



## 2026 South Dakota Legislature

# House Bill 1308

Introduced by: **Representative** Czmowski

1 **An Act to reduce certain property taxes for owner-occupied property, and to**  
 2 **increase the rates for certain gross receipts taxes and use taxes.**

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

4 **Section 1.** It is the intention of the Legislature that the proceeds of the tax rate increases in  
 5 sections 3 to 18, inclusive, and section 24 of this Act, are used for the following purposes:

6 (1) State aid to replace property tax revenues forgone from a mill levy of zero applied  
 7 to owner-occupied single-family dwellings for school district general funds and  
 8 school district special education funds; and

9 (2) Ongoing expenditures for the payroll and rate increases of state employees, school  
 10 employees, and medicaid providers.

11 It is the intention of the Legislature that these levies for owner-occupied single-  
 12 family dwellings do not affect the maximum mill levies for the other classifications of real  
 13 property, and do not adversely affect the total amount of moneys available to school  
 14 districts through the school district funding formulas for general funds and special  
 15 education funds.

16 **Section 2. That § 10-12-42 be AMENDED:**

17 **10-12-42.** For taxes payable in ~~2026~~ 2027, and each year thereafter, the  
 18 maximum levy for the general fund of a school district is as follows:

19 (1) The maximum ~~tax~~ mill levy is five dollars and twenty-one and one-tenth cents per  
 20 thousand dollars of taxable valuation, subject to the limitations on agricultural  
 21 property as provided in subdivision (2) ~~of this section~~ and owner-occupied property  
 22 as provided in subdivision (3) ~~of this section~~;

23 (2) The maximum ~~tax~~ mill levy on agricultural property for the school district is one  
 24 dollar and twelve and five-tenths cents per thousand dollars of taxable valuation.  
 25 If the district's levies are less than the maximum mill levies as stated in this section,

1 the mill levies imposed in subdivision (1) and this subdivision must maintain the  
2 same proportion to each other as represented in the mathematical relationship at  
3 the maximum mill levies; and

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

10 All levies in this section must be imposed on valuations where the median level of  
11 assessment represents eighty-five percent of market value as determined by the  
12 Department of Revenue. These valuations must be used for all school funding purposes.

13 If the district has imposed an excess levy pursuant to § 10-12-43, the three mill  
14 levies must maintain the same proportion to each other as ~~represented in the~~  
15 ~~mathematical relationship at~~ the maximum levies in of this section for taxes payable in  
16 2026. The school district may elect to tax at less than the maximum amounts set forth in  
17 this section.

18 **Section 3. That § 10-45-2 be AMENDED:**

19 **10-45-2.** There is ~~hereby~~ imposed a tax upon the privilege of engaging in business  
20 as a retailer, ~~a tax of four and two tenths percent~~ upon the gross receipts of all sales of  
21 tangible personal property consisting of goods, wares, or merchandise, except as  
22 otherwise provided in this chapter, sold at retail in the state to consumers or users, at the  
23 following tax rate:

24 (1) Beginning July 1, 2026, until June 30, 2027, four and seven-tenths percent; and

25 (2) Beginning July 1, 2027, five percent.

26 **Section 4. That § 10-45-5 be AMENDED:**

27 **10-45-5.** There is imposed a tax, at the rate ~~of four and two tenths percent~~ set  
28 forth in § 10-45-2, upon the gross receipts of any person from engaging or continuing in  
29 any of the following businesses or services in this state: ~~abstracters~~

30 (1) Abstracters;

31 (2) ~~accountants~~ Accountants;

32 (3) ~~ancillary~~ Ancillary services;

33 (4) ~~architects~~ Architects;

