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## June 2023 Sales Tax Update

### Sales Tax In Rapid City

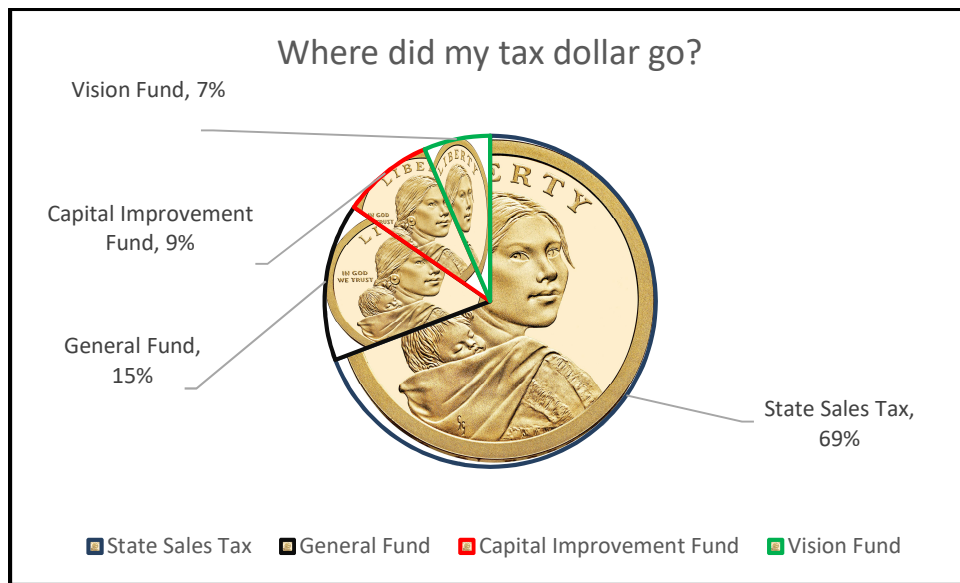
Whenever a customer makes a purchase of most goods or services in Rapid City, the customer pays a 6.5% Sales Tax. If the receipt totaled \$106.50, the actual bill would be broken down in the following manner:

\$100.00	for the actual goods or services purchased
\$ 4.50	to the State of South Dakota <i>(*In July 2023 this was reduced to \$4.20)</i>
\$ 2.00	to Rapid City



In the previous example, the total taxes paid by the customer for their \$100 in groceries was \$6.50. The majority of this tax is paid to the state of South Dakota. \$2.00 of the tax is paid to Rapid City. The City then divides its \$2.00 share as follows:

- \$1.00 is deposited into the City’s General Fund
- \$0.58 into the Capital Improvement Fund
- \$0.42 into the Vision Fund.



The General Fund provides the revenue needed to support Police, Fire, Library, Parks, Recreation and other needs. The sales tax is estimated to generate nearly 44% of the revenue for the General Fund in 2023.

The Capital Improvement Fund provides the funding for various scheduled infrastructure upgrades including road reconstruction, road overlays, park enhancements, community center upgrades, etc. The sales tax is the primary source of revenue for the Capital Improvement fund.

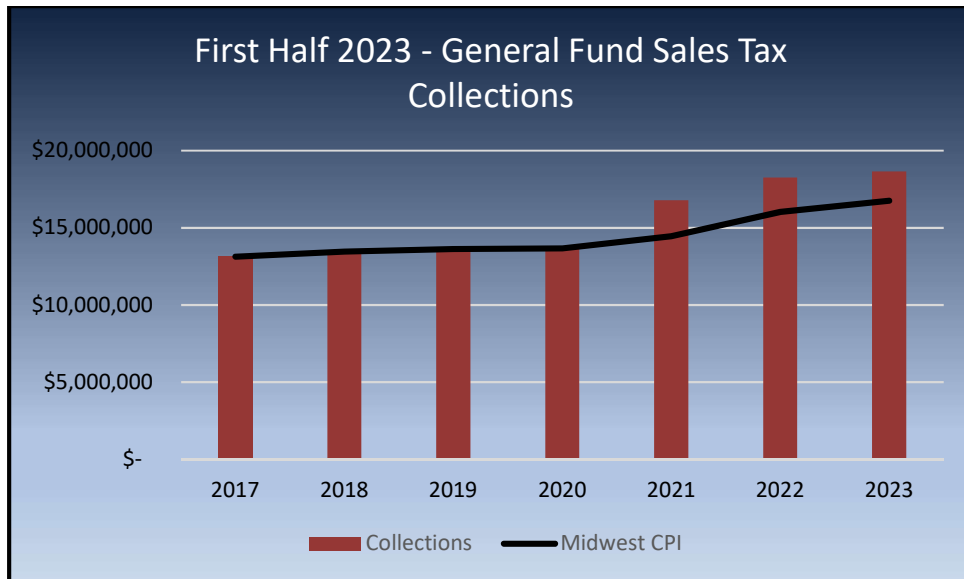
The Vision Fund provides the funding for legacy projects which propel the quality of living and quality of place of Rapid City (The Monument, Roosevelt Swim Center, etc.). The sales tax is the only source of revenue for the Vision Fund.

