

House Daily Reader

Friday, January 25, 2002

Bills Included				
HB 1001	HB 1003	HB 1034	HB 1116	HB 1129
HB 1138	HB 1139	HB 1162	HB 1163	

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

555H0018

HOUSE TAXATION COMMITTEE ENGROSSED NO.

HB 1001 - 01/17/2002

Introduced by: Representatives Brown (Richard), Glenski, Peterson (Jim), and Smidt and Senators McCracken, Dennert, and Reedy at the request of the Interim Streamlined Sales Tax Project Task Force

1 FOR AN ACT ENTITLED, An Act to ratify the Uniform Sales and Use Tax Administration Act
2 and to implement the uniform and simplified features proposed by the Streamlined Sales Tax
3 Project.

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

5 Section 1. As used in this Act:

6 (a) "Agreement," means the Streamlined Sales and Use Tax Agreement;

7 (b) "Certified automated system," means software certified jointly by the states that are
8 signatories to the agreement to calculate the tax imposed by each jurisdiction on a
9 transaction, determine the amount of tax to remit to the appropriate state, and
10 maintain a record of the transaction;

11 (c) "Certified service provider," means an agent certified jointly by the states that are
12 signatories to the agreement to perform all of the seller's sales tax functions;

13 (d) "Person," means an individual, trust, estate, fiduciary, partnership, limited liability
14 company, limited liability partnership, corporation, or any other legal entity;



1 (e) "Sales tax," means the tax levied under chapter 10-45;

2 (f) "Seller," means any person making sales, leases, or rentals of personal property or
3 services;

4 (g) "State," means any state of the United States and the District of Columbia;

5 (h) "Use tax," means the tax levied under chapter 10-46.

6 Section 2. The Legislature finds that this state should enter into an agreement with one or
7 more states to simplify and modernize sales and use tax administration in order to substantially
8 reduce the burden of tax compliance for all sellers and for all types of commerce.

9 Section 3. The Department of Revenue is authorized and directed to enter into the
10 Streamlined Sales and Use Tax Agreement with one or more states to simplify and modernize
11 sales and use tax administration in order to substantially reduce the burden of tax compliance for
12 all sellers and for all types of commerce. In furtherance of the agreement, the Department of
13 Revenue is authorized to act jointly with other states that are members of the agreement to
14 establish standards for certification of a certified service provider and certified automated system
15 and establish performance standards for multistate sellers.

16 The Department of Revenue is further authorized to take other actions reasonably required
17 to implement the provisions set forth in this Act. Other actions authorized by this Act include,
18 but are not limited to, the adoption of rules and regulations and the joint procurement, with other
19 member states, of goods and services in furtherance of the cooperative agreement.

20 The secretary of revenue or the secretary's designee is authorized to represent this state
21 before the other states that are signatories to the agreement.

22 Section 4. No provision of the agreement authorized by this Act in whole or part invalidates
23 or amends any provision of the law of this state. Adoption of the agreement by this state does
24 not amend or modify any law of this state. Implementation of any condition of the agreement in

1 this state, whether adopted before, at, or after membership of this state in the agreement, must
2 be by the action of this state.

3 Section 5. The Department of Revenue shall not enter into the Streamlined Sales and Use
4 Tax Agreement unless the agreement requires each state to abide by the following requirements:

5 (a) The agreement must set restrictions to achieve over time more uniform state rates
6 through the following:

7 (1) Limiting the number of state rates.

8 (2) Limiting the application of maximums on the amount of state tax that is due on
9 a transaction.

10 (3) Limiting the application of thresholds on the application of state tax.

11 (b) The agreement must establish uniform standards for the following:

12 (1) The sourcing of transactions to taxing jurisdictions.

13 (2) The administration of exempt sales.

14 (3) The allowances a seller may take for bad debts.

15 (4) Sales and use tax returns and remittances.

16 (c) The agreement must require states to develop and adopt uniform definitions of sales
17 and use tax terms. The definitions must enable a state to preserve its ability to make
18 policy choices not inconsistent with the uniform definitions.

19 (d) The agreement must provide a central, electronic registration system that allows a
20 seller to register to collect and remit sales and use taxes for all signatory states.

21 (e) The agreement must provide that registration with the central registration system and
22 the collection of sales and use taxes in the signatory states will not be used as a factor
23 in determining whether the seller has nexus with a state for any tax.

24 (f) The agreement must provide for reduction of the burdens of complying with local

1 sales and use taxes through the following:

2 (1) Restricting variances between the state and local tax bases.

3 (2) Requiring states to administer any sales and use taxes levied by local
4 jurisdictions within the state so that sellers collecting and remitting these taxes
5 will not have to register or file returns with, remit funds to, or be subject to
6 independent audits from local taxing jurisdictions.

7 (3) Restricting the frequency of changes in the local sales and use tax rates and
8 setting effective dates for the application of local jurisdictional boundary
9 changes to local sales and use taxes.

10 (4) Providing notice of changes in local sales and use tax rates and of changes in
11 the boundaries of local taxing jurisdictions.

12 (i) The agreement must outline any monetary allowances that are to be provided by the
13 states to sellers or certified service providers.

14 (j) The agreement must require each state to certify compliance with the terms of the
15 agreement prior to joining and to maintain compliance, under the laws of the member
16 state, with all provision of the agreement while a member.

17 (k) The agreement must require each state to adopt a uniform policy for certified service
18 providers that protects the privacy of consumers and maintains the confidentiality of
19 tax information.

20 (l) The agreement must provide for the appointment of an advisory council of private
21 sector representatives and an advisory council of nonmember state representatives to
22 consult with in the administration of the agreement.

23 Section 6. The agreement authorized by this Act is an accord among individual cooperating
24 sovereigns in furtherance of their governmental functions. The agreement provides a mechanism

1 among the member states to establish and maintain a cooperative, simplified system for the
2 application and administration of sales and use taxes under the duly adopted law of each member
3 state.

4 Section 7. A certified service provider is the agent of a seller, with whom the certified service
5 provider has contracted, for the collection and remittance of sales and use taxes. As the seller's
6 agent, the certified service provider is liable for sales and use tax due each member state on all
7 sales transactions it processes for the seller except as set out in this section.

8 A seller that contracts with a certified service provider is not liable to the state for sales or
9 use tax due on transactions processed by the certified service provider unless the seller
10 misrepresented the type of items it sells or committed fraud. In the absence of probable cause to
11 believe that the seller has committed fraud or made a material misrepresentation, the seller is not
12 subject to audit on the transactions processed by the certified service provider. A seller is subject
13 to audit for transactions not processed by the certified service provider. The member states
14 acting jointly may perform a system check of the seller and review the seller's procedures to
15 determine if the certified service provider's system is functioning properly and the extent to which
16 the seller's transactions are being processed by the certified service provider.

17 A person that provides a certified automated system is responsible for the proper functioning
18 of that system and is liable to the state for underpayments of tax attributable to errors in the
19 functioning of the certified automated system. A seller that uses a certified automated system
20 remains responsible and is liable to the state for reporting and remitting tax.

21 A seller that has a proprietary system for determining the amount of tax due on transactions
22 and has signed an agreement establishing a performance standard for that system is liable for the
23 failure of the system to meet the performance standard.

24 Section 8. Sections 1 to 7, inclusive, of this Act shall be known as and referred to as the

1 Uniform Sales and Use Tax Administration Act.

2 Section 9. That § 10-1-44.1 be repealed.

3 ~~—10-1-44.1. The Governor may, for the purpose of entering into a compact, negotiate and~~
4 ~~enter into a compact with officials of other states for the development, implementation, and~~
5 ~~administration of a simplified sales and use tax collection system. The compact shall conform~~
6 ~~generally to the provisions of chapter 1-24 relating to the joint exercise of governmental powers~~
7 ~~with other public agencies. The compact shall provide for the collection, reporting, auditing, and~~
8 ~~distribution of taxes imposed under chapters 10-45 and 10-46. The compact shall provide for the~~
9 ~~joint selection of persons to act as agents of the compact states for the collection and remittance~~
10 ~~of taxes imposed under chapters 10-45 and 10-46.~~

11 Section 10. That § 10-1-44.2 be repealed.

12 ~~—10-1-44.2. If the Governor enters into a compact pursuant to § 10-1-44.1, the Governor may~~
13 ~~direct the secretary of revenue to enter into a joint contract with any person to act as an agent~~
14 ~~of South Dakota for the collection and remittance of taxes imposed under chapters 10-45 and~~
15 ~~10-46.~~

16 Section 11. That § 10-1-44.3 be amended to read as follows:

17 10-1-44.3. ~~Notwithstanding the provisions of § 10-1-28.2, if the Governor enters into a~~
18 ~~compact pursuant to § 10-1-44.1, the Governor may direct~~ As required by the agreement entered
19 into pursuant to section 3 of this Act, the secretary of revenue ~~to~~ may release lists of persons
20 licensed under chapters 10-45 and 10-46 who are exempt from taxes imposed under chapters
21 10-45 and 10-46 to the extent necessary to verify each person's exempt status.

