



# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

474I0330

## SENATE ENGROSSED NO. **HB 1104** - 03/04/2003

Introduced by: Representatives Peterson (Bill), Adelstein, Bartling, Begalka, Burg, Frost, Hanson, Juhnke, Lange, Madsen, Miles, Pederson (Gordon), Sebert, Sigdestad, Teupel, and Thompson and Senators McCracken, Apa, de Hueck, Dennert, Duxbury, Jaspers, and Symens

1 FOR AN ACT ENTITLED, An Act to impose an excise tax on the gross receipts of personal  
2 communications system, wireless, and cellular telecommunications companies.

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 South Dakota Department of Revenue;

6 (2) "Engaging in business," carrying on or causing to be carried on any activity with the  
7 purpose of direct or indirect benefit;

8 (3) "Secretary," the secretary of the Department of Revenue;

9 (5) "Telecommunications company," any person, as defined by § 2-14-2, trustee, lessee,  
10 receiver, or municipality providing any telecommunications service as defined in  
11 section 2 of this Act;

12 (6) "Telecommunications gross receipts tax," the gross receipts tax imposed by this Act.

13 Section 2. The term, telecommunications service, as used in this Act, means wireless personal  
14 communications services, wireless local loop services, enhanced special mobile radio services,



1 fixed wireless services, and cellular services that provide two-way communication. The term,  
2 telecommunications service, does not include the provision of terminal equipment used to  
3 originate or terminate such service. The term, telecommunications service, does not include  
4 specialized mobile radio service, non-network two-way radio telephone service, private mobile  
5 radio service, one-way cable television service, or two-way cable system subscriber interaction  
6 that may be required for the selection of video or other programming services.

7 Section 3. The term, gross receipts, as used in this Act, includes only revenue of a  
8 telecommunications company from the sale at retail of intrastate and interstate  
9 telecommunications services. Sale at retail does not include special access or toll-free incoming  
10 calls or the sale of any telecommunications service by a telecommunications company to another  
11 telecommunications company if the service is resold or becomes a component part of the sale by  
12 the second telecommunications company. Any hospital, hotel, motel, or place that provides  
13 temporary accommodations selling telecommunications services to its patients or guests is not  
14 a telecommunications company for the purposes of this Act.

15 Section 4. There is hereby imposed a tax of four percent upon the gross receipts of  
16 telecommunications services, as defined in section 2 of this Act, that originate and terminate in  
17 the same state and are billed to a customer with a place of primary use in this state or are deemed  
18 to have originated or been received in this state and to be billed or charged to a service address  
19 in this state if the customer's place of primary use is located in this state regardless of where the  
20 service actually originates or terminates. Notwithstanding any other provision of this Act and for  
21 purposes of the tax imposed by this section, the tax imposed upon mobile telecommunication  
22 services shall be administered in accordance with 4 U.S.C. §§ 116-126 as of July 28, 2000.

23 Section 5. The secretary shall deposit sixty percent of the revenue collected from the tax  
24 imposed by this Act into the property tax reduction fund and forty percent of the revenue

1 collected from the tax imposed by this Act into the county telecommunications gross receipts  
2 fund. There is hereby created in the state treasury the county telecommunications gross receipts  
3 fund.

4 Section 6. The secretary shall distribute to each county an amount equal to the money  
5 deposited in county telecommunications gross receipts fund times the ratio of population of the  
6 county to the total population of all counties. The secretary shall base the allocation of money  
7 on the most recent decennial census of the United States Department of Commerce, Bureau of  
8 the Census. The secretary shall make distributions from the county telecommunications gross  
9 receipts fund each March, June, September, and December. The secretary shall approve vouchers  
10 and the state auditor shall draw warrants to pay each county its share of the distribution.

11 Section 7. Any telecommunications company engaging in a business in this state whose gross  
12 receipts from telecommunications services are subject to the telecommunications gross receipts  
13 tax shall file with the department, an application for a telecommunications gross receipts tax  
14 license. An application for a license shall be made upon a form prescribed by the secretary and  
15 shall set forth the name under which the applicant transacts or intends to transact business, the  
16 location of the place of business, and such other information as the secretary may require. The  
17 application shall be signed by the owner, if a natural person; in the case of an association or  
18 partnership, by a member or partner thereof; or in the case of a corporation or a municipality,  
19 by an executive officer thereof or some person specifically authorized by the corporation or the  
20 municipality to sign the application, to which shall be attached the written evidence of the  
21 person's authority.

