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South Dakota Tourism Tax to Increase July 1

(PIERRE, SD) – The state’s visitor industry, the arts in South Dakota, and archeological research will reap the benefits when South Dakota’s tourism tax increases this summer.

A law passed by the 2009 South Dakota Legislature increased the tourism tax rate from 1% to 1.5%. The new rate takes effect July 1, 2009 and will remain in effect until June 30, 2011; on July 1, 2011, the rate will revert back to 1%. The tax increase will amount to an extra \$.50 per \$100.

Tourism tax applies year-round to the gross receipts of hotels and lodging establishments; campgrounds; motor vehicle and recreational equipment rentals; recreational services; spectator events; and visitor attractions.

The tax applies to the gross receipts of visitor-intensive businesses during the months of June, July, August, and September. State law defines visitor-intensive businesses 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 50% or more of the business’ annual total receipts come from the sale of tangible personal property or any product transferred electronically during the months of June through September.

The tourism tax was first enacted in 1995. The tax increase approved by lawmakers this year is expected to raise about \$2.6 million in additional revenue annually. A portion of that revenue will go to fund the South Dakota Arts Council and the state’s Archeological Research Center, both of which had their funding cut in the proposed budget presented to the Legislature.

For more information on South Dakota’s tourism tax, a Tourism Tax Fact is available for downloading on the Department of Revenue & Regulation’s website at www.state.sd.us/drr - select “Business Tax” then “Publications”. Or call the department’s toll-free helpline at 800.829.9188.