22 Section 12. That § 10-1-44.4 be repealed.

23 ~~—10-1-44.4. Any compact entered into by the Governor pursuant to § 10-1-44.1 is effective~~
24 ~~upon the Governor's signature and ratification by the Legislature.~~

1 Section 13. That § 10-45-1 be amended to read as follows:

2 10-45-1. Terms used in this chapter mean:

3 (1) "Agricultural purposes," the producing, raising, or growing and harvesting of food or
4 fiber upon agricultural land, including dairy products, livestock, and crops. The
5 services of custom harvesters, chemical applicators, fertilizer spreaders, hay grinders,
6 and cultivators are considered agricultural purposes;

7 (2) "Business," any activity engaged in by any person or caused to be engaged in by ~~him~~
8 such person with the object of gain, benefit, or advantage, either direct or indirect;

9 (3) "Delivery charges," charges by the retailer for preparation and delivery to a location
10 designated by the purchaser of tangible personal property or services including
11 transportation, shipping, postage, handling, crating, and packing;

12 (4) ~~"Gross receipts," the amount received in money, credits, property, or other money's~~
13 ~~worth in consideration of sales at retail within this state. No deduction may be taken~~
14 ~~for the cost of the property sold, the cost of materials used, the cost of labor or~~
15 ~~services purchased, amounts paid for interest or discounts, or any other expenses~~
16 ~~whatsoever, nor may any deduction be allowed for losses. Gross receipts do not~~
17 ~~include any fees or other interest imposed by a retailer for late charges on overdue~~
18 ~~accounts, no account, and nonsufficient funds checks. Discounts for any purpose~~
19 ~~allowed and taken on sales may not be included as gross receipts, nor may the sale~~
20 ~~price of property returned by customers when the full sale price thereof is refunded~~
21 ~~either in cash or by credit. If any tangible personal property is taken in trade or in a~~
22 ~~series of trades as a credit or part payment of a retail sale taxable under this chapter,~~
23 ~~and the tangible personal property taken in trade will be subject to the sales tax~~
24 ~~imposed by this chapter when sold, the credit or trade-in value allowed by the retailer~~

1 ~~may not be included as gross receipts. On all sales made under conditional sales~~
2 ~~contract, or under other forms of sale wherein the payment of the principal sum is~~
3 ~~extended over a period longer than sixty days from the date of sale, only the portion~~
4 ~~of the sale amount that has actually been received in cash by the retailer during each~~
5 ~~reporting period is subject to the tax imposed by this chapter total amount or~~
6 ~~consideration, including cash, credit, property, and services, for which tangible~~
7 ~~personal property or services are sold, leased, or rented, valued in money, whether~~
8 ~~received in money or otherwise, without any deduction for the following:~~

- 9 (a) The retailer's cost of the property or service sold;
- 10 (b) The cost of materials used, labor or service cost, interest, losses, all costs of
11 transportation to the retailer, all taxes imposed on the retailer, and any other
12 expense of the retailer;
- 13 (c) Except as provided in chapter 10-46A or 10-46B, charges by the retailer for
14 any services necessary to complete the sale whether or not separately stated,
15 including delivery charges; and
- 16 (d) The value of exempt tangible personal property whether or not separately
17 stated on the invoice, billing, or similar document given to the purchaser where
18 taxable and exempt tangible personal property have been bundled together and
19 sold by the retailer as a single product or piece of merchandise;

20 Gross receipts do not include:

- 21 (a) Discounts, including cash, term, or coupons that are not reimbursed by a third
22 party that are allowed by a retailer and taken by a purchaser on a sale;
- 23 (b) Interest, financing, and carrying charges from credit extended on the sale of
24 tangible personal property or services, if the amount is separately stated on the

1 invoice, bill of sale or similar document given to the purchaser; and

2 (c) Any taxes legally imposed directly on the consumer that are separately stated

3 on the invoice, bill of sale, or similar document given to the purchaser;

4 ~~(4)~~(5) "Person," any individual, firm, copartnership, joint adventure, association, limited
5 liability company, corporation, municipal corporation, estate, trust, business trust,
6 receiver, the State of South Dakota and its political subdivisions, or any group or
7 combination acting as a unit;

8 ~~(5)~~(6) "Relief agency," the state, and county, municipality or district thereof, or any agency
9 engaged in actual relief work;

10 ~~(6)~~(7) "Retail sale" or "sale at retail," ~~the sale of either tangible personal property or~~
11 ~~services, or both, to the consumer or user thereof, or to any person for any purpose~~
12 ~~other than for resale; the sale of natural or artificial gas, electric energy, water, and~~
13 ~~communication service to consumers or users; and the sale of tickets or admissions~~
14 ~~to places of amusement or athletic contests~~ any sale, lease, or rental for any purpose
15 other than for resale, sublease, or subrent;

16 ~~(7)~~(8) "Retailer," ~~every~~ any person engaged in the business of selling tangible goods, wares,
17 or merchandise at retail, or the furnishing of gas, electricity, water, and
18 communication service, and tickets or admissions to places of amusement and athletic
19 events as provided in this chapter. ~~"Retailer"~~ The term also includes ~~every~~ any person
20 subject to the tax imposed by §§ 10-45-4 and 10-45-5. The isolated or occasional sale
21 of tangible personal property at retail by a person who does not hold himself or herself
22 out as engaging in the business of selling such tangible personal property at retail does
23 not constitute such person a retailer;

24 ~~(8)~~(9) "Sale," any transfer, exchange, or barter, conditional or otherwise, in any manner or

1 by any means whatsoever, for a consideration.

2 Section 14. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
3 follows:

4 For purposes of the tax imposed by this chapter, gross receipts do not include any fees or
5 other interest imposed by a retailer for late charges on overdue accounts, no account, or
6 nonsufficient funds checks.

7 Section 15. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
8 follows:

9 For purposes of the tax imposed by this chapter, the sale price of property returned by
10 customers are not gross receipts if the full sale price thereof is refunded either in cash or by
11 credit.

12 Section 16. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
13 follows:

14 For purposes of the tax imposed by this chapter, if any tangible personal property is taken
15 in trade or in a series of trades as a credit or part payment of a retail sale taxable under this
16 chapter, and the tangible personal property taken in trade is subject to the sales tax imposed by
17 this chapter when sold, the credit or trade-in value allowed by the retailer may not be included
18 as gross receipts.

19 Section 17. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
20 follows:

21 For purposes of the tax imposed by this chapter, on any sale made under a conditional sales
22 contract, or under other forms of sale wherein the payment of the principal sum is extended over
23 a period longer than sixty days from the date of sale, only the portion of the sale amount that has
24 actually been received in cash by the retailer during each reporting period is subject to the tax

1 imposed by this chapter.

2 Section 18. That § 10-45-3 be amended to read as follows:

3 10-45-3. There is hereby imposed a tax of ~~three~~ four percent on the gross receipts from the
4 sale or resale of farm machinery and attachment units other than replacement parts; or irrigation
5 equipment used exclusively for agricultural purposes by licensed South Dakota retailers;
6 ~~provided, however, that whenever.~~ However, any trade-in or exchange of used farm machinery
7 is involved in the transaction, the tax ~~shall~~ is only be due and shall be collected only on the cash
8 difference.

9 Section 19. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 There are exempted from the provisions of this chapter and the tax imposed by it, gross
12 receipts from the sale of parts or repairs on machinery or equipment which are clearly identifiable
13 as used primarily for agricultural purposes, including irrigation equipment, if the part replaces
14 a farm machinery or irrigation equipment part assigned a specific or generic part number by the
15 manufacturer of the farm machinery or irrigation equipment.

16 Section 20. That § 10-45-5 be amended to read as follows:

17 10-45-5. There is imposed a tax at the rate of ~~three~~ four percent upon the gross receipts of
18 any person from engaging in the business of leasing farm machinery or irrigation equipment used
19 for agricultural purposes and four percent upon the gross receipts of any person from engaging
20 or continuing in any of the following businesses or services in this state: abstracters; accountants;
21 architects; barbers; beauty shops; bill collection services; blacksmith shops; car washing; dry
22 cleaning; dyeing; exterminators; garage and service stations; garment alteration; cleaning and
23 pressing; janitorial services and supplies; specialty cleaners; laundry; linen and towel supply;
24 membership or entrance fees for the use of a facility or for the right to purchase tangible personal

1 property or services; photography; photo developing and enlarging; tire recapping; welding and
2 all repair services; cable television; and rentals of tangible personal property except leases of
3 tangible personal property between one telephone company and another telephone company,
4 motor vehicles as defined by § 32-5-1 leased under a single contract for more than twenty-eight
5 days and mobile homes ~~provided, however, that.~~ However, the specific enumeration of
6 businesses and professions made in this section does not, in any way, limit the scope and effect
7 of § 10-45-4.

