



## 2026 South Dakota Legislature

# Senate Bill 243

Introduced by: **Senator** Carley

1 **An Act to impose a transaction tax and dedicate revenues collected to supplant**  
 2 **certain property taxes, and to provide a penalty therefor.**

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

4 **Section 1. That a NEW SECTION be added to chapter 10-13:**

5 Within twenty days of applying the taxes imposed on real property by all taxing  
 6 districts in a county, the county auditor shall certify to the secretary of the Department of  
 7 Revenue the total amount of taxes imposed within the county on:

8 (1) Owner-occupied single-family dwellings;

9 (2) Agricultural property; and

10 (3) Nonagricultural property.

11 **Section 2. That a NEW SECTION be added to chapter 10-13:**

12 Within twenty days of receiving the certifications of all county auditors pursuant to  
 13 section 1 of this Act, the secretary of the Department of Revenue shall determine the  
 14 amount of moneys distributed to each county for purposes of reducing property tax levies  
 15 in the following manner:

16 (1) Reduce all levies on owner-occupied single-family dwellings in all counties in an  
 17 equal proportion, until the taxes imposed on owner-occupied property are zero or  
 18 until no moneys remain in the property tax replacement fund;

19 (2) If moneys remain in the property relief fund after the reduction in subdivision (1),  
 20 reduce all levies on agricultural property in all counties in an equal proportion, until  
 21 the taxes imposed on agricultural property are zero or until no moneys remain in  
 22 the property tax replacement fund; and

23 (3) If moneys remain in the property tax relief fund after the reduction in subdivisions  
 24 (1) and (2), reduce all levies on nonagricultural property in all counties in an equal

1 proportion, until the taxes imposed on nonagricultural property are zero or until no  
2 moneys remain in the property tax replacement fund.

3 **Section 3. That a NEW SECTION be added to chapter 10-13:**

4 The secretary of the Department of Revenue shall notify the county auditor of the  
5 distributions calculated pursuant to section 2 of this Act, and the county auditor shall  
6 reduce the taxes imposed on property in accordance with the reductions provided for by  
7 the Department of Revenue for the upcoming tax year.

8 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

9 Terms used in this chapter mean:

- 10 (1) "Final purchase price," the gross receipts taxable under chapter 10-45;  
11 (2) "Retail transaction," the sale, lease, or rental of tangible personal property,  
12 services, or products transferred electronically, other than for resale, sublease, or  
13 subrent; and  
14 (3) "Sale item", tangible personal property, services, or products transferred  
15 electronically as defined and used in chapter 10-45.

16 **Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

17 There is created in the state treasury the property tax replacement fund. The fund  
18 consists of all moneys collected under this chapter and deposited into the fund. The  
19 Department of Revenue shall administer the fund. The only purpose of the fund is to  
20 distribute moneys to political subdivisions in this state to be used for their ordinary and  
21 capital expenses, and to defray the cost of administering the tax imposed in section 5 of  
22 this Act.

23 The property tax replacement fund is continuously appropriated to the Department  
24 of Revenue.

25 **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

26 There is imposed a tax on each retail transaction that generates gross receipts  
27 subject to the tax imposed pursuant to chapter 10-45.

28 For each retail transaction with a final purchase price of fifteen dollars or more, the  
29 tax imposed is one dollar and fifty cents. For each retail transaction with a final purchase  
30 price of less than fifteen dollars, the tax imposed is ten percent of the final purchase price.

1 **Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

2 A transaction where more than one sale item is being purchased at the same time  
3 and by the same person, and where the final purchase price of the transaction includes all  
4 sale items, constitutes a single retail transaction.

5 **Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

6 Except as otherwise provided in this section, a person licensed pursuant to chapter  
7 10-45, or a person whose receipts are subject to the tax imposed by chapter 10-45, shall  
8 file a return and pay the tax due to the Department of Revenue on or before the twentieth  
9 day of the month following each monthly period, in the same manner in which the person  
10 files a return and remits the tax under chapter 10-45. The return must be filed on forms  
11 prescribed and furnished by the department.

12 If the person remits the tax by electronic transfer to the state, the person must file  
13 the return by electronic means on or before the twentieth day of the month following each  
14 period and remit the tax on or before the twenty-fifth day of the month following each  
15 period.

16 The secretary of the Department of Revenue may require or allow a person to file  
17 a return, and pay any tax due, on a basis other than monthly. The return and remittance  
18 is due the twentieth day of the month following the reporting period or at a time otherwise  
19 determined by the secretary.

20 The secretary may grant an extension of not more than five days for filing a return  
21 and remittance.

22 Unless an extension is granted, penalty or interest under § 10-59-6 must be paid  
23 if a return or remittance is not made on time.

24 **Section 9. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

25 A person who fails to pay the tax due under this chapter within sixty days from the  
26 date the tax becomes due is guilty of a Class 1 misdemeanor.

27 A person who files a false return in an attempt to evade the tax imposed by this  
28 chapter is guilty of a Class 6 felony.

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

30 **10-46A-12.** A contractor may list the contractor's excise tax and any use tax  
31 imposed under chapter 10-45, 10-46, or 10-52, or sections 4 to 9, inclusive, of this Act,

1 as a separate line item on all contracts and bills, both for public and private entities. The  
2 line item for excise and use taxes is a part of the contractor's total bill and is collectible  
3 from all entities, both public and private.

4 **Section 11. That § 10-46B-10 be AMENDED:**

5 **10-46B-10.** A contractor may list the contractor's excise tax and any use tax  
6 imposed under chapter 10-45, 10-46, or 10-52, or sections 4 to 9, inclusive, of this Act,  
7 as a separate line item on all contracts and bills, both for public and private entities. The  
8 line item for excise and use taxes is a part of the contractor's total bill and is collectible  
9 from all entities, both public and private.

10 **Section 12. That § 10-52-1.1 be AMENDED:**

11 **10-52-1.1.** Notwithstanding any other provision of law, gross receipts as defined  
12 in this chapter do not include any tax imposed by this chapter and chapters 10-45, 10-  
13 45D, and 10-52A ~~that~~, and sections 4 to 9, inclusive, of this Act, which is separately stated  
14 on the invoice, bill of sale, or similar document given to the purchaser.

15 **Section 13. That § 10-59-1 be AMENDED:**

16 **10-59-1.** The provisions of this chapter may only apply to proceedings commenced  
17 under this chapter concerning the taxes, the fees, the surcharges, or the persons subject  
18 to the taxes, fees, or surcharges imposed by, or any civil or criminal investigation  
19 authorized by, chapters 10-33A, 10-39, 10-39A, 10-39B, 10-43, 10-45, 10-45D, 10-46,  
20 10-46A, 10-46B, 10-46E, 10-47B, 10-50C, 10-52, 10-52A, 10-62, 32-3, 32-3A, 32-5, 32-  
21 5B, 32-6B, 32-9, 32-10, 34-45, and 34A-13, and §§ 10-50-61, 49-31-51, and 50-4-13 to  
22 50-4-17, inclusive, and sections 4 to 9, inclusive, of this Act.