



2026 South Dakota Legislature

House Bill 1128

Introduced by: **Representative Rice**

1 **An Act to exempt certain nonresident military personnel from payment of motor**
 2 **vehicle excise tax.**

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

4 **Section 1. That § 32-5B-2 be AMENDED:**

5 **32-5B-2.** Motor vehicles exempted from the provisions of this chapter are as
 6 follows:

- 7 (1) Any motor vehicle exempted in § 32-5-1.3, 32-5-42, 32-5-42.1, or 32-5-42.2;
- 8 (2) Any motor vehicle acquired by inheritance from or bequest of a decedent;
- 9 (3) Any motor vehicle previously titled or licensed jointly in the names of two or more
 10 persons and subsequently transferred without consideration to one or more of ~~such~~
 11 the persons;
- 12 (4) Any motor vehicle transferred without consideration between spouses, between a
 13 parent and child, and between siblings;
- 14 (5) Any motor vehicle transferred pursuant to any ~~mergers or consolidations of~~
 15 ~~corporations or limited liability companies~~ consolidation or merger of a corporation
 16 or limited liability company, or plans of reorganization by which substantially all of
 17 the assets of a corporation or limited liability company are transferred, if the motor
 18 vehicle was previously titled, licensed, and registered in this state;
- 19 (6) Any motor vehicle transferred by a subsidiary corporation or limited liability
 20 company to its parent corporation or limited liability company for no or nominal
 21 consideration, or in sole consideration of the cancellation or surrender of the
 22 subsidiary's stock ~~if~~, provided that the motor vehicle was previously titled, licensed,
 23 and registered in this state;
- 24 (7) Any motor vehicle ~~transferred~~;
 25 (a) Transferred between ~~an~~;

- 1 (i) An individual and a corporation, if the individual and the owner of
 2 the majority of the capital stock of the corporation are one and the
 3 same, ~~or any motor vehicle transferred between an;~~ or
 4 (ii) An individual and a limited liability company, if the individual and the
 5 majority member of the limited liability company are one and the
 6 same, ~~and if the motor vehicle;~~ and
 7 (b) Which was previously titled, licensed, and registered in this state;
 8 (8) Any motor vehicle transferred between a corporation or limited liability company
 9 and its stockholders, members, or creditors if ~~to~~ ;
 10 (a) To effectuate a dissolution of the corporation or limited liability company, it
 11 is necessary to transfer the title from the corporate entity or limited liability
 12 company to the stockholders, members, or creditors; ~~and if the~~
 13 (b) The motor vehicle was previously titled, licensed, and registered in this
 14 state;
 15 (9) Any motor vehicle transferred between an individual and a limited or general
 16 partnership if ~~the~~ ;
 17 (a) The individual and the owner of the majority interest in the partnership are
 18 one and the same person; ~~and if the~~
 19 (b) The motor vehicle was previously titled, licensed, and registered in this
 20 state;
 21 (10) Any motor vehicle transferred to ~~effect~~ effectuate a sale of all or substantially all
 22 of the assets of the business entity, if the motor vehicle was previously titled,
 23 licensed, and registered in this state;
 24 (11) Any motor vehicle acquired by a secured party or lien holder in satisfaction of a
 25 debt;
 26 (12) Any motor vehicle sold or transferred ~~that,~~ which is eleven or more model years
 27 old and ~~that is~~ sold or transferred for two thousand five hundred dollars or less
 28 before trade-in;
 29 (13) Any damaged motor vehicle transferred to an insurance company in the settlement
 30 of an insurance claim;
 31 (14) Any motor vehicle owned by a former resident of this state who returns to the state
 32 and ~~who had~~ previously paid vehicle excise tax to this state on the motor vehicle,
 33 as evidenced within the department's records or by submission of other acceptable
 34 proof of payment of ~~such~~ the tax;

- 1 (15) Any motor vehicle transferred between corporations, both subsidiary and
 2 nonsubsidiary, if ~~the~~:
- 3 (a) The individuals who hold a majority of stock in the first corporation also
 4 hold a majority of stock in the second corporation; ~~but these, except that~~
 5 the individuals need not hold the same ratio of stock in both corporations,
 6 and if the
- 7 (b) The motor vehicle was previously titled, licensed, and registered in this
 8 state;
- 9 (16) Any motor vehicle transferred between limited liability companies, both subsidiary
 10 and nonsubsidiary, if ~~the~~:
- 11 (a) The individuals who hold a majority interest in the first limited liability
 12 company also hold a majority interest in the second limited liability
 13 company; and if the
- 14 (b) The motor vehicle was previously titled, licensed, and registered in this
 15 state;
- 16 (17) Any motor vehicle transferred by a trustor to a trustee or from a trustee to a
 17 beneficiary of a trust;
- 18 (18) Any motor vehicle rented for twenty-eight days or less, which is subject to the tax
 19 imposed by § 32-5B-20;
- 20 (19) Any motor vehicle transferred without consideration to any ~~South Dakota~~ nonprofit
 21 organization that is in this state, which:
- 22 (a) Is exempt under 26 U.S.C. § 501(c)(3) ~~of the Internal Revenue Code and~~
 23 that will donate (January 1, 2026); and
- 24 (b) Donates the motor vehicle to a needy family or individual; ~~and~~
- 25 (20) Any motor vehicle transferred without consideration to any ~~South Dakota~~ nonprofit
 26 organization that is in this state, which:
- 27 (a) Is exempt under 26 U.S.C. § 501 (c)(3) ~~of the Internal Revenue Code and~~
 28 that sells (January 1, 2026); and
- 29 (b) Sells the motor vehicle within forty-five days of the transfer; and
- 30 (21) Any motor vehicle owned by nonresident military personnel, as described in § 32-
 31 5-47.1, who:
- 32 (a) Is a legal resident of a state other than this state; and
- 33 (b) Maintains current registration of the motor vehicle in the other state.