8 Section 21. That § 10-45-5.3 be amended to read as follows:

9 10-45-5.3. There is imposed, at the rate of ~~three~~ four percent, an excise tax on the gross
10 receipts of any person engaging in oil and gas field services (group no. 138) as enumerated in
11 the Standard Industrial Classification Manual, 1987, as prepared by the Statistical Policy Division
12 of the Office of Management and Budget, Office of the President.

13 Section 22. That § 10-45-8 be amended to read as follows:

14 10-45-8. There is imposed a tax of four percent upon the gross receipts from all sales of
15 tickets or admissions to places of amusement and athletic contests or events, except as otherwise
16 provided in this chapter.

17 Section 23. That § 10-45-24 be amended to read as follows:

18 10-45-24. Each retailer or person engaging in a business in this state whose receipts are
19 subject to sales tax shall file with the Department of Revenue, an application for a permit. Each
20 application shall be made on a form prescribed by the secretary of revenue and shall require the
21 name under which the applicant transacts or intends to transact business, the location of each
22 business, and other information as the secretary of revenue may require. The application shall be
23 signed by the owner, if a natural person; by a member or partner, if an association or partnership;
24 or by an executive officer or a person specifically authorized by the corporation to sign the

1 application, if a corporation, to which shall be attached the written evidence of the person's
2 authority. The applicant shall have a permit for each place of business, unless the secretary of
3 revenue grants a request for a statewide permit. A statewide permit may be granted if the
4 applicant demonstrates the ability to comply with the filing, auditing, and record-keeping
5 requirements specified in rules promulgated pursuant to § 10-45-47.1 for each location specified
6 in the application.

7 Any seller registering under the agreement as defined in section 1 of this Act shall be
8 registered in this state, provided this state has entered into the agreement as provided in section
9 3 of this Act. Any seller who is registered under such agreement is not required to sign the
10 registration application and may register through an agent. Any seller who is registered under
11 such agreement may cancel its registration at any time, but is liable for remitting any sales tax
12 previously collected.

13 Section 24. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
14 follows:

15 In computing the tax to be remitted under this chapter as the result of any transaction, the
16 tax amount shall be carried to the third decimal place. Amounts of tax less than one-half of one
17 cent shall be disregarded and amounts of tax of one-half cent or more shall be considered an
18 additional cent.

19 Section 25. That § 10-45-30 be amended to read as follows:

20 ~~10-45-30. Taxes paid on gross receipts represented by accounts found to be worthless and~~
21 ~~actually charged off for income tax purposes, may be credited upon a subsequent payment of the~~
22 ~~tax herein provided; if such accounts are thereafter collected by the retailer, a tax shall be paid~~
23 ~~upon the amount so collected. For purposes of this chapter, a bad debt is any portion of the~~
24 ~~purchase price of a transaction that a seller has reported as taxable and for which the seller~~

1 legally claims as a bad debt deduction for federal income tax purposes. In computing the amount
2 of tax due, a seller may deduct bad debts from the total amount upon which the tax is calculated
3 for any return. Any deduction taken or refund paid which is attributed to bad debts may not
4 include interest. Bad debts include worthless checks, worthless credit card payments, and
5 uncollectible credit accounts. Bad debts do not include financing charges or interest, sales or use
6 taxes charged on the purchase price, uncollectible amounts on property that remain in the
7 possession of the seller until the full purchase price is paid, expenses incurred in attempting to
8 collect any debt, debts sold, or assigned to third parties for collection, and repossessed property.
9 No bad debt deduction may be claimed by any person that has purchased accounts receivable for
10 collection unless the person is a successor that has acquired the entire business of the seller that
11 incurred the bad debt.

12 Bad debts shall be deducted within twelve months following the month in which the bad debt
13 has been charged off for federal income tax purposes. If a deduction is taken for a bad debt and
14 the seller subsequently collects the debt in whole or in part, the tax on the amount so collected
15 shall be paid and reported on the next return due after the collection.

16 Notwithstanding the provisions of § 10-59-22, a seller may obtain a refund of tax on any
17 amount of bad debt that exceeds the amount of taxable sales within the twelve-month period
18 defined by that bad debt. A refund under this section may not include interest.

19 If a seller's filing responsibilities have been assumed by a certified service provider as defined
20 in section 1 of this Act, the service provider may claim, on behalf of the seller, any bad debt
21 allowance provided by this section. The service provider shall credit or refund the full amount
22 of any bad debt allowance or refund received to the seller.

23 Section 26. That § 10-45-61 be amended to read as follows:

24 10-45-61. Notwithstanding § 10-54-1, a seller, who possesses a ~~resale~~ an exemption

1 certificate from a purchaser of tangible personal property or services which indicates the items
2 or services being purchased are ~~for resale in the regular course of business~~ exempt, may rely on
3 the ~~resale~~ exemption certificate and not charge sales tax to the provider of the ~~resale~~ exemption
4 certificate until the provider of the ~~resale~~ exemption certificate gives notice that the items or
5 services being purchased are no longer ~~for resale~~ exempt by filing a new ~~resale~~ exemption
6 certificate with the seller.

7 The ~~resale~~ exemption certificate shall be signed by the purchaser, provide the purchaser's
8 name, address, and valid state ~~sales~~ tax license number, if applicable, and shall describe the types
9 of tangible personal property and services being purchased ~~for resale~~ exempt by the purchaser
10 ~~in the regular course of business~~. However, any person filing an electronic exemption certificate
11 is not required to sign the exemption certificate.

12 The purchaser claiming the protection of a ~~resale~~ an exemption certificate is responsible for
13 assuring that the goods and services delivered thereafter are of a type covered by the ~~resale~~
14 exemption certificate. If there are items covered under the ~~resale~~ exemption certificate which are
15 not being purchased ~~for resale~~ exempt, it is the responsibility of the purchaser when ordering
16 goods from a seller to indicate if any of the items purchased are not ~~for resale~~ exempt, and the
17 appropriate sales tax shall be charged on the portion of the sale that is not ~~for resale~~ exempt. A
18 seller of property or services which are generally described under the ~~resale~~ exemption certificate
19 is not responsible for the collection of the tax unless otherwise directed by the purchaser ~~or~~
20 ~~unless the state establishes that the seller did not accept the resale certificate in good faith.~~
21 ~~Absent knowledge of circumstances by the seller which would put the holder of the resale~~
22 ~~certificate upon inquiry as to its validity, good faith does not require the seller to investigate the~~
23 ~~nature of the purchaser's business.~~

24 If the purchaser later determines there is any tax due and owing, the purchaser shall remit the

1 tax owed by the purchaser to the state. If the purchaser ~~purchases for resale but later elects not~~
2 ~~to resell the goods and consumes or uses them~~ makes an exempt purchase and later determines
3 that the goods or services purchased are not exempt, the purchaser shall report the transaction
4 and pay the use tax on the next filing of ~~his~~ the purchaser's return.

5 Any purchaser who knowingly and intentionally lists on a ~~resale~~ an exemption certificate
6 personal property or services which the purchaser knows, at the time the ~~resale~~ exemption
7 certificate is filed with the seller, ~~will not be resold~~ are not exempt, or provides an invalid ~~resale~~
8 exemption certificate with the intent to evade payment of the tax, and fails to timely report the
9 same with the department is guilty of a Class 1 misdemeanor. The secretary of revenue may
10 assess a penalty of up to fifty percent of the tax owed, in addition to the tax owed. No interest
11 may be charged on the penalty.

12 The seller shall retain the exemption certificate for a period of three years from the date it is
13 filed by the purchaser and provide the exemption certificate to the department upon request.

14 The secretary may promulgate rules pursuant to chapter 1-26 to adopt forms for ~~resale~~
15 exemption certificates.

16 Section 27. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
17 follows:

18 For purposes of the tax imposed by this chapter, a retailer shall source sales of tangible
19 personal property and services to the location where the tangible personal property or service
20 is received. The department shall promulgate rules, pursuant to chapter 1-26, defining the
21 location of receipt.

22 Section 28. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
23 follows:

24 Registration under the agreement and collection of tax imposed under this chapter or chapter

1 10-46 does not in and of itself create nexus for other taxes or fees imposed by this state.

