



# State Incentives for Achieving Clean and Renewable Energy Development on Contaminated Lands

The development of clean and renewable energy on formerly used land offers many economic and environmental benefits. Combining clean and renewable energy and contaminated land cleanup incentives can allow investors and communities to create economically viable clean and renewable energy redevelopment projects. This document provides information about incentives in your state that can be leveraged for clean and renewable energy and development of contaminated land.



## Incentives for Clean and Renewable Energy

### Tax Incentives (abatements, deductions, credits, etc.)

#### Small Commercial Wind Energy Property Tax Assessment

[www.state.sd.us/drr2/prospectax/assessor/power\\_light.htm](http://www.state.sd.us/drr2/prospectax/assessor/power_light.htm)

Assesses the property value of commercial wind facilities with an aggregate capacity of less than 5 MW. The property value assessment does not include the wind turbine or blades and only takes the base, foundation, tower, and substations into account. Wind energy companies are also not subject to discretionary tax formulas.

#### Large Commercial Wind Exemption and Alternative Taxes

[www.state.sd.us/drr2/prospectax/assessor/power\\_light.htm](http://www.state.sd.us/drr2/prospectax/assessor/power_light.htm)

Waives all state and local property taxes for wind energy facilities with a minimum capacity of 5 MW. Eligible facilities pay alternative annual taxes of \$3/kW of capacity and 2% on wind farm gross receipts. A partial tax rebate is available for up to half the cost of underground distribution lines, substations, and transmission lines built to support the facility. Maximum rebate is 90% of taxes paid for first 5 years and 50% of taxes paid for next 5 years. No rebates are issued after a 10-year period.

#### Renewable Energy Systems Exemption

<http://puc.sd.gov/energyefficiency/default.aspx>

Provides local property tax exemption for renewable energy systems on residential and commercial property. Exemption applies to 50% of the installed cost of the commercial system and cannot be transferred when property is sold. Exemption may be claimed for 3 years after installation.

#### Small Power Production Facilities Business Tax Refund Program

[www.state.sd.us/drr2/businesstax/bustax.htm](http://www.state.sd.us/drr2/businesstax/bustax.htm)

Provides a tax refund or credit from South Dakota Contractors' Excise Taxes to power production facilities, including wind power facilities, producing 10 MW or less of electricity. The refund is allowed for the contractors' excise taxes paid on new construction or expansion construction of a commercial power production facility.

#### Large Power Production Facilities Business Tax Reduction

[www.state.sd.us/drr2/businesstax/bustax.htm](http://www.state.sd.us/drr2/businesstax/bustax.htm)

Provides a reduction in the South Dakota Contractors' Excise Tax from 2% to 1% to certain power production facilities, including wind power facilities, producing greater than 10 MW of electricity. The owner will be permitted to pay the tax in 4 equal payments with each payment due no later than December 31 of the year after the tax return is filed.

### New and Expanded Business and Power Generation Facilities Business Tax Refund Program

[www.state.sd.us/drr2/businesstax/bustax.htm](http://www.state.sd.us/drr2/businesstax/bustax.htm)

Provides a refund or credit of South Dakota Contractors' Excise Taxes and South Dakota State Sales & Use Taxes paid on the construction project to new and expanded businesses and/or power generation facilities, except for retail, lodging, health care, or facilities exempt from property tax. Refund amounts are set up on a stair-step scale providing for various percentages of refund based on the costs of the project.

#### Quick Facts

Public Benefit Fund (PBF)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Renewable Portfolio Standard	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<i>10% by 2015 (voluntary objective)</i>	
Net Metering	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Interconnection Standards	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

#### Electric Power Industry Generation by Primary Energy Source (EIA, 2006)

Petroleum-Fired	0.1%	Nuclear	-
Natural Gas-Fired	3.7%	Hydroelectric	47.6%
Coal-Fired	46.5%	Other Renewables	2.1%

#### Points of Contact

##### Department of Revenue and Regulation

[www.state.sd.us/drr2/revenue.html](http://www.state.sd.us/drr2/revenue.html)

All Tax Incentives, [proptaxin@state.sd.us](mailto:proptaxin@state.sd.us), (605) 773-3311



# Incentives for Development of Contaminated Land

South Dakota

## Technical Assistance and Other Incentives

### Abandoned Tank Removal Program

[www.state.sd.us/denr/DES/Ground/TankYank/TankRemovalProcess.htm](http://www.state.sd.us/denr/DES/Ground/TankYank/TankRemovalProcess.htm)

Authorizes the state's Department of Environment and Natural Resources (DENR) to remove tanks that qualify and the Petroleum Release Compensation Fund to pay for the removal and any necessary environmental cleanup. Provides technical support to property owners for removal of an abandoned tank. Written requests are accepted through the above web site.

### Site Specific Assessments

[www.state.sd.us/denr/DES/Ground/Brownfields/Targeted\\_Brownfields\\_Assessment.htm](http://www.state.sd.us/denr/DES/Ground/Brownfields/Targeted_Brownfields_Assessment.htm)

Provides brownfields assessment funds to be used by the DENR to conduct site characterization and assessment activities on eligible properties. Property owners may submit applications for consideration.

### Limitations on Liability

[www.state.sd.us/denr/DES/Ground/Brownfields/BROWNFIELDSREVITALIZATION.pdf](http://www.state.sd.us/denr/DES/Ground/Brownfields/BROWNFIELDSREVITALIZATION.pdf)

Provides lenders with some liability protections on a case-by-case basis with approval from South Dakota program officers. Offers Covenants Not to Sue to property owners once cleanup actions are completed as requested.

## Quick Facts

Limitations on Liability	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Number of State-Tracked Contaminated Properties:	598
Includes specific reported spills or incidents at tracked sites within the following programs: Ground Water Quality Program, LUST Trust, Brownfields, and Superfund	
Number of EPA CERCLIS Sites:	30
Sites identified for potential investigation under the federal Superfund Program	
Number of EPA Brownfields Properties:	17
Properties being funded or addressed under the EPA Brownfields Program	
<i>There may be some overlap among the categories listed and sites listed may not represent all potentially contaminated sites in South Dakota.</i>	

## Points of Contact

**Abandoned Tank Removal Program, Site Specific Assessments**  
[www.state.sd.us/denr/DES/Ground/Brownfields/Brownfields.htm](http://www.state.sd.us/denr/DES/Ground/Brownfields/Brownfields.htm)  
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