

2026 South Dakota Legislature
Senate Joint Resolution 507

**AMENDMENT SJR507A
FOR THE INTRODUCED RESOLUTION**

1 **A JOINT RESOLUTION** proposing and submitting to the voters at the next general
2 election, an amendment to state law ~~to reduce certain property taxes for~~
3 ~~owner-occupied property, and~~ to increase the rates for certain gross receipts
4 taxes and use taxes and deposit revenues into the homeowner tax reduction
5 fund.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

7 **Section 1.** That at the next general election held in the state, the following amendments to
8 state law as set forth in this Act, which is hereby agreed to, be submitted to the electors of
9 the state for approval.

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

11 ~~10-12-42. For taxes payable in 2026-2027, and each year thereafter, the maximum levy for~~
12 ~~the general fund of a school district is as follows:~~

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

17 ~~(2) The maximum tax mill levy on agricultural property for the school district is one dollar and~~
18 ~~twelve and five-tenths cents per thousand dollars of taxable valuation. If the district's levies~~
19 ~~are less than the maximum mill levies as stated in this section, the mill levies imposed in~~
20 ~~subdivision (1) and this subdivision must maintain the same proportion to each other as~~
21 ~~represented in the mathematical relationship at the maximum mill levies; and~~

22 ~~(3) The maximum tax mill levy for an owner-occupied single-family dwelling pursuant to § 10-~~
23 ~~13-40 for the school district is two zero dollars and fifty one and eight-tenths zero cents per~~
24 ~~thousand dollars of taxable valuation. If the district's levies are less than the maximum levies~~

1 ~~as stated in this section, the levies must maintain the same proportion to each other as~~
 2 ~~represented in the mathematical relationship at the maximum levies.~~

3 ~~All levies in this section must be imposed on valuations where the median level of assessment~~
 4 ~~represents eighty five percent of market value as determined by the Department of Revenue.~~
 5 ~~These valuations must be used for all school funding purposes. If the district has imposed an~~
 6 ~~excess levy pursuant to § 10-12-43, the levies must maintain the same proportion to each~~
 7 ~~other as represented in the mathematical relationship at the maximum levies in this section.~~
 8 ~~The school district may elect to tax at less than the maximum amounts set forth in this section.~~

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

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

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

15 **10-45-5.** There is imposed a tax, at the rate of ~~four and two tenths percent~~ set
 16 forth in § 10-45-2, upon the gross receipts of any person from engaging or continuing in
 17 any of the following businesses or services in this state: ~~abstracters~~

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

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

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

22 **10-45-5.3.** There is imposed, at the rate of ~~four and two-tenths percent~~ set forth

23 in § 10-45-2, an excise tax on the gross receipts of any person engaging in oil and gas

24 field services ~~(, group no. 138),~~ as enumerated in the Standard Industrial Classification

25 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management

26 and Budget, Office of the President.

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

28 **10-45-6.** There is ~~hereby~~ imposed a tax of ~~four and two-tenths percent,~~ at the

29 rate set forth in § 10-45-2, upon the gross receipts from sales, furnishing, or service of

30 gas, electricity, and water, including the gross receipts from ~~such~~ the sales by any

31 municipal corporation furnishing gas, and electricity, to the public in its proprietary

32 capacity, except as otherwise provided in this chapter, when sold at retail in ~~the State of~~

33 ~~South Dakota~~ this state to consumers or users.

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

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

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

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

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

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

32 **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 § 10-45-52 be AMENDED:**

8 **10-45-52.** All taxes and license fees collected by the secretary of revenue
9 pursuant to this chapter, shall immediately be turned over to the state treasurer and
10 credited to the state general fund, except as otherwise provided.

11 The treasurer shall deposit in the homeowner tax reduction fund, as created in
12 Senate Bill 125, and enacted by the One Hundred First Legislature, the applicable percent
13 of the taxes collected by the secretary of the Department of Revenue pursuant to this
14 chapter.