2 Section 29. That § 10-46-1 be amended to read as follows:

3 10-46-1. Terms, as used in this chapter mean:

4 (1) "Business," any activity engaged in by any person or caused to be engaged in by ~~him~~
5 such person with the object of gain, benefit or advantage either direct or indirect;

6 (2) "Delivery charges," charges by the retailer for preparation and delivery to a location
7 designated by the purchaser of tangible personal property or services including
8 transportation, shipping, postage, handling, crating, and packing;

9 (3) "Fair market value," the price at which a willing seller and willing buyer will trade.
10 Fair market value shall be determined at the time of purchase. If a public corporation
11 is supplying tangible personal property that will be used in the performance of a
12 contract, fair market value shall be determined pursuant to § 5-18-5.1. This definition
13 also applies to chapter 10-45;

14 ~~(3)~~(4) "Included in the measure of tax," the tangible personal property or the service was
15 purchased from a retailer licensed under chapter 10-45 and that retailer has included
16 the tax in the amount received from the sale;

17 ~~(4)~~(5) "In this state" or "in the state," within the exterior limits of the State of South Dakota
18 and includes all territory within such limits owned by or ceded to the United States
19 of America;

20 ~~(5)~~(6) "Purchase," any transfer, exchange, or barter, conditional or otherwise, in any manner
21 or by any means whatsoever, for a consideration. A transaction, whereby the
22 possession of property is transferred but the seller retains the title as security for the
23 payment of the price, is a purchase;

24 ~~(6)~~(7) "Purchase price" or "sales price," ~~the total amount for which tangible personal~~

1 ~~property is sold, including any services that are part of the sale, valued in money,~~
2 ~~whether paid in money or otherwise, and includes any amount for which credit is~~
3 ~~given to the purchaser by the seller without any deduction therefrom on account of~~
4 ~~the cost of the property sold, the cost of materials used, labor or service cost, interest~~
5 ~~charged, losses or any other expense whatsoever. However, cash discounts allowed~~
6 ~~and taken on sales may not be included~~ shall have the same meaning as gross receipts
7 defined in subdivision 10-45-1(4);

8 ~~(7)~~(8) "Retailer," any person performing services in this state or engaged in the business of
9 selling tangible personal property for use, storage or other consumption within the
10 meaning of this chapter. However, if in the opinion of the secretary of revenue, it is
11 necessary for the efficient administration of this chapter to regard any salesmen,
12 representatives, truckers, peddlers, or canvassers as agents of the dealers, distributors,
13 supervisors, employers, or persons under whom they operate or from whom they
14 obtain the tangible personal property sold by them irrespective of whether they are
15 making sales on their own behalf or on behalf of such dealers, distributors,
16 supervisors, employers, or persons, the secretary of revenue may so regard them and
17 may regard the dealers, distributors, supervisors, employers, or persons as retailers
18 for purposes of this chapter;

19 ~~(8)~~(9) "Retailer maintaining a place of business in the state," any retailer having or
20 maintaining within this state, directly or by a subsidiary, an office, distribution house,
21 sales house, warehouse, or other place of business, or any agents operating within the
22 state under the authority of the retailer or its subsidiary, irrespective of whether such
23 place of business or agent is located here permanently or temporarily or whether such
24 retailer or subsidiary is admitted to do business within this state pursuant to the laws

1 of the State of South Dakota granting the rights of foreign corporations to do
2 business in this state;

3 ~~(9)~~(10) "Secretary," the secretary of the Department of Revenue or any duly
4 authorized and appointed assistant, deputies, or agents of the secretary charged
5 with the administration or enforcement of this chapter;

6 ~~(10)~~(11) "Storage," any keeping or retention in this state for use or other consumption
7 in the State of South Dakota for any purpose except sale in the regular course
8 of business;

9 ~~(11)~~(12) "Tangible personal property," tangible goods, wares, merchandise, gas, and
10 electricity if furnished or delivered to consumers or users within this state;

11 ~~(12)~~(13) "Use," the exercise of right or power over tangible personal property incidental
12 to the ownership of that property, except that it does not include the sale of
13 that property in the regular course of business. Use also includes the use of the
14 types of services, the gross receipts from the sale of which are to be included
15 in the measure of the tax imposed by chapter 10-45, and any amendments
16 thereto and the delivery or causing delivery into this state of tangible personal
17 property intended to advertise products or services or promote or facilitate
18 sales to South Dakota residents.

19 Section 30. That chapter 10-46 be amended by adding thereto a NEW SECTION to read as
20 follows:

21 There are exempted from the provisions of this chapter and the tax imposed by it, the use of
22 parts or repairs on machinery or equipment which are clearly identifiable as used primarily for
23 agricultural purposes, including irrigation equipment, if the part replaces a farm machinery or
24 irrigation equipment part assigned a specific or generic part number by the manufacturer of the

1 farm machinery or irrigation equipment.

2 Section 31. That § 10-59-27 be amended to read as follows:

3 10-59-27. Any taxpayer who has received written advice from the Department of Revenue
4 concerning the taxability of transactions shall be allowed to rely on such advice when filing tax
5 returns. However, the taxpayer shall maintain a copy of the advice in ~~their~~ the taxpayer's business
6 records. The department may not maintain a position against a taxpayer which is inconsistent
7 with a prior written opinion issued to the same taxpayer unless rescinded by the department, by
8 a change in statutory law or reported case law, by a change in federal interpretation in cases if
9 the department's written advice was predicated upon a federal interpretation or by a change in
10 material facts or circumstances relating to the taxpayer. For the purposes of this section, written
11 advice includes municipal boundary information, and zip codes and addresses located within
12 municipalities provided by the department.

13 Section 32. That § 10-52-2 be amended to read as follows:

14 10-52-2. Any incorporated municipality within this state may impose any non-ad valorem tax
15 in accordance with the provisions of this chapter, except upon fuel used for motor vehicles, by
16 ordinance enacted by its local governing board. However, no tax may be levied on the sale, use,
17 storage and consumption of items taxed under chapters 10-45 and 10-46, unless such tax
18 conforms in all respects to the state tax on such items with the exception of the rate, and the rate
19 levied does not exceed two percent.

20 ~~—If a municipality increases its tax rate above one percent, the revenue generated from the tax~~
21 ~~increase may only be used for capital improvement, to include lease-purchase agreements of~~
22 ~~realty, land acquisition, the funding of public ambulances and medical emergency response~~
23 ~~vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds, and other~~
24 ~~public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the~~

1 transfer to the special 911 fund authorized by ~~§ 34-45-12~~, the purchasing of fire fighting vehicles
2 and equipment, debt retirement and the minor rehabilitation, major rehabilitation, or
3 reconstruction of streets as defined in the June, 1994, South Dakota Department of
4 Transportation Pavement Condition Survey Guide for City Streets.

5 Section 33. That § 10-52-2.1 be repealed.

6 ~~10-52-2.1. All local taxes duly enacted under § 10-52-2 before July 3, 1977, are hereby~~
7 ~~ratified and may continue in force; provided, that no rate, which as of July 1, 1977, is in excess~~
8 ~~of the rate specified in § 10-52-2, shall be increased.~~

9 Section 34. That § 10-52-2.5 be repealed.

10 ~~10-52-2.5. The gross receipts from selling food, as defined by the Food Stamp Act of 1977~~
11 ~~(P.L. 95-113), codified at 7 U.S.C. § 2012(g), as amended through January 1, 1983, in rules~~
12 ~~promulgated pursuant thereto, are exempt from the provisions of this chapter and from the tax~~
13 ~~imposed by it if the tax rate imposed by a municipality through the provisions of § 10-52-2 is in~~
14 ~~excess of one percent. The provisions of this section do not apply to municipalities qualifying~~
15 ~~under § 10-52-2.1 unless such municipalities increase their existing non-ad valorem tax and the~~
16 ~~new rate is in excess of one percent. A municipality may, by local option, exempt food, as~~
17 ~~defined by the Food Stamp Act of 1977 (P.L. 95-113), codified at 7 U.S.C. § 2012(g), as~~
18 ~~amended through January 1, 1983, from the tax imposed by § 10-52-2 if the tax rate is one~~
19 ~~percent or less. A municipality with a tax rate in excess of one percent on January 1, 1983,~~
20 ~~pursuant to § 10-52-2.1, may, by local option, exempt food, as defined by the Food Stamp Act~~
21 ~~of 1977 (P.L. 95-113), codified at 7 U.S.C. § 2012(g), as amended through January 1, 1983,~~
22 ~~from the tax.~~

23 Section 35. That § 10-52-2.6 be repealed.

24 ~~10-52-2.6. Parts or repairs on machinery or equipment which are clearly identifiable as used~~

1 primarily for agricultural purposes, if the part replaces a farm machinery part assigned a specific
2 or generic part number by the manufacturer of the farm machinery, farm machinery and
3 equipment, and agricultural animal health products and medicines are exempt from the tax
4 imposed by this chapter.

5 Section 36. That § 10-52-2.9 be repealed.

6 ~~10-52-2.9. Any municipality which increases its tax rate above the rate it had on January 1,~~
7 ~~1983, may exempt therefrom those items which were exempt before the increase.~~

8 Section 37. That § 10-52-3 be amended to read as follows:

9 10-52-3. Any tax imposed by the governing board of any municipality pursuant to the
10 provisions of this chapter, may be referred to a vote of the people for its approval or disapproval
11 in the same manner as provided in §§ 9-20-7, 9-20-8, and 9-20-10. A tax imposed by municipal
12 ordinance which was in effect on July 1, 2002, is continued under the provisions of this chapter
13 if:

- 14 (1) The governing board of the municipality has reviewed the existing tax ordinance to
15 determine compliance with the provisions of this chapter; and
16 (2) The governing board of the municipality documents the review, any amendment, and
17 the intent to continue the tax in the official minutes of the governing board.

