to the state of South Dakota, the Local Emergency Planning Committee (LEPC), and the local fire department within 60 days of beginning new storage or if the facility emergency coordinator changes.

Duration: One-time report, unless the facility coordinator changes

Cost: None

SARA Title III – Section 311 Report

A business storing a hazardous material in an amount in excess of a federal threshold may be required to submit this report. Most substances that require an OSHA Safety Data Sheet (SDS) have a designated threshold of 10,000 pounds.

However, some Extremely Hazardous Substances (EHS) have lower reporting thresholds. The report must be submitted to the state of South Dakota, the Local Emergency Planning Committee (LEPC), and the local fire department within 90 days of beginning new storage.

Duration: One-time report, unless new facility begins to store a new reportable chemical

Cost: None

SARA Title III - Tier II Emergency and Hazardous Chemical Inventory Form

A business storing a hazardous material in an amount in excess of a federal threshold may be required to submit this annual report. Most substances that require an OSHA Safety Data Sheet (SDS) have a designated threshold of 10,000 pounds.

However, some Extremely Hazardous Substances (EHS) have lower reporting thresholds. The report must be submitted to the state of South Dakota, the Local Emergency Planning Committee (LEPC), and the local fire department by March 1. The report covers storage for the preceding calendar year.

Duration: Annual Report

Cost: \$50 to \$300 depending on the number of substances reported.

SARA Title III Toxics Release Inventory (TRI) Report

This annual report details disposal, releases, and transfers of specific substances for the preceding calendar year. A business must report by July 1, if they meet three federal reporting criteria: 1) Employ the equivalent of 10 full time employees; 2) business activity type falls under one of the covered North American Industrial Classification Codes (NAICS Codes); and 3) manufacture, process, or otherwise use an above threshold amount of a listed substance. The report must be submitted to the state of South Dakota and the federal Environmental Protection Agency.

Duration: Annual Report

Cost: \$250 to \$3,000 depending on the number of substances and quality of releases reported.

Seed Permit

Before selling, distributing, advertising, soliciting orders for, offering for sale, exposing for sale, or transporting seed, a person must obtain a seed permit from DANR. A permit is not required for those who sell or advertise seed they have produced, provided that the seed is stored or delivered only to a purchaser on or from the farm where it was grown, or the production and sale of seed is not a primary source of income to the seller. Each permit applicant must agree to provide the Department Secretary with a legible copy of any records, and access during customary business hours to the premises where the seed is sold, handled, or stored. The goal of the program is to provide consumer protection for the state's agricultural producers and homeowners who purchase seed, and to establish a productive business climate for the seed industry. Inspections are conducted at seed dealers, elevators, lawn and garden stores and certified seed growers to check for compliance with South Dakota seed law. Random samples of seed offered for sale are collected and are tested to determine if the label information is accurate.

Duration: 2 years

Cost: \$500/Seedsman (Any person who purchases, conditions, labels, or sells seed as a major part of his or her business.)

\$75/Seed Producer (Any person who labels and sells seed only of his own production.)

\$75/Seed Dealer (Any person who exposes seed for sale, maintains an unsold inventory, and sells seed, or takes and fills orders for seed for a Seedsman or Seed Producer, but does not condition or label seed.)

Soil Amendment Products

All soil amendment products, substances which are intended to improve crop production or the physical, chemical, or other characteristics of the soil, must be registered.

Duration: 2 years

Cost: \$25 per product

Solid Waste Disposal Permit

Operators of solid waste treatment, temporary storage, land application and disposal sites, and facilities must obtain a permit prior to construction or operation of the facility or site.

Duration: 2 year initial, 5 year renewal

Cost: \$250 to \$5,000

Fee schedule and type of facility:

- Type I facility – 150,000 tons or more of solid waste per year = \$5,000;
- Type II facility – between 5,000 tons and 149,999 tons of solid waste per year = \$500;
- Type III facility – between 500 tons and 4,999 tons of solid waste per year = \$250; and
- Type IV facility – less than 500 tons of solid waste per year = no fee required.

Temporary Permit

The chief engineer may issue temporary permits for the use of public water for construction (e.g. highway construction/maintenance), testing, or drilling purposes. Issuance of a temporary permit is not a grant of a water right.

Duration: Up to end of calendar year

Cost: None

Tester and grader license

A tester and grader of cream and milk, duly qualified to sample, test, and grade cream and milk, shall be maintained in every creamery, cream station, or milk plant and is required to be licensed.

Duration: Annual, July 1st

Cost: \$50

Transfer Station License

Any place, premise, or establishment where milk or milk products are transferred directly from one milk tank truck to another is required to be licensed.

Duration: Annual, expires December 31st

Cost: \$100

Underground and Aboveground Tanks

Plans and specifications for installation or upgrade of a regulated underground or aboveground storage tank system must be submitted for review and approval at least 30 days prior to starting the installation or modification. All regulated tank systems must receive department approval prior to installation. Once completed, a Notification form documenting the installation must also be submitted to the department.

Duration: None

Cost: None

Uranium Exploration Permit

Any person desiring to conduct exploration for uranium in the state must first submit a permit application to the department and must be granted a permit by the Board of Minerals and Environment. A fee, map, plan of operations, reclamation plan, and public hearing are required. A reclamation bond based on the cost to plug all the proposed test holes and reclamation of the affected land as determined by DANR is required.

Duration: 3 years

Cost: \$500

Water and Wastewater Operator Certification

Many water and wastewater systems must be operated by personnel that are certified by the state as having the background and knowledge to run a certain type of water system. An operator can obtain this certification by passing a DANR proctored exam.

Duration: 1 year

Cost: Exam fee - \$10

Annual renewal of certificate - \$6

Wastewater Discharge Permit

The owner of any facility that discharges wastewater to waters of the state must apply for a permit at least 180 days prior to the anticipated discharge.

Duration: 5 years

Cost: Typically \$600 for many industrial facilities, but may be higher depending on the type of facility. Municipal facility fees vary depending on population.

Weed - Free Forage Certification

DANR provides weed-free forage certification upon request under North American Forage Certification Standards. Forage fields are inspected by DANR before cutting or harvesting. The goal of this program is to limit the spread of noxious weeds through forage and mulch and to provide some assurance to all participants that forage certified through the program meets a minimum acceptable standard. Weed free forage is required on many U.S. Forest Service and Bureau of Land Management lands, National Parks, Bureau of Reclamation lands, military locations, and tribal lands as well as National Fish and Wildlife refuges.

Due: 2 weeks before harvest

Cost: \$250 plus \$2 for each additional acre

Well Driller License

Any well must be constructed by a licensed well driller. Any person(s) applying for a well driller's license must be experienced and knowledgeable in state well construction standards and complete a test in order to obtain a license.

Duration: 1 year

Cost: Annual \$200 – resident. Annual \$300 – nonresident.

Continuing education requirements for renewal of license

Well Pump Installers License

The installation of well pumps or repair of wells for compensation must be by a licensed well pump installer or well driller. Individuals must have two years of experience and pay an annual fee.

Duration: 1 year

Cost: Annual \$200 – resident. Annual \$300 – nonresident.

Continuing education requirements for renewal of license

South Dakota Department of Game, Fish and Parks Licensing Office

20641 SD Hwy 1806

Ft. Pierre, SD 57532

Phone: (605) 223-7660

Web: <https://gfp.sd.gov/forms/>

Taxidermist License

Anyone engaged in taxidermy must be licensed.

Duration: 1 year

Cost: \$15

Resident Fur Dealer License

Any business that purchases hides and furs must be licensed. (Deer hides are exempt)

Duration: 1 year

Cost: \$100

Non-Resident Fur Dealer License

Any person(s) or business that purchases, receives, and resells legally taken and/or possessed raw furs must be licensed. (Deer hides are exempt)

Duration: 1 year

Cost: \$500

Resident Retail Bait Dealer License

Any person(s) over 16 years of age selling minnows, frogs, reptiles, crayfish, salamanders, or other live bait in South Dakota must be licensed. (Night crawlers and leeches are exempt.)

Duration: 1 year

Cost: \$30

Resident Wholesale Bait Dealer License

Any person(s) or business that raises traps, seines, buys, transports, or sells live bait to retailers, other wholesalers or exporters in South Dakota must be licensed.

Duration: 1 year

Cost: \$275

Resident Export Bait Dealer License

Any person(s) or business that buys, possesses, and transports live bait from South Dakota for resale must be licensed.

Duration: 1 year

Cost: \$400

Non-Resident Wholesale Bait Dealer License

Any person(s) or business that transports bait into South Dakota must be licensed.

Duration: 1 year

Cost: \$550

Falconry Permit

Any person(s) who possesses raptors (birds) for the purpose of practicing falconry must be licensed.

Duration: 4 years

Cost: \$50

Noncommercial Captive Game Bird License:

Authorizes a person to possess, produce, and release game birds from captivity. Game birds under this license may not be sold or offered for sale.

Duration: 1 year

Cost: Resident \$10 Nonresident \$20

Commercial Captive Game Bird License:

Authorizes a person to possess, produce, release from captivity, sell offer for sale, and ship game birds.

Duration: 1 year

Cost: Resident \$50 Nonresident \$100

Hoop Net or Set Line Permit

A special permit is required in addition to a fishing license that allows residents to use a set line or a hoop net in certain special management waters.

Duration: 1 year

Cost: Hoop Net \$10

Set Line \$5

Private Fish Hatchery License

Any private fish hatchery must be licensed. The charge is on amount no matter how many species.

Duration: 1 year

Cost: Pond Management \$300 Fee

Fishing Hatchery \$150

Aquaculture Hatchery \$275

Scientific Collecting Permit

This permit allows universities or colleges to collect limited number of protected birds, fish or other animals for specific scientific study.

Duration: None

Cost: None

South Dakota Department of Health

Health Building

600 East Capitol

Pierre, SD 57501

Phone: (605) 773-3364

Web: <http://doh.sd.gov/>

Abortion Facility

Abortion facility must be licensed and comply with state requirements.

Duration: 1 year

Cost: \$500

Adult Foster Care Homes

Adult foster care homes must be licensed and comply with state requirements.

Duration: 1 year

Cost: None

Advanced Life Support EMS Provider Licensing

All licensing and regulation of advanced life support personnel is handled by the South Dakota Board of Medical and Osteopathic Examiners.

Ambulance Service

All ambulance services must obtain a license from the Department of Health to operate an air or ground ambulance service.

Duration: 2 years

Cost: \$12

Ambulatory Surgery Centers

Ambulatory surgery centers (ASC) must be licensed and comply with state requirements, and may be certified and comply with federal requirements.

Duration: 1 year

Cost: \$500

Assisted Living Centers

Assisted living centers must be licensed and comply with state requirements.

Duration: 1 year

Cost: \$150 to \$600 (depending on number of beds)

Bed & Breakfast

Any building or buildings run by an owner/operator living on the premises or contiguous property that is used to provide accommodations for a charge to the public shall register with the Department of Health. At most, the operation will have five rental units with up to an average of 10 guests per night and it will serve family style meals. Any change in ownership or location of the bed and breakfast establishment requires a new registration on a form provided by the department.

Duration: Permanent

Cost: \$38 – one time registration fee

Birth Center

Birth centers must be licensed and comply with state requirements.

Duration: 1 year

Cost: \$500

Campground

Campgrounds offering two or more campsites to the public must obtain a license as a campground. Plan review and approval required at least 30 days prior to construction or renovation.

Duration: 1 year

Cost: \$100 to \$250 annual fee plus \$100 Initial plan review cost. Note: water recreation fees may apply.

Community Living Homes

Community Living Homes must be licensed and comply with state requirements.