- 1           (5) ~~barbers~~Barbers;
- 2           (6) ~~beauty~~Beauty shops;
- 3           (7) ~~bill~~Bill collection services;
- 4           (8) ~~blacksmith~~Blacksmith shops;
- 5           (9) ~~car~~Car washing;
- 6           (10) ~~dry~~Dry cleaning;
- 7           (11) ~~dyeing~~Dyeing;
- 8           (12) ~~exterminators~~Exterminators;
- 9           (13) ~~garage~~Garage and service stations;
- 10          (14) ~~garment~~Garment alteration;
- 11          (15) ~~cleaning~~Cleaning and pressing;
- 12          (16) ~~janitorial~~Janitorial services and supplies;
- 13          (17) ~~specialty~~Specialty cleaners;
- 14          (18) ~~laundry~~Laundry;
- 15          (19) ~~linen~~Linen and towel supply;
- 16          (20) ~~membership~~Membership or entrance fees for the use of a facility or for the
- 17 right to purchase tangible personal property, any product transferred electronically, or
- 18 services;
- 19          (21) ~~photography~~Photography;
- 20          (22) ~~photo~~Photo developing and enlarging;
- 21          (23) ~~tire~~Tire recapping;
- 22          (24) ~~welding~~Welding and all repair services, except repair services for farm
- 23 machinery, attachment units, and irrigation equipment used exclusively for agricultural
- 24 purposes;
- 25          (25) ~~cable~~Cable television; and
- 26          (26) ~~rentals~~Rentals of tangible personal property, except leases of tangible
- 27 personal property between one telephone company and another telephone company,
- 28 motor vehicles as defined pursuant to § 32-5-1 leased under a single contract for more
- 29 than twenty-eight days, and mobile homes. ~~However, the~~
- 30           The specific enumeration of businesses and professions made in this section does
- 31 not, in any way, limit the scope and effect of the provisions of § 10-45-4.

32 **Section 5. That § 10-45-5.3 be AMENDED:**

- 33           **10-45-5.3.** There is imposed, at the rate of ~~four and two-tenths percent~~ set forth
- 34 in § 10-45-2, an excise tax on the gross receipts of any person engaging in oil and gas

1 field services ~~(group no. 138)~~, as enumerated in the Standard Industrial Classification  
2 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management  
3 and Budget, Office of the President.

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

5 **10-45-6.** There is ~~hereby~~ imposed a tax ~~of four and two tenths percent~~, at the  
6 rate set forth in § 10-45-2, upon the gross receipts from sales, furnishing, or service of  
7 gas, electricity, and water, including the gross receipts from ~~such~~ the sales by any  
8 municipal corporation furnishing gas, and electricity, to the public in its proprietary  
9 capacity, except as otherwise provided in this chapter, when sold at retail in ~~the State of~~  
10 ~~South Dakota~~ this state to consumers or users.

11 **Section 7. That § 10-45-6.1 be AMENDED:**

12 **10-45-6.1.** Except as provided in § 10-45-6.2, there is ~~hereby~~ imposed a tax ~~of~~  
13 ~~four and two tenths percent~~, at the rate set forth in § 10-45-2, upon the gross receipts  
14 from providing any intrastate, interstate, or international telecommunications service that  
15 originates or terminates in this state and that is billed or charged to a service address in  
16 this state, or that both originates and terminates in this state. However, the tax imposed  
17 by this section does not apply to:

- 18 (1) Any eight hundred or eight hundred-type service, unless the service both originates  
19 and terminates in this state;
- 20 (2) Any sale of a telecommunication service to a provider of telecommunication  
21 services, including access service, for use in providing any telecommunication  
22 service; or
- 23 (3) Any sale of interstate telecommunication service provided to a call center that has  
24 been certified by the secretary of revenue to meet the criterion established in § 10-  
25 45-6.3 and the call center has provided to the telecommunications service provider  
26 an exemption certificate issued by the secretary indicating that it meets the  
27 criterion.