18 Any amendment made by the municipality to comply with the provisions of this Act or the
19 determination to continue the tax under the provisions of this chapter is deemed to be an
20 administrative decision pursuant to § 9-20-19 and is not subject to referendum.

21 Section 38. That § 10-52-2.10 be amended to read as follows:

22 10-52-2.10. Any incorporated municipality imposing a non-ad valorem tax in accordance
23 with § 10-52-2, ~~or imposing an additional non-ad valorem tax in accordance with § 10-52-8,~~ may
24 issue municipal non-ad valorem tax revenue bonds pursuant to this section and chapter 6-8B in

1 anticipation of the collection of the taxes. The bonds shall be payable solely from the collections
2 of the taxes imposed by the municipality under § 10-52-2 or ~~10-52-8, or both~~, as determined by
3 the governing body. The governing body shall, in the resolution or ordinance authorizing the
4 bonds, agree that it will continue to impose and collect the taxes so long as the bonds are
5 outstanding. The governing body shall also pledge so much of the collections of the taxes as may
6 be necessary to pay the principal premium and interest on the bonds and to maintain any debt
7 service reserve established for the bonds. The proceeds of the bonds may be used for land
8 acquisition, the funding of public ambulances and medical emergency response vehicles, public
9 hospitals or nonprofit hospitals with fifty or fewer licensed beds and other public health care
10 facilities or nonprofit health care facilities with fifty or fewer licensed beds, capital asset
11 acquisition and capital improvements, to establish a debt service reserve fund for the bonds and
12 to pay not more than one year's capitalized interest on the bonds. ~~If the proceeds of the tax~~
13 ~~imposed by § 10-52-8 are pledged to payment of the bonds, the land acquisition and capital~~
14 ~~improvements financed with the proceeds of the bonds shall relate to the purposes enumerated~~
15 ~~in § 10-52-8.~~

16 No election is required to authorize the issuance of municipal non-ad valorem tax revenue
17 bonds. The bonds shall be issued and sold as provided in chapter 6-8B.

18 Section 39. That § 10-52-8 be repealed.

19 ~~10-52-8. Notwithstanding the tax rate limitations of § 10-52-2 or 10-52-2.1, any municipality~~
20 ~~may impose an additional municipal non-ad valorem tax at the rate of one percent upon the gross~~
21 ~~receipts of all leases or rentals of hotel, motel, campsites, or other lodging accommodations~~
22 ~~within the municipality for periods of less than twenty-eight consecutive days, or sales of~~
23 ~~alcoholic beverages as defined in § 35-1-1, or establishments where the public is invited to eat,~~
24 ~~dine, or purchase and carry out prepared food for immediate consumption, or ticket sales or~~

1 ~~admissions to places of amusement, athletic, and cultural events, or any combination thereof. The~~
2 ~~tax shall be levied for the purpose of land acquisition, architectural fees, construction costs,~~
3 ~~payments for civic center, auditorium, or athletic facility buildings, including the maintenance,~~
4 ~~staffing, and operations of such facilities and the promotion and advertising of the city, its~~
5 ~~facilities, attractions, and activities. Such taxes shall conform in all respects to the state sales and~~
6 ~~use tax on such items with the exception of the rate.~~

7 Section 40. That § 10-52-9 be amended to read as follows:

8 10-52-9. Notwithstanding § 9-19-13, any new ordinance or amendment to an ordinance
9 enacted under the authority of this chapter, and any tax rate affected thereby, can be effective
10 only on January first or July first of a calendar year. The ordinance or amendment shall be
11 effective on the earlier of January first or July first following at least ~~sixty~~ ninety days notification
12 by the municipality to the secretary of revenue that the ordinance or amendment has been
13 enacted unless the ordinance or amendment is suspended by operation of a referendum. If an
14 ordinance or amendment enacted under this chapter is referred and the referred ordinance or
15 amendment is approved the effective date is the earlier of January first or July first following at
16 least ~~sixty~~ ninety days notification by the municipality to the secretary of revenue that the
17 ordinance or amendment has been approved notwithstanding § 9-20-15. Notification of the
18 enactment or approval of the ordinance shall be in writing and mailed, along with a copy of the
19 ordinance or amendment, by registered or certified mail to the secretary of revenue.

20 Section 41. That § 10-52-11 be repealed.

21 ~~—10-52-11. Veterinarian services (group no. 074) and animal specialty services except~~
22 ~~veterinary (industry no. 0752) as enumerated in the Standard Industrial Classification Manual,~~
23 ~~1987, as prepared by the Statistical Policy Division of the Office of Management and Budget,~~
24 ~~Office of the President are exempt from the provisions of this chapter. In addition, there are~~

1 specifically exempted from the provisions of this chapter and the computation of the tax imposed
2 by it, gross receipts from transportation services and the collection and disposal of solid waste.

3 Section 42. That § 10-52-12 be repealed.

4 ~~10-52-12. The following services enumerated in the Standard Industrial Classification~~
5 ~~Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and~~
6 ~~Budget, Office of the President are exempt from the provisions of this chapter: establishments~~
7 ~~primarily engaged in air transportation, noncertified carriers (group no. 452).~~

8 Section 43. That § 10-52-13 be amended to read as follows:

9 10-52-13. For purposes of this chapter, any new resolution or amendment enacted by a
10 municipality which changes the boundaries of the municipality is effective on the first day of the
11 first month following at least ~~sixty~~ ninety days notification by the municipality to the secretary
12 of revenue that the resolution or amendment has been enacted unless the ordinance or
13 amendment is suspended by operation of a referendum. If a resolution or amendment enacted
14 pursuant to chapter 9-4 is referred and the referred resolution or amendment is approved, the
15 effective date is the first day of the first month following at least ~~sixty~~ ninety days notification
16 by a municipality to the secretary of revenue that the resolution or amendment has been
17 approved. The municipality shall provide written notification of the enactment or approval of the
18 resolution or amendment, along with a copy of the resolution or amendment by registered or
19 certified mail or by any electronic means to the secretary of revenue. The municipality shall also
20 provide any changes or additions to streets and addresses.

21 Section 44. That chapter 10-52 be amended by adding thereto a NEW SECTION to read
22 as follows:

23 For the purposes of the tax imposed by this chapter, the transportation of tangible personal
24 property and passengers shall be taxed only if the origins and destination of the property or

1 passenger are within the same municipality.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

438H0043

HOUSE TAXATION COMMITTEE ENGROSSED NO.

HB 1003 - 01/17/2002

Introduced by: Representatives Brown (Richard), Glenski, Peterson (Jim), and Smidt and
Senators McCracken, Dennert, and Reedy at the request of the Interim
Streamlined Sales Tax Project Task Force

1 FOR AN ACT ENTITLED, An Act to authorize a municipal gross receipts tax on certain
2 lodging, alcoholic beverages, prepared food, and admissions.

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

4 Section 1. Terms used in this Act mean:

5 (1) "Department," the Department of Revenue;

6 (2) "Gross receipts," the total amount or consideration, including cash, credit, property,
7 and services, for which tangible personal property or services are sold, leased, or
8 rented, valued in money, whether received in money or otherwise, without any
9 deduction for the following:

10 (a) The retailer's cost of the property or service sold;

11 (b) The cost of materials used, labor or service cost, interest, losses, all costs of
12 transportation to the retailer, all taxes imposed on the retailer, and any other
13 expense of the retailer;

14 (c) Except as provided in chapter 10-46A or 10-46B, charges by the retailer for



1 any services necessary to complete the sale whether or not separately stated,
2 including delivery charges; and

3 (d) The value of exempt tangible personal property whether or not separately
4 stated on the invoice, billing, or similar document given to the purchaser where
5 taxable and exempt tangible personal property have been bundled together and
6 sold by the retailer as a single product or piece of merchandise;

7 Gross receipts do not include:

8 (a) Discounts, including cash, term, or coupons that are not reimbursed by a third
9 party that are allowed by a retailer and taken by a purchaser on a sale;

10 (b) Interest, financing, and carrying charges from credit extended on the sale of
11 tangible personal property or services, if the amount is separately stated on the
12 invoice, bill of sale or similar document given to the purchaser; and

13 (c) Any taxes legally imposed directly on the consumer that are separately stated
14 on the invoice, bill of sale, or similar document given to the purchaser.

15 Section 2. Any municipality may impose an additional municipal non-ad valorem tax at the
16 rate of one percent upon the gross receipts of all leases or rentals of hotel, motel, campsites, or
17 other lodging accommodations within the municipality for periods of less than twenty-eight
18 consecutive days, or sales of alcoholic beverages as defined in § 35-1-1, or establishments where
19 the public is invited to eat, dine, or purchase and carry out prepared food for immediate
20 consumption, or ticket sales or admissions to places of amusement, athletic, and cultural events,
21 or any combination thereof. The tax shall be levied for the purpose of land acquisition,
22 architectural fees, construction costs, payments for civic center, auditorium, or athletic facility
23 buildings, including the maintenance, staffing, and operations of such facilities and the promotion
24 and advertising of the city, its facilities, attractions, and activities.

