

Minutes: Senate Taxation

Wednesday, March 05, 2025 10:00 AM

Roll Call

Present: Sen. Crabtree, Sen. Grove, Sen. Blanc, Sen. Davis, Sen. Hulse, and Sen. Kolbeck (Steve)

Excused: Sen. Hohn

**The meeting was called to order by Senator Kolbeck (Steve)**

**MOTION: TO APPROVE THE MINUTES OF MONDAY, FEBRUARY 24<sup>TH</sup>**

Moved by: Crabtree  
Second by: Blanc  
Action: Prevailed by voice vote

**MOTION: TO APPROVE THE MINUTES OF WEDNESDAY, FEBRUARY 26<sup>TH</sup>**

Moved by: Crabtree  
Second by: Blanc  
Action: Prevailed by voice vote

**MOTION: TO INVOKE RULE 7-1.5. CONSIDERATION OF MATTERS NOT POSTED.**

Moved by: Crabtree  
Second by: Grove  
Action: Prevailed by Two-Thirds Majority Present (4-0-3-0)

Voting Yes: Crabtree, Grove, Blanc, and Kolbeck (Steve)

Excused: Davis, Hulse, and Hohn

**HB 1235 : reduce a limit on the annual increases of property tax revenues payable to certain taxing districts, and to subject school districts to a limit on property taxes collected in a year.**

Presented by: Representative Greg Jamison

Opponents: Yvonne Taylor, South Dakota Municipal League, Fort Pierre (Handout 1)  
Craig Matson, South Dakota Association of County Commissioners, Pierre  
Heath Larson, Associated School Boards of South Dakota, Pierre

Others: Sandra Marie Waltman, South Dakota Education Association, Pierre

**MOTION: DO PASS HB 1235**

Moved by: Hulse  
Second by: Blanc  
Action: Prevailed by Majority Members Elect (6-0-1-0)

Voting Yes: Crabtree, Grove, Blanc, Davis, Hulse, and Kolbeck (Steve)

Excused: Hohn

**HB 1245 : exclude guaranteed payments made to partners from the definition of gross receipts, and to exempt guaranteed payments made to partners from the state use tax.**

Presented by: Senator Kyle Schoenfish

Proponents: Paul Thorstenson, Self, Rapid City  
Craig Matson, South Dakota CPA Society, Sioux Falls

Opponents: Jason Evans, Department of Revenue

**MOTION: AMEND HB 1245**

1245D

On page 1, line 1, of the House Taxation Engrossed bill, delete "exclude guaranteed payments made to partners from the definition of gross receipts, and to exempt guaranteed payments made to partners from the state use tax" and insert "exempt from the state sales and use tax gross receipts for certain services to a partnership"

On the House Taxation Engrossed bill, delete everything after the enacting clause and insert:

"

**Section 1. That a NEW SECTION be added to chapter 10-45:**

The following are exempt from the provisions of this chapter and from the computation of the tax imposed by this chapter:

- (1) Gross receipts from services rendered by a natural person to a business taxed as a partnership in which the natural person is an owner;
- (2) Gross receipts from services rendered by a limited liability company, which has no employees and is wholly owned by a natural person, to a business taxed as a partnership in which the limited liability company is an owner; and
- (3) Gross receipts from services rendered by a corporation, which is wholly owned by a natural person and has no employees other than its owner, to a business taxed as a partnership in which the corporation is an owner.

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

The following are exempt from the provisions of this chapter and from the computation of tax imposed by this chapter:

- (1) Gross receipts from services rendered by a natural person to a business taxed as a partnership in which the natural person is an owner;
- (2) Gross receipts from services rendered by a limited liability company, which has no employees and is wholly owned by a natural person, to a business taxed as a partnership in which the limited liability company is an owner; and
- (3) Gross receipts from services rendered by a corporation, which is wholly owned by a natural person and has no employees other than its owner, to a business taxed as a partnership in which the corporation is an owner.

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Moved by: Crabtree

Second by: Grove

Action: Prevailed by voice vote

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

Moved by: Crabtree

Second by: Blanc

Action: Prevailed by Majority Members Elect (5-0-2-0)

Voting Yes: Crabtree, Grove, Blanc, Davis, and Kolbeck (Steve)

Excused: Hulse and Hohn

**MOTION: ADJOURN**

Moved by: Crabtree

Second by: Grove

Action: Prevailed by voice vote

Kaitlyn Baucom, Committee Secretary

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/s/ STEVE KOLBECK  
Steve Kolbeck, Chair