

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

870M0087

SENATE BILL NO. 79

Introduced by: Senators Kloucek and Hanson (Gary) and Representatives Gassman,
Bradford, Lange, and Valandra

1 FOR AN ACT ENTITLED, An Act to exempt the purchase of farm machinery, farm attachment
2 units, and irrigation equipment from sales and use tax.

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

4 Section 1. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 There are exempted from the provisions of this chapter and from the tax imposed by it, gross
7 receipts from the sale, resale, or leasing of farm machinery, attachment units, and irrigation
8 equipment used exclusively for agricultural purposes.

9 Section 2. That § 10-45-3 be repealed.

10 ~~—10-45-3. There is hereby imposed a tax of four percent on the gross receipts from the sale~~
11 ~~or resale of farm machinery and attachment units other than replacement parts; or irrigation~~
12 ~~equipment used exclusively for agricultural purposes by licensed South Dakota retailers.~~
13 ~~However, if any trade-in or exchange of used farm machinery is involved in the transaction, the~~
14 ~~tax is only due and shall be collected only on the cash difference.~~

15 Section 3. That § 10-45-3.2 be amended to read as follows:



1 10-45-3.2. For purposes of ~~§ 10-45-3~~ section 1 of this Act, farm machinery shall include
2 all-terrain vehicles of three or more wheels used exclusively by the purchaser for agricultural
3 purposes on agricultural land. The purchaser shall sign and deliver to the seller a statement that
4 the all-terrain vehicle will be used exclusively for agricultural purposes.

5 Section 4. That § 10-45-3.3 be repealed.

6 ~~10-45-3.3. Farm machinery and attachment units, other than replacement parts, and~~
7 ~~irrigation equipment sold at public auction shall be taxed pursuant to § 10-45-3 without regard~~
8 ~~to its intended use.~~

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

10 10-45-5. There is imposed a tax at the rate of ~~four percent upon the gross receipts of any~~
11 ~~person from engaging in the business of leasing farm machinery or irrigation equipment used~~
12 ~~for agricultural purposes and four percent upon the gross receipts of any person from engaging~~
13 ~~or continuing in any of the following businesses or services in this state: abstracters;~~
14 ~~accountants; architects; barbers; beauty shops; bill collection services; blacksmith shops; car~~
15 ~~washing; dry cleaning; dyeing; exterminators; garage and service stations; garment alteration;~~
16 ~~cleaning and pressing; janitorial services and supplies; specialty cleaners; laundry; linen and~~
17 ~~towel supply; membership or entrance fees for the use of a facility or for the right to purchase~~
18 ~~tangible personal property or services; photography; photo developing and enlarging; tire~~
19 ~~recapping; welding and all repair services, except farm machinery, farm attachment units, or~~
20 ~~irrigation equipment repair services; cable television; and rentals of tangible personal property~~
21 ~~except leases of tangible personal property between one telephone company and another~~
22 ~~telephone company, motor vehicles as defined by § 32-5-1 leased under a single contract for~~
23 ~~more than twenty-eight days and mobile homes. However, the specific enumeration of~~
24 ~~businesses and professions made in this section does not, in any way, limit the scope and effect~~

1 of § 10-45-4.

2 Section 6. That § 10-45-5.2 be amended to read as follows:

3 10-45-5.2. The following services enumerated in the Standard Industrial Classification
4 Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and
5 Budget, Office of the President, are specifically subject to the tax levied by this chapter: metal
6 mining services (group no. 108); coal mining (major group 12); nonmetallic minerals (except
7 fuels) services (group no. 148); service industries for the printing trade (group no. 279); coating,
8 engraving and allied services (group no. 347); communication, electric and gas services
9 (division E except group nos. 483, 494 and 495); hotels, motels, and tourist courts (group no.
10 701); rooming and boarding houses (group no. 702); camps and recreational vehicle parks
11 (group no. 703); personal services (major group 72); business services (major group 73);
12 automotive repair, services, and parking (major group 75); miscellaneous repair services (major
13 group 76), except farm machinery, farm attachment units, or irrigation equipment repair
14 services; amusement and recreation services (major group 79); legal services (major group 81);
15 landscape and horticultural services (group no. 078); engineering, accounting, research,
16 management, and related services (major group 87, except industry no. 8733); title abstract
17 offices (group no. 654); consumer credit reporting agencies, mercantile reporting agencies, and
18 adjustment and collection agencies (group no. 732); real estate agents and managers (group no.
19 653); funeral service and crematories (group no. 726), except that purchases of goods or services
20 with money advanced as an accommodation are retail purchases and are not includable in gross
21 receipts for funeral services and fees paid or donated for religious ceremonies are not includable
22 in gross receipts for funeral services; loan brokers (industry no. 6163); repair shops and related
23 services, not elsewhere classified (industry no. 7699) but only locksmiths and locksmith shops;
24 and floor laying and other floor work not elsewhere classified (industry no. 1752). In addition,

1 the following services are also specifically subject to the tax levied by this chapter: livestock
2 slaughtering services; dog grooming services; airplane, helicopter, balloon, dirigible and blimp
3 rides for amusement or sightseeing; the collection and disposal of solid waste; and all appraiser's
4 services. The services enumerated in this section may not be construed as a comprehensive list
5 of taxable services but rather as a representative list of services intended to be taxable under this
6 chapter.

7 Section 7. That chapter 10-46 be amended by adding thereto a NEW SECTION to read as
8 follows:

9 There are exempted from the provisions of this chapter and from the tax imposed by it, gross
10 receipts from the sale, resale, or lease of farm machinery, attachment units, and irrigation
11 equipment used exclusively for agricultural purposes.