

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

581U0444

SENATE ENGROSSED NO. **SB 85** - 01/28/2013

Introduced by: Senators Olson (Russell), Brown, Frerichs, Holien, Johnston, Krebs, Lederman, Novstrup (Al), Rave, Tidemann, Welke, and White and Representatives Magstadt, Cronin, Greenfield, Hoffman, Hunhoff (Bernie), Munsterman, Novstrup (David), Parsley, Peterson, Rounds, Solum, and Wick

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the production
2 incentive payment available to ethanol producers.

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

4 Section 1. That § 10-47B-162 be amended to read as follows:

5 10-47B-162. A production incentive payment of twenty cents per gallon is available to
6 ethanol producers for ethyl alcohol which is fully distilled and produced in South Dakota and
7 to qualified biobutanol producers for biobutanol fully produced in South Dakota. ~~To be eligible~~
8 ~~for this payment, the ethyl alcohol shall be denatured and subsequently blended with gasoline~~
9 ~~to create ethanol blend.~~ The ethyl alcohol shall be ninety-nine percent pure and shall be distilled
10 from cereal grains. Annual production incentive payments for any facility may not exceed one
11 million dollars. An ethanol production facility is eligible for a production incentive payment
12 under this section only if the facility has produced qualifying ethyl alcohol on or before
13 December 31, 2006. No facility may receive any production incentive payments in an amount
14 greater than nine million six hundred eighty-two thousand dollars. The cumulative annual



1 production incentive payments made under this section may not exceed four million dollars for
2 fiscal year 2003, five million dollars for fiscal year 2004, six million dollars for fiscal year 2005,
3 seven million dollars for fiscal year 2006, seven million dollars for fiscal year 2007, seven
4 million dollars for fiscal year 2008, seven million dollars for fiscal year 2009, seven million
5 dollars for fiscal year 2010, seven million dollars for fiscal year 2011, four million dollars for
6 fiscal year 2012, four million dollars for fiscal year 2013, four million five hundred thousand
7 dollars for fiscal year 2014, four million five hundred thousand dollars for fiscal year 2015, four
8 million five hundred thousand dollars for fiscal year 2016, and seven million dollars per fiscal
9 year thereafter. Payments from the ethanol fuel fund shall be prorated equally to all of the
10 facilities each month based on claims submitted for that month and the amount of funds
11 available for that month. No facility may receive payment for more than four hundred sixteen
12 thousand six hundred sixty-seven gallons per month. If excess funds are available in the fund
13 in any given month, payment may be made to facilities for previous months when funds were
14 not sufficient to pay the claims from the previous months. All moneys available in the ethanol
15 fuel fund at the end of the fiscal year shall be prorated equally to the facilities based upon all
16 unpaid claims received through the end of that fiscal year.

17 Section 2. That § 10-47B-166 be amended to read as follows:

18 10-47B-166. Ethyl alcohol shall be denatured before it qualifies for the ethanol production
19 incentive payment. A producer may denature the alcohol by adding gasoline or natural gasoline
20 to it in amounts equal to at least two gallons of gasoline or natural gasoline for each ninety-eight
21 gallons of alcohol. The alcohol may also be denatured by any other method common in the
22 industry if the secretary is notified in writing of the method of denaturing before the denaturing
23 occurs. If the ethyl alcohol is to be shipped outside of the United States of America, the ethyl
24 alcohol does not need to meet the provisions of this section to qualify for the ethanol production

1 incentive payment.