1 Section 3. That § 10-52-8 be repealed.

2 ~~10-52-8. Notwithstanding the tax rate limitations of § 10-52-2 or 10-52-2.1, any municipality~~
3 ~~may impose an additional municipal non-ad valorem tax at the rate of one percent upon the gross~~
4 ~~receipts of all leases or rentals of hotel, motel, campsites, or other lodging accommodations~~
5 ~~within the municipality for periods of less than twenty-eight consecutive days, or sales of~~
6 ~~alcoholic beverages as defined in § 35-1-1, or establishments where the public is invited to eat,~~
7 ~~dine, or purchase and carry out prepared food for immediate consumption, or ticket sales or~~
8 ~~admissions to places of amusement, athletic, and cultural events, or any combination thereof. The~~
9 ~~tax shall be levied for the purpose of land acquisition, architectural fees, construction costs,~~
10 ~~payments for civic center, auditorium, or athletic facility buildings, including the maintenance,~~
11 ~~staffing, and operations of such facilities and the promotion and advertising of the city, its~~
12 ~~facilities, attractions, and activities. Such taxes shall conform in all respects to the state sales and~~
13 ~~use tax on such items with the exception of the rate.~~

14 Section 4. The tax imposed by section 2 of this Act shall be collected and administered by
15 the department.

16 Section 5. Any person who is subject to the tax imposed by this Act shall make a return and
17 remittance to the department on forms prescribed and furnished by the department in the
18 following manner:

19 (1) Any person whose tax liability is one thousand dollars or more annually, shall file the
20 return and remit the tax on or before the twentieth day of the month following each
21 monthly period;

22 (2) Any person whose tax liability is less than one thousand dollars annually, shall file the
23 return and remit the tax on or before the last day of the month following each two-
24 month period; and

1 (3) Any person whose tax liability is one thousand dollars or more annually and who
2 remits the tax by electronic transfer to the state, shall file the return by electronic
3 means on or before the twenty-third day of the month following each monthly period
4 and remit the tax on or before the second to the last day of the month following each
5 monthly period.

6 The secretary of revenue may grant an extension of not more than five days for filing a return
7 and remittance. Unless an extension is granted, penalty or interest pursuant to § 10-59-6 shall
8 be paid if a return or remittance is not made on time.

9 Section 6. The secretary of revenue may require or allow some returns and remittances to
10 be filed on a monthly, bimonthly, semiannual, or annual basis and the return and remittance is due
11 the last day of the month following the reporting period. For any person issued a temporary or
12 seasonal tax permit pursuant to chapter 10-45, the returns and remittances may be required at
13 a time determined by the secretary. Section 10-59-6 applies to any return and payment made
14 pursuant to this section.

15 Section 7. The definitions, administrative, collection, and enforcement provisions of chapters
16 10-45 and 10-46 apply to the tax imposed by this Act, where applicable.

17 Section 8. The secretary of revenue may promulgate rules pursuant to chapter 1-26
18 concerning:

- 19 (1) Licensing, including bonding and filing license applications;
- 20 (2) The filing of returns and payment of the tax;
- 21 (3) Determining the application of the tax and exemptions;
- 22 (4) Taxpayer record-keeping requirements; and
- 23 (5) Determining auditing methods.

24 Section 9. Any person who:

- 1 (1) Makes any false or fraudulent return in attempting to defeat or evade the tax imposed
2 by this Act is guilty of a Class 6 felony;
- 3 (2) Fails to pay tax due under this Act within thirty days from the date the tax becomes
4 due is guilty of a Class 1 misdemeanor;
- 5 (3) Fails to keep the records and books required by section 10 of this Act or refuses to
6 exhibit these records to the secretary of revenue or the secretary's agents for the
7 purpose of examination is guilty of a Class 1 misdemeanor;
- 8 (4) Fails to file a return required by this Act within thirty days from the date the return is
9 due is guilty of a Class 1 misdemeanor;
- 10 (5) Willfully violates any rule of the secretary of revenue for the administration and
11 enforcement of the provisions of this Act is guilty of a Class 1 misdemeanor; or
- 12 (6) Violates either subdivision (2) or subdivision (4) two or more times in any twelve-
13 month period is guilty of a Class 6 felony.

14 Section 10. Each person subject to tax under this Act shall keep records and books of all
15 receipts and sales, together with invoices, bills of lading, copies of bills of sale, and other
16 pertinent papers and documents. The books and records and other papers and documents are,
17 at all times during business hours of the day, subject to inspection by the secretary of revenue
18 or the secretary's agents and employees to determine the amount of tax due. The books and
19 records shall be preserved for a period of three years unless the secretary of revenue, in writing,
20 authorized their destruction or disposal at an earlier date.

21 Section 11. Any tax imposed by the governing board of any municipality pursuant to the
22 provisions of this Act, may be referred to a vote of the people for its approval or disapproval in
23 the same manner as provided in §§ 9-20-7, 9-20-8, and 9-20-10. A tax imposed by municipal
24 ordinance which was in effect on July 1, 2002, is continued under the provisions of this Act if:

1 (1) The governing board of the municipality has reviewed the existing tax ordinance to
2 determine compliance with the provisions of this Act; and

3 (2) The governing board of the municipality documents the review, any amendment, and
4 the intent to continue the tax in the official minutes of the governing board.

5 Any amendment made by the municipality to comply with the provisions of this Act or the
6 determination to continue the tax under the provisions of this Act is deemed to be an
7 administrative decision pursuant to § 9-20-19 and not subject to referendum.

8 Section 12. The administration of the taxes adopted under this Act shall be by the
9 department. The department may prescribe forms and promulgate rules pursuant to chapter 1-26
10 for the making of returns and for the ascertainment, assessment, and collection of the tax
11 imposed pursuant to this Act. The department shall keep full and accurate records of all moneys
12 received and distributed under this Act.

13 Section 13. All moneys received and collected on behalf of a municipality by the department,
14 pursuant to this Act, shall be credited to a special municipal tax fund and after deducting the
15 amount of refunds made, the amounts necessary to defray the cost of collecting the tax, and the
16 administrative expenses incident thereto, shall be paid within thirty days after collection to the
17 municipality entitled thereto.

18 Section 14. Notwithstanding § 9-19-13, any new ordinance or amendment to an ordinance
19 enacted under the authority of this Act, and any tax rate affected thereby, can be effective only
20 on January first or July first of a calendar year. The ordinance or amendment shall be effective
21 on the earlier of January first or July first following at least ninety days notification by the
22 municipality to the secretary of revenue that the ordinance or amendment has been enacted
23 unless the ordinance or amendment is suspended by operation of a referendum. If an ordinance
24 or amendment enacted under this chapter is referred and the referred ordinance or amendment

1 is approved the effective date shall be the earlier of January first or July first following at least
2 ninety days notification by the municipality to the secretary of revenue that the ordinance or
3 amendment has been approved notwithstanding § 9-20-15. Notification of the enactment or
4 approval of the ordinance shall be in writing and mailed, along with a copy of the ordinance or
5 amendment, by registered or certified mail to the secretary of revenue.

6 Section 15. That § 10-59-1 be amended to read as follows:

7 10-59-1. The provisions of this chapter apply to any taxes or fees or persons subject to taxes
8 or fees imposed by chapters 10-39, 10-39A, 10-39B, 10-43, 10-45, 10-46, 10-46A, 10-46B,
9 10-47B, 10-52, 32-3, 32-3A, 32-5, 32-5B, 32-6B, 32-9, 32-10, and 34A-13 and §§ 22-25-48,
10 49-31-51, 50-4-13 to 50-4-17, inclusive, this Act, and the provisions of chapter 10-45B.

11 Section 16. Any municipality imposing a tax pursuant to this Act may issue municipal non-ad
12 valorem tax revenue bonds pursuant to this section and chapter 6-8B in anticipation of the
13 collection of the taxes. The bonds shall be payable solely from the collections of the taxes
14 imposed by the municipality under this Act, as determined by the governing body. The governing
15 body shall, in the resolution or ordinance authorizing the bonds, agree that it will continue to
16 impose and collect the taxes so long as the bonds are outstanding. The governing body shall also
17 pledge so much of the collections of the taxes as may be necessary to pay the principal premium
18 and interest on the bonds and to maintain any debt service reserve established for the bonds. The
19 proceeds of the bonds may be used for land acquisition, the funding of public ambulances and
20 medical emergency response vehicles, public hospitals or nonprofit hospitals with fifty or fewer
21 licensed beds and other public health care facilities or nonprofit health care facilities with fifty
22 or fewer licensed beds, capital asset acquisition and capital improvements, to establish a debt
23 service reserve fund for the bonds and to pay not more than one year's capitalized interest on the
24 bonds. If the proceeds of the tax imposed by this Act are pledged to payment of the bonds, the

1 land acquisition and capital improvements financed with the proceeds of the bonds shall relate
2 to the purposes enumerated in section 2 of this Act.

