



2026 South Dakota Legislature

Senate Bill 99

Introduced by: **Senator Mehlhaff**

1 **An Act to create the property tax local effort replacement fund, to reduce certain**
 2 **property taxes, and to increase the rates for certain gross receipts taxes and**
 3 **use taxes.**

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

5 **Section 1. That § 10-12-42 be AMENDED:**

6 **10-12-42.** For taxes payable in ~~2026~~ 2027, and each year thereafter, the
 7 maximum levy for the general fund of a school district is ~~as follows:~~

8 ~~(1) The maximum tax levy is five dollars and tw~~
 9 ~~enty one and one tenth cents per thousand dollars of taxable valuation, subject to~~
 10 ~~the limitations on agricultural property as provided in subdivision (2) of this section and~~
 11 ~~owner occupied property as provided in subdivision (3) of this section;~~

12 ~~(2) The maximum tax levy on agricultural property for the school district is one~~
 13 ~~dollar and twelve and five tenths cents per thousand dollars of taxable valuation. If the~~
 14 ~~district's levies are less than the maximum levies as stated in this section, the levies must~~
 15 ~~maintain the same proportion to each other as represented in the mathematical~~
 16 ~~relationship at the maximum levies; and~~

17 ~~(3) The maximum tax levy for an owner occupied single family dwelling pursuant~~
 18 ~~to § 10-13-40 for the school district is two dollars and fifty one and eight tenths cents per~~
 19 ~~thousand dollars of taxable valuation. If the district's levies are less than the maximum~~
 20 ~~levies as stated in this section, the levies must maintain the same proportion to each other~~
 21 ~~as represented in the mathematical relationship at the maximum levies zero dollars and~~
 22 ~~zero cents per thousand dollars of taxable valuation.~~

23 All levies in this section must be imposed on valuations where the median level of
 24 assessment represents eighty-five percent of market value as determined by the
 25 Department of Revenue. These valuations must be used for all school funding purposes.
 26 If the district has imposed an excess levy pursuant to § 10-12-43, the levies must

1 maintain the same proportion to each other as represented in the mathematical
 2 relationship at the maximum levies ~~in this section. The school district may elect to tax at~~
 3 ~~less than the maximum amounts set forth in this section~~ imposed pursuant to this section
 4 for taxes payable in 2026.

5 **Section 2. That § 10-45-2 be AMENDED:**

6 **10-45-2.** There is hereby imposed a tax upon the privilege of engaging in business
 7 as a retailer, ~~a tax of four and two-tenths at the rate of six and two-tenths percent~~ upon
 8 the gross receipts of all sales of tangible personal property consisting of goods, wares, or
 9 merchandise, except as otherwise provided in this chapter, sold at retail in the state to
 10 consumers or users.

11 **Section 3. That § 10-45-5 be AMENDED:**

12 **10-45-5.** There is imposed a tax, at the rate of ~~four and two-tenths percent~~ set
 13 forth in § 10-45-2, upon the gross receipts of any person from engaging or continuing in
 14 any of the following businesses or services in this state: ~~abstracters~~

- 15 (1) ~~Abstracters~~; Abstracters;
- 16 (2) ~~accountants~~ Accountants;
- 17 (3) ~~ancillary~~ Ancillary services;
- 18 (4) ~~architects~~ Architects;
- 19 (5) ~~barbers~~ Barbers;
- 20 (6) ~~beauty~~ Beauty shops;
- 21 (7) ~~bill~~ Bill collection services;
- 22 (8) ~~blacksmith~~ Blacksmith shops;
- 23 (9) ~~car~~ Car washing;
- 24 (10) ~~dry~~ Dry cleaning;
- 25 (11) ~~dyeing~~ Dyeing;
- 26 (12) ~~exterminators~~ Exterminators;
- 27 (13) ~~garage~~ Garage and service stations;
- 28 (14) ~~garment~~ Garment alteration;
- 29 (15) ~~cleaning~~ Cleaning and pressing;
- 30 (16) ~~janitorial~~ Janitorial services and supplies;
- 31 (17) ~~specialty~~ Specialty cleaners;
- 32 (18) ~~laundry~~ Laundry;
- 33 (19) ~~linen~~ Linen and towel supply;

