

Greater Sioux Falls Chamber of Commerce – Overview of Referred Law 21

Background

Referred Law 21 (RF 21) is a referendum of Senate Bill 201 (SB 201) from the 2024 South Dakota Legislative Session.

The South Dakota Attorney Generals explanation of the act is as follows:

“The Act authorizes counties to impose, for any tax year in which the pipeline operator receives a tax credit, a \$1.00 per foot surcharge on carbon dioxide pipelines. Revenue from the surcharge must be distributed as tax relief to each property owner in the county where the pipeline is installed. Any remaining revenue can be allocated at each county's discretion. No other fee may be imposed except property taxes, or fees associated with road agreements.”

The Act also imposes certain requirements on carbon dioxide pipelines: pipelines must be installed to a minimum depth; each pipeline operator is responsible for damages to drain tile, and to the surface owner, caused by the pipeline; each operator is also responsible for leaks or failures of the pipeline; and any land agent acting on behalf of the pipeline must be a pipeline employee, State resident, or State licensed real estate agent. The Act also includes requirements that carbon pipeline easements be in writing, and only enforceable for a specified period of time; pipeline operators must initiate business operations within five years of the easement; and each easement is void after five years of nonuse.”

Greater Sioux Falls Chamber's Policies

The Greater Sioux Falls Chamber supports regulatory continuity and safety. Ensuring that businesses and organizations have a clear understanding of the rules and regulations they must abide by provides accountability and clarity to these parties. RF 21 puts in place protections for South Dakota's commodity producers and landowners by ensuring the parties placing these pipelines are held accountable for any damage to land or property. These regulations also promote safety for our residents and landowners.

RF 21 also provides funding to counties for property tax relief, as well as funds for their general operating budgets. These funds will support residents and counties to provide much needed financial support and property tax relief.

The Greater Sioux Falls Chamber's policy statement advocates for enhancement of the agricultural commodity market, and the growth of value-added agriculture. Carbon dioxide pipelines provide opportunities for additional incentives to our biofuel producers, as well as our commodity growers.

Summary:

RF 21 creates regulatory uniformity for carbon pipeline projects in South Dakota, outlining safety measures that must be taken, and protections to landowners for the destruction of property that the pipelines run through. It also creates funds that will support South Dakota's counties and provide property tax relief to residents of those counties.

Lastly, the creation of carbon dioxide pipelines would help promote the value-added agriculture market in South Dakota.

The Greater Sioux Falls Chamber supports Referred Law 21.