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

31 **Section 8. That § 10-45-6.2 be AMENDED:**

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

11          **Section 9. That § 10-45-8 be AMENDED:**

12           **10-45-8.** Except as otherwise provided in this chapter, there is imposed a tax of  
13          ~~four and two tenths percent, at the rate set forth in § 10-45-2,~~ upon the gross receipts  
14          from all sales of tickets or admissions to:

- 15          (1)     Places of amusement;  
16          (2)     Athletic contests; or  
17          (3)     Events.

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

19           **10-45-71.** There is imposed a tax of ~~four and two tenths percent on,~~ at the rate  
20          set forth in § 10-45-2, on the gross receipts from the transportation of passengers. The  
21          tax imposed by this section applies to any transportation of passengers if the passenger  
22          boards and exits the mode of transportation within this state.

23          **Section 11. That § 10-46-2.1 be AMENDED:**

24           **10-46-2.1.** For the privilege of using services in ~~South Dakota~~ this state, except  
25          those types of services exempted by § 10-46-17.3, there is imposed on the person using  
26          the service an excise tax ~~equal to four and two tenths percent of~~ on the value of the  
27          services at the time they are rendered, at the following tax rate:

- 28          (1)     Beginning July 1, 2026, until June 30, 2027, four and seven-tenths percent; and  
29          (2)     Beginning July 1, 2027, five percent.

30          ~~However, this~~ This tax may not be imposed on any service rendered by a related  
31          corporation, ~~as defined in subdivision 10-43-1(11),~~ for use by a financial institution, as

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

4 For the purposes of this section, ~~the term, "related corporation," includes a means~~  
 5 a corporation associated with another as its parent or subsidiary, or in a brother-sister  
 6 relationship. The term includes a corporation, which together with the financial institution,  
 7 is part of a controlled group of corporations, as defined in 26 U.S.C. § 1563 ~~as in effect~~  
 8 ~~on~~ (January 1, 1989), except that the eighty percent ownership requirements set forth in  
 9 26 U.S.C. ~~§ 563(a)(2)(A)~~ § 1563(a) for a brother-sister controlled group are reduced to  
 10 fifty-one percent.

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

13 **Section 12. That § 10-46-2.2 be AMENDED:**

14 **10-46-2.2.** An excise tax is imposed upon the privilege of the use of rented  
 15 tangible personal property and any product transferred electronically in this state, at the  
 16 rate of four and two tenths percent of set forth in § 10-46-2.1, on the rental payments  
 17 upon the property.

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

19 **10-46-58.** There is imposed a tax ~~of four and two tenths percent on,~~ at the rate  
 20 set forth in § 10-46-2.1, upon the privilege of the use of any transportation of passengers.  
 21 The tax imposed by this section applies to any transportation of passengers if the  
 22 passenger boards and exits the mode of transportation within this state.

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

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

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

1           **10-46-69.1.** Except as provided in § 10-46-69, there is hereby imposed a tax of  
 2 ~~four and two-tenths percent, at the rate set forth in § 10-46-2.1,~~ upon the privilege of the  
 3 use of 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~~ The tax  
 6 imposed 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 16. That § 10-46-69.2 be AMENDED:**

21           **10-46-69.2.** There is hereby imposed a tax of ~~four and two-tenths percent, at the~~  
 22 ~~rate set forth in § 10-46-2.1,~~ upon the privilege of the use of any ancillary services.

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

24           **10-46E-1.** There is hereby imposed an excise tax of ~~four and two-tenths percent~~  
 25 on the gross receipts from the sale, resale, or lease of farm machinery, attachment units,  
 26 and irrigation equipment used exclusively for agricultural purposes, at the following tax  
 27 rate:

- 28           (1) Beginning July 1, 2026, until June 30, 2027, four and seven-tenths percent; and  
 29           (2) Beginning July 1, 2027, five percent.

30           ~~However, if~~ If any trade-in or exchange of used farm machinery, attachment units,  
 31 and irrigation equipment is involved in the transaction, the excise tax is only due and may  
 32 only be collected on the cash difference.