Duration: 1 year

Cost: \$150 annual fee

Controlled Substances

Qualified pharmacies and practitioners (such as pharmacies, physicians, dentists, optometrists, podiatrists, nurse practitioners, physician's assistants, nurse midwives, and veterinarians) who have a professional need for access to controlled substances, must register with the department to obtain a state controlled substance certificate and submit a \$150 fee. Analytical labs, distributors, return distributors, manufacturers, and researchers (including drug detection dog trainers) must also register and submit a \$75 annual fee. This is in addition to the federal registration.

Duration: 1 to 3 years

Cost: \$75 to \$150

EMT & EMR Certification

Current state certification from the Department of Health is required for Emergency Medical Technicians (EMTs) and Emergency Medical Responders (EMRs) to work on an ambulance service.

Duration: 2 years

Cost: None

End Stage Renal Dialysis Unit including transplantation services

End stage renal dialysis units (ESRDs) must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: None

Cost: None

Food Service

Any restaurant, coffee shop, bakery, deli, nightclub, catering kitchen, grocery store, food manufacturer or similar place in which food or drink is prepared for sale or service to the public must first obtain a retail food service, mobile food service or temporary food service license.

Plan review and approval required at least 30 days prior to construction or renovation.

Duration: 1 year

Cost: \$38 to \$275 annual fee plus \$100 Initial plan review cost

Home Health Agency

Home health agencies must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: Permanent

Cost: None

Hospice Agency

Hospice agencies must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: Permanent

Cost: None

Hospice (Inpatient)

Hospice facilities must be licensed and comply with state requirements and may be certified and comply with federal requirements. Hospice services must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: 1 year

Cost: \$200

Hospice (Residential)

Hospice facilities must be licensed and comply with state requirements and may be certified and comply with federal requirements. Hospice services must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: 1 year

Cost: \$200

Hospitals

General and specialized hospitals must be licensed and comply with state requirements, and must be certified and comply with federal requirements to receive Medicare and Medicaid reimbursement. Critical access hospitals must be licensed and comply with state requirements and must be certified and comply with federal requirements to receive Medicare and Medicaid reimbursement.

Duration: 1 year

Cost: \$1,000 to \$5,000 (depending on number of beds)

Hospital Swing Bed Units

Hospital swing beds must be licensed and comply with state requirements and must be certified and comply with federal requirements to receive Medicare and Medicaid reimbursement.

Duration: None

Cost: None

Inpatient Chemical Dependency Treatment Facilities

Chemical dependency inpatient treatment facilities must be licensed and comply with state requirements. Contact also Department of Human Service for inpatient and outpatient treatment facilities.

Duration: 1 year

Cost: \$150 to \$450 (depending on number of beds)

Intermediate Care Facility for Individuals with Intellectual Disabilities

Intermediate care facilities for individuals with intellectual disabilities (ICF/IID) must be certified and comply with federal requirements.

Duration: None

Cost: None

Lodging

Any building or other structure and property or premises kept, used, maintained, advertised, or held out to the public to be a place where sleeping accommodations are furnished for pay to two or more transient guests must first obtain a lodging license. The term includes hotels, motels, cabins, lodges, dude ranches, specialty resorts and vacation home establishments. Plan review and approval required at least 30 days prior to construction or renovation.

Duration: 1 year

Cost: \$2.25 per unit (\$70 minimum) plus \$100 Initial plan review cost. Note: water recreation fees may apply.

Mammography Facilities

Mammography facilities must be licensed and comply with state requirements and must be MQSA qualified or certified by a qualified state certifying body or a certifying body approved by the FDA, and comply with federal requirements to receive Medicare reimbursements. Reference X-ray Equipment.

Duration: None

Cost: \$100 to \$300 (depending on the number of systems)

Nurse Aide Registry

Nursing home nurse aides must complete training and competency evaluation and be registered with the Board of Nursing.

Duration: 2 years

Cost: None

Nursing Homes

Nursing homes must be licensed and comply with state requirements and may be certified and comply with federal requirements. There is a moratorium in place that prohibits development of new nursing home beds.

Duration: 1 year

Cost: \$600 to \$1,500 (depending on the number of beds)

Physical Therapy

Outpatient physical therapy and certified outpatient rehabilitation facilities must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: None

Cost: None

Residential Living Center

Residential living centers must register with the department.

Duration: 1 year

Cost: None

Rural Health Clinic

Rural health clinics must be certified and comply with federal requirements to receive Medicare reimbursement. For certification as a federally qualified health clinic, contact the Office of Rural Health at 773-3361.

Duration: None

Cost: None

Speech Therapy

Outpatient speech therapy must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: None

Cost: None

X-Ray Equipment

X-ray tubes, either fixed or portable and used for medical purposes, must be licensed and comply with state requirements and must be certified and comply with federal requirements to receive Medicare reimbursement.

Duration: 1 year

Cost: \$100 to \$300 (depending on the number of systems)

South Dakota Department of Labor & Regulation Banking Division

1601 N. Harrison, Suite 1

Pierre, SD 57501-2376

Phone: (605) 773-3421

Web: <http://dlr.sd.gov/banking/default.aspx>
banking@state.sd.us

Mortgage Brokerage License

Required for any person engaged in placing mortgage loans with investors for a fee, but does not service such loans. Under the requirements of the Federal SAFE Act and SDCL Chapter 54-14, Mortgage Loan Originators must work under the supervision of a licensed mortgage lender or mortgage brokerage. The application for a company license for those meeting the definition of a mortgage brokerage is available through the Nationwide Mortgage Licensing System (NMLS). State and national banks, bank holding companies, other federally insured financial institutions, and the subsidiaries of those institutions are exempt from licensure. In addition, SD chartered trust companies are also exempt from licensure. Any individual or corporation holding this license is required to pay the bank franchise tax.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Application \$500, Renewal \$350

Additional processing fees will be charged by NMLS

Mortgage Lender License

Required for any person who, for valuable consideration, originates, sells, or services mortgages, or holds himself, herself, or itself out as a person who, for valuable consideration, originates, sells or services mortgages. Any person or entity meeting this definition must apply for licensure as a mortgage lender using the NMLS. For more information about the NMLS, take a look at the NMLS Resource Center website at <http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx>. Any company who, for valuable consideration, originates, sells, or services ONLY nonresidential mortgage loans must hold a Nonresidential Mortgage Lender License. Nonresidential mortgage lenders are not required to but may apply for a license in South Dakota using the NMLS. State and national banks, bank holding companies, other federally insured financial institutions, and the subsidiaries of those institutions are exempt from licensure. In addition, SD chartered trust companies are also exempt from licensure. Any individual or corporation holding this license is required to pay the bank franchise tax.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Application \$750, Renewal \$500 (Additional processing fees will be charged by NMLS)

Exempt Mortgage Company Registration

This registration is optional and may be held by any company which is exempt from licensure under South Dakota Codified Law (SDCL) 54-14-21 but employs individuals required to hold a Mortgage Loan Originator License under SDCL 54-14-13. Companies registering through the Nationwide Mortgage Licensing System & Registry (NMLSR) with the South Dakota Division of Banking must agree to abide by NMLS requirements, including attesting to the accuracy of the information submitted, agreeing to keep it updated through NMLS, and annually renewing the registration through the NMLS Streamlined Renewal Process.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Registration \$100

Mortgage Loan Originator

Required for any mortgage lender and brokerage licensees who are allowed to use the services of a mortgage loan originator (MLO) that operates under the direct control and supervision of the licensee. All MLOs under a licensee's supervision will need to be separately and individually licensed. They will need to apply for licensure using the NMLS. To determine if your employees need to be licensed you will need to determine if they meet the statutory definition of a mortgage loan originator. Lenders and brokerages are responsible for verifying that a mortgage loan originator is licensed or registered with the State of South Dakota before using their services. Loan processors or loan underwriters working as W-2 employees of a licensed mortgage lender or mortgage brokerage are exempt from licensing as a mortgage loan originator. Real estate brokers licensed in South Dakota and performing only real estate brokering activities, but are not being paid by a lender, mortgage broker, or a mortgage loan originator are also exempt from licensure as a mortgage loan originator.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Application \$150, Renewal \$75

Additional processing fees will be charged by NMLS

Money Lending License

Required for individuals or corporations to engage in the business of lending money, including originating, selling, servicing, acquiring, or purchasing loans, or servicing, acquiring, or purchasing retail installment contracts. Individuals or corporations engaged in the business of lending money in South Dakota may apply for licensure as a money lender in South Dakota using the NMLS. Applying for a money lending license requires filing a surety bond form. State and national banks, bank holding companies, other federally insured financial institutions, and the subsidiaries of those institutions are exempt from licensure. In addition, SD chartered trust companies are exempt from licensure. Any individual or corporation holding this license is required to pay the bank franchise tax.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Application \$1000, Renewal \$800

Money Transmitter License

Required for individuals or corporations to engage in the sale or issuance of payment instruments or stored value or of receiving money or monetary value for transmission to a location within or outside the United States by any means, including wire, facsimile, or electronic transfer. Individuals or corporations that engage in the business of money transmission in South Dakota must apply for licensure as a money transmitter using the NMLS. A licensee may conduct business in South Dakota at one or more locations, or through one or more authorized delegates, or both, under a single license. Applying for a money transmitter license requires filing a surety bond form or providing a security device. South Dakota Statutes exempts certain entities from the licensing requirements including authorized delegates of a licensee who have a contract with a licensee, the U.S. government, the U.S. Postal Service, the state or any political subdivision, banks, credit unions, savings associations, bank holding companies, South Dakota chartered trust companies, and, under certain conditions, agents of payees.

Duration: 1 year (Jan. 1st - Dec. 31st)

Cost: Initial Application Fee \$500 (nonrefundable), Renewal \$800

License Fee - \$1000

Banks:

State-Chartered Banks: \$7,500 (nonrefundable)

State-Chartered Trust Companies: \$5,000 (nonrefundable)

Branch Banks, Mobile Branch Banks, and Loan Production Offices: \$1,000 (nonrefundable) (applicant must be a state-chartered bank)

All of the above listed businesses are regulated by the Division of Banking and must meet regulations established by law.

Duration: For new banks, the duration is 20 years. Effective July 1, 2011, the duration for new trust companies are perpetual.

South Dakota Department of Labor & Regulation Division of Insurance

124 S. Euclid Avenue, 2nd Floor

Pierre, SD 57501-3185

Phone: (605) 773-3563

Web: <http://dlr.sd.gov/insurance/default.aspx>
sdinsurance@state.sd.us

Resident Producer License

Required for anyone selling insurance; requirements must be met.

Duration: 2 years

Cost: Application \$25; Renewal \$20
Appointment fee per company \$10

Non-Resident Producer License

Required for non-resident insurance producers selling in South Dakota the lines of insurance held in their home state.

Duration: 2 years

Cost: Application \$30; Renewal Retaliatory with \$50 minimum
Appointment fee per company \$20

Resident & Non-Resident Surplus Lines Broker

Required for resident and non-resident producers to sell property/casualty insurance through non-admitted companies. Bonding is required for resident producers only.

Duration: 2 years

Cost: Resident Application \$50; Non-Resident Application \$50; Renewal \$100

Corporation or Partnership (Business Entity) License

Issued to a corporation or partnership based on lines of insurance held by all their producers.

Duration: 2 years

Cost: Resident license fee \$25; Non-resident license fee \$30
Appointment fees: \$20 for non-resident; \$10 for resident
Renewal fee for Resident and Non-resident \$0

Certificate of Authority

Required for insurance companies to transact insurance business in South Dakota. See additional information at: https://dlr.sd.gov/insurance/companies/company_licensing.aspx.

Duration: 1 year

Cost: Application \$500; Renewal \$25

Captive Insurance Company

Required for a business entity to transact captive insurance business in South Dakota under SDCL Chapter 58-46. Types of captives include Pure, Group, Agency, Trust, Sponsored, and Special Purpose.