15 For purposes of this section, "applicable percent" means one-half percent divided
16 by the tax rate set forth in § 10-45-2.

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

18 **10-45-71.** There is imposed a tax ~~of four and two tenths percent on,~~ at the rate
19 set forth in § 10-45-2, on the gross receipts from the transportation of passengers. The
20 tax imposed by this section applies to any transportation of passengers if the passenger
21 boards and exits the mode of transportation within this state.

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

23 **10-46-2.1.** For the privilege of using services in ~~South Dakota~~ this state, except
24 those types of services exempted by § 10-46-17.3, there is imposed on the person using
25 the service an excise tax equal to ~~four and two tenths~~ five percent of the value of the
26 services at the time they are rendered.

27 ~~However, this~~ This tax may not be imposed on any service rendered by a related
28 corporation, ~~as defined in subdivision 10-43-1(11),~~ for use by a financial institution, as
29 defined in ~~subdivision 10-43-1(4)~~ § 10-43-1; or on any service rendered by a financial
30 institution, as defined in ~~subdivision 10-43-1(4)~~ § 10-43-1, for use by a related
31 corporation ~~as defined in subdivision 10-43-1(11).~~

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

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

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

11 **10-46-2.2.** An excise tax is imposed upon the privilege of the use of rented
 12 tangible personal property and any product transferred electronically in this state, at the
 13 rate of four and two-tenths percent of set forth in § 10-46-2.1, on the rental payments
 14 upon the property.

15 **Section 13. That § 10-46-48 be AMENDED:**

16 **10-46-48.** ~~All revenue arising under the operation of~~ Except as otherwise
 17 provided, revenue collected pursuant to this chapter shall immediately must be turned
 18 over to the state treasurer and ~~by him credited to~~ deposited in the general fund.

19 The treasurer shall deposit in the ~~local effort replacement fund, established in~~
 20 section 25 of this Act homeowner tax reduction fund, as created in Senate Bill 125, and
 21 enacted by the One Hundred First Legislature, ~~sixteen~~ the applicable percent of the taxes
 22 collected by the secretary of the Department of Revenue pursuant to this chapter.

23 For purposes of this section, "applicable percent" means one-half percent divided
 24 by the tax rate set forth in § 10-46-2.1.

25 **Section 14. That § 10-46-58 be AMENDED:**

26 **10-46-58.** There is imposed a tax ~~of four and two-tenths percent on,~~ at the rate
 27 set forth in § 10-46-2.1, upon the privilege of the use of any transportation of passengers.
 28 The tax imposed by this section applies to any transportation of passengers if the
 29 passenger boards and exits the mode of transportation within this state.

30 **Section 15. That § 10-46-69 be AMENDED:**

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

8 **Section 16. That § 10-46-69.1 be AMENDED:**

9 **10-46-69.1.** Except as provided in § 10-46-69, there is hereby imposed a tax of
10 ~~four and two tenths percent~~, at the rate set forth in § 10-46-2.1, upon the privilege of the
11 use of any intrastate, interstate, or international telecommunications service that
12 originates or terminates in this state and that is billed or charged to a service address in
13 this state, or that both originates and terminates in this state. ~~However, the~~ The tax
14 imposed by this section does not apply to:

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

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

28 **Section 17. That § 10-46-69.2 be AMENDED:**

29 **10-46-69.2.** There is hereby imposed a tax of ~~four and two tenths percent~~, at the
30 rate set forth in § 10-46-2.1, upon the privilege of the use of any ancillary services.

31 **Section 18. That § 10-46E-1 be AMENDED:**

1 **10-46E-1.** There is hereby imposed an excise tax of ~~four and two-tenths~~ five
2 percent on the gross receipts from the sale, resale, or lease of farm machinery, attachment
3 units, and irrigation equipment used exclusively for agricultural purposes.

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

7 **Section 19. That § 10-46E-9 be AMENDED:**

8 **10-46E-9.** ~~The~~ Except as otherwise provided, revenue from the tax imposed by
9 this chapter ~~shall~~ must be deposited in the general fund.