1 ~~(20) membership~~Membership or entrance fees for the use of a facility or for the
2 right to purchase tangible personal property, any product transferred electronically, or
3 services;

4 ~~(21) photography~~Photography;

5 ~~(22) photo~~Photo developing and enlarging;

6 ~~(23) tire~~Tire recapping;

7 ~~(24) welding~~Welding and all repair services, except repair services for farm
8 machinery, attachment units, and irrigation equipment used exclusively for agricultural
9 purposes;

10 ~~(25) cable~~Cable television; and

11 ~~(26) rentals~~Rentals of tangible personal property, except leases of tangible
12 personal property between one telephone company and another telephone company,
13 motor vehicles as defined pursuant to § 32-5-1 leased under a single contract for more
14 than twenty-eight days, and mobile homes. ~~However, the~~

15 The specific enumeration of businesses and professions made in this section does
16 not, in any way, limit the scope and effect of the provisions of § 10-45-4.

17 **Section 4. That § 10-45-5.3 be AMENDED:**

18 **10-45-5.3.** There is imposed, at the rate of ~~four and two-tenths percent~~ set forth
19 in § 10-45-2, an excise tax on the gross receipts of any person engaging in oil and gas
20 field services ~~(, group no. 138),~~ as enumerated in the Standard Industrial Classification
21 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management
22 and Budget, Office of the President.

23 **Section 5. That § 10-45-6 be AMENDED:**

24 **10-45-6.** There is hereby imposed a tax of ~~four and two-tenths percent,~~ at the
25 rate set forth in § 10-45-2, upon the gross receipts from sales, furnishing, or service of
26 gas, electricity, and water, including the gross receipts from ~~such the~~ sales by any
27 municipal corporation furnishing gas, and electricity, to the public in its proprietary
28 capacity, except as otherwise provided in this chapter, when sold at retail in ~~the State of~~
29 ~~South Dakota~~ this state to consumers or users.

30 **Section 6. That § 10-45-6.1 be AMENDED:**

1 **10-45-6.1.** Except as provided in § 10-45-6.2, there is ~~hereby~~ imposed a tax ~~of~~
2 ~~four and two tenths percent, at the rate set forth in § 10-45-2,~~ upon the gross receipts
3 from providing any intrastate, interstate, or international telecommunications service that
4 originates or terminates in this state and that is billed or charged to a service address in
5 this state, or that both originates and terminates in this state. However, the tax imposed
6 by this section does not apply to:

- 7 (1) Any eight hundred or eight hundred-type service, unless the service both originates
8 and terminates in this state;
- 9 (2) Any sale of a telecommunication service to a provider of telecommunication
10 services, including access service, for use in providing any telecommunication
11 service; or
- 12 (3) Any sale of interstate telecommunication service provided to a call center that has
13 been certified by the secretary of revenue to meet the criterion established in § 10-
14 45-6.3 and the call center has provided to the telecommunications service provider
15 an exemption certificate issued by the secretary indicating that it meets the
16 criterion.

17 If a call center uses an exemption certificate to purchase services not meeting the
18 criterion established in § 10-45-6.3, the call center is liable for the applicable tax, penalty,
19 and interest.

20 **Section 7. That § 10-45-6.2 be AMENDED:**

21 **10-45-6.2.** There is ~~hereby~~ imposed a tax ~~of four and two tenths percent, at the~~
22 ~~rate set forth in § 10-45-2,~~ upon the gross receipts of mobile telecommunications services,
23 as defined in 4 U.S.C. § 124(7) ~~as of (January 1, 2002),~~ that originate and terminate in
24 the same state and are billed to a customer with a place of primary use in this state or
25 are deemed to have originated or been received in this state and to be billed or charged
26 to a service address in this state if the customer's place of primary use is located in this
27 state regardless of where the service actually originates or terminates. Notwithstanding
28 any other provision of this chapter and for purposes of the tax imposed by this section,
29 the tax imposed upon mobile telecommunication services must be administered in
30 accordance with 4 U.S.C. §§ 116 ~~to 126, as in effect on,~~ inclusive, (July 28, 2000).