Duration: 1 year, renewal is included in the annual supervision fee

Cost: Application: \$2000 plus \$1000 for each additional cell (first cell is included in \$2000 fee) under a sponsored captive cell arrangement.

Renewal: Annual Supervision Fee is eight one-hundredths of one percent of gross premium with a minimum of \$5000 plus \$500 per cell subject to a maximum of \$50,000.

Managed Care Contractor

Issued to a person who establishes, operates, or maintains a network of participating providers; or contracts with an insurance company, a hospital or medical service plan, an employer, an employee organization, or any other entity providing coverage for health care services to operate a managed care plan or health carrier.

Duration: 1 year

Cost: Application \$250; Renewal \$250

Utilization Review Organization

Issued to an entity that conducts utilization review other than a health carrier performing utilization review for its own health benefit plans.

Duration: 1 year

Cost: Application \$250; Renewal \$250

Third Party Administrator

Issued to a person or entity who directly or indirectly solicits or effects coverage of, underwrites, collects charges or premiums from, or adjusts or settles claims on residents of this state, or residents of another state from offices in this state, in connection with workers' compensation, life or health insurance coverage or annuities

Duration: 1 year

Cost: Application \$500; Renewal \$250

Pharmacy Benefits Manager

Issued to an entity that performs pharmacy benefits management

Duration: 1 year

Cost: Application \$500; Renewal \$250

Discount Medical Plan Organizations

Issued to an entity that, in exchange for fees, dues, charges, or other consideration, provides access for discount medical plan members to providers of medical or ancillary services the right to receive medical or specialty services from those providers at a discount. It is the organization that contracts with providers, provider networks, or other discount medical plan organizations to offer access to medical or specialty services at a discount and determines the charge to discount medical plan members.

Duration: 1 year

Cost: \$250

Independent Review Organizations

Issued to an entity that conducts independent external reviews of adverse determinations and final adverse determinations

Duration: 2 year

Cost: None

South Dakota Department of Labor & Regulation Division of Insurance: Securities Division

124 S. Euclid Avenue, 2nd Floor

Pierre, SD 57501-3185

Phone: (605) 773-3563

Web: <http://dlr.sd.gov/securities/default.aspx>

E-mail: sdinsurance@state.sd.us

Registration of Securities

Required to offer and sell public securities in South Dakota.

Duration: 1 year

Cost: \$1.00 per \$1,000 registered up to \$500,000
\$500 plus \$0.75 per \$1,000 after \$500,000
\$100 minimum \$2,000 Maximum filing fee
\$100 Extension of registration
\$25 Annual report filing fee

Broker/Dealer License

Required for broker/dealers selling securities in South Dakota. Exemptions may be available.

Duration: 1 year

Cost: \$150

Securities Agent License

Required for salespersons working for broker/dealers.

Duration: 1 year

Cost: \$125

Investment Advisor License (Firm)

Required for firms that advise consumers regarding the purchase and sale of securities for remuneration.

Duration: 1 year

Cost: \$100

Investment Advisor Representative License (Representatives)

Required for salespersons working for investment advisers.

Duration: 1 year

Cost: \$50 – Federal Covered and State Registered (Representatives)

Notification Investment Advisor License

Required for firms that meet the federal notice filing requirements.

Duration: 1 year

Cost: \$200 - Federal Covered Investment Advisors

Notification Filing

Exemption for certain qualified, public, open-end and closed-end mutual funds and unit investment trusts.

Duration: 1 year

Cost: \$50 – Name Change to any notice filing
\$150 - Unit Investment Trusts (U.I.T.s)
\$250 - Closed End Mutual Funds
\$1,000 – Open End Mutual Funds with Net Assets less than \$250 million
\$2,000 – Open End Mutual Funds with Net Assets greater than \$250 million

Private Placement Exemption

Exemption allowing offers and sales of securities to a limited number of people in South Dakota for non-publicly offered securities.

Duration: 1 year

Cost: \$200 – 504 Reg D, Intrastate Limited Offerings, Model Accredited Investor Offerings, and Church Extension Fund Offerings
\$250 – 506 Reg D Offerings
\$200 – Reg A Tier II

Registration of Brand-Name Franchises

Registration required before anyone can offer or sell a franchise.

Duration: 1 year

Cost: Initial Filing - \$250 Renewal - \$150

Registration of Business Opportunities

Registration required before anyone can offer or sell a business opportunity.

Duration: 1 year

Cost: Application - \$100 Renewal - \$50

South Dakota Department of Labor & Regulation Reemployment Assistance Services

PO Box 4730

420 South Roosevelt

Aberdeen, SD 57402-4730

Phone: (605) 626-2312

Web: <https://dlr.sd.gov/ra/default.aspx>

Reemployment Assistance Services Tax - Employer Registration

All new and acquired businesses in South Dakota are required to register with the Reemployment Assistance Services Unit. Registration is also required for an existing account if the entity or ownership of the business has changed (i.e., from a sole proprietorship to a partnership or a partnership to a corporation, etc.). To register, you must complete a registration form, Form 1, Employer's Registration Application.

Duration: None

Cost: None

You have several options for registering:

- You may complete the registration process online using the Reemployment Assistance Services Employer Registration website.
- You may download the appropriate form at <https://dlr.sd.gov/ra/forms.aspx>.
- You may obtain the forms by calling Reemployment Assistance Services at 605.626.2312.

To submit your completed form by mail, address it to:

Reemployment Assistance Services

South Dakota Department of Labor and Regulation

P.O. Box 4730

Aberdeen, SD 57402-4730

Or fax it to: 605.626.3347

*It is important that you complete all information on the registration form. Incomplete registrations will be returned. This will delay processing time and may cause your taxes to become delinquent.

Posting Requirements (State and Federal)

All links to posters available here: <https://www.dol.gov/whd/resources/posters.htm>

State Posting Requirements

South Dakota law requires two workplace postings:

- Notice to Employees
- Safety on the Job posting - Workers' compensation law requires employers to post information encouraging safety. There is no required format for this poster.

Federal Posting Requirements

Various federal agencies (such as the U.S. Department of Labor, the Occupational Safety and Health Administration (OSHA) and the Equal Employment Opportunity Commission (EEOC)) require workplace postings. You may comply with these requirements by using:

- Employee Polygraph Protection Act of 1988
- Fair Labor Standards Act (federal minimum wage)
- Equal Employment Opportunity is the Law
- Job Safety and Health Protection (OSHA)
- Family and Medical Leave Act (FMLA)
- Uniformed Services Employment and Re-employment Rights Act (USERRA)

To receive a labor law compliance poster which addresses all of these federal posting requirements (sometimes referred to as a "six in one poster") at no charge, contact your [Job Service office](#).

Note: South Dakota State Minimum Wage is higher than federal minimum wage [\[English\]](#) [\[Spanish\]](#)

The U.S. Department of Labor also has several posters for special situations. Check out their [poster information](#).

South Dakota Department of Public Safety

118 West Capitol

Pierre, South Dakota 57501

Phone: 605-773-3178

Web: <http://dps.sd.gov/>

Commercial Driving License (CDL)

A CDL is required to operate any of the following commercial motor vehicles:

- A single vehicle with a gross vehicle weight rating (GVWR) of more than 26,000 pounds
- A trailer with a GVWR of more than 10,000 pounds if the gross combination weight rating is more than 26,000 pounds
- A vehicle designed to transport 16 or more persons (including driver)
- Any size vehicle which requires hazardous materials placards

Duration: 5 years

Cost: \$33 for a Commercial Learner's Permit, \$33 for a Commercial Driver's License, and \$15 for each endorsement.

In addition, a fee up to \$90 + tax may be charged for a CDL Skill Test. The cost of a required background check for a CDL with a hazardous materials endorsement is \$86.50.

Explosives License or Permit

Required in addition to federal license or permit for all users, dealers, transporters, and manufacturers of explosives.

Duration: Runs congruent with federal license

Cost: None

Fireworks Retail License

Required to sell fireworks to residents and non-residents of South Dakota; limited time period.

Duration: June 27 extending through the end of the first Sunday after July 4 **OR** December 28-January 1

Cost: \$25

Fireworks Wholesale License

Required to sell fireworks to South Dakota retailers.

Duration: 1 year

Cost: \$500

Special Fireworks Retail License

Required to sell fireworks to out-of-state residents for a limited time period.

Duration: May 1 to June 27

Cost: \$1,000

Optional Fireworks Retail License

Required to sell fireworks to out-of-state residents for a limited time period. This License also allows for retail sale to both in-state and out-of-state residents.

Duration: July 6 through August 31

Cost: \$1,000

Boiler Certificate Permit

Required to operate a boiler.

Duration: 1 year from date of inspection (Steam boilers > 15 psi), 2 years from date of inspection (all other boilers – exception historic boilers).

Cost: Certificate fee \$30 for 1 year; \$60 for 2 years. Inspection fee \$10 for 1 year; \$20 for 2 years.

Firesafe Cigarette Registration Program

Cigarette manufacturers must pay a registration fee for each brand family of cigarette sold in South Dakota.

Duration: 3 years

Cost: \$1,500

Trip Permit

A fee paid in lieu of commercial license for miles traveled on South Dakota highways when loaded with 500 pounds or more.

Duration: Duration of trip

Cost: \$15

Excess Weight & Size Permits

Any motor carrier that exceeds the legal weight and/or size limits set by the state of South Dakota must receive special permits. The permit process is administered by the South Dakota Highway Patrol pursuant to administrative rules adopted by the Transportation Commission.

To obtain a permit, call (605) 224-SEMI (7364)

Permits may also be obtained via the internet through the Automated Permit Process available at <https://sdaps.sd.gov/sdaps>.

Duration: Varies

Cost: Varies

A Motor Carrier Handbook listing the permits and rules is available from:

Department of Transportation	Highway Patrol
700 East Broadway	118 West Capitol
Pierre, SD 57501-2586	Pierre, SD 57501-2586
Phone: (605) 773-3571	Phone: (605) 773-4578

The motor carrier handbook is also available for viewing or downloading via the internet at <http://www.sdtruckinfo.com/handbook.aspx>.

Temporary Fuel Permit

A fee paid for the importation of diesel or propane vehicle fuel. Law now stipulates that no person may bring in any amount of special fuel into the state to be used in operation of a qualified motor vehicle.

Duration: Valid as long as vehicle remains in the state.

Cost: \$20

Harvest Permit

A permit available to residents and non-residents alike to haul agricultural products; from point of harvest to first unloading.

Duration: 1 year

Cost: \$75

Thirty-Day Permit

A permit good for 30 calendar days in lieu of commercial license.

Duration: 30 days tonnage on permit.

Cost: Varies depending on declared weight

Weights & Measures Service Agency Registration

Companies who install, service, upgrade, repair, or recondition weighing or measuring devices in South Dakota must register with the South Dakota Office of Weights, Measures & Inspections.

Duration: 1 year (expires December 31)

Cost: \$69 (company) + \$10 for each service technician registered.

Service agencies are required to submit calibration reports on all equipment used for servicing weighing and measuring devices and placing new devices into service in the State of South Dakota.

South Dakota Department of Revenue

Anderson Building

445 East Capitol Ave.

Pierre, SD 57501-3185

Phone: (605) 773-3311

Web: <http://dor.sd.gov/>

Business Tax Division

Contractor's Excise License

Any person entering into a contract for construction services must have a South Dakota contractor's excise tax license. Construction services include the construction, building, installation, and remodeling of real property.

Duration: Continuous until cancelled

Cost: None

Sales, Use and Service Tax License

Any retailer engaged in selling, renting, or leasing tangible personal property or products delivered electronically or selling services in South Dakota is required to have a sales tax license. Sales tax applies to retailers' gross receipts from all sales of tangible personal property, products delivered electronically, and services not specifically exempted.

