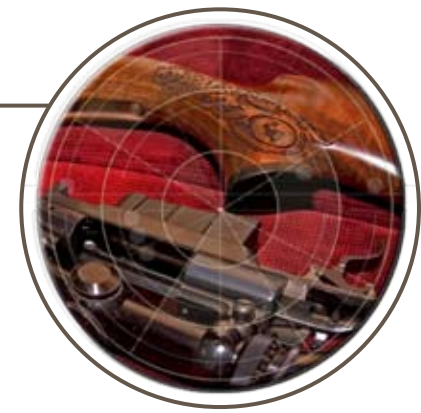


South Dakota Incentives for the Firearm Industry



Red Carpet, Not Red Tape

In South Dakota, we roll out the red carpet, not the red tape. Our size is our strength, and nobody is “too important” to give you the attention you deserve. We’ll connect you with the right people, right away.

Leaders at every level are available to help you with your location and when you call us, we’ll call you back. We are confident that once you meet our people, you will see why so many companies have made the move to South Dakota.

“My only regret about moving to South Dakota is that I didn’t do it 40 years earlier.”

*Jack First, President
Jack First, Inc.*

BUSINESS CLIMATE

South Dakota businesses have consistently enjoyed a pro-business climate. We’re the only state in the nation with no corporate income tax, no personal income tax, no personal property tax, no business inventory tax and no inheritance tax. As you read through the following information, you’ll see why so many businesses are choosing to call South Dakota home.

- No Corporate Income Tax
- No Personal Income Tax
- No Personal Property Tax
- No Business Inventory Tax
- No Inheritance Tax
- Competitive Workers Compensation Rates
- Lowest Overall Tax Burden
- Lowest Cost of Doing Business
- Best State Business Tax Climate
- Best Environment for Entrepreneurs
- Fourth Lowest Unemployment Insurance Rates
- Seventh Best Corporate Business Climate
- Eleventh Lowest Unionization Rate
- Right-to-Work State

Business Costs

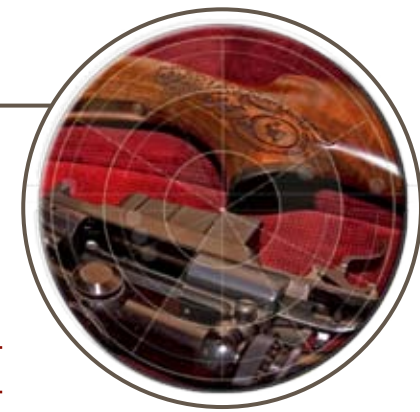
Utilities

South Dakota’s utility providers range from Investor Owned, to Rural Electric Co-ops, to Municipal Utilities, giving you the advantage of competitive pricing. This competition keeps electricity costs in South Dakota well below the national average.

	2010 Commercial Electricity	Growth Since 2000	2010 Industrial Electricity	Growth Since 2000
South Dakota	7.55 ¢/kwh	0.91 ¢/kwh	6.07 ¢/kwh	0.99 ¢/kwh
U.S. Average	10.19 ¢/kwh	2.67 ¢/kwh	6.77 ¢/kwh	1.96 ¢/kwh

Water and sewer systems are most often controlled locally, by the municipal utilities, a benefit that keeps your water and sewer rates low.

South Dakota Incentives for the Firearm Industry



Bottom Line Comparison

	Annual Savings in SD vs.	Corporate Income Tax	Personal Income Tax*	Mfg. Workers Comp	Avg Unemp. Insurance	Personal Property Tax	Real Property Tax	Total
South Dakota		\$0	\$0	\$56,937	\$20,020	\$0	\$55,631	\$132,588
California	\$232,359	\$88,400	\$6,996	\$199,427	\$33,740	\$10,845	\$32,535	\$364,947
Illinois	\$291,629	\$95,000	\$5,000	\$174,304	\$41,787	\$0	\$113,126	\$424,217

This cost comparison is based on \$1 million in net/taxable corporate income, \$100,000 in taxable personal income, 100 employees earning the average state manufacturing wage and working a 2,080-hour work year, the average net insurance cost for manufacturers, \$1 million in equipment and a 40,000-sq.ft. facility valued at \$3,000,000.

