



ADR&DL and Vet Slot Funds

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Synopsis: State law (SDCL 10-46-17.5) provides that the tax imposed on endoparasiticides and ectoparasiticides (commonly referred to as the “wormer tax”) are to be used for veterinary student tuition grants, animal disease research, and the operations and activities conducted by the state’s Animal Disease Research and Diagnostic Laboratory (ADR&DL). Funds generated by the tax are transferred by the Department of Revenue to the Board of Regents in amounts determined by the Bureau of Finance and Management (BFM). The funds are used to pay the difference between in-state and out-of-state tuition at Iowa State University for South Dakota students to attend veterinary school, and remaining amounts up to \$250,000 per year are transferred to ADR&DL for operations.

Veterinary Slot Program Operation

- Graduates of the program must practice veterinary medicine in South Dakota within three years after completion of veterinary education and maintain that practice for a period of one year for each academic year the student received a veterinary medicine tuition award.
- The awards are equal to the difference in tuition between the resident and nonresident tuition charged at the institution attended by the eligible students.
- If the State Treasurer determines that a student did not meet the contractual requirements of the program, the student will pay the award amount and applicable interest.
- Currently funds a total of 24 students a year at Iowa State University’s veterinary school.

Wormer Tax Fund Operation

- The Department of Revenue transfers funds to the Board of Regents’ central office in an amount agreed upon by the BFM, in consultation with an advisory committee established in SDCL 13-49-20.5.
- Payment is made to Iowa State for the veterinary school slots for qualified SD residents based on the difference between resident and non-resident rates.
- \$250,000 is provided to ADR&DL for operations.
- The Board Office currently has authority of \$375,000 for the program. No authority is needed for the ADR&DL transfer.

Fund Status

- The amount available for the program in FY06 was \$687,534 and fell short of the need by \$27,110 ($\$464,644 + \$250,000 = \$714,644 - 687,534 = (\$27,110)$)
- Veterinary slots for FY07 will cost \$488,088 = Non-resident rate of \$34,197, less the resident rate of \$13,860, for a cost of \$20,337 per student for 24 students.
- The total need for FY07 will be \$738,088 ($\$488,088 + \$250,000 = \$738,088$).
- Veterinary slots for FY08 will cost an estimated \$514,933 = Non-resident rate of \$36,078, less the resident rate of \$14,622, for a cost of \$21,456 per student for 24 students.
- With the transfer to ADR&DL of \$250,000 planned in FY08, the total FY08 need is \$764,933.
- BFM reviewed the tax revenue and agreed to transfer \$764,933 in FY08.
- Additional authority needed in the Board Office to cover the cost increases for the program is \$139,933 ($\$375,000 + \$139,933 = \$514,933$)
- The authority loaded into the SDSU budget is not needed.