



2023 South Dakota Legislature

Senate Bill 99

Introduced by: **Senator Novstrup**

1 **An Act to authorize counties to issue bonds for certain expenditures funded by a**
 2 **gross receipts tax.**

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

4 **Section 1. That a NEW SECTION be added to title 7:**

5 For the purposes of this chapter, the term, bond, refers only to bonds issued
 6 pursuant to this chapter. The definitions, and administrative, collection, and enforcement
 7 provisions of chapters 10-45 and 10-46 apply to the tax imposed by this chapter, where
 8 applicable.

9 **Section 2. That a NEW SECTION be added to title 7:**

10 Notwithstanding the provisions in chapter 7-24, any county may issue bonds
 11 pursuant to this section. The bonds must be authorized, issued, and sold pursuant to
 12 chapter 6-8B. The bonds are payable solely from the collections of a county gross receipts
 13 tax imposed by the county under this chapter, as determined by the governing body. The
 14 governing body shall, in the resolution or ordinance authorizing the bonds, agree to
 15 impose and collect the tax to finance the bonds so long as the bonds are outstanding. The
 16 governing body shall also pledge so much of the collections of the tax as may be necessary
 17 to pay the principal premium and interest on the bonds and to maintain any debt service
 18 reserve established for the bonds. The proceeds of the bonds may be used for:

- 19 (1) Construction, repair, or renovation of courthouses, public safety centers, or jails;
 20 and
 21 (2) Construction, repair, or renovation of facilities used as an accredited prevention or
 22 treatment center as defined in § 34-20A-2, or of facilities used to provide alcohol
 23 and other drug treatment services, or drug court facilities and other facilities
 24 providing a service described in § 16-22-5.1.

1 A county may only issue bonds and impose a county gross receipts tax pursuant
2 to this chapter if the board of county commissioners deem it necessary and if at least sixty
3 percent of all registered voters voting at the bond election of the county have voted in
4 favor of the issuance of bonds.

5 A county may only hold a bond election to authorize the issuance of bonds pursuant
6 to this chapter if the county has not imposed a county gross receipts tax pursuant to this
7 chapter in the previous five years.

8 **Section 3. That a NEW SECTION be added to title 7:**

9 A county may impose a gross receipts tax to finance bonds issued pursuant to
10 section 1 of this Act. The county gross receipts tax authorized by this section must not
11 exceed one-half percent on the gross receipts of all sales of tangible personal property
12 and services that are taxable pursuant to chapter 10-45. The tax must conform in all
13 respects to the state tax on such items, with the exception of the tax rate.

14 **Section 4. That a NEW SECTION be added to title 7:**

15 The term, gross receipts, as used in this chapter, does not include any tax imposed
16 by this chapter and chapters 10-45, 10-45D, 10-52, and 10-52A that is separately stated
17 on the invoice, bill of sale, or similar document given to the purchaser.

18 **Section 5. That a NEW SECTION be added to title 7:**

19 The secretary of revenue shall promulgate rules pursuant to chapter 1-26
20 concerning:

21 (1) Licensing, including bonding and filing license applications;

22 (2) The filing of returns and payment of the tax;

23 (3) The application for the tax and exemptions;

24 (4) Taxpayer record-keeping requirements; and

25 (5) Auditing methods.

26 **Section 6. That a NEW SECTION be added to title 7:**

27 Any person whose receipts are subject to the tax imposed by this chapter shall,
28 except as otherwise provided in this section, file a return, and pay any tax due, to the
29 Department of Revenue on or before the twentieth day of the month following each

1 monthly period. The return shall be filed on forms prescribed and furnished by the
2 department.

3 If the person remits the tax by electronic transfer to the state, the person must file
4 the return by electronic means on or before the twentieth day of the month following each
5 period and remit the tax on or before the twenty-fifth day of the month following each
6 period.

7 The secretary may require or allow a person to file a return, and pay any tax due,
8 on a basis other than monthly. The return and remittance are due the twentieth day of
9 the month following the reporting period or at a time otherwise determined by the
10 secretary.

11 The secretary may grant an extension of not more than five days for filing a return
12 and remittance.

13 Unless an extension is granted, penalty or interest under § 10-59-6 must be paid
14 if a return or remittance is not made on time.

15 **Section 7. That a NEW SECTION be added to title 7:**

16 Any person who:

17 (1) Makes any false or fraudulent return in attempting to defeat or evade the tax
18 imposed by this chapter is guilty of a Class 6 felony;

19 (2) Fails to pay tax due under this chapter within sixty days from the date the tax
20 becomes due is guilty of a Class 1 misdemeanor;

21 (3) Fails to keep the records and books or refuses to exhibit these records to the
22 secretary of revenue or the secretary's agents for the purpose of examination is
23 guilty of a Class 1 misdemeanor;

24 (4) Fails to file a return required by this chapter within sixty days from the date the
25 return is due is guilty of a Class 1 misdemeanor;

26 (5) Willfully violates any rule of the secretary of revenue for the administration and
27 enforcement of the provisions of this chapter is guilty of a Class 1 misdemeanor;

28 or

29 (6) Violates either subdivision (2) or subdivision (4) two or more times in any twelve-
30 month period is guilty of a Class 6 felony.

31 **Section 8. That a NEW SECTION be added to title 7:**

32 Each person subject to tax under this chapter shall keep records and books of all
33 receipts and sales, together with invoices, bills of lading, copies of bills of sale, and other

1 pertinent papers and documents. The books and records and other papers and documents
2 are, at all times during business hours of the day, subject to inspection by the secretary
3 of revenue or the secretary's agents and employees to determine the amount of tax due.
4 The books and records must be preserved for a period of three years unless the secretary
5 of revenue, in writing, authorized destruction or disposal of the books and records at an
6 earlier date.

7 **Section 9. That a NEW SECTION be added to title 7:**

8 The Department of Revenue shall administer and collect the taxes adopted under
9 this chapter. The department shall keep full and accurate records of all moneys received,
10 collected, and distributed under this chapter.

11 **Section 10. That a NEW SECTION be added to title 7:**

12 All moneys collected on behalf of a county by the department, pursuant to this
13 chapter, must be credited to a special county tax fund and, after deducting the amount of
14 refunds made, the amounts necessary to defray the cost of collecting the tax, and the
15 administrative expenses incident thereto, must be paid within thirty days after collection,
16 to the county entitled thereto.

17 **Section 11. That a NEW SECTION be added to title 7:**

18 Any ordinance enacted under the authority of this chapter, and any tax rate
19 affected thereby, is effective on the earlier of January first or July first following at least
20 ninety days' notification by the county to the secretary of revenue that the ordinance has
21 been enacted, unless the ordinance is suspended by operation of a referendum. If an
22 ordinance is referred and approved, the effective date is the earlier of January first or July
23 first following at least ninety days notification by the county to the secretary that the
24 ordinance has been approved. Notification of the enactment or approval of the ordinance
25 ~~shall~~ must be in writing and mailed, along with a copy of the ordinance, by registered or
26 certified mail, to the secretary.

27 **Section 12. That a NEW SECTION be added to title 7:**

28 The expiration date for a tax imposed under this chapter is when full payment of
29 the bond authorized pursuant to section 2 of this Act occurs. The county shall apply any
30 excess revenue received and remaining after the expiration of the tax to expenses of

1 maintaining or operating, or both, the building, structure, or facility funded pursuant to
2 such bond.

3 **Section 13. That chapter 7-24 be amended with a NEW SECTION:**

4 For the purposes of this chapter, the term, bond, refers only to bonds issued
5 pursuant to this chapter.