22 Section 8. The secretary shall grant and issue to each applicant a telecommunications gross  
23 receipts tax license. A license is not assignable and is valid only for the telecommunications  
24 company to which it was issued. Any license issued is valid and effective without further payment

1 of fees until canceled or revoked.

2 Section 9. The secretary may refuse to issue a telecommunications gross receipts tax license  
3 to any person who is delinquent in payment of other taxes levied by the State of South Dakota.  
4 The secretary may also require an applicant to furnish to the state a bond, or other adequate  
5 security, as security for payment of any gross receipts tax that may become due, or require a  
6 bond or security as a condition precedent to remaining in business as a telecommunications  
7 company.

8 Section 10. Any person who is the holder of a telecommunications gross receipts tax license  
9 or is a telecommunications company whose receipts are subject to telecommunications gross  
10 receipts tax in this state shall file a return and remit the tax on or before the twentieth day of the  
11 month following each monthly period. If the telecommunications company files the return and  
12 remits the tax by electronic transfer to the state, the telecommunications company shall file the  
13 return and remit the tax on or before the last day of the month following each monthly period.

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

17 Section 11. Any telecommunications company that is the holder of a telecommunications  
18 gross receipts tax license and that has failed to file a return, or that has filed a return and has  
19 failed to pay the tax due the state under this law on or before the fifteenth of the second month  
20 following the reporting period authorized, may no longer continue as a telecommunications  
21 company and its telecommunications gross receipts tax license shall be revoked and canceled.

22 Section 12. Any appeal from a decision of the secretary in a contested case shall be taken in  
23 accordance with chapter 1-26.

24 Section 13. The secretary may not reinstate the license of a telecommunications company,

1 which has been canceled or revoked as provided in this Act, until all the telecommunications  
2 gross receipts tax due the state and a ten dollar reinstatement fee has been paid. The secretary  
3 may also require the telecommunications company to file a bond as security for any future  
4 liability.

5 Section 14. Any refund or allowance made by any telecommunication service or any amount  
6 written off the books of a telecommunications company reporting financial information on an  
7 accrual basis may be reported as an uncollectible debt and deducted from the gross receipts of  
8 any telecommunications service. If any uncollectible debt is subsequently collected, the amount  
9 is subject to the telecommunications gross receipts tax and shall be reported to the department  
10 in the month of collection.

11 Section 15. Any telecommunications company subject to the telecommunications gross  
12 receipts tax shall keep records of all receipts and telecommunications service sales. The records  
13 are, at all times during business hours of the day, subject to inspection by the department to  
14 determine the amount of tax due. The records shall be preserved for a period of three years  
15 unless the secretary, in writing, authorized their destruction or disposal at an earlier date.

16 Section 16. The secretary may promulgate rules, pursuant to chapter 1-26, concerning:

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

22 Section 17. Any person who:

- 23 (1) Makes any false or fraudulent return in attempting to defeat or evade the  
24 telecommunications gross receipts tax is guilty of a Class 6 felony;

- 1       (2) Fails to pay the telecommunications gross receipts tax due under this Act within thirty  
2           days from the date the tax becomes due is guilty of a Class 1 misdemeanor;
- 3       (3) Fails to keep the records required by this Act or refuses to exhibit these records to the  
4           department for the purpose of examination is guilty of a Class 1 misdemeanor;
- 5       (4) Fails to file a return required by this Act within thirty days from the date the return is  
6           due is guilty of a Class 1 misdemeanor;
- 7       (5) Engages in business as a telecommunications company under this Act without  
8           obtaining a telecommunications gross receipts tax license is guilty of a Class 1  
9           misdemeanor;
- 10      (6) Engages in business as a telecommunications company under this Act after the  
11           company's telecommunications gross receipts tax license has been revoked or  
12           canceled by the secretary is guilty of a Class 6 felony;
- 13      (7) Willfully violates any rule of the secretary for the administration and enforcement of  
14           the provisions of this Act is guilty of a Class 1 misdemeanor;
- 15      (8) Violates either subdivision (2) or subdivision (4) of this section two or more times in  
16           any twelve-month period is guilty of a Class 6 felony; or
- 17      (9) Engages in business as a telecommunications company under this Act without  
18           obtaining a telecommunications gross receipts tax license after having been notified  
19           in writing by the secretary that the telecommunications company is subject to the  
20           provisions of this Act is guilty of a Class 6 felony. However, it is not a violation of  
21           this subdivision if the telecommunications company providing any telecommunications  
22           service files an application for a telecommunications gross receipts tax license and  
23           meets all lawful prerequisites for obtaining such license within three days from receipt  
24           of written notice from the secretary.