31 **Section 8. That § 10-45-8 be AMENDED:**

1 **10-45-8.** Except as otherwise provided in this chapter, there is imposed a tax ~~of~~
 2 ~~four and two tenths percent, at the rate set forth in § 10-45-2,~~ upon the gross receipts
 3 from all sales of tickets or admissions to:

- 4 (1) Places of amusement;
 5 (2) Athletic contests; or
 6 (3) Events.

7 **Section 9. That § 10-45-71 be AMENDED:**

8 **10-45-71.** There is imposed a tax ~~of four and two tenths percent on,~~ at the rate
 9 set forth in § 10-45-2, upon the gross receipts from the transportation of passengers. The
 10 tax imposed by this section applies to any transportation of passengers if the passenger
 11 boards and exits the mode of transportation within this state.

12 **Section 10. That § 10-46-2.1 be AMENDED:**

13 **10-46-2.1.** For the privilege of using services in ~~South Dakota~~ this state, except
 14 those types of services exempted by § 10-46-17.3, there is imposed on the person using
 15 the service an excise tax ~~equal to four and two tenths,~~ at the rate of six and two-tenths
 16 percent of the value of the services at the time they are rendered. ~~However, this~~ This tax
 17 may not be imposed on ~~any service;~~

- 18 (1) Service rendered by a related corporation, ~~as defined in subdivision 10-43-1(11),~~
 19 for use by a financial institution, as defined in ~~subdivision 10-43-1(4); or on any~~
 20 service § 10-43-1; or
 21 (2) Service rendered by a financial institution, as defined in ~~subdivision 10-43-1(4)~~
 22 § 10-43-1, for use by a related corporation ~~as defined in subdivision 10-43-1(11).~~

23 For the purposes of this section, ~~the term, "related corporation,"~~ includes a means
 24 a corporation associated with another as its parent or subsidiary, or in a brother-sister
 25 relationship. The term includes a corporation, which together with the financial institution,
 26 is part of a controlled group of corporations, as defined in 26 U.S.C. § 1563 ~~as in effect~~
 27 ~~on~~ (January 1, 1989), except that the eighty percent ownership requirements set forth in
 28 26 U.S.C. ~~§ 563(a)(2)(A)~~ § 1563(a) for a brother-sister controlled group are reduced to
 29 fifty-one percent.

30 For the purpose of this chapter, services rendered by an employee for the use of
 31 the employer are not taxable.

32 **Section 11. That § 10-46-2.2 be AMENDED:**

1 **10-46-2.2.** An excise tax is imposed upon the privilege of the use of rented
2 tangible personal property and any product transferred electronically in this state, at the
3 rate of ~~four and two-tenths percent of~~ set forth in § 10-46-2.1, on the rental payments
4 upon the property.

5 **Section 12. That § 10-46-48 be AMENDED:**

6 **10-46-48.** ~~All revenue arising under the operation of~~ Except as otherwise
7 provided, revenue collected pursuant to this chapter shall immediately must be turned
8 over to the state treasurer and ~~by him credited to~~ deposited in the general fund.

9 The treasurer shall deposit in the local effort replacement fund, established in
10 section 25 of this Act, thirty-two and three-tenths percent of the taxes collected by the
11 secretary of the Department of Revenue pursuant to this chapter.

12 **Section 13. That § 10-46-58 be AMENDED:**

13 **10-46-58.** There is imposed a tax ~~of four and two-tenths percent on,~~ at the rate
14 set forth in § 10-46-2.1, upon the privilege of the use of any transportation of passengers.
15 The tax imposed by this section applies to any transportation of passengers if the
16 passenger boards and exits the mode of transportation within this state.

