

## 2026 South Dakota Legislature

**Senate Bill 99****AMENDMENT 99B  
FOR THE INTRODUCED BILL**

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

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

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

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

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

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

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

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

(21) ~~photography~~ Photography;

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

(23) ~~tire~~ Tire recapping;

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

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

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

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

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

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

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

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

**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.



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

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

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

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

**13-13-92.** The state general fund savings obtained through the state aid to education formula from the difference between the school general fund levy for agriculture property for taxes payable in 2018 pursuant to §§ ~~13-13-71~~, 13-13-72, and 13-13-72.1, and the agriculture property levy adopted by legislative action for taxes payable in 2018, are in place until July 1, 2040.

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

There is created in the state treasury the local effort replacement fund. The treasurer shall deposit in the fund thirty-two and three-tenths percent of the taxes collected pursuant to:

- 1 (1) Chapter 10-45;
- 2 (2) Chapter 10-46;
- 3 (3) Chapter 10-46E; and
- 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;

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

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

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

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

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

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

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

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

**Section 28. That § 13-13-71 be REPEALED.**

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

**Section 29. That § 13-37-16.2 be REPEALED.**

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

**Section 30. That § 13-37-16.3 be REPEALED.**

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

**Section 31. That 2023 Session Laws, chapter 32, § 19 be REPEALED:**

1        **~~Section 32.~~** ~~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 33.** Sections 2 to 20, inclusive, and ~~sections section 25, 28, and 29~~ of this Act are  
5        effective beginning ~~July~~ January 1, 2027.

AMENDED