3 No election is required to authorize the issuance of municipal non-ad valorem tax revenue
4 bonds. The bonds shall be issued and sold as provided in chapter 6-8B.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

400H0213

HOUSE TRANSPORTATION COMMITTEE
ENGROSSED NO. **HB 1034** - 01/23/2002

Introduced by: The Committee on Transportation at the request of the Department of
Transportation

1 FOR AN ACT ENTITLED, An Act to reduce the legal blood alcohol limits for motor vehicle
2 drivers.

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

4 Section 1. That § 32-23-1 be amended to read as follows:

5 32-23-1. ~~A~~ No person may ~~not~~ drive or be in actual physical control of any vehicle while:

6 (1) There is ~~0.10~~ 0.08 percent or more by weight of alcohol in ~~his~~ that person's blood as
7 shown by chemical analysis of ~~his~~ that person's breath, blood, or other bodily
8 substance;

9 (2) Under the influence of an alcoholic beverage;

10 (3) Under the influence of marijuana or any controlled drug or substance to a degree
11 which renders ~~him~~ the person incapable of safely driving; or

12 (4) Under the combined influence of an alcoholic beverage and marijuana or any
13 controlled drug or substance to a degree which renders ~~him~~ the person incapable of
14 safely driving.



1 Section 2. That § 32-23-7 be amended to read as follows:

2 32-23-7. In any criminal prosecution for a violation of § 32-23-1 relating to driving a vehicle
3 while under the influence of intoxicating liquor, a violation of § 22-16-41, or a violation of
4 § 22-16-42, the amount of alcohol in the defendant's blood at the time alleged as shown by
5 chemical analysis of the defendant's blood, breath, or other bodily substance ~~shall give~~ gives rise
6 to the following presumptions:

7 (1) If there was at that time five hundredths percent or less by weight of alcohol in the
8 defendant's blood, it ~~shall be~~ is presumed that the defendant was not under the
9 influence of intoxicating liquor;

10 (2) If there was at that time in excess of five hundredths percent but less than ~~ten~~ eight
11 hundredths percent by weight of alcohol in the defendant's blood, such fact ~~shall~~ does
12 not give rise to any presumption that the defendant was or was not under the
13 influence of intoxicating liquor, but such fact may be considered with other competent
14 evidence in determining the guilt or innocence of the defendant;

15 (3) If there was at that time ~~ten~~ eight hundredths percent or more by weight of alcohol
16 in the defendant's blood, it ~~shall be~~ is presumed that the defendant was under the
17 influence of intoxicating liquor.

18 Percent by weight of alcohol in the blood shall be based upon milligrams of alcohol per 1.0
19 cubic centimeters of whole blood or 2100 cubic centimeters of deep lung breath.

20 Section 3. That § 32-23-1.3 be amended to read as follows:

21 32-23-1.3. Any person arrested for driving or being in actual physical control of a vehicle
22 while the weight of alcohol in the blood of the arrested person is ~~0.10~~ 0.08 percent or greater,
23 shall be charged with a violation of § 32-23-1. The charge may be reduced or dismissed only if
24 the prosecuting attorney states the reasons for reduction or dismissal in writing and on the record

1 and files the reasons with the clerk of courts.

2 Section 4. That § 32-12A-44 be amended to read as follows:

3 32-12A-44. No person may drive or be in actual physical control of a commercial motor
4 vehicle while there is between 0.04 and ~~0.10~~ 0.08 percent or more, by weight of alcohol in that
5 person's blood as shown by chemical analysis of that person's breath, blood, or other body
6 substance. Any violation of this section is a Class 2 misdemeanor.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

780H0040

HOUSE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **HB 1116** - 01/23/2002

Introduced by: Representatives McCaulley, Begalka, Brown (Jarvis), Duenwald, Duniphan, Eccarius, Frost, Fryslie, Garnos, Hansen (Tom), Hennies (Don), Hennies (Thomas), Hunhoff, Jaspers, Jensen, Juhnke, Klaudt, Koistinen, Lintz, Madsen, McCoy, Michels, Monroe, Murschel, Napoli, Pederson (Gordon), Peterson (Bill), Rhoden, Sebert, Slaughter, Smidt, Sutton (Duane), Teupel, Van Etten, Van Gerpen, and Wick and Senators Bogue, Apa, Brosz, Brown (Arnold), Cradduck, de Hueck, Diedrich (Larry), Diedrich (Elmer), Everist, Greenfield, Koskan, Madden, McCracken, Putnam, and Vitter

1 FOR AN ACT ENTITLED, An Act to prohibit a person from being on the general election
2 ballot for President or vice-president and another office.

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

4 Section 1. That chapter 12-5 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Notwithstanding the deadline provided in § 12-6-55, if any person is certified as a
7 presidential or vice-presidential candidate pursuant to § 12-5-3.16 and that person is a candidate
8 for another office, the person shall choose one of the candidacies and withdraw from any other
9 candidacy. If the person fails to choose one of the candidacies within seven days of certification
10 as a presidential or vice-presidential candidate, the person is deemed to have chosen the
11 candidacy pursuant to § 12-5-3.16 and is further deemed to have withdrawn from any other



1 candidacy. The resulting vacancy may be filled within seven days after the withdrawal in the
2 manner provided in §§ 12-6-56 and 12-6-57.

3 Section 2. That chapter 12-7 be amended by adding thereto a NEW SECTION to read as
4 follows:

5 Notwithstanding the deadline provided in § 12-6-55, if any person is nominated as a
6 presidential or vice-presidential candidate pursuant to § 12-7-7 and that person is a candidate for
7 another office, the person shall choose one of the candidacies and withdraw from any other
8 candidacy. If the person fails to choose one of the candidacies within seven days of certification
9 as a presidential or vice-presidential candidate, the person is deemed to have chosen the
10 candidacy pursuant to § 12-7-7 and is further deemed to have withdrawn from any other
11 candidacy.

12 Section 3. That § 12-6-3 be amended to read as follows:

13 12-6-3. No person ~~shall~~ may be a candidate for nomination or election to more than one
14 public office, ~~but~~ no matter if such person appears on the ballot in name or is represented by
15 electors pursuant to § 12-5-3.16 or 12-7-7. However, a candidate for any such office ~~shall~~ is not
16 ~~be~~ prohibited from being elected to any one or more party offices as may be provided in chapter
17 12-5.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

670H0238

HOUSE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **HB 1129** - 01/23/2002

Introduced by: Representatives Madsen, Brown (Jarvis), Duenwald, Eccarius, Elliott, Flowers, Frost, Fryslie, Garnos, Gillespie, Hansen (Tom), Hargens, Hunhoff, Jaspers, Juhnke, Klaudt, Kloucek, Koistinen, Lintz, McCaulley, McCoy, Monroe, Nachtigal, Napoli, Olson (Mel), Pederson (Gordon), Peterson (Bill), Peterson (Jim), Pummel, Rhoden, Richter, Smidt, Teupel, and Van Etten and Senators Putnam, Apa, Bogue, Craddock, Dennert, Diedrich (Larry), Diedrich (Elmer), Drake, Everist, Greenfield, Hutmacher, Kleven, Madden, McCracken, Moore, Olson (Ed), Sutton (Dan), Vitter, and Volesky

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding concealed pistol
2 permits.

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

4 Section 1. That chapter 23-7 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Any person who is permitted to carry a concealed pistol in any state whose laws, in the
7 opinion of the South Dakota Attorney General, meet or exceed the requirements of this chapter
8 for the issuance of a permit and whose laws recognize and give effect within that state to a
9 permit issued pursuant to this chapter, may carry a concealed pistol in this state if the permit
10 holder carries the pistol in compliance with the laws of this state.

11 Section 2. That chapter 22-14 be amended by adding thereto a NEW SECTION to read as



1 follows:

2 No person may possess a concealed pistol in accordance with chapter 23-7 or this chapter
3 unless that person also has in his or her physical possession a valid South Dakota permit to carry
4 a concealed pistol or a permit effective pursuant to section 1 of this Act. A violation of this
5 section is a petty offense. However, if within twenty-four hours of being charged with a violation
6 of this section, the person produces a permit to carry a concealed pistol which was valid at the
7 time of the alleged offense in the office of the officer making the demand, the charge shall be
8 dismissed.

9 Section 3. That § 23-7-7 be amended to read as follows:

10 23-7-7. A permit to carry a concealed pistol shall be issued to any person by the sheriff of
11 the county ~~or the chief of police of the municipality~~ in which the applicant resides. The permit
12 shall be valid throughout the state and shall be issued pursuant to § 23-7-7.1. Prior to issuing the
13 permit, the sheriff shall execute a background investigation, including a criminal history check,
14 of every applicant for the purposes of verifying the qualifications of the applicant pursuant to the
15 requirements of § 23-7-7.1. For the purposes of this section, a background investigation is
16 defined as a computer check of available on-line records.

