

# State of South Dakota

NINETY-THIRD SESSION  
LEGISLATIVE ASSEMBLY, 2018

884Z0019

## HOUSE BILL NO. 1274

Introduced by: Representatives Mickelson, Bartels, Bartling, Heinemann, Lust, Reed, Rozum, Schaefer, Steinhauer, Stevens, York, and Zikmund and Senator Novstrup

1 FOR AN ACT ENTITLED, An Act to increase the tax on cigarettes and other tobacco products  
2 and to appropriate the revenues.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-50-3 be amended to read:

5 10-50-3. A tax is imposed, whether or not a sale occurs, at the following rates on all  
6 cigarettes held in this state for sale by any person:

7 Class A, on cigarettes weighing not more than three pounds per thousand, ~~seventy-six~~ one  
8 hundred twenty-six and one-half mills on each cigarette.

9 Class B, on cigarettes weighing more than three pounds per thousand, ~~seventy-six~~ one  
10 hundred twenty-six and one-half mills on each cigarette.

11 Section 2. That § 10-50-52 be amended to read:

12 10-50-52. ~~The first thirty million dollars in revenue collected annually pursuant to this~~  
13 ~~chapter shall be deposited in the general fund. The next~~ first five million dollars ~~in excess of~~  
14 ~~thirty million dollars~~ collected annually pursuant to this chapter shall be deposited in the tobacco



1 prevention and reduction trust fund and shall be used to implement the tobacco prevention and  
2 reduction program. The next fifty-five million dollars collected annually shall be deposited in  
3 the general fund. The next twenty million dollars collected annually shall be deposited in the  
4 postsecondary technical institute tuition reduction and workforce training fund created in section  
5 4 of this Act. The next ten million dollars collected annually shall be deposited in the nursing  
6 facility and community support provider reimbursement fund established in section 5 of this  
7 Act. All remaining revenue collected pursuant to this chapter ~~in excess of thirty-five million~~  
8 ~~dollars~~ shall be deposited in the general fund.

9 Section 3. That § 10-50-61 be amended to read:

10 10-50-61. In addition to the tax imposed by § 10-50-3, there is imposed, whether or not a  
11 sale occurs, a tax ~~upon~~ on all tobacco products in this state and ~~upon~~ on any person engaged in  
12 business as a licensed distributor or licensed wholesaler ~~thereof~~ of tobacco products, at the rate  
13 of ~~thirty-five~~ fifty-five percent of the wholesale purchase price of ~~such~~ the tobacco products.  
14 ~~Such~~ The tax shall be imposed at the time the distributor or wholesaler brings or causes to be  
15 brought into this state tobacco products for sale; makes, manufactures, or fabricates tobacco  
16 products in this state for sale in this state; or ships or transports tobacco products to dealers in  
17 this state ~~to be sold~~ for sale by those dealers. For the purposes of this chapter, the wholesale  
18 purchase price is the price ~~for which~~ that a manufacturer sells tobacco products to a licensed  
19 distributor or licensed wholesaler exclusive of any discount or other reduction.

20 Any licensed distributor or licensed wholesaler who has paid tax pursuant to this section and  
21 subsequently sells the tobacco products to another licensed distributor or licensed wholesaler  
22 for resale, or sells the tobacco products outside of this state, shall receive a credit for the tax paid  
23 pursuant to this section on ~~such~~ the tobacco products.

24 Section 4. That the code be amended by adding a NEW SECTION to read:

1       There is hereby created the postsecondary technical institute tuition reduction and workforce  
2 training fund to be administered by the Board of Technical Education for the purposes of:

- 3       (1)   Lowering the cost of tuition and fees at postsecondary technical institutes;
- 4       (2)   Providing scholarships;
- 5       (3)   Providing financial support for critical workforce training and curriculum;
- 6       (4)   Providing financial support for new and innovative partnerships between the  
7           postsecondary technical institutes and employers that create paid internships and  
8           apprenticeships for postsecondary technical institute students;
- 9       (5)   Providing financial support for the expansion of technical training for students in  
10           public secondary schools who pursue career opportunities in technical trades; and
- 11      (6)   Providing funding for maintenance, security, and safety of buildings and grounds.

12       The board may accept and expend for the purposes of this section any funds obtained from  
13 appropriations and any other sources. Expenditures from this fund shall be appropriated through  
14 the normal budgeting process.

15       Section 5. That the code be amended by adding a NEW SECTION to read:

16       There is hereby created the nursing facility and community support provider reimbursement  
17 fund to be administered by the Department of Human Services for the purpose of enhancing  
18 Medicaid reimbursement rates for nursing facilities and community support providers.  
19 Expenditures from this fund shall be appropriated through the normal budgeting process.