Use tax is due when an applicable sales tax is not charged. Use tax is the same rate as sales tax and is reported and paid on the sales tax return form.

Duration: Continuous until cancelled

Cost: None

South Dakota Commission on Gaming

Support Employee License

Any person who is working or who is about to work for an operator or retailer in any way directly related to gaming.

Duration: 1 year

Cost: \$50 initial license fee
\$25 renewal license fee

Key Employee License

Any executive, employee, or agent of a gaming licensee having the power to exercise a significant influence over decisions concerning any part of the operation of a gaming license.

Duration: 1 year

Cost: \$150 initial license fee
\$75 renewal license fee

Hub Key License

Any executive, employee, or agent of a Multi-Jurisdictional Wagering Hub in South Dakota having the power to exercise a significant influence over decisions concerning any part of the operation of the hub operation.

Duration: 1 year (Calendar year)

Cost: \$50 initial license fee
\$25 renewal license fee

Hub Employee License

Pari-mutuel clerks at a Multi-Jurisdictional Wagering Hub or individuals in any capacity directly related to these hub locations.

Duration: 1 year (Calendar year)

Cost: \$35 Initial License Fee
\$20 Renewal License Fee

Operator License

Any person who places slot machines in their business premises.

Duration: Fiscal Year (July through June)

Cost: \$1,000 Application Fee
\$1,000 Initial License Fee
\$200 Renewal License Fee.

Route Operator License

Any individual who engages in the business of placing and operative slot machines or gaming tables in another licensee's place of business within the City of Deadwood. Additionally, you must have an operator's license to obtain a route operator license.

Duration: Fiscal Year (July through June)

Cost: \$1,000 Application Fee
\$1,000 Initial License Fee
\$200 Renewal License Fee.

Retailer License

Any individual who maintains a gaming at the licensee's place of business within the City of Deadwood for use and operation by the public.

Duration: Fiscal Year (July through June)

Cost: \$250 Application Fee
\$250 Initial License Fee
\$100 Renewal License Fee

Slot Machine Manufacturer or Distributor License

Any individual who designs, assembles, fabricates, produces, constructs, sells, leases, distributes or who otherwise prepares a product or a component of a slot machine other than tables or cabinetry.

Duration: Fiscal Year (July through June)

Cost: \$5,000 Application Fee
\$1,000 Initial License Fee
\$250 Renewal License Fee

Associated Equipment Manufacturer or Distributor License

Any individual who designs, assembles, fabricates, produces, constructs, sells, leases, distributes or who otherwise prepares a product identified as associated equipment in South Dakota Administrative Rule 20:18:18:15.

Duration: Fiscal Year (July through June)

Cost: \$500 Application Fee
\$500 Initial License Fee
\$250 Renewal License Fee

Live Racing & Simulcast Licenses

The Commission on Gaming does require a license for any entity who wishes to be licensed as a Multi-Jurisdictional Wagering Hub or location where a signal from another licensed racing jurisdiction to South Dakota is received from a licensed simulcast provider. Additionally, any person who provides a signal from another licensed racing jurisdiction must have a simulcast provider license.

SD Lottery

Scratch Ticket and Lotto Retailers

All Lottery ticket retailers licensed are required to sell both the instant(scratch) tickets and the online lotto tickets--with the exception of retailers on Indian Reservations who are prohibited from selling the online games.

Cost: \$1,200 for an instant ticket or instant and lotto ticket license. All new licensees are required to pay an annual renewal fee of \$150 which is waived in the first year.

Additional Fees: Retailers will be charged \$12.93 per week for communication costs. As an incentive, retailers selling \$5,000 or more in instant tickets in a quarter will be credited 13 weeks of communication costs at the end of that quarter. New retailers who are part of a chain in which the chain's per store average is \$6,000 in instant ticket sales for a quarter will be credited the communication costs for that quarter. A chain store is defined as two or more stores under the same ownership or entity.

Video Lottery

There are four types of video lottery licenses: operators, establishments, manufacturers, and distributors. State law requires a video lottery establishment to have an alcohol license. Various fees apply depending on the type of license issued.

Cost:

- \$50 application fee for establishments with a \$100 annual renewal fee collected in the quarter the license is originally issued.
- \$50 application fee for operators with a \$100 per machine or \$1,000 (whichever is greater) annual renewal fee per fiscal year.
- \$50 application fee for a machine distributor's license, a \$5,000 licensing fee for the first year and annual renewal fee of \$5,000 each fiscal year.
- \$50 application fee with a \$500 fee for manufacturers that is applied towards licensing expenses, if the \$500 isn't used, the remaining amount is refunded. There is a licensing fee of \$20,000 the first year and renewal fee for manufacturers of \$20,000 each fiscal year.

Background Check Information

All Lottery licensees are required to submit Federal and state fingerprint cards. All applicants are subject to criminal background checks. For more information on these requirements, call the Lottery at 605-773-5770.

If you are interested in any Lottery license, you can apply online by visiting <https://apps.sd.gov/rv23cedar/main/main.aspx>.

Motor Vehicle/Motor Fuel Division

New or New & Used Motor Vehicle Dealer License

Any person who for commission or with intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers or attempts to negotiate a sale or exchange of new, or new and used vehicles, or who is engaged wholly or in part in the business of selling new, or new and used vehicles. Bond required. (Note: A vehicle dealer license allows the licensee to sell a broad range of vehicles. In addition to being able to sell vehicles, they are also able to sell motorcycles and trailers without specifically acquiring those licenses.)

Duration: 1 year

Cost: \$300 initial license

\$175 annual renewal fee

New or New & Used Motorcycle Dealer License

Any person who for commission or with intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers or attempts to negotiate a sale or exchange of new, or new and used motorcycles, or who is engaged wholly or in part in the business of selling new, or new and used motorcycles. Bond required.

Duration: 1 year

Cost: \$250 initial license

\$150 annual renewal fee

Trailer Dealer License

Any person who for commission or with intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers or attempts to negotiate a sale or exchange of new, or new and used trailers, semi-trailers or travel trailers or who is engaged in the business of selling new, or new and used trailers, semi or travel trailers whether or not such vehicles are owned by such person.

Duration: 1 year

Cost: \$125 initial license

\$100 annual renewal fee

Mobile/Manufactured Home Dealer

Any person, other than a manufacturer of a mobile home or a manufactured home, for a commission or with the intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers or attempts to negotiate a sale, or makes an exchange of a mobile or

manufactured home or who is engaged in the business of selling mobile or manufactured homes. Bond required.

Duration: 1 year

Cost: \$300 initial license
\$150 annual renewal fee

Snowmobile Dealer License

Any person who, for commission or with intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers or attempts to negotiate a sale or exchange of new or used snowmobiles, or who is engaged wholly or in part in the business of selling new or used snowmobiles. Bond required.

Duration: 1 year

Cost: \$150 initial license
\$125 annual renewal fee

Boat Dealer License

Any person who, for commission or with intent to make a profit or gain, sells, exchanges, rents, or leases with option to purchase, offers or attempts to negotiate a sale or exchange of new, or new and used boats, or who is engaged wholly or in part in the business of selling new, or new and used boats. Bond required. (Note: A boat dealer license allows the licensee to sell boat trailers without acquiring a separate trailer license.)

Duration: 1 year

Cost: \$250 initial license
\$175 annual renewal fee

Emergency Vehicle Dealer License

Any person who converts or manufacturers authorized emergency vehicles and who for commission or with intent to make a profit or gain, sells, exchanges, rents with option to purchase, offers, or attempts to negotiate a sale or exchange of new or new and used authorized emergency vehicles or who is engaged wholly or in part in the business of selling new or used authorized emergency vehicles. Bond required.

Duration: 1 year

Cost: \$300 initial license
\$175 annual renewal fee

Final Stage Manufacturer Dealer License

Any person who assembles or installs on a previously assembled new motor vehicle chassis cab, any special body or equipment that forms an integral part of the motor vehicle, constitutes a major manufacturing alteration, and completes the vehicles. Bond required.

Duration: 1 year

Cost: \$300 initial license
\$175 annual renewal fee

Supplier License

A supplier, whether a person, partnership or corporation, that owns motor fuel or special fuel in the pipeline immediately before it is withdrawn at the terminal rack or makes sales or authorizes the removal of this fuel from the terminal at the rack.

Duration: Permanent

Cost: None

Out-of-state Supplier License

Any person, partnership or corporation that owns motor fuel or special fuel in the pipeline immediately before it is withdrawn and operating from a terminal located outside of South Dakota may voluntarily become licensed as an out-of-state supplier.

Duration: Permanent

Cost: None

Exporter License

An exporter is a person, partnership or corporation, other than a supplier, that purchases or acquires fuel in South Dakota that is then transported or delivered to another state or country by means other than pipeline.

Duration: Permanent

Cost: None

Importer License

An importer is any person, partnership or corporation, other than a supplier, that owns or purchases motor fuel or special fuel in another state or country that is then delivered into South Dakota by means other than pipeline.

Duration: Permanent

Cost: None

Blender License

A blender, whether a person, partnership or corporation, that makes blended fuel containing two or more substances, at least one of which is a petroleum product.

Duration: Permanent

Cost: None

Marketer License

A marketer, whether a person, partnership or corporation, that engages in the wholesale or retail sale of motor fuel or special fuel. (All those previously licensed as fuel distributors and retail dealers now fall into this category.)

Duration: Permanent

Cost: None

LNG Vendor License

A person engaged in the business of selling liquid natural gas for use in the engine fuel supply tanks of motor vehicles.

Duration: Permanent

Cost: None

LPG Vendor License

An LPG vendor, whether a person, partnership or corporation, that sells or has the capability to sell liquid petroleum gas for use in the engine supply tank of a motor vehicle.

Duration: Permanent

Cost: None

CNG Vendor License

A CNG vendor, whether a person, partnership or corporation, that sells compressed natural gas for use in the engine supply tank of a motor vehicle.

Duration: Permanent

Cost: None

Ethanol Producer License

An ethanol producer, whether a person, partnership or corporation, that makes ethyl alcohol from cereal grain for sale, use, or distribution.

Duration: Permanent

Cost: None

Ethanol Broker License

An ethanol broker, whether a person, partnership or corporation, who engages in business of marketing ethyl alcohol produced by ethanol producers located in South Dakota.

Duration: Permanent

Cost: None

Transporter License

A transporter, whether a person, partnership or corporation, that moves fuel within South Dakota or to areas outside this state by transport truck, rail car or other means in quantities over 4,200 gallons.

Duration: Permanent

Cost: None

Terminal Operator License

A terminal operator, whether a person, partnership or corporation, that has responsibility and physical control over the operation of a terminal.

Duration: Permanent

Cost: None

Bulk Plant Operator License

A bulk plant operator, whether a person, partnership or corporation, that has responsibility and physical control over the operation of a bulk plant.

Duration: Permanent

Cost: None

LPG User License

An LPG user in South Dakota, whether a person, partnership, or corporation using liquid petroleum gas in the engine fuel supply tank of a motor vehicle and wishes to purchase liquid petroleum gas in bulk into a storage tank which has a delivery hose attached to tank on a tax unpaid basis in South Dakota.

Duration: Permanent

Cost: None

Highway Contractor License

A highway contractor, whether a person, partnership or corporation, that engages in highway construction work. A highway contractor must also have a contractor's excise tax license.

Duration: Permanent

Cost: None

Biodiesel Producer License

A biodiesel producer is any person, partnership, or corporation who is engaged in the production of biodiesel from vegetable oils or animal fats for sale, use, or distribution.

Duration: Permanent

Cost: None

Methanol Producer License

Methanol producer is any person, partnership, or corporation who engages in the business of producing methyl alcohol, typically derived from wood products, for sale, use or distribution.

