



## 2021 South Dakota Legislature

# House Bill 1200

Introduced by: **Representative Mills**

1 **An Act to modify the contractor's excise tax rate on the new construction of certain**  
 2 **residential dwellings.**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 **Section 1.** That § 10-46A-1 be AMENDED:

5 **10-46A-1. Tax imposed on prime contractor's receipts from realty**  
 6 **improvement contracts--General rate of tax--Rate of tax on construction of new**  
 7 **single-family dwelling--Definitions.**

8 There is imposed an excise tax upon the gross receipts of all ~~a~~ prime contractors  
 9 contractor engaged in ~~a~~ realty improvement ~~contracts~~, ~~contract~~ at the rate of two percent.  
 10 However, if the contract is for or relates to the construction of a new single-family dwelling,  
 11 the following rates apply:

12 (1) On the first one hundred fifty thousand dollars of gross receipts, zero percent; and

13 (2) On all additional gross receipts, five and one-half percent;

14 Beginning on July 1, 2022, and on July first of each year thereafter, the dollar  
 15 amount threshold in subdivision (1) shall be adjusted by the percentage change in the  
 16 Building Cost Index, reported by the Engineering News Record, for the immediately  
 17 preceding twelve-month period. The Department of Revenue shall calculate and publish  
 18 on its internet webpage the adjustment required pursuant to this paragraph by July thirty-  
 19 first of each year.

20 For purposes of this section, the term, new single-family dwelling, is any residential  
 21 structure that is erected with a new foundation that consists of two or fewer units, with  
 22 each unit being designed to be occupied by one household.

23 **Section 2.** That § 10-46A-5.1 be AMENDED:

1           **10-46A-5.1. Tax imposed on improvements built for lease--Credit against**  
2           **tax on sale--Due date--Exemptions.**

3           There is imposed a tax at the applicable rate provided in § 10-46A-1, on the fair  
4           market value of the improvement upon any person who builds a building for lease to  
5           himself or others, with a value of over one hundred thousand dollars. If the realty  
6           improvement becomes subject to tax under § 10-46A-5, credit for tax due under that  
7           section is given for any tax paid under this section. The tax imposed by this section is due  
8           the next reporting date after the improvement is used or leased. The tax imposed by this  
9           section does not apply to the United States, the State of South Dakota and its subdivisions,  
10          or public or municipal corporation in the State of South Dakota. ~~This section applies only~~  
11          ~~to buildings substantially completed after April 30, 1984.~~