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Tax Change in South Valley Drive Annexation Area Effective October 1

PIERRE, S.D. – Beginning next month, the city of Rapid City will be expanding the geographical area that is subject to its 2% municipal sales and use tax and its 1% municipal gross receipts tax.

Effective Oct. 1, 2009, those tax rates will be implemented in the South Valley Drive area, which was annexed into the Rapid City city limits following a public vote in June. Prior to the public vote, the city council adopted a December 2008 Resolution to Annexation that officially added an area of 263 acres located south of S.D. Highway 44 along Valley Drive to the city limits of Rapid City.

Rapid City’s municipal sales and use tax applies to every item or service that is subject to the state sales and use tax. The gross receipts tax is imposed on alcoholic beverages, eating establishments, lodging accommodations, and admissions to places of amusement, athletic and cultural events. Business Tax Division Director Jan Talley, says Department of Revenue and Regulation Revenue agents have been contacting businesses in the designated area to assist them in implementing the tax.

“While businesses in this newest section of Rapid City will be adjusting their state tax collection process slightly to incorporate collecting municipal sales tax, use tax and gross receipts tax, their reporting process remains the same,” Talley says. “Both state and municipal taxes are remitted on the same return forms that these businesses already use.”

The South Dakota Department of Revenue and Regulation has Municipal Tax Information Bulletins available listing all municipal sales and use tax rates statewide. Bulletins are available free of charge by contacting the Department of Revenue and Regulation at 1-800-TAX-9188 (1-800-829-9188) or download a copy from the department’s website at www.state.sd.us/drr