10 The treasurer shall deposit in the ~~local effort replacement fund, established in~~
11 section 25 of this Act homeowner tax reduction fund, as created in Senate Bill 125, and
12 enacted by the One Hundred First Legislature, ~~sixteen~~ the applicable percent of the taxes
13 collected by the secretary of the Department of Revenue pursuant to this chapter.

14 For purposes of this section, "applicable percent" means one-half percent divided
15 by the tax rate set forth in § 10-46E-1.

16 **Section 20. That § 10-58-1 be AMENDED:**

17 **10-58-1.** There is imposed upon owners and operators a special amusement
18 excise tax of ~~four and two-tenths~~ five percent of the gross receipts from the sale or the
19 operation of any mechanical or electronic amusement device.

20 The tax imposed by this section is in lieu of the tax imposed pursuant to chapter
21 10-45.

22 **Section 21. That § 10-58-5 be AMENDED:**

23 **10-58-5.** ~~The~~ Except as otherwise provided, the tax generated by this chapter
24 must be deposited in the general fund.

25 The treasurer shall deposit in the ~~local effort replacement fund, established in~~
26 section 25 of this Act homeowner tax reduction fund, as created in Senate Bill 125, and
27 enacted by the One Hundred First Legislature, ~~sixteen~~ the applicable percent of the taxes
28 collected by the secretary of the Department of Revenue pursuant to this chapter.

29 For purposes of this section, "applicable percent" means one-half percent divided
30 by the tax rate set forth in § 10-58-1.

31 **Section 22. That § ~~13-13-71~~ be AMENDED:**

1 ~~13-13-71.~~ If local effort increases on a statewide aggregate basis by a greater percentage
2 than local need on a statewide aggregate basis from any one year to the next, for the following
3 year each of the mill levies specified in subdivision 13-13-10.1(13) shall subdivisions 10-12-
4 42(1) and (2) must be reduced proportionally so that the percentage increase in local effort
5 on a statewide aggregate basis equals the percentage increase in need on a statewide
6 aggregate basis.

7 **Section 23. That § 13-13-72 be AMENDED:**

8 ~~13-13-72.~~ It is the policy of the Legislature that In 2028 and each year thereafter, the
9 appropriation for state aid to education must increase on an annual basis by the percentage
10 increase in local need on an aggregate statewide basis so that the relative proportion of local
11 need paid by local effort and state aid shall remain remains constant. For school fiscal years
12 2017 to 2022, inclusive, the proportion of local need paid by local effort and state aid shall
13 be adjusted annually to maintain the proportion between state aid and local property taxes
14 and to reflect adjustments in local effort due to the implementation of the other revenue base
15 amount as defined in § 13-13-10.1.

16 **Section 24. That § 13-13-72.1 be AMENDED:**

17 ~~13-13-72.1.~~ Any adjustments In 2028 and each year thereafter, any adjustment in the levies
18 specified in § 10-12-42 made pursuant to §§ 13-13-71 and § 13-13-72 shall be based on
19 maintaining must maintain the relationship between statewide local effort as a percentage of
20 statewide local need in the fiscal year succeeding the fiscal year in which the adjustment is
21 made. For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by
22 local effort and state aid shall be adjusted annually to reflect adjustments in local effort due
23 to the implementation of the other revenue base amount as defined in § 13-13-10.1.
24 However, if ~~if~~ the levies specified in § 10-12-42 are not adjusted to maintain this relationship,
25 the target teacher salary as defined in § 13-13-10.1 shall be, must be reduced to maintain
26 the relationship between for statewide local effort as a percentage of statewide local need.