17 **Section 14. That § 10-46-69 be AMENDED:**

18 **10-46-69.** There is ~~hereby~~ imposed a tax ~~of four and two-tenths percent,~~ at the
19 rate set forth in § 10-46-2.1, upon the privilege of the use of mobile telecommunications
20 services, as defined in 4 U.S.C. § 124(7) ~~as of~~ (January 1, 2002), that originate and
21 terminate in the same state and are billed to a customer with a place of primary use in
22 this state. Notwithstanding any other provision of this chapter and for purposes of the tax
23 imposed by this section, the tax imposed upon mobile telecommunication services must
24 be administered in accordance with 4 U.S.C. §§ 116-126, ~~as in effect on~~ (July 28, 2000).

25 **Section 15. That § 10-46-69.1 be AMENDED:**

26 **10-46-69.1.** Except as provided in § 10-46-69, there is ~~hereby~~ imposed a tax ~~of~~
27 ~~four and two-tenths percent,~~ at the rate set forth in § 10-46-2.1, upon the privilege of the
28 use of any intrastate, interstate, or international telecommunications service that
29 originates or terminates in this state and that is billed or charged to a service address in

1 this state, or that both originates and terminates in this state. ~~However, the~~ The tax
 2 imposed by this section does not apply to:

- 3 (1) Any eight hundred or eight hundred type service unless the service both originates
 4 and terminates in this state;
- 5 (2) Any sale of a telecommunication service to a provider of telecommunication
 6 services, including access service, for use in providing any telecommunication
 7 service; or
- 8 (3) Any sale of interstate telecommunication service provided to a call center that has
 9 been certified by the secretary of revenue to meet the criterion established in § 10-
 10 45-6.3 and the call center has provided to the telecommunications service provider
 11 an exemption certificate issued by the secretary indicating that it meets the
 12 criterion.

13 If a call center uses an exemption certificate to purchase services not meeting the
 14 criterion established in § 10-45-6.3, the call center is liable for the applicable tax, penalty,
 15 and interest.

16 **Section 16. That § 10-46-69.2 be AMENDED:**

17 **10-46-69.2.** There is hereby imposed a tax ~~of four and two-tenths percent, at the~~
 18 rate set forth in § 10-46-2.1, upon the privilege of the use of any ancillary services.

19 **Section 17. That § 10-46E-1 be AMENDED:**

20 **10-46E-1.** There is hereby imposed an excise tax ~~of four and two-tenths percent,~~
 21 at the rate of six and two-tenths percent, on the gross receipts from the sale, resale, or
 22 lease of farm machinery, attachment units, and irrigation equipment used exclusively for
 23 agricultural purposes. ~~However, if~~ If any trade-in or exchange of used farm machinery,
 24 attachment units, and irrigation equipment is involved in the transaction, the excise tax
 25 is only due and may only be collected on the cash difference.

26 **Section 18. That § 10-46E-9 be AMENDED:**

27 **10-46E-9.** ~~The~~ Except as otherwise provided, revenue from the tax imposed by
 28 this chapter ~~shall~~ must be deposited in the general fund.

29 The treasurer shall deposit in the local effort replacement fund, established in
 30 section 25 of this Act, thirty-two and three-tenths percent of the taxes collected by the
 31 secretary of the Department of Revenue pursuant to this chapter.

1 **Section 19. That § 10-58-1 be AMENDED:**

2 **10-58-1.** There is imposed upon owners and operators a special amusement
3 excise tax of ~~four and two-tenths~~ six and two-tenths percent of the gross receipts from
4 the sale or the operation of any mechanical or electronic amusement device. The tax
5 imposed by this section is in lieu of the tax imposed pursuant to chapter 10-45.

6 **Section 20. That § 10-58-5 be AMENDED:**

7 **10-58-5.** ~~The~~ Except as otherwise provided, the tax generated by this chapter
8 must be deposited in the general fund.

