

# State of South Dakota

EIGHTY-FIFTH SESSION  
LEGISLATIVE ASSEMBLY, 2010

960R0150

## HOUSE BILL NO. 1198

Introduced by: Representatives Verchio, Brunner, Conzet, Cronin, Cutler, Feinstein, Hamiel, Hoffman, Hunt, Krebs, Lust, McLaughlin, Moser, Olson (Betty), Peters, Rave, Sly, Solberg, and Turbiville and Senators Brown, Abdallah, Adelstein, Ahlers, Dempster, Jerstad, Knudson, Nelson, and Tieszen

1 FOR AN ACT ENTITLED, An Act to allow municipalities to impose an additional penny sales  
2 and use tax for a limited period of time for a specified use.

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

4 Section 1. That chapter 10-52 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 In addition to the tax imposed by § 10-52-2, any incorporated municipality may impose an  
7 additional non-ad valorem tax in accordance with the provisions of this chapter, except upon  
8 fuel used for motor vehicles, by ordinance enacted by its local governing board. However, no  
9 tax may be levied on the sale, use, storage and consumption of items taxed under chapters 10-45  
10 and 10-46, unless such tax conforms in all respects to the state tax on such items with the  
11 exception of the rate, and the rate levied pursuant to this section does not exceed one percent.  
12 The governing board shall specify in the ordinance the proposed use for the tax. The use  
13 specified in the ordinance shall be for capital expenditures or refunds not provided for under the  
14 existing sources of revenue or budget. The term, capital expenditures, includes land acquisition,



1 professional fees, construction costs, and other fixed assets for the project, facility, municipal  
2 utilities, streets, or structure. A portion of the tax revenue collected pursuant to this section may  
3 be refunded to the citizens of the municipality pursuant to a methodology specified in the  
4 ordinance.

5 The governing board shall specify in the ordinance the year or number of years the tax will  
6 be applied and the date the tax will end. If sufficient tax revenue is collected or projected to be  
7 collected to pay for the capital expenditures prior to the end date specified in the ordinance, the  
8 tax shall be repealed at such date in accordance with § 10-52-9. No tax levied pursuant to this  
9 section may be extended or renewed, unless the governing body adopts a new ordinance and  
10 receives approval from the voters.

11 Any ordinance adopted pursuant to this section shall be referred to a vote of the people for  
12 its approval or disapproval.

13 Section 2. That § 10-52-2.10 be amended to read as follows:

14 10-52-2.10. Any incorporated municipality imposing a non-ad valorem tax in accordance  
15 with ~~§ 10-52-2~~ this chapter may issue municipal non-ad valorem tax revenue bonds pursuant  
16 to this section and chapter 6-8B in anticipation of the collection of the taxes. The bonds shall  
17 be payable solely from the collections of the taxes imposed by the municipality under ~~§ 10-52-2~~  
18 this chapter, as determined by the governing body. The governing body shall, in the resolution  
19 or ordinance authorizing the bonds, agree that it will continue to impose and collect the taxes  
20 so long as the bonds are outstanding. The governing body shall also pledge so much of the  
21 collections of the taxes as may be necessary to pay the principal premium and interest on the  
22 bonds and to maintain any debt service reserve established for the bonds. For bonds issued prior  
23 to January 1, 2004, the proceeds of the bonds may be used for land acquisition, the funding of  
24 public ambulances and medical emergency response vehicles, public hospitals or nonprofit

1 hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit  
2 health care facilities with fifty or fewer licensed beds, capital asset acquisition and capital  
3 improvements, to establish a debt service reserve fund for the bonds and to pay not more than  
4 one year's capitalized interest on the bonds.

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