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

28 There is created in the state treasury the local effort replacement fund. The treasurer shall
29 deposit in the fund sixteen percent of the taxes collected pursuant to:

30 (1) Chapter 10-45;

1 ~~(2) Chapter 10-46;~~

2 ~~(3) Chapter 10-46E; and~~

3 ~~(4) Chapter 10-58.~~

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

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

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

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

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

27 ~~13-37-35.1. Terms used in chapter 13-37 mean:~~

28 ~~(1) "Level one disability," a mild disability;~~

29 ~~(2) "Level two disability," cognitive disability or emotional disorder;~~

1 ~~(3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-blindness,~~
2 ~~orthopedic impairment, or traumatic brain injury;~~

3 ~~(4) "Level four disability," autism;~~

4 ~~(5) "Level five disability," multiple disabilities;~~

5 ~~(5A) _____ "Level six disability," prolonged assistance;~~

6 ~~(6) "Index factor," is the annual percentage change in the consumer price index for urban~~
7 ~~wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United~~
8 ~~States Department of Labor for the year before the year immediately preceding the year of~~
9 ~~adjustment, or three percent, whichever is less;~~

10 ~~(7) "Local effort," must be an amount calculated for taxes payable in 2026-2027 and thereafter~~
11 ~~using a the maximum special education levy of one dollar and twenty six and two-tenths~~
12 ~~cents per one thousand dollars of valuation set forth in § 13-37-16, imposed on the taxable~~
13 ~~valuation of property classified for purposes of taxation as agricultural property and~~
14 ~~nonagricultural property;~~

15 ~~(8) "Allocation for a student with a level one disability," for the school fiscal year beginning~~
16 ~~July 1, 2025, is \$7,650.45. For each school year thereafter, the allocation for a student with~~
17 ~~a level one disability must be the previous fiscal year's allocation for the child increased by~~
18 ~~the index factor;~~

19 ~~(9) "Allocation for a student with a level two disability," for the school fiscal year beginning~~
20 ~~July 1, 2025, is \$16,759.91. For each school year thereafter, the allocation for a student with~~
21 ~~a level two disability must be the previous fiscal year's allocation for the child increased by~~
22 ~~the index factor;~~

23 ~~(10) _____ "Allocation for a student with a level three disability," for the school fiscal~~
24 ~~year beginning July 1, 2025, is \$23,139.68. For each school year thereafter, the allocation for~~
25 ~~a student with a level three disability must be the previous fiscal year's allocation for the child~~
26 ~~increased by the index factor;~~

27 ~~(11) _____ "Allocation for a student with a level four disability," for the school fiscal~~
28 ~~year beginning July 1, 2025, is \$18,053.89. For each school year thereafter, the allocation for~~

1 ~~a student with a level four disability must be the previous fiscal year's allocation for the child~~
2 ~~increased by the index factor;~~

3 ~~(12) ————— "Allocation for a student with a level five disability," for the school fiscal~~
4 ~~year beginning July 1, 2025, is \$37,039.28. For each school year thereafter, the allocation for~~
5 ~~a student with a level five disability must be the previous fiscal year's allocation for the child~~
6 ~~increased by the index factor;~~

7 ~~(12A) ————— "Allocation for a student with a level six disability," for the school fiscal~~
8 ~~year beginning July 1, 2025, is \$11,838.15. For each school year thereafter, the allocation for~~
9 ~~a student with a level six disability must be the previous fiscal year's allocation for the child~~
10 ~~increased by the index factor;~~

11 ~~(13) ————— "Child count," is the number of students in need of special education or~~
12 ~~special education and related services according to criteria set forth in rules promulgated~~
13 ~~pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education;~~

14 ~~(14) ————— "Fall enrollment," the number of kindergarten through twelfth grade~~
15 ~~students enrolled in all schools operated by the school district on the last Friday of September~~
16 ~~of the previous school year minus the number of students for whom the district receives~~
17 ~~tuition, except any nonresident student who is in the care and custody of a state agency and~~
18 ~~is attending a public school and any student for whom tuition is being paid pursuant to § 13-~~
19 ~~28-42.1, plus the number of students for whom the district pays tuition;~~

20 ~~(15) ————— "Nonpublic school," a sectarian organization or entity accredited by the~~
21 ~~secretary of education for the purpose of instructing children of compulsory school age. This~~
22 ~~definition excludes any school that receives a majority of its revenues from public funds;~~

