

## South Dakota Laws and Incentives for Tax Incentives

The list below contains summaries of all South Dakota laws and incentives related to Tax Incentives.

### State Incentives

#### Biodiesel Blend Tax Credit

Licensed biodiesel blenders are eligible for a tax credit for special fuel, including diesel, blended with biodiesel to create a biodiesel blend. The tax credit is granted on a per gallon basis in the amount that the rate for special fuel exceeds the rate for the biodiesel blend. The purpose of the credit is to offset any tax liability resulting from the blending of previously untaxed biodiesel. (Reference [South Dakota Statutes](#) 10-47B-121.1)

#### Ethanol and Biobutanol Production Incentive

Qualified and licensed ethanol and biobutanol producers are eligible for a \$0.20 per gallon production incentive for ethanol and biobutanol that is fully distilled and produced in South Dakota. Ethanol must also be denatured, 99% pure, distilled from cereal grains, and blended with gasoline to create an ethanol blend. In addition, the producer must have produced ethanol on or before December 31, 2006. Annual production incentives paid to one facility may not exceed \$1 million. Cumulative annual production incentives paid out to all facilities may not exceed \$4 million in 2013; \$4.5 million in 2014, 2015, and 2016; and \$7 million each year thereafter. Funds are apportioned each month based on the claims submitted and the total funds available. (Reference [Senate Bill](#) 85, 2013, and [South Dakota Statutes](#) 10-47B-162-163)

#### Tax Refund for Methanol Used in Biodiesel Production

A licensed biodiesel producer may apply for and obtain a tax refund for state fuel taxes paid on methanol used to produce biodiesel. (Reference [South Dakota Statutes](#) 10-47B-120.1)

#### Propane Tax Exemption

Liquefied petroleum gas (propane) is exempt from the state fuel excise tax when sold from a licensed propane vendor to a licensed propane user or a propane vehicle owner if it is delivered into a bulk storage tank that can then be used to deliver fuel into a motor vehicle. Fuel purchasers must obtain a propane user license before propane is delivered into their storage tanks. (Reference [South Dakota Statutes](#) 10-47B-167)

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