* Is not included in the total

Levied Taxes

Workers Compensation

\$2.87 per \$100 payroll is the average rate a manufacturer can expect to pay in South Dakota. South Dakota employers insure workers by the type of work done, not the overall company code, enabling businesses to save money on workers compensation fees.

Additional savings are available on Workers Compensation through safety or loss control inspections.

Unemployment Insurance

The average unemployment insurance rate for experienced employers is 1.96 percent. The wage base is \$12,000. For new employers the rate is 1.75 percent for the first year's operation and 1.55 percent for the second and third years if the company's account balance is positive. Thereafter, the rate is based on the company's experience.

Real Property Tax

Local real property taxes vary from 1 to 4 percent of the value of the structure, with most rates at 3 percent. The assessed value of a property is currently considered 85% of the market value. Property taxes are then calculated on the assessed value of the property.

Sales, Use & Contractors' Excise Tax

Manufacturing operations are subject to sales tax in South Dakota for any new machinery and equipment brought in for the new operation. Any machinery and equipment that is seven years old or more is exempt from the sales tax in South Dakota.

State Sales Tax: 4.0%
Local Sales Tax: 0.0% to 2.0%

Tax Abatements & Refunds

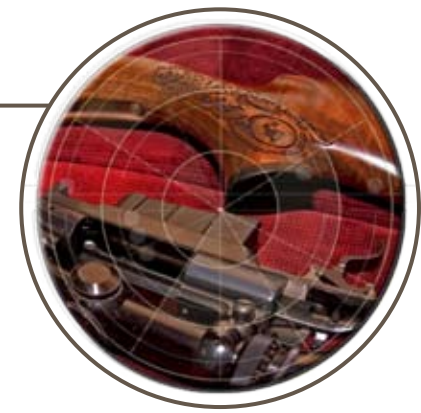
Property Tax Abatement

County commissioners may, at their discretion, forgive from zero to 100 percent of the property taxes on a new structure or an addition to an existing one. This abatement may be available on all industrial, commercial and non-residential agricultural structures valued at \$30,000 or more.

Sales, Use & Contractors' Excise Tax Refund

Qualified business facility expansions made in 2012 are eligible for sales and contractor excise tax refunds.

South Dakota Incentives for the Firearm Industry



Finance Programs

In South Dakota, we want our businesses to succeed. That's why we offer a variety of financing options to companies that are new, expanding, or relocating to South Dakota.

Not seeing a program that precisely fits the bill? Just ask. Our financing experts are more than willing to help you find a way to make it work.

• Finance Programs Overview

Financing	Type	Uses
Revolving Economic Development & Initiative (REDI) Fund	Loan	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
Economic Development Finance Authority (EDFA)	Bond	Designed for more capital-intensive projects, this program provides small businesses access to larger capital markets for tax-exempt or taxable bond issuances. This program is administered through the South Dakota Economic Development Finance Authority, and borrowers benefit from its "A+" rating by Standard and Poor's
Small Business Administration (SBA) 504	Loan	Offers subordinated, long-term, fixed-rate financing to healthy and expanding small businesses. With reasonable rates the 504 program is an attractive and effective economic development financing tool
Agricultural Processing & Exporting (APEX) Fund	Loan	Designed to assist companies in communities with populations of 25,000 or less that add value to raw agricultural projects through processing. The program is open to for-profit businesses
South Dakota WORKS	Loan	Allows businesses in South Dakota to acquire additional funds for working capital, start-up costs, payroll, and inventory needs
Workforce Development Program	Grant	Allows companies to access dollars to help train new AND existing employees
Dakota Seeds	Grant	Provides matching funds to companies for the creation of new intern or assistantship positions

To learn more about GOED Finance programs visit www.SDreadytowork.com



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