23 ~~(16) ————— "Nonpublic fall enrollment," the number of children under age eighteen,~~
24 ~~who are approved for alternative instruction pursuant to § 13-27-3 on the last Friday of~~
25 ~~September of the previous school year plus:~~

26 ~~(a) For nonpublic schools located within the boundaries of a public school district with a fall~~
27 ~~enrollment of six hundred or more on the last Friday of September of the previous school~~
28 ~~year, the number of kindergarten through twelfth grade students enrolled on the last Friday~~
29 ~~of September of the previous regular school year in all nonpublic schools located within the~~
30 ~~boundaries of the public school district;~~

1 ~~(b) For nonpublic schools located within the boundaries of a public school district with a fall~~
2 ~~enrollment of less than six hundred on the last Friday of September of the previous school~~
3 ~~year, the number of resident kindergarten through twelfth grade students enrolled on the~~
4 ~~last Friday of September of the previous school year in all nonpublic schools located within~~
5 ~~this state;~~

6 ~~(17) _____ "Special education fall enrollment," fall enrollment plus nonpublic fall~~
7 ~~enrollment;~~

8 ~~(18) _____ "Local need," an amount to be determined as follows:~~

9 ~~(a) Multiply the special education fall enrollment by 0.1062 and multiply the result by the~~
10 ~~allocation for a student with a level one disability;~~

11 ~~(b) Multiply the number of students having a level two disability as reported on the child count~~
12 ~~for the previous school fiscal year by the allocation for a student with a level two disability;~~

13 ~~(c) Multiply the number of students having a level three disability as reported on the child~~
14 ~~count for the previous school fiscal year by the allocation for a student with a level three~~
15 ~~disability;~~

16 ~~(d) Multiply the number of students having a level four disability as reported on the child~~
17 ~~count for the previous school fiscal year by the allocation for a student with a level four~~
18 ~~disability;~~

19 ~~(e) Multiply the number of students having a level five disability as reported on the child count~~
20 ~~for the previous school fiscal year by the allocation for a student with a level five disability;~~

21 ~~(f) Multiply the number of students having a level six disability as reported on the child count~~
22 ~~for the previous school fiscal year by the allocation for a student with a level six disability;~~

23 ~~(g) When calculating local need at the statewide level, include the amount set aside for~~
24 ~~extraordinary expenses defined in § 13-37-40;~~

25 ~~(h) When calculating local need at the statewide level, include the amount set aside for the~~
26 ~~South Dakota School for the Blind and Visually Impaired; and~~

27 ~~(i) Sum the results of subdivisions (18)(a) to (h), inclusive; and~~

1 ~~(19) "Effort factor," the school district's special education tax levy in dollars~~
2 ~~per thousand divided by \$1.262. The maximum effort factor is 1.0.~~

3 **Section 22. That § 32-5B-20 be AMENDED:**

4 **32-5B-20.** There is hereby imposed a tax of ~~four and two tenths~~ five percent upon
5 on the gross receipts of any person renting a rental vehicle as defined in § 32-5B-19.

6 ~~This~~ The tax applies to all vehicles registered in accordance with § 32-5-6, 32-5-
7 8.1, or 32-5-9. Any rental vehicle not licensed in accordance with § 32-5-6, 32-5-8.1, or
8 32-5-9 is subject to the motor vehicle excise tax in § 32-5B-1.

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

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

14 **Section 23. That 2023 Session Laws, chapter 32, § 19 be REPEALED:**

15 **Section 24.** ~~The amendments to the Code sections in sections 1 to 17, inclusive,~~
16 ~~of this Act are repealed on June 30, 2027, and those Code sections will revert in word and~~
17 ~~substance to that which existed immediately prior to the effective date of this Act.~~

18 **Section 25.** ~~Sections 3 to 21, inclusive, section 25, and section 28 of this This Act are is~~
19 ~~effective beginning~~ January July 1, 2027.