

State of South Dakota

SEVENTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 1998

706B0514

HOUSE TAXATION COMMITTEE ENGROSSED NO. **HB1131** - 1/28/98

Introduced by: Representatives Cutler, Apa, Brown (Gary), Diedrich, Jorgensen, Koskan, Moore, Napoli, and Peterson (Bill) and Senators Paisley, Brosz, Brown (Arnold), Flowers, and Shoener

1 FOR AN ACT ENTITLED, An Act to exempt locksmiths and locksmith shops from the
2 contractor's excise tax and to make them subject to sales and use tax.

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

4 Section 1. That chapter 10-46A be amended by adding thereto a NEW SECTION to read
5 as follows:

6 The following services enumerated in the Standard Industrial Classification Manual of 1987
7 as prepared by the Statistical Policy Division of the Office of Management and Budget, Office
8 of the President, are exempt from the provisions of this chapter: repair shops and related
9 services, not elsewhere classified (industry no. 7699) but only locksmiths and locksmith shops.

10 Section 2. That chapter 10-46B be amended by adding thereto a NEW SECTION to read
11 as follows:

12 The following services enumerated in the Standard Industrial Classification Manual of 1987
13 as prepared by the Statistical Policy Division of the Office of Management and Budget, Office
14 of the President, are exempt from the provisions of this chapter: repair shops and related

1 services, not elsewhere classified (industry no. 7699) but only locksmiths and locksmith shops.

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

4 Locks, lock parts, other materials purchased for use by locksmiths as classified in repair
5 shops and related services, not elsewhere classified (industry no. 7699) as enumerated in the
6 Standard Industrial Classification Manual of 1987, as prepared by the Statistical Policy Division
7 of the Office of Management and Budget, Office of the President, and used for such work are
8 purchases for resale.

9 Section 4. That § 10-45-5.2 be amended to read as follows:

10 10-45-5.2. The following services enumerated in the Standard Industrial Classification
11 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and
12 Budget, Office of the President, are specifically subject to the tax levied by this chapter: metal
13 mining services (group no. 108); coal mining (major group 12); nonmetallic minerals (except
14 fuels) services (group no. 148); service industries for the printing trade (group no. 279); coating,
15 engraving and allied services (group no. 347); communication, electric and gas services (division
16 E except group nos. 483, 494 and 495); hotels, motels, and tourist courts (group no. 701);
17 rooming and boarding houses (group no. 702); camps and recreational vehicle parks (group no.
18 703); personal services (major group 72); business services (major group 73); automotive repair,
19 services, and parking (major group 75); miscellaneous repair services (major group 76);
20 amusement and recreation services (major group 79); legal services (major group 81); landscape
21 and horticultural services (group no. 078); engineering, accounting, research, management, and
22 related services (major group 87, except industry no. 8733); title abstract offices (group no.
23 654); consumer credit reporting agencies, mercantile reporting agencies, and adjustment and
24 collection agencies (group no. 732); real estate agents and managers (group no. 653); funeral
25 service and crematories (group no. 726), except that purchases of goods or services with money

1 advanced as an accommodation are retail purchases and are not includable in gross receipts for
2 funeral services and fees paid or donated for religious ceremonies are not includable in gross
3 receipts for funeral services; loan brokers (industry no. 6163); repair shops and related services,
4 not elsewhere classified (industry no. 7699) but only locksmiths and locksmith shops; and floor
5 laying and other floor work not elsewhere classified (industry no. 1752). In addition, the
6 following services are also specifically subject to the tax levied by this chapter: livestock
7 slaughtering services; dog grooming services; airplane, helicopter, balloon, dirigible and blimp
8 rides for amusement or sightseeing; the collection and disposal of solid waste; and all appraiser's
9 services. The services enumerated in this section may not be construed as a comprehensive list
10 of taxable services but rather as a representative list of services intended to be taxable under this
11 chapter.

12 Section 5. That § 10-45-12.1 be amended to read as follows:

13 10-45-12.1. The following services enumerated in the Standard Industrial Classification
14 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and
15 Budget, Office of the President are exempt from the provisions of this chapter: health services
16 (major group 80); educational services (major group 82) except schools and educational services
17 not elsewhere classified (industry no. 8299); social services (major group 83); agricultural
18 services (major group 07) except veterinarian services (group no. 074) and animal specialty
19 services, except veterinary (industry no. 0752); forestry services (group no. 085); radio and
20 television broadcasting (group no. 483); railroad transportation (major group 40); local and
21 suburban passenger transportation (group no. 411) except limousine services; school buses
22 (group no. 415); farm product warehousing and storage (industry no. 4221); establishments
23 primarily engaged in transportation on rivers and canals (group no. 444); establishments primarily
24 engaged in air transportation, certified carriers (group no. 451); establishments primarily engaged
25 in air transportation, noncertified carriers (group no. 452) except chartered flights (industry no.

1 4522) and airplane, helicopter, balloon, dirigible and blimp rides for amusement or sightseeing;
2 pipe lines, except natural gas (major group 46); arrangement of passenger transportation (group
3 no. 472); arrangement of transportation of freight and cargo (group no. 473); rental of railroad
4 cars (group no. 474); water supply (industry no. 4941); sewerage systems (industry no. 4952);
5 security brokers, dealers and flotation companies (group no. 621); commodity contracts brokers
6 and dealers (group no. 622); credit counseling services provided by individual and family social
7 services (group no. 8322); construction services (division C) except industry no. 1752 and
8 locksmiths and locksmith shops; consumer credit reporting agencies, mercantile reporting
9 agencies, and adjustment and collection agencies (group no. 732), if the debt was incurred
10 out-of-state and the client does not reside within the state. The following are also specifically
11 exempt from the provisions of this chapter: financial services of institutions subject to tax under
12 chapter 10-43 including loan origination fees, late payment charges, nonsufficient fund check
13 charges, stop payment charges, safe deposit box rent, exchange charges, commission on travelers
14 checks, charges for administration of trusts, interest charges, and "points" charged on loans;
15 commissions earned or service fees paid by an insurance company to an agent or representative
16 for the sale of a policy; services of brokers and agents licensed under Title 47; the sale of trading
17 stamps; rentals of motor vehicles as defined by § 32-5-1 leased under a single contract for more
18 than twenty-eight days; advertising services; services provided by any corporation to another
19 corporation which is centrally assessed having identical ownership and services provided by any
20 corporation to a wholly owned subsidiary which is centrally assessed; continuing education
21 programs, tutoring, vocational counseling, except rehabilitation counseling and motion picture
22 rentals to a commercially operated theater primarily engaged in the exhibition of motion pictures;
23 and charges made by a telecommunications company for the origination, transmission, switching,
24 reception or termination of an interstate telephone or telegraph communication.

25 Section 6. That chapter 10-46 be amended by adding thereto a NEW SECTION to read as

1 follows:

2 The following services enumerated in the Standard Industrial Classification Manual of 1987
3 as prepared by the Statistical Policy Division of the Office of Management and Budget, Office
4 of the President, are subject to the tax levied by this chapter: repair shops and related services,
5 not elsewhere classified (industry no. 7699) but only locksmiths, locksmith shops, and lock parts
6 made to individual order.

1 **BILL HISTORY**

2 1/20/98 First read in House and referred to Taxation. H.J. 121

3 1/27/98 Scheduled for Committee hearing on this date.

4 1/27/98 Taxation Do Pass Amended, Passed, AYES 12, NAYS 1. H.J. 253