17 Section 4. That § 23-7-7.1 be amended to read as follows:

18 23-7-7.1. A temporary permit to carry a concealed pistol shall be issued within five days of
19 application to a person if the applicant:

- 20 (1) Is eighteen years of age or older;
- 21 (2) Has never pled guilty to, nolo contendere to, or been convicted of a felony or a crime
22 of violence;
- 23 (3) Is not habitually in an intoxicated or drugged condition;
- 24 (4) Has no history of violence;

- 1 (5) Has not been found in the previous ten years to be a "danger to others" or a "danger
2 to self" as defined in § 27A-1-1 or is not currently adjudged mentally incompetent;
- 3 (6) Has been a resident of the county or municipality where the application is being made
4 for at least thirty days;
- 5 (7) Has had no violations of chapter 23-7, 22-14, or 22-42 constituting a felony or
6 misdemeanor in the two five years preceding the date of application or is not currently
7 charged under indictment or information for such an offense; and
- 8 (8) Is a citizen of the United States ~~or has been in the United States legally for at least~~
9 two years; and
- 10 (9) Is not a fugitive from justice.

11 A person denied a permit may appeal to the circuit court pursuant to chapter 1-26.

12 Section 5. That § 23-7-8 be amended to read as follows:

13 23-7-8. The application for a permit to carry a concealed pistol shall be in triplicate on a form
14 prescribed by the secretary of state. The application shall require the applicant's complete name,
15 address, occupation, place and date of birth, physical description, a statement that the applicant
16 has never pled guilty to, nolo contendere to, or been convicted of a crime of violence, a sworn
17 statement that the information on the application is true and correct, and the applicant's
18 signature. The original shall be delivered to the applicant as the temporary permit, the duplicate
19 shall within seven days be sent by first class mail to the secretary of state who shall issue the
20 official permit, and the triplicate shall be preserved for four years by the authority issuing the
21 permit.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

169H0481

HOUSE JUDICIARY COMMITTEE ENGROSSED NO.

HB 1138 - 01/23/2002

Introduced by: Representatives Olson (Mel), Abdallah, Burg, Hargens, Madsen, Michels, Peterson (Bill), and Sebert and Senators Olson (Ed), Daugaard, de Hueck, Hutmacher, and Moore

1 FOR AN ACT ENTITLED, An Act to increase the penalty for the stalking of certain children.

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

3 Section 1. That § 22-19A-7 be amended to read as follows:

4 22-19A-7. Any person who willfully, maliciously, and repeatedly follows or harasses a child

5 twelve years of age or younger or who makes a credible threat to a child twelve years of age or

6 younger with the intent to place that child in reasonable fear of death or great bodily injury or

7 to cause the child to reasonably fear for the child's safety is guilty of the crime of felony stalking.

8 ~~Stalking~~ Felonious stalking is a ~~Class 1 misdemeanor~~ Class 6 felony.



State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

484H0469

HOUSE JUDICIARY COMMITTEE ENGROSSED NO.

HB 1139 - 01/23/2002

Introduced by: Representatives Olson (Mel), Abdallah, Burg, Hargens, Hennies (Thomas), Madsen, Michels, Peterson (Bill), and Sebert and Senators Olson (Ed), Daugaard, de Hueck, Hutmacher, and Moore

1 FOR AN ACT ENTITLED, An Act to specify the elements of the crime of aggravated indecent
2 exposure and to provide a penalty therefor.

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

4 Section 1. That chapter 22-24 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 If any person, eighteen years of age or older, exposes his or her genitals in a public place
7 under circumstances in which that person knows that his or her conduct is likely to annoy,
8 offend, or alarm some other person, and that conduct is viewed by and does, in fact, annoy,
9 offend, or alarm any child, thirteen years of age or younger, that person is guilty of the crime of
10 aggravated indecent exposure. Aggravated indecent exposure is a Class 1 misdemeanor. A
11 second or subsequent conviction for aggravated indecent exposure is a Class 6 felony.



State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

445H0112

HOUSE HEALTH AND HUMAN SERVICES
COMMITTEE ENGROSSED NO. **HB 1162** -
01/23/2002

Introduced by: Representatives Van Etten, Frost, Jensen, Konold, Madsen, and McCaulley
and Senators Albers and de Hueck

1 FOR AN ACT ENTITLED, An Act to prohibit the advertising of adoptions under certain
2 circumstances.

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

4 Section 1. No person or entity may advertise or cause to be published, within the state, an
5 advertisement or notice of a child offered or wanted for adoption. No person or entity may hold
6 oneself out through an advertisement as having the ability to place, locate, or receive a child for
7 adoption. This section does not apply to the Department of Social Services, a licensed child
8 placement agency as defined in § 26-6-14, or an attorney licensed in the State of South Dakota.

9 Section 2. For the purposes of this Act, an advertisement means any communication by
10 newspaper, radio, television, handbill, placard, telephone directory, or other print, broadcast, or
11 electronic medium.

12 Section 3. No person may publish or cause to be published, within this state, any
13 advertisement or notice of a child offered or wanted for adoption. A violation of this section is
14 a Class 2 misdemeanor. This section does not apply to any advertisement placed by the



- 1 Department of Social Services, a licensed child placement agency as defined in § 26-6-14, or an
- 2 attorney licensed in the State of South Dakota.

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

337H0097

HOUSE HEALTH AND HUMAN SERVICES
COMMITTEE ENGROSSED NO. **HB 1163** -
01/23/2002

Introduced by: Representatives Van Etten, Frost, Jensen, Konold, Madsen, McCaulley, and
Pitts and Senators Albers, de Hueck, and Ham

1 FOR AN ACT ENTITLED, An Act to require social workers to include background checks in
2 home study reports and to prohibit adoptions by persons convicted of certain crimes.

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

4 Section 1. That § 23-5-12.1 be amended to read as follows:

5 23-5-12.1. The superintendent of any public school or nonpublic school or the owner or
6 operator of any child welfare agency as defined in § 26-6-1 or a certified social worker eligible
7 to engage in private independent practice as defined in § 36-26-17 may submit the name of any
8 person being considered for employment by the school or agency or as an adoptive or foster
9 parent, either directly or by contract, to the Division of Criminal Investigation for a criminal
10 record check. If the division determines the person has a record of criminal convictions, the
11 division shall notify the superintendent, owner, ~~or operator,~~ or social worker of the criminal
12 offenses.

13 Section 2. That § 25-6-9.1 be amended to read as follows:

14 25-6-9.1. No person may place a child in a home for adoption until a home study has been



1 completed by a licensed child placement agency as defined in § 26-6-14, the Department of
2 Social Services, or certified social worker eligible to engage in private independent practice as
3 defined in § 36-26-17 and the report has been filed with the Department of Social Services. ~~Any~~
4 ~~person who has previously submitted home studies under this section or under § 26-4-15 may~~
5 ~~continue to submit home study reports without meeting the above requirements.~~ A home study
6 conducted by a certified social worker in private independent practice shall include a criminal
7 record check completed by the Division of Criminal Investigation and a central registry screening
8 completed by the Department of Social Services. Any person who violates the provisions of this
9 section is guilty of a Class 1 misdemeanor.

10 Section 3. That § 26-4-15 be amended to read as follows:

11 26-4-15. For the purpose of placing identified children from a state other than South Dakota
12 through a licensed child placement agency from another state for adoption with South Dakota
13 families, an adoptive home study report shall be filed before placement with the Department of
14 Social Services. The adoption home study and report may be provided by a licensed child
15 placement agency as defined in § 26-6-14, the Department of Social Services, or a certified social
16 worker eligible to engage in private independent practice as defined in § 36-26-17. ~~Any person~~
17 ~~who has previously submitted home studies under this section or under § 25-6-9.1 may continue~~
18 ~~to submit home study reports without meeting the above requirements.~~ A home study conducted
19 by a certified social worker in private independent practice shall include a criminal record check
20 completed by the Division of Criminal Investigation and a central registry screening completed
21 by the Department of Social Services. Any person who violates the provisions of this section is
22 guilty of a Class 1 misdemeanor.

23 Section 4. That § 26-8A-12.1 be amended to read as follows:

24 26-8A-12.1. Upon receipt of a list of names of current or potential employees from a head

1 start program director or the name of any person being considered as an adoptive or foster
2 parent from a certified social worker eligible to engage in private independent practice as defined
3 in § 36-26-17, the secretary of the Department of Social Services shall compare the list to the
4 central registry for abuse and neglect and report any findings to the requesting program director
5 or social worker.

6 Section 5. That chapter 25-10 be amended by adding thereto a NEW SECTION to read as
7 follows:

8 No child may be placed for adoption with an individual who has been convicted of child
9 abuse pursuant to chapter 26-10 or a sex offense pursuant to chapter 22-22.