Duration: Permanent

Cost: None

International Fuel Tax Agreement (IFTA)

The International Fuel Tax Agreement (IFTA) is a plan to simplify the reporting of all fuel (gasoline, diesel, propane and gasohol) use taxes by commercial motor carriers.

Duration: 1 year

Cost: \$10.00 annual license fee plus \$1.50 per set of decals

International Registration Plan (IRP)

The International Registration Plan is a plan to simplify the licensing of vehicles involved in interstate commercial movement.

Duration: 1 year

Cost: Varies depending on a number of different factors, some of which include the year of the vehicle and the combined gross licensing weight.

Temporary Commercial Permit

A temporary permit, which is issued in 30-day increments, allows a vehicle to operate commercially in South Dakota

Duration: 30 days up to 1 year

Cost: Varies based on the combined gross licensing weight

Motor Vehicle Dealer Temporary Permits

<u>Type of Permit Requested:</u>		<u>Issue Period</u>	<u>Fee</u>
Motor Vehicle Manufacturer (All vehicles except trailers)	Display Only	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
Motor Vehicle Customizer (All vehicles except trailers)	Display Only	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
Trailer Manufacturer	Display Only	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
Motorcycle Dealer (New)*	Sell	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
*(permit can only be sold if motorcycles being sold are not franchised in South Dakota)			

Motor Vehicle Dealer Temporary Permits Continued

<u>Type of Permit Requested:</u>		<u>Issue Period</u>	<u>Fee</u>
Motorcycle Dealer Selling USED motorcycles only	Sell	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
Boat and Boat Trailer Dealer (New or Used)	Sell	2-10 Days	\$200, only available if three or more boat dealers are in attendance at the event
Trailer Dealer (New)*	Sell	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event
<i>*(permit can only be sold if motorcycles being sold are not franchised in South Dakota)</i>			
Trailer Dealer (New)**	Display Only	3-10 Days	\$225; \$150 if purchased 5 days before event
<i>** (Allows for the DISPLAY ONLY of a new trailer(s) already franchised in South Dakota)</i>			
Trailer Dealer Selling USED trailers only	Sell	3-10 Days	\$250 if purchased prior to the event; \$500 if purchased at or after the event

Special Taxes Division

Beer License*

Any person(s) or business that handles malt beverage beer as a brewer or wholesaler or sells malt beverage beer to be consumed on or off the premises must be licensed.

Duration: Renewable each year

Cost: \$300 for on – off sale retail
\$500 for microbreweries
\$400 for wholesaler
\$150 for transfers

Liquor License*

Any person(s) or business engaged as a carrier, distiller, transporter, wholesaler, or retailer of liquor must be licensed.

Duration: Renewable each year

Cost: On-sale license's initial cost is at least \$1.00 per person residing in that municipality. Renewal fee may not exceed \$1,500.

Off-sale license's initial cost is at least \$300. Renewal fee may not exceed \$500.

\$500 per season for Hunting Preserve liquor license

Restaurant only liquor license with fee set by local governing body

\$25 for transporter

\$100 for carrier

\$5,000 for wholesaler

\$2,500 for distiller

\$500 for artisan distillery

\$150 transfer costs

South Dakota Department of Social Services

700 Governors Drive

Pierre, SD 57501

Phone: (605) 773-3165

Web: <http://dss.sd.gov>

Licensing Boards

The purpose of the boards is to protect the public through the development and establishment of generally accepted standards of professionalism and competence to be used in the protection of consumers using these services in South Dakota.

Board of Addiction and Prevention Professionals

Jennifer Stalley, Executive Secretary

1315 N. Harrison

Pierre, SD 57501

Phone: (605) 224-1721

Fax: (888) 425-3032

Email: bapp@midwestsolutionssd.com

Counselors and Marriage and Family Therapist Examiners

Jennifer Stalley, Executive Secretary

1315 N. Harrison

Pierre, SD 57501

Phone: (605) 224-1721

Toll Free: 888-425-3032

Email: sdbce@midwestsolutionssd.com

Psychologist Examiners

Carol Tellinghuisen, Executive Secretary

810 N. Main St. Suite 298

Spearfish, SD 57783

Phone: (605) 642-1600

Fax: (605) 722-1006

Email: proflic@rushmore.com

Social Work Examiners

Carol Tellinghuisen, Executive Secretary

810 N. Main St. Suite 298

Spearfish, SD 57783

Phone: (605) 642-1600

Fax: (605) 722-1006

Email: proflic@rushmore.com

South Dakota Department of Transportation

Becker/Hanson Building

700 East Broadway

Pierre, SD 57501-2586

Phone: (605) 773-3265

Web: <https://dot.sd.gov/>

Construction of New Facilities

Permits are required for the construction of new facilities that have an approach which accesses a state highway. Region Engineers, who can be reached at the following locations, issue the approach permits:

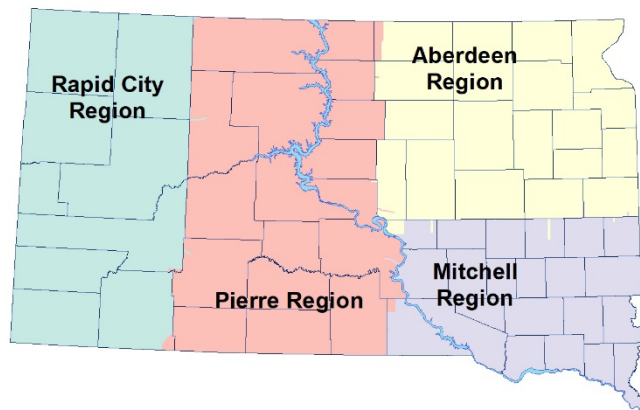
Aberdeen Region.....(605) 626-2244

Mitchell Region.....(605) 995-8129

Pierre Region.....(605) 773-3464

Rapid City Region.....(605) 394-2244

If you don't know the region in which you are located, contact the operations office in Pierre at (605) 773-3571.



Outdoor Business Signing

The South Dakota Department of Transportation requires permits to place business signing along state highways for billboards, Business Logo (LOGO) signs, and Tourist Oriented Directional Signing (TODS) signs. All information, permit application, and process on outdoor advertising can be found at:

<https://dot.sd.gov/programs-services/outdoor-business-signing/about-outdoor-business-signing>

- **Billboards:** To erect a billboard, you need to obtain an application for a permit from the SDDOT Region office nearest you. Contact information is available on the website and information on the Outdoor Advertising Law can be found under SDCL Chapter 31-29.
- **LOGO signs:** LOGO signs are the blue panels located near interchanges and intersections that display the brand, symbol, trademark, or name of the business. Eligible businesses can be found under Administrative Rule Chapter 70:40:02.
- **TODS signs** are the blue and white signs located at rural intersections on the state trunk highway system that give direction and identification to rural tourist-oriented businesses. Eligible businesses can be found under Administrative Rule Chapter 70:04:07.

Commercial and Agricultural Vehicle Permits

Motor vehicles that exceed the South Dakota's weight and size limits must receive special permits. Permits may be issued for specific vehicle configurations, loads, highways, and time periods. The permit process is administered by the South Dakota Highway Patrol pursuant to administrative rules adopted by the Transportation Commission. To obtain a permit contact:

Statewide Permitting (605) 224-SEMI (7364) (7:00 am to 11:00 pm Central Time daily)

Highway Patrol Motor Carrier Services (605) 773-4578 (8:00 am to 5:00 pm Central Time, weekdays)

Permits may also be obtained 24x7 through the online Automated Permitting System at <http://www.sdtruckinfo.com/sizeandweight.aspx>.

A Commercial and Agricultural Vehicle Handbook listing the permits and rules is available from:

Department of Transportation

700 East Broadway

Pierre, SD 57501-2586

Phone: (605) 773-3571

Highway Patrol

118 West Capitol

Pierre, SD 57501-2586

Phone: (605) 773-4578

The handbook is also available online at <http://www.sdtruckinfo.com/handbook.aspx>.

Step 9: South Dakota State Taxes

South Dakota has an ideal business climate for entrepreneurs. In 2021, the Tax Foundation ranked South Dakota as having the #1 best business tax climate in the nation. South Dakota is the only state in the nation that can claim:

- No Corporate Income Tax
- No Personal Income Tax
- No Personal Property Tax
- No Business Inventory Tax
- No Inheritance Tax

Low taxes result in lower operating costs and higher profits. The following review covers the most common taxes that a business will encounter in South Dakota.

Sales and Use Tax

South Dakota's state sales tax is 4.5%, which is tied for the 9th lowest state sales tax rate in the nation. Any business, organization, or person engaged in retail sales, including the selling, leasing, and renting of tangible personal property, products transferred electronically, or the sale or services (not intended for resale) is required to obtain a sales tax license and collect and remit the applicable tax. There is no fee for obtaining a sales tax license.

- Goods and services sold for resale are exempt with a properly executed resale certificate.
- South Dakota's sales tax is destination based, sales and goods delivered outside of South Dakota are exempt from South Dakota sales tax.
- Motor vehicles are not subject to state and local sales taxes. They are subject to a 4 percent motor vehicle tax on the purchase price.

Municipal Sales Tax

Most cities in South Dakota have a 2 percent municipal sales tax. Cities can also impose an additional 1% municipal gross receipts tax on meals, alcoholic drinks, admissions to certain entertainment venues, and hotel lodging. There is also a tourism (or seasonal) tax which is an additional tax on certain lodging and amusement services that is imposed for tourism promotion. The tourism tax rate is 1.5%. Municipal taxes are collected by the State Department of Revenue. One tax return takes care of both state and municipal sales taxes.

Use Tax

Use tax applies when sales tax has not been paid on goods or services that are taxable in South Dakota. The use tax rate is the same as the sales tax rate, both for the state and the municipalities.

For more information on the South Dakota Sales and Use Taxes, contact:

South Dakota Department of Revenue

Business Tax Division

445 E. Capital Avenue

Pierre, SD 57501

Phone: (800) 829.9188

Web: <https://dor.sd.gov/businesses/taxes/sales-use-tax/>

Real Property Taxes

Local real property taxes in South Dakota vary from 1 to 3 percent of the market value of the structure; with most commercial/industrial rates falling between 1.5 and 2.5 percent.

Most counties and cities have a property tax abatement for new or expanded commercial/industrial structures costing more than \$30,000. The amount of property tax forgiven varies by jurisdiction. Contact the county director of equalization to determine if you're eligible for a property tax abatement.

For more information about property taxes, contact:

South Dakota Department of Revenue

Property Tax Division

445 East Capital Avenue

Pierre, SD 57501

Phone: (800) 829.9188

Web: <https://dor.sd.gov/individuals/taxes/property-tax/>

Reemployment Assistance

The South Dakota Reemployment Assistance program (formerly known as Unemployment Insurance) is administered by the South Dakota Department of Labor & Regulation. The program is financed by employers through payroll taxes and it provides benefits to people who become unemployed.

The Reemployment Assistance tax in South Dakota ranges from .00 to 9.5 percent of the first \$15,000 in wages paid to each employee during a calendar year. For new employers in South Dakota, the rate is 1.75 percent for the first year. The second and third year's rate will not be increased above the 1.75 percent ceiling and may be reduced to 1.55 percent if the employer maintains a positive account balance (total unemployment taxes paid exceed unemployment claims). Thereafter, the tax rate depends on the employer's experience.

In 2020, the average employer tax rate in South Dakota was 1.13 percent which results in the 17th lowest average state unemployment tax amongst the fifty states. Businesses in the construction trades generally pay higher rates due to the seasonality of construction work in South Dakota.

