



2022 South Dakota Legislature

House Bill 1327

HOUSE ENGROSSED

Introduced by: **Representative** Karr

1 **An Act to reduce certain gross receipts tax rates and a use tax rate, and to repeal a**
 2 **conditional reduction of certain gross receipts tax rates.**

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

4 **Section 1. That § 10-45-2 be AMENDED:**

5 **10-45-2.** Until June 30, 2022, ~~There~~there is hereby imposed a tax upon the
 6 privilege of engaging in business as a retailer, a tax of four-and one-half percent upon the
 7 gross receipts of all sales of tangible personal property consisting of goods, wares, or
 8 merchandise, except as otherwise provided in this chapter, sold at retail in the State of
 9 South Dakota to consumers or users.

10 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
 11 four and one-quarter percent.

12 On July 1, 2023, the rate of the tax imposed by this section is four percent.

13 **Section 2. That § 10-45-5 be AMENDED:**

14 **10-45-5.** Until June 30, 2022, ~~There~~there is imposed a tax at the rate of four-and
 15 one-half percent upon the gross receipts of any person from engaging or continuing in
 16 any of the following businesses or services in this state: abstracters; accountants;
 17 ancillary services; architects; barbers; beauty shops; bill collection services; blacksmith
 18 shops; car washing; dry cleaning; dyeing; exterminators; garage and service stations;
 19 garment alteration; cleaning and pressing; janitorial services and supplies; specialty
 20 cleaners; laundry; linen and towel supply; membership or entrance fees for the use of a
 21 facility or for the right to purchase tangible personal property, any product transferred
 22 electronically, or services; photography; photo developing and enlarging; tire recapping;
 23 welding and all repair services, except repair services for farm machinery, attachment
 24 units, and irrigation equipment used exclusively for agricultural purposes; cable television;
 25 and rentals of tangible personal property except leases of tangible personal property

1 between one telephone company and another telephone company, motor vehicles as
2 defined pursuant to § 32-5-1 leased under a single contract for more than twenty-eight
3 days and mobile homes. However, the specific enumeration of businesses and professions
4 made in this section does not, in any way, limit the scope and effect of the provisions of
5 § 10-45-4.

6 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
7 four and one-quarter percent.

8 On July 1, 2023, the rate of the tax imposed by this section is four percent.

9 **Section 3. That § 10-45-5.3 be AMENDED:**

10 **10-45-5.3.** Until June 30, 2022, There there is imposed, at the rate of four and
11 one-half percent, an excise tax on the gross receipts of any person engaging in oil and
12 gas field services (group no. 138) as enumerated in the Standard Industrial Classification
13 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management
14 and Budget, Office of the President.

15 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
16 four and one-quarter percent.

17 On July 1, 2023, the rate of the tax imposed by this section is four percent.

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

19 **10-45-6.** Until June 30, 2022, There there is hereby imposed a tax of four and one-
20 half percent upon the gross receipts from sales, furnishing, or service of gas, electricity,
21 and water, including the gross receipts from such sales by any municipal corporation
22 furnishing gas, and electricity, to the public in its proprietary capacity, except as otherwise
23 provided in this chapter, when sold at retail in the State of South Dakota to consumers or
24 users.

25 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
26 four and one-quarter percent.

27 On July 1, 2023, the rate of the tax imposed by this section is four percent.

28 **Section 5. That § 10-45-6.1 be AMENDED:**

29 **10-45-6.1.** Except as provided in § 10-45-6.2, until June 30, 2022, there is hereby
30 imposed a tax of four and one-half percent upon the gross receipts from providing any
31 intrastate, interstate, or international telecommunications service that originates or

1 terminates in this state and that is billed or charged to a service address in this state, or
2 that both originates and terminates in this state. However, the tax imposed by this section
3 does not apply to:

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

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

17 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
18 four and one-quarter percent.

19 On July 1, 2023, the rate of the tax imposed by this section is four percent.

20 **Section 6. That § 10-45-6.2 be AMENDED:**

21 **10-45-6.2.** Until June 30, 2022,~~There there~~ is hereby imposed a tax of four and
22 one-half percent upon the gross receipts of mobile telecommunications services, as
23 defined in 4 U.S.C. § 124(7) as of January 1, 2002, that originate and terminate in the
24 same state and are billed to a customer with a place of primary use in this state or are
25 deemed to have originated or been received in this state and to be billed or charged to a
26 service address in this state if the customer's place of primary use is located in this state
27 regardless of where the service actually originates or terminates. Notwithstanding any
28 other provision of this chapter and for purposes of the tax imposed by this section, the
29 tax imposed upon mobile telecommunication services shall be administered in accordance
30 with 4 U.S.C. §§ 116-126 as in effect on July 28, 2000.

31 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
32 four and one-quarter percent.

33 On July 1, 2023, the rate of the tax imposed by this section is four percent.

1 **Section 7. That § 10-45-8 be AMENDED:**

2 **10-45-8.** Until June 30, 2022, ~~There there~~ is imposed a tax of four and one-half
3 percent upon the gross receipts from all sales of tickets or admissions to places of
4 amusement and athletic contests or events, except as otherwise provided in this chapter.

5 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
6 four and one-quarter percent.

7 On July 1, 2023, the rate of the tax imposed by this section is four percent.

8 **Section 8. That § 10-45-71 be AMENDED:**

9 **10-45-71.** Until June 30, 2022, ~~There there~~ is imposed a tax of four and one-half
10 percent on the gross receipts from the transportation of passengers. The tax imposed by
11 this section shall apply to any transportation of passengers if the passenger boards and
12 exits the mode of transportation within this state.

13 On July 1, 2022 and until June 30, 2023, the tax rate imposed by this section is
14 four and one-quarter percent.

15 On July 1, 2023, the rate of the tax imposed by this section is four percent.

16 **Section 9. That § 10-64-9 be REPEALED:**

17 ~~If the state is able to enforce the obligation to collect and remit sales tax on remote~~
18 ~~sellers who deliver tangible personal property, products transferred electronically, or~~
19 ~~services directly to the citizens of South Dakota, the additional net revenue from such~~
20 ~~obligation shall be used to reduce the rate of certain taxes. The rate of tax imposed by~~
21 ~~§§ 10-45-2, 10-45-5, 10-45-5.3, 10-45-6, 10-45-6.1, 10-45-6.2, 10-45-8, 10-45-71, 10-~~
22 ~~46-2.1, 10-46-2.2, 10-46-58, 10-46-69, 10-46-69.1, 10-46-69.2, 10-46E-1, and 10-58-~~
23 ~~1 shall be reduced by one-tenth percent on July first following the calendar year for which~~
24 ~~each additional twenty million dollar increment of net revenue is collected and remitted~~
25 ~~by such remote sellers. However, the rate of tax imposed by §§ 10-45-2, 10-45-5, 10-~~
26 ~~45-5.3, 10-45-6, 10-45-6.1, 10-45-6.2, 10-45-8, 10-45-71, 10-46-2.1, 10-46-2.2, 10-~~
27 ~~46-58, 10-46-69, 10-46-69.1, 10-46-69.2, 10-46E-1, and 10-58-1 may not be reduced~~
28 ~~below four percent pursuant to the provisions of this section.~~