



Tax Guide for County Officials

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CONTACT US

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

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Division of Business Tax
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Authorization and Purpose

Senate Bill 96, passed during the 2026 legislative session, allows each county to impose a local gross receipts tax up to 0.5% on tangible personal property, products transferred electronically, and services.

Counties that impose the gross receipts tax must deposit the revenues into a property tax reduction fund. All monies in the fund must be used to provide owner-occupied properties with a tax credit against the county portion of the property tax bill. However, counties can retain two percent in the initial year after imposition of the tax and up to \$20,000 in subsequent years for administrative costs. Any remaining funds after 100 percent of the county owner-occupied taxes are replaced must be used to offset agricultural and non-agricultural property taxes proportionally.

Timeline and Critical Deadlines

Date	Action
March 11, 2026	Governor Rhoden signs SB96
On or after July 1, 2026	County commissioners adopt ordinance and/or initiate petition
At least 90 days prior to January 1 or July 1	Submit official notice to DOR
January 1 or July 1	Tax becomes effective
2028 property tax bills	Must itemize owner-occupied property tax credit on tax bill.

Implementation

An ordinance to impose the county gross receipts tax must specify the tax rate, which may be up to 0.5 percent, and identify the effective date, which must be either January 1 or July 1. In addition, the ordinance must specify the tax will be dedicated for owner-occupied property tax relief and must create a special property tax reduction fund.

The ordinance may be referred to a public vote through the petition and referendum process.

County Gross Receipts Tax

When and How County Tax Is Added or Changed

The county gross receipts tax must follow all state sales tax rules, except for the rate. New county taxes or rate changes may take effect only on January 1 or July 1. Changes to an existing ordinance must be made by amending or replacing the original ordinance. Each new or amended ordinance must include all provisions governing the tax and must be adopted according to SDCL ch. 7-18A. Revenue projections may be requested from the Department of Revenue.

Notification Requirements

The county must notify the Department of Revenue of final ordinance adoption at least 90 days before the January 1 or July 1 effective date. Notification, sent by certified or registered mail, must include:

- A certified copy of the ordinance after final passage
- A certified county map, including address information
- Notice that the ordinance has been referred to a vote

If voter approval is required, the effective date will be the next January 1 or July 1 that occurs at least 90 days after the department is notified of voter approval of the ordinance.

Department Responsibility After Receiving the Final Ordinance

Upon receipt of the final ordinance, the Department will:

- Send an acknowledgment letter confirming the rate, effective date, and administrative fees
- Notify taxpayers through mailings to select licensees, newsletter updates, local notices before canvasses, and a press release on the Governor's website.

Allowable Rates and Use of Revenue

A county may impose up to a 0.5 percent gross receipts tax. Revenues must first offset property taxes for owner-occupied residences; any remaining funds may be used for agricultural and non-agricultural property tax credits.

County Tax Collections

The county tax is collected by the Department of Revenue on the state sales tax return at the same time as the state tax is filed and paid.

To implement a new county tax or to change an existing tax, the department must assign a specific code and must incorporate the code changes on the tax returns and in our computer system. The Tax Guide is also updated semi-annually for licensee use.

The department enforces collection of state, county and municipal taxes. When a business is contacted or audited, county tax reporting is verified in conjunction with the state and municipal taxes.

Implementation Fees

Initiate a new county tax - A one-time fee of \$350 will be charged plus \$1.50 per licensee based on the number of licensees within the county.

Amend existing county tax - A one-time fee will of \$350 be charged plus \$0.90 per licensee based on the number of licensees that reported that county's sales tax in the previous 2 years. The 2-year period ends 90 days prior to the effective date of the amendment.

These fees are deducted from the county tax collected prior to payment to the county. Do not send payment to the Department of Revenue.

Continuous Administrative Fees

An administrative fee will be deducted from each payment at a rate of .55 percent of the county tax collected.

Payment Information

- Payments are made to the county twice a month.
- The payment letter contains information as to taxes collected, administrative fees, and special deductions from the check.
- The administrative fee is deducted from the tax collected. DO NOT send payment to the Department of Revenue.
- Payments will be made through direct deposit. An email with distribution information will be sent prior to the transfer of funds.