1 **Section 18. 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 percent of~~ on the gross receipts from the sale or the  
 4 operation of any mechanical or electronic amusement device, at the following tax rate:  
 5 (1) Beginning July 1, 2026, until June 30, 2027, four and seven-tenths percent; and  
 6 (2) Beginning July 1, 2027, five percent.

7 The tax imposed by this section is in lieu of the tax imposed pursuant to chapter  
 8 10-45.

9 **Section 19. That § 13-13-71 be AMENDED:**

10 **13-13-71.** If local effort increases on a statewide aggregate basis by a greater  
 11 percentage than local need on a statewide aggregate basis from any one year to the next,  
 12 for the following year each of the mill levies specified in ~~subdivision 13-13-10.1(13)~~ shall  
 13 subdivisions 10-12-42(1) and (2) must be reduced proportionally so that the percentage  
 14 increase in local effort on a statewide aggregate basis equals the percentage increase in  
 15 need on a statewide aggregate basis.

16 **Section 20. That § 13-13-72 be AMENDED:**

17 **13-13-72.** ~~It is the policy of the Legislature that~~ In 2028 and each year thereafter,  
 18 the appropriation for state aid to education must increase on an annual basis by the  
 19 percentage increase in local need on an aggregate statewide basis so that the relative  
 20 proportion of local need paid by local effort and state aid ~~shall remain~~ remains constant. ~~For~~  
 21 ~~school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local effort~~  
 22 ~~and state aid shall be adjusted annually to maintain the proportion between state aid and~~  
 23 ~~local property taxes and to reflect adjustments in local effort due to the implementation~~  
 24 ~~of the other revenue base amount as defined in § 13-13-10.1.~~

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

26 **13-13-72.1.** ~~Any adjustments~~ In 2028 and each year thereafter, any adjustment  
 27 in the levies specified in § 10-12-42 made pursuant to ~~§§ 13-13-71 and § 13-13-72~~ shall  
 28 ~~be based on maintaining~~ must maintain the relationship between statewide local effort as  
 29 a percentage of statewide local need in the fiscal year succeeding the fiscal year in which  
 30 the adjustment is made. ~~For school fiscal years 2017 to 2022, inclusive, the proportion of~~  
 31 ~~local need paid by local effort and state aid shall be adjusted annually to reflect~~

1 ~~adjustments in local effort due to the implementation of the other revenue base amount~~  
 2 ~~as defined in § 13-13-10.1. However, if~~ If the levies specified in § 10-12-42 are not  
 3 adjusted to maintain this relationship, the target teacher salary as defined in § 13-13-  
 4 10.1 ~~shall be, must be~~ reduced to maintain the relationship ~~between~~ for statewide local  
 5 effort as a percentage of statewide local need.

6 **Section 22. That § 13-37-16 be AMENDED:**

7 **13-37-16.** For taxes payable in ~~2026~~ 2027, and each year thereafter, the school  
 8 board ~~shall~~ may levy no more than one dollar and forty-six and two-tenths cents per  
 9 thousand dollars of taxable valuation of property classified for purposes of taxation as  
 10 agricultural property and nonagricultural property, as a special levy in addition to all other  
 11 levies authorized by law for the amount so determined to be necessary, and the levy must  
 12 be spread against all of the taxable property of the district not classified as owner-occupied  
 13 single-family dwellings, as defined in § 10-13-39. The proceeds derived from the levy  
 14 constitute a school district special education fund of the district for the payment of costs  
 15 for the special education of all children in need of special education or special education  
 16 and related services, who reside within the district, pursuant to the provisions of §§ 13-  
 17 37-8.4 to 13-37-8.10, inclusive.

18 The levy in this section is based on valuations where the median level of  
 19 assessment represents eighty-five percent of market value as determined by the  
 20 Department of Revenue. The total amount of taxes that would be generated at the levy  
 21 pursuant to this section is considered local effort. Money in the special education fund may  
 22 be expended for the purchase or lease of any assistive technology that is directly related  
 23 to special education and specified in a student's individualized education plan. This section  
 24 does not apply to real property improvements.

