



## 2020 South Dakota Legislature

# House Bill 1284

Introduced by: **Representative Finck**

1 **An Act to create a road improvement priority fund, to provide for the distribution of**  
 2 **the fund, and to repeal certain sales tax exemptions.**

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

4 **Section 1.** That a NEW SECTION be added:

5 **32-11-40. Definitions.**

6 Terms used in this Act mean:

7 (1) "County population," the population of the county based on the most recent  
 8 estimate available from the U.S. Census Bureau;

9 (2) "Population adjustment factor," if the county population is:

10 (a) Greater than one hundred and fifty thousand, it equals 0.65;

11 (b) Less than one hundred and fifty thousand and greater than or equal to one  
 12 hundred thousand, it equals 0.70;

13 (c) Less than one hundred thousand and greater than or equal to fifty thousand,  
 14 it equals 0.80;

15 (d) Less than fifty thousand and greater than twenty-five thousand, it equals  
 16 0.90; and

17 (e) Less than twenty-five thousand, it equals 1.0;

18 (3) "Adjusted total population," the total population of all counties after applying the  
 19 population adjustment factor;

20 (4) "Surface type adjustment factor," equals 0.50 for gravel, 0.15 for asphalt, 0.15 for  
 21 graded, 0.10 for concrete, 0.05 for unimproved, and 0.05 for primitive;

22 (5) "County road miles by surface type," the total number of miles corresponding to  
 23 gravel, asphalt, graded, concrete, unimproved, and primitive roads within a county  
 24 as identified by the Department of Transportation;

25 (6) "Deck area," equals the total square feet of any bridge, within a county as identified  
 26 by the Department of Transportation;

1       (7) "Adjusted total county road miles," the sum of all county road miles in all counties  
2           in the state after applying the surface type adjustment factor to each type of road  
3           surface.

4       **Section 2.** That a NEW SECTION be added:

5           **32-11-41. Road improvement priority fund--Creation--Funding.**

6           There is hereby created in the state treasury the road improvement priority fund.  
7           Any general funds appropriated to the road improvement priority program shall be  
8           transferred into the road improvement priority fund. Interest on the money in the fund  
9           shall be deposited into the fund.

10       **Section 3.** That a NEW SECTION be added:

11           **32-11-42. Road improvement priority fund--Calculation--Distribution.**

12           On July first of each year, the Department of Revenue shall distribute the balance  
13           of the road improvement priority fund to the counties based on the calculated percent for  
14           each county, which is equal to the sum of:

15           (1) The value of the county population multiplied by the population adjustment factor  
16           divided by the adjusted total population multiplied by thirty-three and one-third  
17           percent;

18           (2) The value of county road miles by surface type multiplied by the corresponding  
19           surface type adjustment factor divided by the adjusted total county road miles  
20           multiplied by thirty-three and one-third percent; and

21           (3) The value of the deck area of the county divided by the total combined deck area  
22           of all counties multiplied by thirty-three and one-third percent.

23           A county receiving a distribution under this section shall utilize five percent of the  
24           distribution on roads within organized townships in that county.

25       **Section 4.** That § 10-45-12.1 be AMENDED:

26           **10-45-12.1. Services specifically exempt from tax.**

27           The following services enumerated in the Standard Industrial Classification Manual,  
28           1987, as prepared by the Statistical Policy Division of the Office of Management and  
29           Budget, Office of the President are exempt from the provisions of this chapter: health  
30           services (major group 80); educational services (major group 82) except schools and  
31           educational services not elsewhere classified (industry no. 8299); social services (major

1 group 83); agricultural services (major group 07) except veterinarian services (group no.  
2 074) and animal specialty services, except veterinary (industry no. 0752); forestry  
3 services (group no. 085); radio and television broadcasting (group no. 483); railroad  
4 transportation (major group 40); local and suburban passenger transportation (group no.  
5 411) except limousine services; school buses (group no. 415); trucking and courier  
6 services, except air (group no. 421) except collection and disposal of solid waste; farm  
7 product warehousing and storage (industry no. 4221); establishments primarily engaged  
8 in transportation on rivers and canals (group no. 444); establishments primarily engaged  
9 in air transportation, certified carriers (group no. 451); establishments primarily engaged  
10 in air transportation, noncertified carriers (group no. 452) except chartered flights  
11 (industry no. 4522) and airplane, helicopter, balloon, dirigible, and blimp rides for  
12 amusement or sightseeing; pipe lines, except natural gas (major group 46); arrangement  
13 of passenger transportation (group no. 472); arrangement of transportation of freight and  
14 cargo (group no. 473); rental of railroad cars (group no. 474); water supply (industry no.  
15 4941); sewerage systems (industry no. 4952); security brokers, dealers and flotation  
16 companies (group no. 621); commodity contracts brokers and dealers (group no. 622);  
17 credit counseling services provided by individual and family social services (industry no.  
18 8322); construction services (division C) except industry no. 1752 and locksmiths and  
19 locksmith shops; consumer credit reporting agencies, mercantile reporting agencies, and  
20 adjustment and collection agencies (group no. 732), if the debt was incurred out-of-state  
21 and the client does not reside within the state. The following are also specifically exempt  
22 from the provisions of this chapter: financial services of institutions subject to tax under  
23 chapter 10-43 including loan origination fees, late payment charges, nonsufficient fund  
24 check charges, stop payment charges, safe deposit box rent, exchange charges,  
25 commission on travelers checks, charges for administration of trusts, interest charges,  
26 and points charged on loans; commissions earned or service fees paid by an insurance  
27 company to an agent or representative for the sale of a policy; services of brokers and  
28 agents licensed under Title 47; the sale of trading stamps; rentals of motor vehicles as  
29 defined by § 32-5-1 leased under a single contract for more than twenty-eight days;  
30 ~~advertising services~~; services provided by any corporation to another corporation which is  
31 centrally assessed having identical ownership and services provided by any corporation to  
32 a wholly owned subsidiary which is centrally assessed; continuing education programs;  
33 tutoring; vocational counseling, except rehabilitation counseling; and motion picture  
34 rentals to a commercially operated theater primarily engaged in the exhibition of motion  
35 pictures.