

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

400I0520

## SENATE BILL NO. 63

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

1 FOR AN ACT ENTITLED, An Act to repeal the sales tax exemption for certain interstate  
2 telecommunication services.

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

4 Section 1. That § 10-45-6.1 be amended to read as follows:

5 10-45-6.1. Except as provided in § 10-45-6.2, there is hereby imposed ~~on amounts paid for~~  
6 ~~local telephone services, toll telephone services, and teletypewriter services,~~ a tax of four percent  
7 ~~of the amount so paid. The taxes imposed by this section shall be paid by the person paying for~~  
8 ~~the services. If a bill is rendered the taxpayer for local telephone service or toll telephone service,~~  
9 ~~the amount on which the tax with respect to such services shall be based shall be the sum of all~~  
10 ~~charges for such services included in the bill, except that if a person who renders the bill groups~~  
11 ~~individual items for purposes of rendering the bill and computing the tax, then the amount on~~  
12 ~~which the tax for each such group shall be based shall be the sum of all items within that group,~~  
13 ~~and the tax on the remaining items not included in any such group shall be based on the charge~~  
14 ~~for each item separately. If the tax imposed by this section with respect to toll telephone service~~  
15 ~~is paid by inserting coins in coin operated telephones, the tax shall be computed to the nearest~~  
16 ~~multiple of five cents, except that, where the tax is midway between multiples of five cents, the~~



1 ~~next higher multiple shall apply. The tax so paid shall be remitted at the same time as the sales~~  
2 ~~tax imposed by this chapter~~ upon the gross receipts from providing any telecommunication  
3 service that originates or terminates in this state and that is billed or charged to a service address  
4 in this state, or that both originates and terminates in this state.

5 For the purposes of this section, the term, telecommunication service, is the transmission of  
6 signs, signals, writings, images, sounds, messages, data, or other information of any nature by  
7 wire, radio, lightwaves, electromagnetic means, or other similar means, but does not include the  
8 sale of incoming or outgoing wide area transmission service or wide area transmission type  
9 service, including eight hundred or eight hundred type service, to the person contracting for the  
10 receipt of that service.

11 Section 2. That § 10-45-12.1 be amended to read as follows:

12 10-45-12.1. The following services enumerated in the Standard Industrial Classification  
13 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and  
14 Budget, Office of the President are exempt from the provisions of this chapter: health services  
15 (major group 80); educational services (major group 82) except schools and educational services  
16 not elsewhere classified (industry no. 8299); social services (major group 83); agricultural  
17 services (major group 07) except veterinarian services (group no. 074) and animal specialty  
18 services, except veterinary (industry no. 0752); forestry services (group no. 085); radio and  
19 television broadcasting (group no. 483); railroad transportation (major group 40); local and  
20 suburban passenger transportation (group no. 411) except limousine services; school buses  
21 (group no. 415); farm product warehousing and storage (industry no. 4221); establishments  
22 primarily engaged in transportation on rivers and canals (group no. 444); establishments primarily  
23 engaged in air transportation, certified carriers (group no. 451); establishments primarily engaged  
24 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 (industry 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.~~