For more information on the South Dakota Reemployment Assistance program, contact:

Reemployment Assistance Division

South Dakota Department of Labor & Regulation

PO Box 4730

Aberdeen, SD 57402-4730

Phone: (605) 626-2452

Web: <https://dlr.sd.gov/ra/default.aspx>

Step 10: Marketing

The best product or service in the world will not guarantee success for your business. Potential customers must purchase your product or service in order for you to survive and grow. Developing and implementing a marketing strategy is a necessary process for a successful business. This process begins as you start your business, and it must remain an ongoing process throughout the life of your business.

Marketing is neither sales nor advertising, although both of these may be part of a marketing strategy. Instead, marketing is the thought process by which you:

- Identify the product or service you really sell.
- Identify potential customers for your product or service.
- Identify your competitors in selling to these customers.
- Understand the basis on which those potential customers make buying decisions.
- Know why customers will choose to purchase your product or service instead of your competitor's.
- Determine the most efficient and effective methods to reach these buyers before they make their purchasing decisions.
- Identify methods to deliver your product or service.
- Develop an action plan.

Identify the Product or Service

The key is to identify your “market niche,” not only in terms of the services provided, but in terms of needs fulfilled. For instance, a residential lawn service provides lawn cutting, fertilization, etc. One need this business fills is for convenience on the part of “time poor” homeowners.

Identify Potential Customers

A potential customer is one whose needs may be filled by your product/service, and who may reasonably be expected to consider your business as a source of this product/service based on price, location, and other factors. Everyone in the world is not a potential customer; you must focus on an attainable and realistic portion of the market.

Identify your Competitors

A competitor is a business who does the same service, or sells the same product as your business; they may or may not have a similar business. For instance, companies providing guard services to warehouses and those selling alarm systems to warehouses are to some extent competitors, even though they are not in the same industry.

Understanding Why Customers Buy your Product or Service

Customers buy different products or services for several reasons, including:

- Price
- Quality
- Convenience
- Prestige

Also, understand the basis on which customers make buying decisions related to your type of product or service.

Know Why Customers Will Choose Your Business

Based on why customers buy your product or service, you must determine the nature of your competitive advantage. If your potential customers buy solely on the basis of price, are your prices the lowest? If not, how will you compete? Be cautious in this analysis. Your potential customers probably have established buying patterns which do not include your business. You must give them sufficient reason to break these established patterns and buy from you if your business is to succeed.

Determine the Most Efficient Methods to Reach Buyers

Having determined why potential customers buy your type of product or service and why they will choose you, you are in a position to identify how they make their buying decisions. Do they typically buy because they've seen an advertisement in the telephone book or because they have driven by your place of business? Is this type of product or service generally purchased on the recommendation of another individual? Knowing how people "will" find you ensures that your marketing dollars are spent in the most productive way possible.

Determine Effective Delivery Methods

The most enthusiastic purchaser is unlikely to become a repeat customer if the product or service does not live up to his/her expectations or if it is not delivered in a timely fashion.

Develop an Action Plan

You know what you need to do. Now you must develop specific, deliverable steps that will enable you to do it. For assistance in developing your own marketing plan, contact your local [Small Business Development Center](#). You may wish to request a copy of the “Small Business Guide to Effective Marketing Communications.”

- **Aberdeen** (605) 626-2565
- **Pierre** (605) 773-2783
- **Rapid City** (605) 716-0015
- **Sioux Falls** (605) 367-5757
- **Vermillion** (605) 677-5287
- **Watertown** (605) 882-5115
- **Yankton** (605) 665-0751

Step 11: Keeping Business Records

Business Records

Accurate, up-to-date records are essential. You must have complete records at tax time and whenever you negotiate with a bank for a business loan.

Good record-keeping enables you to spot problems and correct them before they get out of hand. They can help you trim costs and save on taxes. Good written records are a key to business success.

There are two components in a recording and accounting system. The first is bookkeeping, which involves recording income and expenses in journals or in their computer equivalents. The second component is an analysis or “accounting” of your books.

Equipment for Record Keeping

Most small businesses can keep necessary records by using account books or a personal computer with a bookkeeping program, and files to store receipts, purchase orders, inventory sheets, and other records.

Pen and paper vs. computer: You do not need a computer to run a new small business, but if you own a computer, a bookkeeping program could be ideal for you.

You can purchase a program that will handle accounting, checking, billing, purchasing, and inventory and produce reports for management and tax purposes. Some off-the-shelf programs are easy to use. Computers are also useful for letter writing and other routine business tasks. As your business flourishes, you will need to computerize.

The modern cash register is also computerized. An advanced system includes a bar code reader and can be integrated with your inventory system.

What Records Should You Keep?

Most small businesses do not need a complicated record-keeping system. Keep records you need for tax purposes and those that tell you how the business is progressing. In most cases, these are the same records. Although the format may vary, businesses must record some basic information.

Business checking account register: Your business checking account helps separate personal and business expenses.

Income: You need a detailed, daily listing of incoming cash from sales, collections on accounts and other sources. This is called an “income ledger” or “cash receipts journal.” At its simplest, your cash receipts journal can be a notebook or some lined paper.

Expenses: Your expense record also is called an “expenditure”, “merchandise purchase”, or “accounts payable” ledger. Again, all you need to start is a ruled piece of paper with enough columns to break down your expenses into categories or “accounts,” such as rent, insurance, utilities, transportation, purchases, and payroll.

Other records: You need a record of credit sales and purchases. Format this record so that you can easily tell when a customer is delinquent and when your own accounts are due to be paid. You should also record details regarding property and equipment you buy.

Accounting Methods

Cash and accrual methods are overall accounting methods of the business. In addition to an overall method, more specialized accounting methods are necessary for most businesses. Your tax advisor or accountant should be consulted for further details.

Cash Method: The most common overall methods used to compute income are the cash receipts-and-disbursement method and the accrual method. In most cases, a company will elect a method of accounting in its tax return that provides immediate tax benefits. The cash method, which recognizes income and expense based on when cash is received and disbursed, provides the most flexible means of differing taxable income into future tax years.

Use of the cash method is restricted, however. Corporations with average annual gross receipts, during the specified base period, of more than \$5 million must use the accrual or another IRS-approved method of tax accounting. Partnerships (if they have no regular corporations as partners) and S corporations that are not tax shelters may continue to use the cash method regardless of their gross receipts. The cash method generally cannot be used if inventories are a significant portion of a company’s business.

Accrual Method: The accrual method, which recognizes income and expenses based on when income is earned or an obligation to pay a debt is incurred, generally provides better matching of revenue and expenditures. This method is typically required for financial reporting purposes. For tax purposes, the taxpayer must compute taxable income under the method of accounting regularly used to compute income in keeping books (regardless of the method used for financial reporting) unless the method used does not clearly reflect income. Once a method of accounting is adopted it can be changed only with IRS permission. Permission is usually granted in the case of switching from the cash method to the accrual method; it is routinely denied in switching from the accrual method to the cash method.

Inventory Methods

In the first year in which the business has inventory, it must choose an appropriate method to account for that inventory. Methods commonly used are average cost; first-in, first-out (FIFO); and last-in, first-out (LIFO) methods.

Average Cost: This method prices inventory on the basis of the average cost of all similar goods available during the period. It is mainly used because it is simple and relatively easy to use.

FIFO (First-in, First-out): This method assumes that inventory is used in the order that it is purchased or produced. Under this method, ending inventory is stated at approximate current costs, with the oldest cost charged against current sales. In periods of inflation, this can cause “paper profits” to be recognized and taxed. It also results in the highest reported earnings. The FIFO method is probably the most commonly used inventory control.

LIFO (Last-in, First-out): This method became popular in prior years due to significant inflation. The LIFO method assumed that the most recently purchased or produced goods are used first – the opposite assumption from FIFO. Although generally this is a more difficult method to use, a simplified LIFO method of accounting of inventories is available to small business. A taxpayer can use the simplified LIFO method if average annual gross receipts for the three preceding tax years do not exceed \$5 million. In periods of inflation, LIFO results in lower inventory valuations, higher cost of sales and lower taxable income. Companies facing rising production and material costs most commonly use this method. The LIFO inventory method is adopted by filing Form 970 with the income tax return for the tax year in which the method is first used.

Overhead Costs: A mechanism must be established to capture overhead costs and relate them to an inventory’s direct material and labor costs. Manufacturers typically allocate the “poll” of indirect costs to inventory on the basis of a standard unit, such as labor dollars or hours. Once a method has been established, it cannot be changed without IRS permission. As a result, many of the planning techniques for inventory overhead costs need to be addressed when the business is starting.

Research and Development Expenditures

Research and Development (R&D) expenses are those expenses incurred in developing new products, processes, etc., and expenses incurred in significantly improving existing products. There are two tax methods available for deducting R&D expenses – deduct currently or amortize over 60 months. In most cases, currently deducting provides the best answer. Once an election has been made to defer R&D expenses, that method must be continued unless IRS permission to change is received.

Long-Term Contract Methods

Taxpayers involved in the construction of property that spans a tax year-end, or in the manufacturing of “unique” items not normally carried in inventory, have several specialized accounting methods available to them. The adoption of these methods allows for tax deferral potential.

Percentage-of-Completion Method (PCM): A common method of accounting for long-term contracts is the percentage-of-completion method, which is typically used for financial reporting purposes. PCM recognizes income on the basis of percentage of the job that is complete based on cost incurred. This method “smoothed out” revenue earned over a number of periods and results in little, if any, deferral of income for tax purposes.

Percentage-of-Completion/Capitalized-Cost Method: As instituted by the Tax Reform Act of 1986, and subsequently modified by the Revenue Act of 1987, this method replaces the completed-contract method of accounting. The new method requires the taxpayers to use PCM for 70 percent of the contract. The balance of the contract is reported according to the taxpayer’s regular method of accounting (e.g., completed contract).

Tax Deductions of Property

A limited number of taxpayers are currently permitted to expense up to \$10,000 of asset additions in a given year. The deduction is phased out, dollar for dollar, for any taxpayer with more than \$20,000 of additions a year.

Organizational Expenses

A corporation may elect to amortize organizational expenditures over a period of not less than 60 months, beginning with the month in which the company begins business. Organizational expenditures are defined as those, incidental to the creation of the corporation, e.g., incorporation fees, legal fees, and franchise fees.

The election to amortize these expenditures must be made in the company's first tax year by inclusion of statement; otherwise, the amount is deductible only in the year of dissolution. A similar election is available for partnerships, but no such election is available for sole proprietorships.

Start-Up Expenses

Start-up costs are defined as costs incurred after the decision to acquire or establish a particular business, but before its actual operation. These expenses are generally those that would be deducted the first year if they had been incurred after the commencement of the company's operation. Start-up expenses do not include interest, taxes, and research and experimental expenses.

In general, taxpayers are allowed to treat start-up costs as deferred expenses amortized over 60 months. An election to amortize must be attached to the initial return.

Modified Accelerated Cost Recovery System

Under the Modified Accelerated Cost Recovery System (MACRS) of tax depreciation, specified "cost recovery" allowances are provided for different property classes.

The Tax Reform Act of 1986 created eight primary classes of property. For each class of property, published tables specify the percentage of the purchase price deductible as depreciation in any year. Even though tables exist to mechanically compute annual depreciation deductions, there is still a great deal of flexibility in planning the timing and amount of depreciation deductions.

For example, the straight line method (rather than the accelerated method built into the tables) can be used, if desired, over other specified extended lives. This may also be important when the business is operating in a state where net operating loss carry-overs are not allowed. It is not necessary to conform the method of depreciation used for financial reporting purposes to the MACRS system.