Payment Letter Example:

Payment Type	County Code	Tax Type	Rate	Rate Effective Date	Rate Ending Date	Effective Annual
Audit Paid	501-2	General	.50%	01/01/2027	—	\$ 985.90
Reported Amount	501-2	General	.50%	01/01/2027	—	\$ 14,360.73
					—	
				Subtotal		\$15,346.63
				Administrative		(\$ 84.41)
				Miscellaneous		\$178.03
				Net Payment Amount	=	\$15,440.25

*The miscellaneous amounts include a portion of county tax reported from taxpayers that refuse to identify the county amounts by county. These amounts are apportioned back to all counties imposing a gross receipts tax based on a percentage of the total.

Address Changes

Notices for address changes or additions must be submitted using the Department of Revenue’s online [Notice of New or Updated Addresses](#) form. This form allows you to enter all required information and upload any supporting documents related to address updates. Enforcement of these changes cannot begin until the first day of the first calendar quarter that occurs at least ninety days after the county has notified the Department of Revenue.

Address assignments or reassignments should be submitted using the online form. When submitting address updates, you will need to include (preferably PDF or Excel formats):

- List of the addresses indicating whether each address is new, corrected, or updated; and
- Map of address locations (aerial map is preferred)

Once the notice is submitted, you will receive an email confirming receipt of the form.

The Department of Revenue relies on information provided by the county to ensure your county receives the correct county tax. Your continued assistance in keeping this information up to date is essential.

Sample Ordinance: County Gross Receipts Tax

ORDINANCE NO. _____

AN ORDINANCE IMPOSING A COUNTY GROSS RECEIPTS TAX AND A USE TAX FOR _____ COUNTY, SOUTH DAKOTA.

BE IT ORDAINED BY _____ COUNTY, SOUTH DAKOTA.

Section 1. PURPOSE. The purpose of this ordinance is to provide additional needed revenue for _____ County, South Dakota, by imposing county gross receipts tax pursuant to the powers granted to the county by the State of South Dakota, by SDCL 10-XX entitled Uniform County Non-Ad Valorem Tax Law, and acts amendatory thereto. The purpose of the county gross receipts tax is to provide property tax relief on the county property tax levy for all property classified as owner-occupied. All monies collected by the county from the gross receipts tax must be deposited into a property tax reduction fund, which is hereby created.

Section 2. EFFECTIVE DATE AND ENACTMENT OF TAX. From and after the first day of _____, 20____, there is hereby imposed as a county gross receipts tax upon the privilege of engaging in business a tax measured by _____ percent (____%) on the gross receipts of all persons engaged in business within the jurisdiction of _____ County, South Dakota, who are subject to the South Dakota Retail Occupational Sales and Service Tax, SDCL 10-45 and acts amendatory thereto.

Section 3. USE TAX. In addition there is hereby imposed an gross receipts tax on the privilege of use, storage and consumption within the jurisdiction of the county of items purchased from and after the first of _____, 20____, at the same rate as the county gross receipt tax upon all transactions or use, storage and consumption which are subject to the South Dakota Use Tax, SDCL 10-46, and acts amendatory thereto.

Section 4. COLLECTION. Such tax is levied pursuant to authorization granted by SDCL 10-XX and acts amendatory thereto, and shall be collected by the South Dakota Department of Revenue in accordance with the same rules and regulations applicable to the State Sales Tax and under such additional rules and regulations as the Secretary of Revenue of the State of South Dakota shall lawfully prescribe.

Section 5. INTERPRETATION. It is declared to be the intention of this ordinance and the taxes levied hereunder that the same shall be interpreted and construed in the same manner as all sections of the South Dakota Retail Occupational Sales and Service Tax, SDCL 10-45 and acts amendatory thereto and the South Dakota Use Tax, SDCL 10-46 and acts amendatory hereto, and that this shall be considered a similar tax except for the rate thereof to that tax.

Section 6. PENALTY. Any person failing or refusing to make reports or payments prescribed by

this ordinance and the rules and regulations relating to the ascertainment and collection of the tax herein levied shall be subject to all such collection remedies authorized by SDCL 10-45, and acts amendatory thereto, and SDCL 10-46, and acts amendatory thereto, are hereby authorized for the collection of these taxes by the Department of Revenue.

Section 7. SEPARABILITY. If any provision of this ordinance is declared unconstitutional or the application thereof to any person or circumstances held invalid the constitutionality of the remainder of the ordinance and applicability thereof to other persons or circumstances shall not be affected thereby.

Dated this _____ day of, 20__.

County Commissioner

First Reading

Second Reading and Adoption

Published

ATTEST

Document Note: The statutory references will be updated once SB 96 is codified.