9 The treasurer shall deposit in the local effort replacement fund, established in
10 section 25 of this Act, thirty-two and three-tenths percent of the taxes collected by the
11 secretary of the Department of Revenue pursuant to this chapter.

12 **Section 21. That § 13-13-72 be AMENDED:**

13 **13-13-72.** It is the policy of the Legislature that the appropriation for state aid to
14 education ~~increase on an annual basis~~ increases annually by the percentage increase in
15 local need on an aggregate statewide basis ~~so that the relative proportion of local need~~
16 ~~paid by local effort and state aid shall remain constant. For school fiscal years 2017 to~~
17 ~~2022, inclusive, the proportion of local need paid by local effort and state aid shall be~~
18 ~~adjusted annually to maintain the proportion between state aid and local property taxes~~
19 ~~and to reflect adjustments in local effort due to the implementation of the other revenue~~
20 ~~base amount as defined in § 13-13-10.1.~~

21 **Section 22. That § 13-13-72.1 be AMENDED:**

22 **13-13-72.1.** Any adjustments in the levies specified in § 10-12-42 made pursuant
23 to ~~§§ 13-13-71 and § 13-13-72~~ shall must be based on maintaining the relationship
24 between statewide local effort as a percentage of statewide local need in the fiscal year
25 succeeding the fiscal year in which the adjustment is made. ~~For school fiscal years 2017~~
26 ~~to 2022, inclusive, the proportion of local need paid by local effort and state aid shall be~~
27 ~~adjusted annually to reflect adjustments in local effort due to the implementation of the~~
28 ~~other revenue base amount as defined in § 13-13-10.1. However, if~~ If the levies specified
29 in § 10-12-42 are not adjusted to maintain this relationship, the target teacher salary as
30 defined in § 13-13-10.1 ~~shall must~~ be reduced to maintain the relationship between
31 statewide local effort as a percentage of statewide local need.

1 **Section 23. That § 13-13-78 be AMENDED:**

2 **13-13-78.** Terms used in § 13-13-79 mean:

- 3 (1) "Sparse school district," a school district that meets each of the following criteria:
- 4 (a) Has a fall enrollment per square mile of 0.50 or less;
- 5 (b) Has a fall enrollment of five hundred or less;
- 6 (c) Has an area of four hundred square miles or more;
- 7 (d) Has at least fifteen miles between its secondary attendance center or
- 8 centers and that of an adjoining district; and
- 9 (e) Operates a secondary attendance center; ~~and~~
- 10 (f) ~~Levies ad valorem taxes at the maximum rates allowed pursuant to § 10-~~
- 11 ~~12-42 or more;~~
- 12 (2) "Sparsity fall enrollment," for sparse school districts with a fall enrollment as
- 13 defined in § 13-13-10.1 of less than eighty-three or greater than two hundred
- 14 thirty-two, and is calculated as follows:
- 15 (a) Divide the fall enrollment as defined in § 13-13-10.1 by the area of the
- 16 school district in square miles;
- 17 (b) Multiply the quotient obtained in subsection (a) times negative 0.125;
- 18 (c) Add 0.0625 to the product obtained in subsection (b); and
- 19 (d) Multiply the sum obtained in subsection (c) times the fall enrollment;
- 20 (3) "Sparsity adjusted fall enrollment," for sparse school districts with a fall enrollment
- 21 as defined in § 13-13-10.1 of at least eighty-three, but no more than two hundred
- 22 thirty-two, subtract the fall enrollment from two hundred thirty-two.

23 **Section 24. That § 13-13-92 be AMENDED:**

24 **13-13-92.** The state general fund savings obtained through the state aid to

25 education formula from the difference between the school general fund levy for agriculture

26 property for taxes payable in 2018 pursuant to §§ ~~13-13-71~~, 13-13-72, and 13-13-72.1,

27 and the agriculture property levy adopted by legislative action for taxes payable in 2018,

28 are in place until July 1, 2040.