Reference Guide

Step 2: Patents, Trademarks, and Copyrights

**South Dakota Secretary of State
Trademark Administrator**

500 East Capitol Ave., Suite 204
Pierre, SD 57501

Phone: 605.773.2797

Web: <https://sdsos.gov/business-services/trademark-name-registration/default.aspx>

**US Library of Congress
Copyright Office**

101 Independence Avenue, S.E.
Washington, D.C. 20559-6000

Phone: 202.707.5959 or 202.707.3000

Web: www.copyright.gov

The Enterprise Institute

2301 Research Park Way, Suite 114
Brookings, SD 57006

Phone: 605.697.5015

Web: www.sdei.org

(Keyword Search: Enterprise Institute)

Email: info@sdei.org

US Patent and Trademark Office

US Commissioner of Trademarks and Patents

PO Box 1450

Alexandria, VA 22313-1450

Phone: 703.308.4357 or 800.786.9199

Web: www.uspto.gov/main/trademarks.htm
<https://www.uspto.gov/patents>

US Patent and Trademark Office

General Information Service Division

Crystal Plaza, 3 Room 2C02

PO Box 1450

Washington, D.C. 20231

Phone: 707.308.4357 or 800.786.9199

Web: www.uspto.gov

The Enterprise Institute is designed to facilitate university and industry resources to encourage and assist the establishment of entrepreneurial growth enterprises in the region.

Step 3: Three Ways to Start a Business

International Franchise Association, Inc.

1350 New York Avenue N.W., Suite 900

Washington, D.C. 20005

Phone: 202.628.8000

Web: www.franchise.org

Federal Trade Commission

600 Pennsylvania Avenue N.W.

Washington, D.C. 20580

Phone: 212.326.2222 or 877.382.4357

Web: www.business.ftc.gov

The Enterprise Institute

2301 Research Park Way, Suite 114

Brookings, SD 57006

Phone: 605.697.5015

Web: www.sdei.org

(Keyword Search: Enterprise Institute)

Email: info@sdei.org

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Step 4: Business Structure

South Dakota Secretary of State

Capitol Building, Suite 204

Pierre, SD 57501

Phone: 605.773.4845

Web: <https://sdsos.gov/business-services/default.aspx>

Internal Revenue Service

Business and Specialty Tax

Phone: 800.829.4933

Web: www.irs.gov/businesses

Internal Revenue Service Local Offices:

115 Fourth Avenue, S.E.

Aberdeen, SD 57401

Phone: 605.377.1649

515 Ninth Street

Rapid City, SD 57701

Phone: 605.348.2006

1720 S. Southeastern Avenue

Sioux Falls, SD 57103

Phone: 605.782.8279

The Enterprise Institute

2301 Research Park Way, Suite 114

Brookings, SD 57006

Phone: 605.697.5015

Web: www.sdei.org

(Keyword Search: Enterprise Institute)

Email: info@sdei.org

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Step 5: Business Plan

South Dakota Small Business Development Centers (SBDC)

Web: <http://sdbusinesshelp.com/small-business-development-center/>

Aberdeen Small Business

Development Center

506 South Main Street, Ste 2

Aberdeen, SD 57401

Phone: 605.698.7654 ext. 144

Fax: 605.698.3038

Kelly Weaver, Regional Director

Email: kweaver@midco.net

Pierre Small Business

Development Center

221 S. Central Ave., Suite 33

Pierre, SD 57501

Phone: 605.773.2783

Fax: 605.773.2035

Bob Weyrich, Regional Director

Email: bob.weyrich@usd.edu

Rapid City Small Business

Development Center

730 E Watertown Street

Rapid City, SD 57701

Phone: 605.716.0015

Fax: 605.394.6104

Dona Fischer, Regional Director

Email: dfischer@wrbsc.com

Sioux Falls Small Business Development Center

2329 N. Career Ave., Ste 117

Sioux Falls, SD 57107

Phone: 605.367.5757

Fax: 605.367.5755

Mark Slade, Regional Director

Email: mark.slade@usd.edu

Watertown Small Business Development Center

124 First Avenue NW

Watertown, SD 57201

Phone: 605.882.5115

Fax: 605.882.5049

Belinda Engelhart, Regional
Director

Email:

Belinda.engelhart@usd.edu

Yankton Small Business Development Center

1808 Summit Avenue

PO Box 687

Yankton, SD 57078

Phone: 605.665.0751

Fax: 605.665.0303

Sue Stoll, Regional Director

Email: sues@districtiii.org

The SBDC provides in-depth, high-quality assistance to existing and prospective small business owners in virtually all aspects of small business management. All offices offer seminars on initial planning, marketing, and financing. The centers give advice on record-keeping, analysis, management, and technology. They also offer procurement programs.

Tribal Business Information Centers

Lakota Funds

PO Box 340
Kyle, SD 57752
Phone: 605.455.2500
Fax: 605.455.2585
Web: www.lakotafunds.org

Four Bands Community Fund

PO Box 932
Eagle Butte, SD 57025
Phone: 605.964.3687
Fax: 605.964.3687
Web: www.fourbands.org
Email: info@fourbands.org

Tribal Business information Centers enhance entrepreneurial development on Native American Reservations, provide reservation communities with state-of-the-art business development resources, training, counseling, workshops, and support services.

SD CEO: Women's Business Center

Black Hills State University
1200 University Street, Unit 9511
Spearfish, SD 57783
Phone: 605.642.6435
Fax: 605.642.6344
Web: www.bhsu.edu/sdceo/

The Women's Business Center provides advice, planning, and support for women starting their own businesses.

SCORE – Service Corps of Retired Executives

South Dakota SCORE
208 S. Main
Aberdeen, SD 57401
Phone: 605.280.3642
Web: www.southdakota.score.org

SCORE is dedicated to entrepreneur education and the formation, growth, and success of small businesses nationwide. SCORE provides confidential counseling and mentoring services free of charge and also provides free and low-cost resources.

U.S. Small Business Administration

2329 N. Career Ave., Suite 105

Sioux Falls, SD 57107

Phone: 605.330.4243

Fax: 605.330.4215

Web: www.sba.gov

US SBA aids socially and economically disadvantaged business owners to gain equal access to necessary resources. The SBA offers one-on-one counseling, contracting and financing assistance, and training workshops.

The Enterprise Institute

2301 Research Park Way, Suite 114

Brookings, SD 57006

Phone: 605.697.5015

Web: www.sdei.org

(Keyword Search: Enterprise Institute)

Email: info@sdei.org

The Enterprise Institute is designed to facilitate university and industry resources to encourage and assist the establishment of entrepreneurial growth enterprises in the region.

The Southeast Enterprise Facilitation Project

501 S. Broadway Avenue

PO Box 106

Marion, SD 57043

Phone: 605.648.2909

Fax: 605.648.3778

Web: www.sefp.com

Email: info@sefproject.org

The Southeast Enterprise provides free assistance with business development.

Step 6: Financing

Beadle and Spink Enterprise Community (BASEC)

219 Humphrey Drive North

PO Box 405

Doland, SD 57436

Phone: 605.635.6165

Fax: 605.635.6167

Web: www.basec.org

BASEC provides a revolving loan fund for business expansions and start-ups in Beadle and Spink counties. They also offer an IRP and a Rural Business Enterprise Grant.

Dakota Resources

25795 475th Ave., Suite 1

Renner, SD 57055

Phone: 605.978.2804

Web: www.dakotaresources.org

Email: info@dakotaresources.org

Dakota Resources offers assistance with marketing, business plans, feasibility studies, personnel policy, computer training, and networking for small towns and businesses.

Governor's Office of Economic Development

711 E. Wells Avenue

Pierre, SD 57501

Phone: 605.773.4633 or 800.872.6190

Fax: 605.773.3256

Web: <https://sdgoed.com/>

Email: Travis.Dovre@sdgoed.com

The GOED works with both communities and business people to spur economic development in the state. Services include financing new & expanding businesses, providing workforce development grants, promoting vacant buildings throughout the state, and developing action plans.

GROW SD aka Northeast South Dakota Economic Corporation (NESDEC)

104 Ash Street East

Sisseton, SD 57262

Phone: 605.698.7654

Fax: 605.698.3038

Web: www.growsd.org

Email: info@growsd.org

GROW SD/NESDEC provides economic opportunities to the residents of its service area, through small business loans, technical assistance, and partnerships with financial institutions and other business assistance organizations.

Interlakes Community Action, Inc.

111 N. Van Eps Avenue

PO Box 268

Madison, SD 57042

Phone: 800.896.4103

Web: www.interlakescap.com

Interlakes works directly with low-income and displaced employees. Services include community needs assessment, natural disaster response and assistance, on-the-job training, skill development and job placement, budgeting techniques and consumer credit counseling.

USDA Rural Development

Federal Building, Room 210

200 4th Street S.W.

Huron, SD 57350

Voice: 605.352.1100

Fax: 855.262.1940

Web: www.rd.usda.gov/sd

USDA works with rural communities, co-ops, and small businesses. They also provide loans and other funding assistance.

U.S. Small Business Administration

South Dakota District Office
 2329 N. Career Ave., Suite 105
 Sioux Falls, SD 57107

Phone: 605.330.4243

Fax: 605.330.4215

Web: www.sba.gov/offices/district/sd/sioux-falls

SBA aids socially and economically disadvantaged business owners in gaining equal access to necessary resources. The SBA offers one-on-one counseling, contracting and financing assistance, and training workshops.

The following Venture Capital firms assist in capital equity for new and existing businesses.

Bluestem Capital Co.

122 S. Phillips Ave., Suite 300
 Sioux Falls, SD 57104

Phone: 605.331.0091

www.bluestemcapital.com

Bird Dog Equity Partners

221 S. Phillips Ave., Ste 200
 Sioux Falls, SD 57104

Phone: 605.275.3939

www.birddogequity.com

Capitaline Advisors, LLC

111 Main Avenue
 Brookings, SD 57006

Phone: 605.696.3100

www.capitaline.net

PrairieGold Venture Partners

5708 S. Remington Place #600
 Sioux Falls, SD 57108

Phone: 605.275.2999

www.pgvp.com

South Dakota Innovation Partners

2329 Career Avenue
 Sioux Falls, SD 57107

Phone: 605.366.3151

www.southdakotainnovation.com

McGowan Capital Group

201 S. Phillips Ave., Ste 100
 Sioux Falls, SD 57104

Phone: 605.357.5302

www.mcgowancapitalgroup.com

The Funding Farm

304 Splitrock Blvd. Ste 205
 Brandon, SD 57005

Phone: 605.582.5964

Genesis Equity Fund, LLC

525 University Loop, Ste 101
 Rapid City, SD 57701

Phone: 605.716.0002

Black Line Capital

P.O. Box 1060
 Watertown, SD 57201

Phone: 605.882.0007

The Enterprise Institute

2301 Research Park Way, Suite 114
 Brookings, SD 57006

Phone: 605.697.5015

Web: www.sdei.org

(Keyword Search: Enterprise Institute)

Email: info@sdei.org

The Enterprise Institute is designed to facilitate university and industry resources to encourage and assist the establishment of entrepreneurial growth enterprises in the region.

