



2022 South Dakota Legislature

House Bill 1257

HOUSE TAXATION ENGROSSED

Introduced by: **Representative Dennert**

1 **An Act to establish a fund to assist counties with paying infrastructure expenditures.**

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

3 **Section 1. That § 10-1-44 be AMENDED:**

4 **10-1-44.** There ~~shall be~~is established within the state treasury the sales and use
5 tax collection fund for the purpose of administering the sales, use, municipal non-ad
6 valorem, and contractors' excise taxes. Charges for the administration and collection of
7 taxes collected pursuant to chapter 10-52 shall be deposited into the sales and use tax
8 collection fund. In addition, subject to section 2 of this Act, the secretary of the
9 Department of Revenue shall, on a monthly basis, deposit revenue collected as a result of
10 taxes imposed in chapters 10-45, 10-46, and 10-58 in the sales and use tax collection
11 fund. The total amount deposited in the sales and use tax collection fund may not exceed
12 the amount budgeted for such purposes. All money in the fund created by this section
13 shall be budgeted and expended in accordance with the provisions of Title 4 on warrants
14 drawn by the state auditor on vouchers approved by the secretary of the Department of
15 Revenue.

16 At the end of each fiscal year any cash balance left in the sales and use tax
17 collection fund shall be transferred to the general fund.

18 **Section 2. That chapter 10-1 be amended with a NEW SECTION:**

19 Terms used in this Act mean:

- 20 (1) "County population," the population of the county based on the most recent
21 estimate available from the U.S. Census Bureau;
22 (2) "Population adjustment factor," if the county population is:
23 (a) Greater than one hundred and fifty thousand, it equals 0.65;
24 (b) Less than one hundred and fifty thousand and greater than or equal to one
25 hundred thousand, it equals 0.70;

- 1 (c) Less than one hundred thousand and greater than or equal to fifty thousand,
2 it equals 0.80;
- 3 (d) Less than fifty thousand and greater than twenty-five thousand, it equals
4 0.90; and
- 5 (e) Less than twenty-five thousand, it equals 1.0;
- 6 (3) "Adjusted total population," the total population of all counties after applying the
7 population adjustment factor;
- 8 (4) "Surface type adjustment factor," equals 0.50 for gravel, 0.15 for asphalt, 0.15 for
9 graded, 0.10 for concrete, 0.05 for unimproved, and 0.05 for primitive;
- 10 (5) "County road miles by surface type," the total number of miles corresponding to
11 gravel, asphalt, graded, concrete, unimproved, and primitive roads within a county
12 as identified by the Department of Transportation;
- 13 (6) "Deck area," equals the total square feet of any bridge, within a county as identified
14 by the Department of Transportation;
- 15 (7) "Adjusted total county road miles," the sum of all county road miles in all counties
16 in the state after applying the surface type adjustment factor to each type of road
17 surface;
- 18 (8) "County revenue allotment," five and five-tenths percent of the monthly revenue
19 received as a result of taxes imposed in chapters 10-45 and 10-46.

20 **Section 3. That chapter 10-1 be amended with a NEW SECTION:**

- 21 There is established in the state treasury a special county capital improvement
22 fund for each county in the state. On a monthly basis, the Department of Revenue shall
23 distribute the county revenue allotment among all the special county capital improvement
24 funds proportionally, based on the calculated percent for each county, which is equal to
25 the sum of:
- 26 (1) The value of the county population multiplied by the population adjustment factor
27 divided by the adjusted total population multiplied by thirty-three and one-third
28 percent;
- 29 (2) The value of county road miles by surface type multiplied by the corresponding
30 surface type adjustment factor divided by the adjusted total county road miles
31 multiplied by thirty-three and one-third percent; and
- 32 (3) The value of the deck area of the county divided by the total combined deck area
33 of all counties multiplied by thirty-three and one-third percent.

1 The Department of Revenue shall deposit the moneys in the fund to the county
2 entitled thereto within thirty days of receipt after accounting for any refunds made. The
3 county, through its board of county commissioners, may use the moneys from the fund
4 for the purpose of repairing or improving roads, or acquiring, constructing, renovating, or
5 replacing a building or structure described in §§ 7-25-1 and 7-25-3, law enforcement, the
6 operation of jails, or a facility designed to reduce jail incarceration.

7 The secretary of the Department of Revenue shall keep full and accurate records
8 of the revenue credited and distributed pursuant to this section.

9 **Section 4.** This Act is effective on July 1, 2023.