29 **Section 25. That a NEW SECTION be added to chapter 13-13:**

30 There is created in the state treasury the local effort replacement fund. The

31 treasurer shall deposit in the fund thirty-two and three-tenths percent of the taxes

32 collected pursuant to:

- 1 (1) Chapter 10-45;
- 2 (2) Chapter 10-46;
- 3 (3) Chapter 10-46E;
- 4 (4) Chapter 10-58; and
- 5 (5) § 32-5B-20.

6 The Department of Education shall administer the fund. The purpose of the fund is
 7 to supplement property tax local effort for school district general funds and special
 8 education funds with state revenue. Interest on moneys credited to the fund must remain
 9 in the fund. Expenditures from the fund must be budgeted through the general
 10 appropriation bill.

11 **Section 26. That § 13-37-16 be AMENDED:**

12 **13-37-16.** For taxes payable in ~~2026~~ 2027, and each year thereafter, the school
 13 board ~~shall~~ may levy no more than ~~one dollar and forty-six and two-tenths~~ zero dollars
 14 and zero cents per thousand dollars of taxable valuation, as a special levy in addition to
 15 all other levies authorized by law for the amount so determined to be necessary, and the
 16 levy must be spread against all of the taxable property of the district. The proceeds derived
 17 from the levy constitute a school district special education fund of the district for the
 18 payment of costs for the special education of all children in need of special education or
 19 special education and related services who reside within the district pursuant to the
 20 provisions of §§ 13-37-8.4 to 13-37-8.10, inclusive. The levy in this section is based on
 21 valuations where the median level of assessment represents eighty-five percent of market
 22 value as determined by the Department of Revenue. The total amount of taxes that would
 23 be generated at the levy pursuant to this section is considered local effort. Money in the
 24 special education fund may be expended for the purchase or lease of any assistive
 25 technology that is directly related to special education and specified in a student's
 26 individualized education plan. ~~This section does not apply to real property improvements.~~

27 **Section 27. That § 13-37-35.1 be AMENDED:**

- 28 **13-37-35.1.** Terms used in chapter 13-37 mean:
- 29 (1) "Level one disability," a mild disability;
 - 30 (2) "Level two disability," cognitive disability or emotional disorder;
 - 31 (3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-
 - 32 blindness, orthopedic impairment, or traumatic brain injury;
 - 33 (4) "Level four disability," autism;

- 1 (5) "Level five disability," multiple disabilities;
- 2 (5A) "Level six disability," prolonged assistance;
- 3 (6) "Index factor," is the annual percentage change in the consumer price index for
- 4 urban wage earners and clerical workers as computed by the Bureau of Labor
- 5 Statistics of the United States Department of Labor for the year before the year
- 6 immediately preceding the year of adjustment, or three percent, whichever is less;
- 7 (7) "Local effort," ~~must be an amount~~ calculated for taxes payable in ~~2026~~ 2027 and
- 8 thereafter using ~~a the maximum~~ special education levy ~~of one dollar and twenty-~~
- 9 ~~six and two tenths cents per one thousand dollars of valuation~~ set forth in § 13-
- 10 37-16;
- 11 (8) "Allocation for a student with a level one disability," for the school fiscal year
- 12 beginning July 1, 2025, is \$7,650.45. For each school year thereafter, the allocation
- 13 for a student with a level one disability must be the previous fiscal year's allocation
- 14 for the child increased by the index factor;
- 15 (9) "Allocation for a student with a level two disability," for the school fiscal year
- 16 beginning July 1, 2025, is \$16,759.91. For each school year thereafter, the
- 17 allocation for a student with a level two disability must be the previous fiscal year's
- 18 allocation for the child increased by the index factor;
- 19 (10) "Allocation for a student with a level three disability," for the school fiscal year
- 20 beginning July 1, 2025, is \$23,139.68. For each school year thereafter, the
- 21 allocation for a student with a level three disability must be the previous fiscal
- 22 year's allocation for the child increased by the index factor;
- 23 (11) "Allocation for a student with a level four disability," for the school fiscal year
- 24 beginning July 1, 2025, is \$18,053.89. For each school year thereafter, the
- 25 allocation for a student with a level four disability must be the previous fiscal year's
- 26 allocation for the child increased by the index factor;
- 27 (12) "Allocation for a student with a level five disability," for the school fiscal year
- 28 beginning July 1, 2025, is \$37,039.28. For each school year thereafter, the
- 29 allocation for a student with a level five disability must be the previous fiscal year's
- 30 allocation for the child increased by the index factor;
- 31 (12A) "Allocation for a student with a level six disability," for the school fiscal year
- 32 beginning July 1, 2025, is \$11,838.15. For each school year thereafter, the
- 33 allocation for a student with a level six disability must be the previous fiscal year's
- 34 allocation for the child increased by the index factor;

