



March 23, 2009

RE: Increase in Tourism Tax Rate

A law was passed during the 2009 Legislative Session which increased South Dakota's tourism tax rate from 1% to 1.5%. All businesses subject to the tourism tax should begin charging the new rate as of July 1, 2009. The new rate will be in effect until June 30, 2011; on July 1, 2011, the rate will revert back to 1%. The tourism tax code to use on the tax return remains 700-1.

Tourism Tax applies year round to the gross receipts of:

- Hotels and Lodging Establishments
- Campgrounds
- Motor Vehicle Rentals
- Recreational Equipment Rentals
- Recreational Services
- Spectator Events
- Visitor Attraction

Tourism Tax applies in the months of June, July, August and September to the gross receipts of Visitor-Intensive Businesses. A Visitor Intensive business is defined in law as "any antique shop, book store, candy store, flea market, gift shop, indigenous arts and crafts shop, jewelry, lapidary shop, leather goods shop, marina, novelty shop, pottery shop, rock shop, souvenir shop, and tee shirt shop if fifty percent or more of annual total receipts are derived from the sale of tangible personal property or any product transferred electronically, during the months of June, July, August, and September. No postsecondary, college, and university book store is, however, included."

For more information on Tourism Tax and definitions of the various categories, a copy of the Tourism Tax Fact is available for downloading at www.state.sd.us/drr - click on Business Tax, then Publications. Or call our toll free number at 1-800-829-9188. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Jan Talley".

Jan Talley
Director of Business Tax