



## 2025 South Dakota Legislature

# House Bill 1050

Introduced by: **Representative** Weisgram

1 **An Act to authorize municipalities to impose a new tax to fund capital improvement**  
2 **projects.**

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

4 **Section 1. That a NEW SECTION be added to chapter 10-52:**

5 In addition to any tax imposed by a municipality under this chapter, a municipality  
6 may impose a gross receipts tax, subject to the provisions of sections 2, 3, and 7 of this  
7 Act. The rate of tax authorized by this section may not exceed one percent on the gross  
8 receipts of all sales of tangible personal property and services that are taxable pursuant  
9 to chapter 10-45 in the municipality. The tax must conform in all respects to the state tax,  
10 with the exception of the tax rate.

11 **Section 2. That a NEW SECTION be added to chapter 10-52:**

12 To impose a tax pursuant to section 1 of this Act, the governing body of a  
13 municipality shall specify in the ordinance the purpose of, and the minimum amount to be  
14 generated from, the tax. If the capital improvement board of the municipality, established  
15 pursuant to section 8 of this Act, votes in favor of the ordinance, the governing body must  
16 submit the question of the imposition of the tax to the voters of the municipality at any  
17 annual election.

18 **Section 3. That a NEW SECTION be added to chapter 10-52:**

19 To the extent applicable, the administration and notification of an election for the  
20 imposition of a tax pursuant to section 1 of this Act must adhere to the provisions of §§  
21 6-8B-4 and 6-8B-5 governing a bond election, and the tax may only be imposed if it is  
22 supported by at least sixty percent of the voters of the municipality voting on the question.

23 **Section 4. That a NEW SECTION be added to chapter 10-52:**

1           All moneys collected from the tax imposed pursuant to section 1 of this Act and  
2           distributed to a municipality must be deposited into a special capital outlay fund of the  
3           municipality to be used only for purposes set forth in section 5 of this Act.

4           **Section 5. That a NEW SECTION be added to chapter 10-52:**

5           The governing body of a municipality may expend moneys in the special capital  
6           outlay fund only for the following purposes:

7           (1) Acquisition or lease, by the municipality, of real property, a plant asset, or  
8           equipment; or

9           (2) Construction, repair, or renovation of real property owned solely by the  
10           municipality or jointly by the municipality with one or more political subdivisions of  
11           this state.

12           After the completion of a project using moneys in the special capital outlay fund,  
13           the municipality may transfer ownership of the real property, plant, or equipment to the  
14           county in which the municipality is at least partially situated or to a school district at least  
15           partially situated in the municipality.

16           **Section 6. That a NEW SECTION be added to chapter 10-52:**

17           An ordinance enacted pursuant to sections 1 to 3, inclusive, of this Act, and any  
18           tax rate affected thereby, remain effective for sixty months after the enactment of the  
19           ordinance, or until either June thirtieth or December thirty-first of the year in which the  
20           municipality collects the amount of money specified in the ordinance enacted pursuant to  
21           section 2 of this Act, whichever occurs first.

22           **Section 7. That a NEW SECTION be added to chapter 10-52:**

23           A municipality may not impose a tax pursuant to section 1 of this Act if the  
24           municipality has, in the most recent twenty-four months, collected moneys from a tax  
25           imposed pursuant to section 1 of this Act.

26           **Section 8. That a NEW SECTION be added to chapter 9-12:**

27           A municipality shall appoint a capital improvement board for purposes of approving  
28           or rejecting ordinances pursuant to section 2 of this Act.

29           A capital improvement board consists of the following five members, appointed by  
30           the mayor of the municipality and approved by the governing body:

- 1        (1) One member of the governing body of the municipality; and  
2        (2) Four residents of the municipality, excluding any member of the governing body of  
3            the municipality.

4        **Section 9. That a NEW SECTION be added to chapter 9-12:**

5            The term of each member appointed pursuant to section 8 of this Act is three years.  
6        In the case of a vacancy, a new member may be appointed for the remainder of the term,  
7        in accordance with section 8 of this Act.

8            Each term begins on January first or July first following the appointment, whichever  
9        occurs first.