1 For purposes of this section, the term, telecommunications company, includes corporate  
2 officers having control, supervision of, or charged with the responsibility for making tax returns  
3 or payments pursuant to this Act.

4 Section 18. If a corporation subject to the gross receipts tax under this Act fails for any  
5 reason to file the required returns or to pay the tax due, any of its officers having control, or  
6 supervision of, or charged with the responsibility for making such returns and payments are  
7 personally liable for such failure. The dissolution of a corporation does not discharge an officer's  
8 liability for a prior failure of the corporation to make a return or remit the tax due. The sum due  
9 for such a liability may be assessed and collected as provided by law.

10 If any responsible corporate officer elects not to be personally liable for the failure to file the  
11 required returns or to pay the tax due, the corporation shall provide the department with a surety  
12 bond or certificate of deposit as security for payment of any tax that may become due. The bond  
13 or certificate of deposit provided for in this section shall be in an amount equal to the estimated  
14 annual gross receipts multiplied by the applicable sales or gross receipts tax rate. This section  
15 does not apply to elected or appointed officials of a municipality if they are bonded pursuant to  
16 §§ 9-14-6 and 9-14-6.1.

17 Section 19. Any real and personal property owned by a telecommunications company that  
18 is used or intended for use in furnishing and providing telecommunication services is exempt  
19 from real and personal property taxes levied by the state, counties, municipalities, townships, or  
20 other political subdivisions of the state.

21 Section 20. The provisions of this Act do not apply to any property exempt from taxation  
22 pursuant to S.D. Const., Art. XI, § 5.

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

465I0462

## SENATE ENGROSSED NO. **HB 1110** - 03/06/2003

Introduced by: Representatives McCaulley, Craddock, Cutler, Hennies, Murschel, O'Brien, Peterson (Bill), Rounds, and Thompson and Senators Knudson, Albers, de Hueck, Dempster, Kelly, and Moore

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the expenditure of  
2 proceeds from the county wheel tax.

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

4 Section 1. That § 32-5A-2 be amended to read as follows:

5 32-5A-2. The proceeds from the tax created by this chapter shall be retained by the county  
6 and deposited in the county road and bridge fund, and the revenue may be used only for highway  
7 and bridge supervision, maintenance, and construction. The board of county commissioners shall,  
8 by resolution, establish a means of distributing the revenue generated by this chapter among the  
9 county and the municipalities and townships located within the county.

10 Section 2. That § 32-11-2 be amended to read as follows:

11 32-11-2. The funds credited to the county road and bridge fund pursuant to § 32-11-4.2 shall  
12 be used by the board of county commissioners for grading, constructing, planing, dragging, and  
13 maintaining county highways and also for dragging, maintaining, and grading secondary roads.  
14 Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors,  
15 drags, maintainers, and planers may be purchased from such county road and bridge fund. If a



1 county has a population of fifty thousand or more, up to thirty percent of the proceeds credited  
2 pursuant to § 32-5A-2 in any year may be used for the additional purpose of supervising public  
3 highways, roads, and bridges within the county.

4 Section 3. That § 32-11-4.2 be amended to read as follows:

5 32-11-4.2. The county road and bridge fund is hereby established for the accounting and  
6 safekeeping of highway and bridge funds of the counties for the deposit and receipt of all public  
7 moneys usable for county highway and bridge construction, maintenance, and repair. If a county  
8 has a population of fifty thousand or more, up to thirty percent of the proceeds credited pursuant  
9 to § 32-5A-2 in any year may be used for the additional purpose of supervising public highways,  
10 roads, and bridges within the county. Revenues to be deposited in the fund include:

- 11 (1) Distribution of funds from the local government highway and bridge fund pursuant  
12 to §§ 32-11-34 and 32-11-35;
- 13 (2) Levies under subdivisions 10-12-9(4) and (6);
- 14 (3) Levies for the county highway and bridge reserve fund established pursuant to  
15 § 10-12-13;
- 16 (4) Levies for secondary roads in unorganized territory pursuant to § 31-12-27;
- 17 (5) Levies for the county snow removal and special emergency reserve fund established  
18 pursuant to § 34-5-2;
- 19 (6) Funds collected from motor vehicle licenses and credited to the county pursuant to  
20 subdivision 32-11-4.1(1A);
- 21 (7) Distribution of mobile home license fees pursuant to § 32-5-16.2;
- 22 (8) Distribution of interstate reciprocity and proportional registration of fleets fees  
23 pursuant to § 32-10-35;
- 24 (9) Proceeds from the wheel tax pursuant to § 32-5A-2;

1 (10) Revenue accruing from the sale of surplus highway equipment to property pursuant  
2 to § 6-13-8; and

3 (11) Other revenue received by the county for service or work performed by the county  
4 highway department under force account or agreement with other entities.

5 This section does not affect the deposit and use of the special highway fund for township  
6 roads established pursuant to subdivision 32-11-4.1(2).

7 Section 4. The provisions of this Act are repealed July 1, 2005.

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

770I0707

## SENATE ENGROSSED NO. **HB 1191** - 03/05/2003

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representative McCaulley and Senator Olson (Ed)

1 FOR AN ACT ENTITLED, An Act to provide for the distribution of certain money  
2 appropriated as state aid to general education.

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

4 Section 1. The secretary of the Department of Education and Cultural Affairs shall distribute  
5 any money, not to exceed seven million three hundred seven thousand eight hundred ninety-six  
6 dollars (\$7,307,896) appropriated as state aid to general education by section 12 of chapter 4  
7 of the 2002 Session Laws which is not distributed as state aid to general education pursuant to  
8 the formula in chapter 13-13 to South Dakota's public school districts.

9 Section 2. For purposes of this Act, average daily membership means average daily  
10 membership as defined in § 13-13-10.1 for school fiscal year 2002.

11 Section 3. Each school district's share of the distribution provided for in section 1 of this Act  
12 is determined according to the following calculations:

13 (1) Divide each school districts average daily membership by the statewide average daily  
14 membership;

15 (2) Multiply the quotient obtained by calculation (1) by the total amount of money



1           identified for distribution pursuant to section 1 of this Act.

2           Section 4. This Act is effective on June 25, 2003.

3           Section 5. Any funds appropriated by this Act which are unspent at the end of fiscal year

4           2003 shall be carried over to fiscal year 2004.

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

400I0512

HOUSE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **SB 61** - 02/28/2003

Introduced by: The Committee on State Affairs at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to increase the tax on cigarettes and other tobacco products  
2 and to declare an emergency.

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

4 Section 1. That § 10-50-3 be amended to read as follows:

5 10-50-3. A tax is imposed, whether or not a sale occurs, at the following rates on all  
6 cigarettes held in this state for sale by any person:

7 Class A, on cigarettes weighing not more than three pounds per thousand, ~~sixteen~~ thirty-one  
8 and one-half mills on each cigarette.

9 Class B, on cigarettes weighing more than three pounds per thousand, ~~sixteen~~ thirty-one and  
10 eight-tenths mills on each cigarette.

11 Section 2. That § 10-50-61 be amended to read as follows:

12 10-50-61. In addition to the tax imposed by § 10-50-3, there is imposed, whether or not a  
13 sale occurs, a tax upon all tobacco products in this state and upon any person engaged in  
14 business as a licensed distributor or licensed wholesaler thereof, at the rate of ~~ten~~ twenty percent  
15 of the wholesale purchase price of such tobacco products. ~~Such~~ The tax shall be imposed at the



1 time the distributor or wholesaler brings or causes to be brought into this state tobacco products  
2 for sale; makes, manufactures, or fabricates tobacco products in this state for sale in this state;  
3 or ships or transports tobacco products to dealers in this state to be sold by those dealers. For  
4 the purposes of this chapter, wholesale purchase price is the price for which a manufacturer sells  
5 tobacco products to a licensed distributor or licensed wholesaler exclusive of any discount or  
6 other reduction.

7 Section 3. Whereas, this Act is necessary for the support of the state government and its  
8 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in full  
9 force and effect from and after its passage and approval.