- 1 (13) "Child count," is the number of students in need of special education or special
2 education and related services according to criteria set forth in rules promulgated
3 pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education;
- 4 (14) "Fall enrollment," the number of kindergarten-through-twelfth-grade students
5 enrolled in all schools operated by the school district on the last Friday of
6 September of the previous school year minus the number of students for whom
7 the district receives tuition, except any nonresident student who is in the care and
8 custody of a state agency and is attending a public school and any student for
9 whom tuition is being paid pursuant to § 13-28-42.1, plus the number of students
10 for whom the district pays tuition;
- 11 (15) "Nonpublic school," a sectarian organization or entity accredited by the secretary of
12 education for the purpose of instructing children of compulsory school age. This
13 definition excludes any school that receives a majority of its revenues from public
14 funds;
- 15 (16) "Nonpublic fall enrollment," the number of children under age eighteen, who are
16 approved for alternative instruction pursuant to § 13-27-3 on the last Friday of
17 September of the previous school year plus:
- 18 (a) For nonpublic schools located within the boundaries of a public school
19 district with a fall enrollment of six hundred or more on the last Friday of
20 September of the previous school year, the number of kindergarten-
21 through-twelfth-grade students enrolled on the last Friday of September of
22 the previous regular school year in all nonpublic schools located within the
23 boundaries of the public school district;
- 24 (b) For nonpublic schools located within the boundaries of a public school
25 district with a fall enrollment of less than six hundred on the last Friday of
26 September of the previous school year, the number of resident
27 kindergarten-through-twelfth-grade students enrolled on the last Friday of
28 September of the previous school year in all nonpublic schools located
29 within this state;
- 30 (17) "Special education fall enrollment," fall enrollment plus nonpublic fall enrollment;
- 31 (18) "Local need," an amount to be determined as follows:
- 32 (a) Multiply the special education fall enrollment by 0.1062 and multiply the
33 result by the allocation for a student with a level one disability;

- 1 (b) Multiply the number of students having a level two disability as reported on
- 2 the child count for the previous school fiscal year by the allocation for a
- 3 student with a level two disability;
- 4 (c) Multiply the number of students having a level three disability as reported
- 5 on the child count for the previous school fiscal year by the allocation for a
- 6 student with a level three disability;
- 7 (d) Multiply the number of students having a level four disability as reported on
- 8 the child count for the previous school fiscal year by the allocation for a
- 9 student with a level four disability;
- 10 (e) Multiply the number of students having a level five disability as reported on
- 11 the child count for the previous school fiscal year by the allocation for a
- 12 student with a level five disability;
- 13 (f) Multiply the number of students having a level six disability as reported on
- 14 the child count for the previous school fiscal year by the allocation for a
- 15 student with a level six disability;
- 16 (g) When calculating local need at the statewide level, include the amount set
- 17 aside for extraordinary expenses defined in § 13-37-40;
- 18 (h) When calculating local need at the statewide level, include the amount set
- 19 aside for the South Dakota School for the Blind and Visually Impaired; and
- 20 (i) Sum the results of subdivisions (18)(a) to (h), inclusive; and
- 21 (19) "Effort factor," ~~the school district's special education tax levy in dollars per thousand~~
- 22 ~~divided by \$1.262. The maximum effort factor is 1.0~~ zero and zero-tenths.

