An Act to subject advertising services to a gross receipts tax, and to allocate

# 2025 South Dakota Legislature

## **House Bill 1191**

### AMENDMENT 1191A FOR THE INTRODUCED BILL

2	proceeds to property tax relief.		
3	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:		
4	Section 1. That § 10-45-12.1 be AMENDED:		
5	10-45-12.1. The following services enumerated in the Standard Industrial		
6	Classification Manual, 1987, as prepared by the Statistical Policy Division of the Office of		
7	Management and Budget, Office of the President are exempt from the provisions of this		
8	chapter: health		
9	(1) Health services (major group 80);-educational		
10	(2) Educational services (major group 82) except schools and educational services not		
11	elsewhere classified (industry no. 8299); social		
12	(3) Social services (major group 83); agricultural		
13	(4) Agricultural services (major group 07) except veterinarian services (group no.		
14	074), and animal specialty services, except veterinary (industry no. 0752); forestry		
15	(5) Forestry services (group no. 085); radio		
16	(6) Radio and television broadcasting (group no. 483); railroad		
17	(7) Railroad transportation (major group 40); local		
18	(8) Local and suburban passenger transportation (group no. 411) except limousine		
19	services; <del>-school</del>		
20	(9) School buses (group no. 415); trucking		
21	(10) Trucking and courier services, except air (group no. 421) except and collection and		
22	disposal of solid waste; farm		
23	(11) Farm product warehousing and storage (industry no. 4221); establishments		
24	(12) Establishments primarily engaged in transportation on rivers and canals (group no.		
25	444);-establishments		

1	(13)	<u>Establishments</u> primarily engaged in air transportation, certified carriers (group no.
2		451);-establishments
3	(14)	Establishments primarily engaged in air transportation, noncertified carriers (group
4		no. 452) except chartered flights (industry no. 4522) and airplane, helicopter,
5		balloon, dirigible, and blimp rides for amusement or sightseeing; pipe lines
6	(15)	Pipelines, except natural gas (major group 46); arrangement
7	(16)	Arrangement of passenger transportation (group no. 472); arrangement
8	<u>(17)</u>	Arrangement of transportation of freight and cargo (group no. 473); rental
9	(18)	Rental of railroad cars (group no. 474); water
10	(19)	<u>Water</u> supply (industry no. 4941);-sewerage
11	(20)	Sewerage systems (industry no. 4952); security
12	(21)	Security brokers, dealers and flotation companies (group no. 621); commodity
13	(22)	Commodity contracts brokers and dealers (group no. 622); credit
14	(23)	<u>Credit</u> counseling services provided by individual and family social services
15		(industry no. 8322); construction
16	(24)	Construction services (division C) except industry no. 1752 and locksmiths and
17		locksmith shops;-consumer
18	(25)	Consumer credit reporting agencies, mercantile reporting agencies, and
19		adjustment and collection agencies (group no. 732), if the debt was incurred
20		out-of-state and the client does not reside within the state. The following are also
21		specifically exempt from the provisions of this chapter: financial;
22	(26)	Financial services of institutions subject to tax under chapter 10-43 including loan
23		origination fees, late payment charges, nonsufficient fund check charges, stop
24		payment charges, safe deposit box rent, exchange charges, commission on
25		travelers checks, charges for administration of trusts, interest charges, and points
26		charged on loans;- <del>commissions</del>
27	(27)	Commissions earned or service fees paid by an insurance company to an agent or
28		representative for the sale of a policy; services
29	(28)	Services of brokers and agents licensed under Title 47; the
30	<u>(29)</u>	<u>The</u> sale of trading stamps; <del>rentals</del>
31	(30)	Rentals of motor vehicles as defined by § 32-5-1 leased under a single contract for
32		more than twenty-eight days; advertising services; services
33	(31)	Services provided by any corporation to another corporation which is centrally
34		assessed having identical ownership and services provided by any corporation to a
35		wholly owned subsidiary which is centrally assessed; continuing

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1	(32)	<u>Continuing</u> education programs; tutoring
2	(33)	<u>Tutoring</u> ; <del>vocational</del>
3	(34)	Vocational counseling, except rehabilitation counseling; and motion
4	(35)	Motion picture rentals to a commercially operated theater primarily engaged in the
5		exhibition of motion pictures; and
6	(36)	Advertising services, except advertising services for a drug as defined in
7		subdivision 34-20B-2(1) or (2).

#### Section 2. That a NEW SECTION be added to chapter 10-45:

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9 There is imposed a tax of ten percent on the gross receipts of all sales of advertising 10 services for a drug, as defined in subdivision 34-20B-2(1) or (2).

The department shall transfer all moneys collected pursuant to this section to the state treasurer for deposit into the property tax reduction fund established pursuant to section 3 of this Act.

### Section 3. That a NEW SECTION be added to chapter 10-13:

There is created in the state treasury the property tax reduction fund. The fund consists of all moneys deposited pursuant to section 2 of this Act and any gifts, grants, donations, or any moneys appropriated for the purpose set forth in this section. The purpose of the fund is to supplement property tax revenues in this state and to reduce the property taxes levied by political subdivisions by providing property tax credits to real property owners in this state, as authorized by law.

The state treasurer shall administer the fund.