



<https://dor.sd.gov/> 1-800-829-9188

County Governments

August 2018

The purpose of this tax fact is to explain if sales are to a government or exempt agency per SDCL 10-45-10, sales tax is not due. Proof of payment from the exempt entity should be kept for documentation. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

Sales Tax

Sales of tangible personal property and services are exempt from sales tax when sold to:

- United States Government
- State of South Dakota
- Cities, Counties and Townships
- The Government of any other state IF that state has the same exemption
- School Districts
- Public or Municipal Corporations
- Indian Tribes

South Dakota Taxes and Rates

State Sales Tax and Use Tax – Applies to all sales or purchases of taxable products and services.	4.5%
Municipal Sales Tax and Use Tax – Applies to all sales of products and services that are subject to the state sales tax or use tax if the purchaser receives or uses the product or service in a municipality that imposes a sales tax or use tax.	1 to 2%
Contractor's Excise Tax – Imposed on the gross receipts of all prime contractors engaged in construction services or realty improvement projects in South Dakota. The gross receipts include the tax collected from the consumer.	2%
Tourism – Applies to the rental of certain motor vehicles. Tourism tax does not apply when you are remitting use tax.	1.5%

Governments like the state, city, counties, etc., are required to charge sales tax on items or services that are not a regulatory function of that government.

The following items or services are subject to sales tax if a charge is made:

- Copies, faxes, and notary services
- Vending machine items
- County maps, property descriptions, and neighborhood cost analysis, copy charges to title companies
- Voter registration lists, if not authorized under SDCL 12-4-24 and 12-4-24.1
- Fee charges for administering hunting and fishing licenses
- Informational pamphlets and books
- Non-ag pesticides/rodenticides
- Alarm monitoring services and sale of 911 tapes or transcripts and audio tape reproduction
- Charges for dispatch services to private ambulance companies
- Sales of data information
- to private research companies
- Fingerprinting fees
- Garbage collection
- Mowing & non-ag weed spraying
- Auctions for sale of surplus items
- Campsites Rentals (subject to tourism tax)

Sales Tax (cont.)

The following items or services are exempt from sales tax by law or as a regulatory function of county government:

- Advertising fee reimbursements for actions that must be publicly advertised. (i.e. beer license)
- Air quality permits, paved parking lot permits, and building permits
- Occasional rental of meeting rooms
- Work release fees collected from inmates (SDCL [24-11-32.1](#))
- Commissions received from pay phones
- Dental and medical bills to inmates
- Fees charged to parents for children incarcerated at juvenile detention centers (SDCL [26-7A-94](#) & [98](#))
- Charges at Detox center for testing and mandatory DWI classes
- Legal fees collected by Public Defenders office or by the county, on behalf of the Public Defenders Office.
- Ownership lists for rezoning or that must be purchased by persons taking out building permits
- Copies of deeds prepared by the Register of Deeds which is required to be performed by law
- Sale of scrap metal if sold for resale
- Voter registration list (authorized under SDCL [12-4-24](#) and [12-4-24.1](#))
- Sale of hunting and fishing licenses (except the administrative fee)
- Background checks - Record searches (SDCL [16-2-29.5](#))

Contractor's Excise Tax

The following construction services are subject to the contractor's excise tax:

- Charges for repairs to damaged signs and other structures due to accidents or vandalism
- Private contributions to repair minimum maintenance roads and driveways
- Road repairs performed for townships or road districts

Management of Revolving Loan Fund

Beginning July 1, 2005, the receipts received by the State of South Dakota and any of its political subdivisions including multi-county planning and development districts established pursuant to Executive Order 70-7, or its successor, from management services provided to a revolving loan fund operated by a nonprofit entity will be exempt from sales and use tax.

Unlicensed Contractors

Public corporations may not award contracts for the construction of any public improvement to unlicensed contractors. Please contact the department at 1-800-TAX-9188 to verify the contractor's license prior to letting bids.

Contractors must provide documentation to the public corporation that these licensing requirements are met before the public corporation can do business with them.

Contractors may obtain an application for a tax permit from our website at <https://dor.sd.gov> or by calling 1-800-829-9188.

Contractors Tax Liability

If a county hires a contractor to perform construction services or realty improvement work for the county, the contractor will owe excise tax on the gross receipts from that work. In addition, the contractor will owe sales or use tax on all materials they use in the project. The contractor must pay use tax and contractor's excise tax on materials supplied by the county for use in their work.

A government entity may NOT issue an exemption certificate to a contractor that is performing construction services or realty improvements for that entity.

State law allows contractors to list their tax expense as a separate line item on all contracts and bills. The contractor's excise tax and the contractor's use taxes are part of the contractor's total bill and are collectible from all entities, both public and private.

Conservation Districts

Conservation districts are government agencies. Purchases made by conservation districts are exempt from sales tax. Sales of products by a conservation district are subject to the state sales tax plus applicable municipal tax based on where the product is delivered. This does not include products that are planted or installed by the seller on agricultural land.

Examples of taxable products are:

- Trees
- Tree mats
- Fabric – ground cover
- Flags
- Staples
- Wiltpruf
- Tree tubes

Receipts from certain services performed on agricultural land are exempt from sales tax. This includes products that are sold and planted or installed on agricultural land. Agricultural land includes the shelterbelt around farm residences.

These services include:

- Planting trees in shelterbelts
- Cultivating shelterbelts
- Spraying trees
- Installing tree tubes
- Installing ground cover

Receipts from these services performed in town or on an acreage that is not used for agricultural purposes are subject to sales tax.

The conservation district does not owe use tax on the trees planted or other material they use because they are a government entity. If someone other than an exempt entity, e.g., Conservation Districts, plants the trees they will owe use tax on the trees and material used.

The rental or lease of equipment owned by a conservation district that is used for agricultural purposes is exempt from sales tax. This includes all agricultural devices such as drills, cultivators or land rollers.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188

Business Tax Division Email: bustax@state.sd.us

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