

**STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
FUNDING AGREEMENT**

**FOR
ARTIFICIAL INTELLIGENCE DISCOVERY, IMPLEMENTATION, AND TRAINING**

The South Dakota Department of Labor and Regulation (DLR), 123 W. Missouri Ave., Pierre, South Dakota, enters into a funding agreement (Agreement) with:

[Company], [Company Address], [Company Phone], (Business).

1. **TERM.** This Agreement shall commence on the date of the last signature affixed below and end on the date of the last contemplated payment or June 30, 2027, whichever is earlier.
2. **PURPOSE.** This Agreement is part of an effort to promote the effective use of artificial intelligence (AI) by South Dakota businesses. AI is the capability of computer systems or algorithms to perform tasks that typically require human intelligence such as learning, reasoning, problem-solving, perception, decision-making, and understanding or generating language.

AI systems use data and computational methods (such as machine learning, neural networks, and pattern recognition) to analyze information, learn from experience, and make predictions or take actions with minimal or no human intervention.

AI can be applied in many forms, including automation of workflows, decision-support tools, chatbots, recommendation systems, image and speech recognition, and generative AI capable of producing new text, images, or other content.

Pursuant to the specific request outlined below, the funding provided by DLR through this Agreement may be used by Business to discover new AI uses, implement new training for employees on the use of AI, or increase employee awareness of AI.

3. **FUNDED ACTIVITIES.** The Business may receive funding for the following activities (if selected):

- i. Category 1: AI Business Discovery

DLR will fund a one-to-one cost match to Business for an AI discovery session conducted by an approved third-party vendor. DLR funding will match fifty percent of the total cost, up to a maximum DLR funding of \$5,000.

To receive payment, Business must submit the following to DLR before the end of the Agreement term:

- a. a valid invoice from a DLR-approved third-party describing the discovery process, the dates of the meetings, the tools to be implemented, and the anticipated return on investment;
- b. documentation showing the invoice was paid by Business at the invoiced rate, including verification from the third-party;
- c. a summary of the recommendations, including the estimated cost and timeline to implement; and
- d. the final report resulting from the discovery session.

ii. Category 2: Artificial Intelligence Training Implementation

DLR will fund a one-to-one cost match to Business to cover expenses related to the implementation of new AI training for an employee or employees. DLR will match funding at fifty percent of the total cost, up to a maximum DLR funding of \$20,000.

To receive payment, Business must submit the following to DLR before the end of the Agreement term:

- a. a valid invoice from a DLR-approved third-party describing the training, itemizing the cost of the training, listing all attendees, listing the dates of the training, and including certificates of completion;
- b. documentation showing the invoice was paid by Business at the invoiced rate, including verification from the third-party; and
- c. the final report resulting from the training(s).

iii. Category 3: Artificial Intelligence Awareness

DLR will provide to Business \$1,000 per employee, not to exceed \$10,000 total, for each employee's time to attend and complete a DLR-approved no-cost AI training offered by a third-party training provider.

To receive payment, Business must submit the following to DLR before the end of the Agreement term:

- d. a valid invoice from Business to DLR listing the employee's name, job title and duties, and the date and times of each employee's attendance at the training;
- e. a copy of each certificate of completion for each employee for the training; and
- f. the final report resulting from the training(s).

- 4. FUNDING METHOD.** Upon receipt of a valid request for payment, including the above-listed required documentation for each funding category, DLR shall issue payment to Business consistent with SDCL Ch. 5-26 and this Agreement. Funding requests should be submitted to DLR via email only at

DLR.EmploymentPrograms@state.sd.us. Invoices and requests for payment received by DLR more than ninety days after the Agreement term ends will not be paid. Any overpayment of this Agreement shall be returned to DLR within thirty days after written notification to Business.

5. **LIMITED AGREEMENT.** This Agreement is solely a funding agreement and the obligations created herein are limited to those between the parties for the limited purpose of providing funding awards to Business. Business expressly agrees it is not otherwise engaged as a vendor or contractor for DLR and this is not a services contract.
6. **CONTROLLING LAW AND VENUE.** This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota, without regard to any conflicts of law principles, decisional law, or statutory provision which would require or permit the application of another jurisdiction's substantive law. Venue for any lawsuit pertaining to or affecting this Agreement shall be in the Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.
7. **NON-ASSIGNMENT AND THIRD PARTIES.** This Agreement may not be assigned without the express prior written consent of DLR. This Agreement is intended to govern only the rights and interests of the parties named herein. It is not intended to create, does not and may not be relied upon to create, any rights, substantive or procedural, enforceable at law by any third party in any matters, civil or criminal.
8. **GRANT RECIPIENT ADDENDUM.** Business agrees to execute the grant recipient addendum, attached hereto as Exhibit A, and incorporated into this Agreement by reference.
9. **TERMINATION.** This Agreement may be terminated by either party hereto upon thirty days' written notice and may be terminated by DLR for cause at any time, with or without notice. If termination for cause is due to a breach by Business, Business shall not be entitled to any funding under this Agreement and shall repay DLR all previously paid funds under this Agreement within thirty days of a written termination notice.

This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by DLR upon five business days written notice. The Business agrees that termination for any of these reasons is not a default by DLR nor does it give rise to a claim against the State of South Dakota, DLR, or any officer, agent or employee of the State of South Dakota, and Business waives any claim against the same.

AUTHORIZED SIGNATURES:

In Witness Whereof, the parties signify their agreement effective the date below last written by the signatures affixed below.

DLR

BUSINESS

Marcia Hultman
Cabinet Secretary

Authorized Person:

Title:

DATE: _____

DATE: _____

**EXHIBIT A
STATE OF SOUTH DAKOTA
GRANT RECIPIENT OR SUBRECIPIENT ATTESTATION**

[Company]

By completing this form, you, the recipient or subrecipient, attest to meeting the following requirements pursuant to SDCL 1-56-10:

1. A conflict-of-interest policy is enforced within the recipient's or subrecipient's organization;
2. Internal Revenue Service Form 990 has been filed, if applicable, in compliance with federal law, and is displayed immediately after filing on the recipient's or subrecipient's website;
3. An effective internal control system is employed by the recipient's or subrecipient's organization; and
4. If applicable, the recipient or subrecipient complies with the federal Single Audit Act, in compliance with SDCL 4-11-2.1, and audits are displayed on the recipient's or subrecipient's website.

Additionally, the recipient or sub-recipient agrees that the following statutory provisions also apply to the Agreement related to this attestation and that, if applicable, the recipient or sub-recipient complies with and will remain in complete compliance with the provisions in this Exhibit A.

Any sub-recipient evaluation report or program evaluation report completed by a state agency for the federal government for a grant where a state agency services as a pass-through entity to a nonstate agency shall be posted on the website created pursuant to SDCL 1-27-45. Any information in the report that would be exempt from public disclosure under SDCL Ch. 1-27 may be redacted prior to posting.

Any conflict of interest as outlined in the organization's conflict of interest policy as required by SDCL 1-56-10 within the recipient or sub-recipient's organization to which

SDCL 1-56-10 applies shall be disclosed to the state agency and displayed on the website created pursuant to SDCL 1-27-45 with its corresponding grant agreement.

If you, the recipient or subrecipient, have concerns regarding the requirements listed above, please contact your state agency representative before signing this form.

Signature of Authorized Person: _____

Date: _____