

Roll Call

Present: Rep. Bathke, Rep. Massie, Rep. Mortenson, Rep. Duffy, Rep. Randolph, Rep. Reder, Rep. Roe, Rep. Walburg, Rep. Weems, Rep. Weisgram, Rep. Pourier, Rep. Hughes, and Rep. Aylward

**The meeting was called to order by Representative Aylward**

**MOTION: TO APPROVE THE MINUTES OF TUESDAY, FEBRUARY 11<sup>TH</sup>**

Moved by: Randolph  
Second by: Mortenson  
Action: Prevailed by voice vote

**HB 1203 : authorize the operation of pari-mutuel historical horse racing machines, and to authorize a new tax.**

**THE CHAIR DEFERRED HB 1203**

**HB 1246 : require the director of equalization to adjust certain agricultural land values.**

**THE CHAIR DEFERRED HB 1246**

**HB 1245 : exclude guaranteed payments made to partners from the definition of gross receipts.**

Presented by: Representative Curt Massie  
Proponents: Craig Matson, South Dakota CPA Society, Sioux Falls  
Paul Thorstenson, Self, Rapid City  
Opponents: Doug Schinkel, Department of Revenue

**MOTION: AMEND HB 1245**

1245A

On page 1, line 2, of the Introduced bill, after "receipts" insert ", and to exempt guaranteed payments made to partners from the state use tax"

On page 1, after line 9, of the Introduced bill, insert: "

**Section 2. That a NEW SECTION be added to chapter 10-46:**

Exempt from the provisions of this chapter, and the tax imposed by it, are the gross receipts from any guaranteed payment, as described in 26 U.S.C. § 707(c) (1986), to a partner who is a:

- (1) Natural person;
- (2) Corporation whose only employees are owners of the corporation; or
- (3) Limited liability company that has no employees and is owned by a natural person."

Moved by: Weisgram  
Second by: Pourier

Action: Prevailed by voice vote

**MOTION: DO PASS HB 1245 AS AMENDED**

Moved by: Mortenson

Second by: Weems

Action: Prevailed by Majority Members Elect (9-4-0-0)

Voting Yes: Bathke, Massie, Mortenson, Duffy, Roe, Walburg, Weems, Weisgram, and Pourier

Voting No: Randolph, Reder, Hughes, and Aylward

**MOTION: SUBSTITUTE MOTION: DEFER HB 1245 TO THE 41<sup>ST</sup> LEGISLATIVE DAY**

Moved by: Hughes

Second by: Randolph

Action: Failed by Majority Members Elect (4-9-0-0)

Voting Yes: Randolph, Reder, Hughes, and Aylward

Voting No: Bathke, Massie, Mortenson, Duffy, Roe, Walburg, Weems, Weisgram, and Pourier

**Revert to previous motion**

**MOTION: ADJOURN**

Moved by: Roe

Second by: Weems

Action: Prevailed by voice vote

Leonard Chick, Committee Secretary

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/s/ AARON AYLWARD  
Aaron Aylward, Chair