25 **Section 23. That § 13-37-16.2 be AMENDED:**

26 **13-37-16.2.** ~~If~~ In 2028 and each year thereafter, if local effort increases on a  
 27 statewide aggregate basis by a greater percentage than local need on a statewide  
 28 aggregate basis from any one year to the next, for the following year, the levy specified  
 29 in subdivision 13-37-35.1(7) ~~shall~~ must be reduced proportionally so that the percentage  
 30 increase in local effort on a statewide aggregate basis equals the percentage increase in  
 31 need on a statewide aggregate basis.

32 **Section 24. That § 13-37-16.3 be AMENDED:**

1           **13-37-16.3.** ~~Any~~ In 2028 and each year thereafter, any adjustments in the levy  
 2 specified in subdivision 13-37-35.1(7) made pursuant to § 13-37-16.2 ~~shall~~ must be  
 3 based on maintaining the relationship between statewide local effort as a percentage of  
 4 statewide local need in the fiscal year succeeding the fiscal year in which the adjustment  
 5 is made. ~~However, for fiscal year 2014, and~~

6           In 2028 and each year thereafter, if the levy specified in subdivision 13-37-35.1(7)  
 7 is not adjusted to maintain this relationship, the funding allocation for each disability level  
 8 as defined in § 13-37-35.1 ~~shall~~ must be reduced proportionally to maintain the  
 9 relationship between statewide local effort as a percentage of statewide local need.

10 **Section 25. That § 13-37-35.1 be AMENDED:**

11           **13-37-35.1.** Terms used in chapter 13-37 mean:

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

- 1 allocation for a student with a level two disability must be the previous fiscal year's  
2 allocation for the child increased by the index factor;
- 3 (10) "Allocation for a student with a level three disability," for the school fiscal year  
4 beginning July 1, 2025, is \$23,139.68. For each school year thereafter, the  
5 allocation for a student with a level three disability must be the previous fiscal  
6 year's allocation for the child increased by the index factor;
- 7 (11) "Allocation for a student with a level four disability," for the school fiscal year  
8 beginning July 1, 2025, is \$18,053.89. For each school year thereafter, the  
9 allocation for a student with a level four disability must be the previous fiscal year's  
10 allocation for the child increased by the index factor;
- 11 (12) "Allocation for a student with a level five disability," for the school fiscal year  
12 beginning July 1, 2025, is \$37,039.28. For each school year thereafter, the  
13 allocation for a student with a level five disability must be the previous fiscal year's  
14 allocation for the child increased by the index factor;
- 15 (12A) "Allocation for a student with a level six disability," for the school fiscal year  
16 beginning July 1, 2025, is \$11,838.15. For each school year thereafter, the  
17 allocation for a student with a level six disability must be the previous fiscal year's  
18 allocation for the child increased by the index factor;
- 19 (13) "Child count," is the number of students in need of special education or special  
20 education and related services according to criteria set forth in rules promulgated  
21 pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education;
- 22 (14) "Fall enrollment," the number of kindergarten-through-twelfth-grade students  
23 enrolled in all schools operated by the school district on the last Friday of  
24 September of the previous school year minus the number of students for whom  
25 the district receives tuition, except any nonresident student who is in the care and  
26 custody of a state agency and is attending a public school and any student for  
27 whom tuition is being paid pursuant to § 13-28-42.1, plus the number of students  
28 for whom the district pays tuition;
- 29 (15) "Nonpublic school," a sectarian organization or entity accredited by the secretary of  
30 education for the purpose of instructing children of compulsory school age. This  
31 definition excludes any school that receives a majority of its revenues from public  
32 funds;
- 33 (16) "Nonpublic fall enrollment," the number of children under age eighteen, who are  
34 approved for alternative instruction pursuant to § 13-27-3 on the last Friday of  
35 September of the previous school year plus:

- 1 (a) For nonpublic schools located within the boundaries of a public school
- 2 district with a fall enrollment of six hundred or more on the last Friday of
- 3 September of the previous school year, the number of kindergarten-
- 4 through-twelfth-grade students enrolled on the last Friday of September of
- 5 the previous regular school year in all nonpublic schools located within the
- 6 boundaries of the public school district;
- 7 (b) For nonpublic schools located within the boundaries of a public school
- 8 district with a fall enrollment of less than six hundred on the last Friday of
- 9 September of the previous school year, the number of resident
- 10 kindergarten-through-twelfth-grade students enrolled on the last Friday of
- 11 September of the previous school year in all nonpublic schools located
- 12 within this state;
- 13 (17) "Special education fall enrollment," fall enrollment plus nonpublic fall enrollment;
- 14 (18) "Local need," an amount to be determined as follows:
- 15 (a) Multiply the special education fall enrollment by 0.1062 and multiply the
- 16 result by the allocation for a student with a level one disability;
- 17 (b) Multiply the number of students having a level two disability as reported on
- 18 the child count for the previous school fiscal year by the allocation for a
- 19 student with a level two disability;
- 20 (c) Multiply the number of students having a level three disability as reported
- 21 on the child count for the previous school fiscal year by the allocation for a
- 22 student with a level three disability;
- 23 (d) Multiply the number of students having a level four disability as reported on
- 24 the child count for the previous school fiscal year by the allocation for a
- 25 student with a level four disability;
- 26 (e) Multiply the number of students having a level five disability as reported on
- 27 the child count for the previous school fiscal year by the allocation for a
- 28 student with a level five disability;
- 29 (f) Multiply the number of students having a level six disability as reported on
- 30 the child count for the previous school fiscal year by the allocation for a
- 31 student with a level six disability;
- 32 (g) When calculating local need at the statewide level, include the amount set
- 33 aside for extraordinary expenses defined in § 13-37-40;
- 34 (h) When calculating local need at the statewide level, include the amount set
- 35 aside for the South Dakota School for the Blind and Visually Impaired; and

- 1 (i) Sum the results of subdivisions (18)(a) to (h), inclusive; and
- 2 (19) "Effort factor," the school district's special education tax levy in dollars per thousand
- 3 divided by \$1.262. The maximum effort factor is 1.0.

4 **Section 26. That § 32-5B-20 be AMENDED:**

5 **32-5B-20.** There is hereby imposed a tax of four and two tenths percent upon on  
 6 the gross receipts of any person renting a rental vehicle as defined in § 32-5B-19, at the  
 7 following tax rate:

- 8 (1) Beginning July 1, 2026, until June 30, 2027, four and seven-tenths percent; and
- 9 (2) Beginning July 1, 2027, five percent.

10 ~~This~~The tax applies to all vehicles registered in accordance with § 32-5-6, 32-5-  
 11 8.1, or 32-5-9. Any rental vehicle not licensed in accordance with § 32-5-6, 32-5-8.1, or  
 12 32-5-9 is subject to the motor vehicle excise tax in § 32-5B-1.

13 The tax imposed by this section is in addition to any tax levied pursuant to chapter  
 14 10-45 or 10-46 upon the rental of a rental vehicle. The provisions of chapter 10-45 apply  
 15 to the administration and enforcement of the tax imposed by this section.

16 The tax imposed by this section is in lieu of the tax levied by § 32-5B-1 on the  
 17 sales of ~~such~~ motor vehicles. A violation of this section is a Class 1 misdemeanor.

18 **Section 27. That 2023 Session Laws, chapter 32, § 19 be REPEALED:**

19 ~~**Section 28.** The amendments to the Code sections in sections 1 to 17, inclusive,~~  
 20 ~~of this Act are repealed on June 30, 2027, and those Code sections will revert in word and~~  
 21 ~~substance to that which existed immediately prior to the effective date of this Act.~~