Step 8: Licensing and Registration

SD Animal Industry Board

411 S. Fort Street
Pierre, SD 57501
Phone: 605.773.3321
Fax: 605.773.5459
Web: www.aib.sd.gov
Email: aibmail@state.sd.us

SD Department of Game, Fish, and Parks Licensing Office

20641 SD Hwy 1806
Fort Pierre, SD 57532
Phone: 605.223.7660
Fax: 605.223.7686
Web: www.gfp.sd.gov
Email: sdgfpinfo@state.sd.us

SD Department of Agriculture and Natural Resources

Joe Foss Building
523 E. Capitol Avenue
Pierre, SD 57501
Phone: 605.773.3151
Fax: 605.773.6035
Web: <https://danr.sd.gov>
Email: danrmail@state.sd.us

SD Department of Labor & Regulation Banking Division

1601 N. Harrison Ave., Suite 1
Pierre, SD 57501
Phone: 605.773.3421
Fax: 866.326.7504
Web: <https://dlr.sd.gov/banking/default.aspx>
Email: banking@state.sd.us

SD Department of Health

Robert Hayes Building
600 E. Capitol Avenue
Pierre, SD 57501
Phone: 605.773.3361
Fax: 605.773.5683
Web: www.doh.sd.gov/
Email: doh.info@state.sd.us

SD Department of Labor & Regulation Securities Division

124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
Phone: 605.773.3563
Fax: 605.773.5953
Web: <https://dlr.sd.gov/securities/>

SD Department of Labor & Regulation Insurance Division

124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
Phone: 605.773.3563
Fax: 605.773.5369
Web: <https://dlr.sd.gov/insurance/default.aspx>
Email: sdinsurance@state.sd.us

SD Department of Public Safety

118 W. Capitol
Pierre, SD 57501
Phone: 605.773.3178
Fax: 605.773.3018
Web: <https://dps.sd.gov>
Email: dpsinfo@state.sd.us

SD Department of Labor & Regulation Reemployment Assistance Services

PO Box 4730
Aberdeen, SD 57402-4730
Phone: 605.626.2301
Fax: 605.626.3172
Web: <https://dlr.sd.gov/ra/default.aspx>

SD Department of Revenue**Business Tax Division** 445 E.

Capitol Avenue Pierre, SD
57501

Phone: 605.773.3311 or 800.829.9188

Web: www.dor.sd.gov/businesses/taxes

Email: bustax@state.sd.us

Aberdeen State Revenue Office

14 South Main, Ste 1-C
Aberdeen, SD 57401

Phone: 605.626.2218

Fax: 605.626.2946

Mitchell State Revenue Office

417 N. Main, Suite 112
PO Box 1103

Mitchell, SD 57301

Phone: 605.995.8080

Fax: 605.995.8087

Rapid City State Revenue Office

1520 N. Haines Ave., Suite 3
Rapid City, SD 57701

Phone: 605.394.2332

Fax: 605.394.6076

Sioux Falls State Revenue Office

300 S. Sycamore Ave., Suite 102
Sioux Falls, SD 57110

Phone: 605.367.5800

Fax: 605.367.5830

Watertown State Revenue Office

715 S. Maple
Watertown, SD 57201

Phone: 605.882.5188

Fax: 605.882.5199

Yankton State Revenue Office

1900 Summit Street
Yankton, SD 57078

Phone: 605.668.2939

Fax: 605.668.2936

**SD Department of Social
Services**

700 Governors Drive
Pierre, SD 57501

Phone: (605) 773-3165

Web: <http://dss.sd.gov>

SD Department of Transportation

Becker/Hansen Building
Pierre, SD 57501

Phone: 605.773.3265

Fax: 605.773.3921

Web: <https://dot.sd.gov/>

Step 9: South Dakota State Taxes

SD Department of Labor & Regulation Division of Labor and Management

Workers Compensation Program

Kneip Building

700 Governors Drive

Pierre, SD 57501

Phone: 605.773.3681

Fax: 605.773.4211

Web: https://dlr.sd.gov/workers_compensation/default.aspx

SD Department of Labor & Regulation Reemployment Assistance Services

Reemployment Assistance Tax

420 S. Roosevelt Street

PO Box 4730

Aberdeen, SD 57402-4730

Phone: 605.626.2312

Fax: 605.626.3347

Web: <https://dlr.sd.gov/ra/default.aspx>

Department of Revenue

Business Tax Division

445 E. Capital Avenue

Pierre, SD 57501

Phone: (800) 829.9188

Web: <http://dor.sd.gov/businesses/taxes>

Other Resources:

Procurement & Export

Procurement Technical Assistance Center

University of South Dakota

2329 N. Career Ave., Suite 106

Sioux Falls SD 57107

Phone: 605-367-5757

Fax: 605-367-5755

Web: <http://sdbusinesshelp.com/procurement-technical-assistance-center/>

Email: ptac@usd.edu

Pierre Office

605.773.2783

Rapid City Office

605.716.0010

Yankton Office

605.665.4408

Statewide

605.367.5252

The Procurement Technical Assistance Center (PTAC) provides technical expertise to South Dakota businesses interested in bidding on and receiving federal, state, and local government contracts.

International Trade Center

1 West Weather Lane, Suite 400

Sioux Falls, SD 57104

Phone: 605.338.3424

Fax: 605.338.3424

Web: <http://sdbusinesshelp.com/international-trade-center/>

Rock Nelson, Director

Email: rock@siouxfalls.com

The International Trade Center assists small businesses considering exporting, new to exporting, or those with exporting finance packaging needs.

Technical Assistance**Prairie Family Business Association**

4801 N. Career Ave., Suite 140

Sioux Falls, SD 57107

Phone: 605.782.3225

Fax: 866.624.8161

Web: www.fambus.org

Email: fba@usd.edu

Prairie Family Business Association offers advice, marketing, and planning assistance to family-owned and operated small businesses.

South Dakota Small Business Innovation Research Center

University of South Dakota - Beacom School of Business

2329 N. Career Avenue

Sioux Falls, SD 57107

Phone: 605.367.5757

Fax: 605.367.5755

Web: <http://sdbusinesshelp.com/small-business-innovation-research/>

Gary Archambault, Director

Email: gary.archambault@usd.edu

SD SBIR assists and encourages South Dakota businesses to expand research and development activities by aiding a business in getting federal contracts. The SBIR doesn't technically help with business plans, but it does help with proposals, finding research partners, and finding and creating marketing opportunities. The SBIR is for individuals, small businesses, and cooperatives.

Government Research Bureau

University of South Dakota – Farber House

414 E. Clark Street

Vermillion, SD 57069

Phone: 605.677.6663

Fax: 605.677.6968

Web: www.usd.edu/grb

Email: grb@usd.edu

The Government Research Bureau serves as a hub for information from the US Census Bureau and the Bureau of Economic Analysis and provides technical assistance in accessing data.

Community Assistance

Economic Development Administration (EDA)

1244 Speer Blvd., Suite 431

Denver, CO 80204

Phone: 720.402.7686

Web: www.eda.gov

Email: asmith1@eda.gov

The EDA works with state and local governments and economic development entities to assist economically distressed areas. Works with communities to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth. They do not work directly with businesses.

GROW SD aka Northeast South Dakota Community Action Agency (NSDCAA)

104 Ash Street East

Sisseton, SD 57262

Phone: 605.698.7654

Fax: 605.698.3038

Web: www.growsd.org

Email: info@growsd.org

GROW SD/NSDCAA provides economic opportunities to the residents of its service area, through small business loans, technical assistance, and partnerships with financial institutions and other business assistance organizations.

Western South Dakota Community Action, Inc. (WSDCA)

1844 Lombardy Drive

Rapid City, SD 57702

Phone: 605.348.1460 or 800.327.1703

Web: www.wsdca.org

Email: info@wsdca.org

WSDCA works directly with low-income and displaced employees. Services include community needs assessment, natural disaster response and assistance, on-the-job training, skill development, job placement, budgeting techniques, and consumer credit counseling.

Rural Office of Community Services

106 West Ave SW

PO Box 547

Wagner, SD 57380

Phone: 605.384.3883

Fax: 605.384.3737

Web: www.rocsinc.org

Email: rocs@rocsinc.org

The Rural Office of Community Services, Inc. (ROCS) is a private, non-profit Community Action Agency. The mission of ROCS is to help the low-income and elderly sector move out of poverty and into self-sufficiency.

South Dakota Planning Districts

Black Hills Council of Local Governments

730 E. Watertown Street, Suite 102

Rapid City, SD 57701

Phone: 605.394.2681

Fax: 605.394.6140

Web: www.blackhillscouncil.com

Jennifer Sietsema, Executive Director

Email: jsietsema@wrbsc.com

Black Hills Council provides business assistance if the business is eligible for outside funding.

Central South Dakota Enhancement District

3431 Airport Road, Suite 3

PO Box 220

Pierre, SD 57501

Phone: 605.773.2780

Fax: 605.773.2784

Web: www.csded.org

David Reiss, Executive Director

Email: dreiss@csded.org

CSDED assists in expanding economic opportunities through the development of the region's economic resources.

First District Association of Local Governments

418 18th Ave. NE

PO Box 1207

Watertown, SD 57201-1207

Phone: 605.882.5115

Fax: 605.882.5049

Web: www.1stdistrict.org

Todd Kays, Executive Director

Email: todd@1stdistrict.org

First District provides financing assistance only for small businesses.

Northeast Council of Governments

416 Production Street N., Ste 1

Aberdeen, SD 57402

Phone: 605.626.2595

Fax: 605.626.2975

Web: www.necog.org

Eric Senger, Executive Director

Email: eric@necog.org

NECOG works closely with local development groups and some businesses in northeast South Dakota. They also offer small business financing.

Planning & Development District III

1808 Summit Street

PO Box 687

Yankton, SD 57078-0687

Phone: 605.665.4408

Fax: 605.665.0303

Web: www.districtiii.org

Greg Henderson, Executive Director

Email: districtiii@districtiii.org

District III offers some business planning advice and provides small business financing.

Southeastern Council of Governments

500 N. Western Ave., Suite 100

Sioux Falls, SD 57104

Phone: 605.367.5390

Fax: 605.367.5394

Web: www.secog.org

Lynne Keller Forbes, Executive Director

Email: lynne@secog.org

SECOG provides business assistance if the business is eligible for outside funding.

Directories

Bank Directory of South Dakota

SD Bankers Association

109 W. Missouri Avenue

PO Box 1081

Pierre, SD 57501-1081

Phone: 605.224.1653

Fax: 605.224.7835

Web: www.sdba.com/bank-directory

County Commissioners and County Officials

SD Association of County Commissioners

211 E. Prospect Avenue

Pierre, SD 57501

Phone: 605.224.4554

Web: www.sdcounties.org

South Dakota Municipal League

208 Island Drive

Ft. Pierre, SD 57532

Phone: 605.224.8654

Fax: 605.224.8655

Web: www.sdmunicipalleague.org

South Dakota Rural Electric Association

222 W. Pleasant Drive

PO Box 1138

Pierre, SD 57501-1138

Phone: 605.224.8823

Web: www.sdrea.coop

Email: info@sdrea.coop

The following Web sites provide news and resources of interest to small-business owners:

Ernst & Young Entrepreneurial Services

www.ey.com

EY offers an array of services and links to emerging growth companies.

Idea Café: The Small Business Channel

www.ideacafe.com

Idea Café provides information on how to start and operate a business.

Small Business and Effective Web Marketing

<https://www.practicalecommerce.com/checklist>

This site is dedicated to instructing small-business owners on the construction and marketing of a web site.

Home-Based Business Links

www.entrepreneur.com/homebasedbiz/

Provides links of interest to owners of home-based businesses.

**United States House of Representatives
Committee on Small Business**

<https://smallbusiness.house.gov>

Provides daily updates on small-business issues discussed on the House floor.

**United States Senate Committee on
Small Business and Entrepreneurship**

www.sbc.senate.gov

Provides news releases, committee hearing schedules, and other information on issues affecting small businesses.

U.S. Business Advisor

www.usa.gov/business

A one-stop link to business information and services provided by the federal government.

National Technical Information Service (NTIS)

www.ntis.gov

The official source for government-sponsored U.S. and worldwide scientific, technical, engineering, and business-related information.

Kauffman Foundation of Entrepreneurship

www.entrepreneurship.org

This site provides innovative educational tools, informative channels covering the latest issues and insights affecting entrepreneurs, and a popular events section that gives entrepreneurs an opportunity to connect.

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

711 EAST WELLS AVENUE, PIERRE, SOUTH DAKOTA 57501

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