

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2024 South Dakota Legislature

FISCAL NOTE 2024-FN1001A

HB1001, An Act to repeal the expiration of a reduction in certain gross receipts and use tax rates.

HB1001 repeals the sunset clause from HB1137 from the 2023 Session. Repealing the sunset clause will make permanent the current state sales tax rate of 4.2%. If the sunset clause is not repealed, the state sales tax rate would increase to 4.5% on July 1, 2027. The bill does not have a fiscal impact on current fiscal year (FY2024), next fiscal year (FY2025), or the fiscal year after that (FY2026).

The State would see a fiscal impact starting in fiscal year (FY2027). The State would likely generate **(\$114,286,681)** less in sales tax receipts for FY2027 if this bill were passed.

The calculation for this fiscal note uses FY2023 actual sales tax receipts, inflated each year by the long-term average sales tax growth rate to reach an estimated FY2027 sales tax revenue amount. The FY2027 sales tax revenue is then multiplied by 3/45, the sales tax rate not being collected, to reach the fiscal impact of this bill.

APPROVED BY: /s/ John McCullough
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DATE: 1/11/2024