23 **Section 28. That § 32-5B-20 be AMENDED:**

24 **32-5B-20.** There is ~~hereby~~ imposed a tax ~~of four and two-tenths,~~ at the rate of
25 six and two-tenths percent, upon the gross receipts of any person renting a rental vehicle
26 as defined in § 32-5B-19. This tax applies to all vehicles registered in accordance with
27 § 32-5-6, 32-5-8.1, or 32-5-9. Any rental vehicle not licensed in accordance with § 32-5-
28 6, 32-5-8.1, or 32-5-9 is subject to the motor vehicle excise tax in § 32-5B-1.

29 The tax imposed by this section is in addition to any tax levied pursuant to chapter
30 10-45 or 10-46 upon the rental of a rental vehicle. The provisions of chapter 10-45 apply
31 to the administration and enforcement of the tax imposed by this section. The tax imposed
32 by this section is in lieu of the tax levied by § 32-5B-1 on the sales of ~~such~~ motor vehicles.
33 A violation of this section is a Class 1 misdemeanor.

1 **Section 29. That § 32-5B-25 be AMENDED:**

2 **32-5B-25.** ~~All~~ Except as otherwise provided, all excise taxes collected on the
3 purchase of an off-road vehicle as provided by § 32-5B-1 ~~shall~~ must be deposited in the
4 state general fund.

5 The treasurer shall deposit in the local effort replacement fund, established in
6 section 25 of this Act, thirty-two and three-tenths percent of the taxes collected by the
7 secretary of the Department of Revenue pursuant to § 32-5B-20.

8 **Section 30. That § 13-13-71 be REPEALED.**

9 ~~If local effort increases on a statewide aggregate basis by a greater percentage~~
10 ~~than local need on a statewide aggregate basis from any one year to the next, for the~~
11 ~~following year each of the levies specified in subdivision 13-13-10.1(13) shall be reduced~~
12 ~~proportionally so that the percentage increase in local effort on a statewide aggregate~~
13 ~~basis equals the percentage increase in need on a statewide aggregate basis.~~

14 **Section 31. That § 13-37-16.2 be REPEALED.**

15 ~~If local effort increases on a statewide aggregate basis by a greater percentage~~
16 ~~than local need on a statewide aggregate basis from any one year to the next, for the~~
17 ~~following year, the levy specified in subdivision 13-37-35.1(7) shall be reduced~~
18 ~~proportionally so that the percentage increase in local effort on a statewide aggregate~~
19 ~~basis equals the percentage increase in need on a statewide aggregate basis.~~

20 **Section 32. That § 13-37-16.3 be REPEALED.**

21 ~~Any adjustments in the levy specified in subdivision 13-37-35.1(7) made pursuant~~
22 ~~to § 13-37-16.2 shall be based on maintaining the relationship between statewide local~~
23 ~~effort as a percentage of statewide local need in the fiscal year succeeding the fiscal year~~
24 ~~in which the adjustment is made. However, for fiscal year 2014, and each year thereafter,~~
25 ~~if the levy specified in subdivision 13-37-35.1(7) is not adjusted to maintain this~~
26 ~~relationship, the funding allocation for each disability level as defined in § 13-37-35.1 shall~~
27 ~~be reduced proportionally to maintain the relationship between statewide local effort as a~~
28 ~~percentage of statewide local need.~~

29 **Section 33. That 2023 Session Laws, chapter 32, § 19 be REPEALED:**

1 ~~**Section 34.** The amendments to the Code sections in sections 1 to 17, inclusive,~~
2 ~~of this Act are repealed on June 30, 2027, and those Code sections will revert in word and~~
3 ~~substance to that which existed immediately prior to the effective date of this Act.~~

4 **Section 35.** Sections 2 to 20, inclusive, and sections 25, 28, and 29 of this Act are effective
5 beginning July 1, 2027.