### **General Fund Sales Tax Revenue**

Sales in the month of June 2023 generated \$3,705,730 in General Fund sales tax. This was 0.06% higher than June of 2022. Sales for the first half of 2023 were 2.17% higher than the same time period in 2022. The adopted 2023 budget anticipates a 1.3% reduction compared to actual 2022 collections. January through June represented 40.8% of total sales in 2022. The City is on pace to exceed its anticipated sales tax revenue.

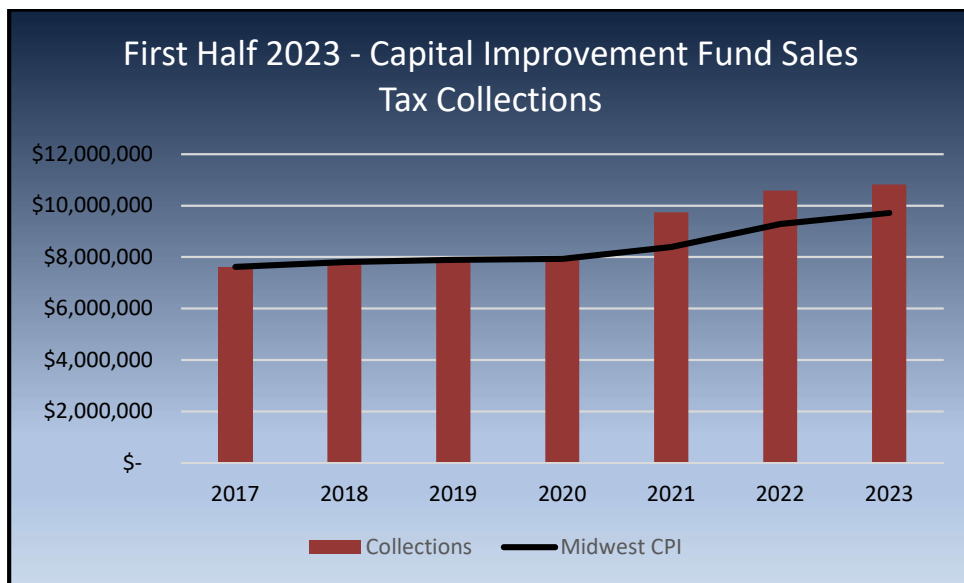
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### Capital Improvement Fund Sales Tax Revenue

As the Capital Improvement Fund is a portion of the same sales tax collected in the General Fund, the percentages each month will remain constant. Sales in the month of June 2023 generated \$2,149,323 in Capital Improvement Fund sales tax. This was 0.06% higher than June of 2022. Sales for the first half of 2023 were 2.17% higher than the same time period in 2022. The adopted 2023 budget anticipates a 1.3% reduction compared to actual 2022 collections. January through June represented 40.8% of total sales in 2022. The City is on pace to exceed its anticipated sales tax revenue.

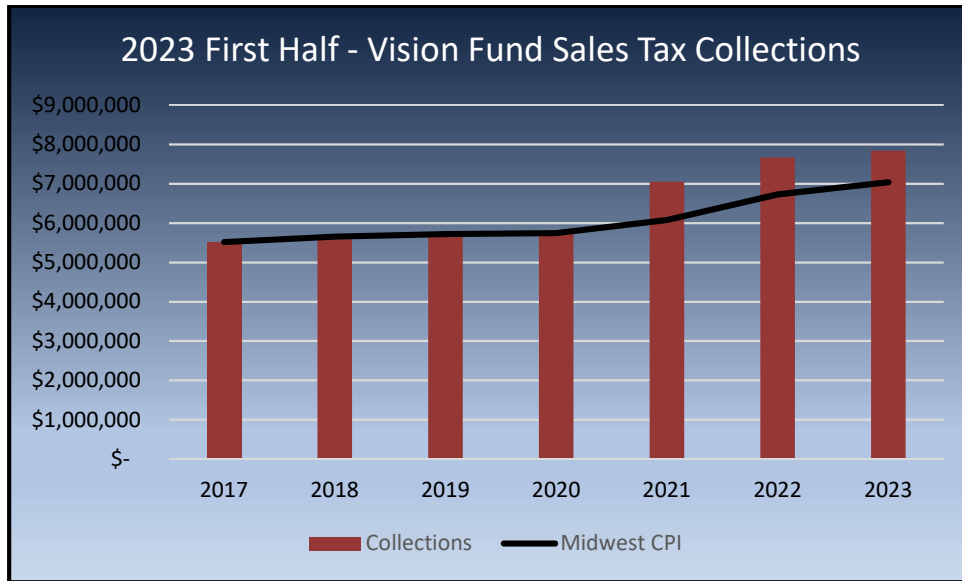


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## Vision Fund Sales Tax Revenue

Once again the Vision Fund shares a set proportionate share of the same sales tax collected for the General Fund and Capital Improvement Fund, therefore the percentage of change each month will remain constant. Sales tax collections in the month of June 2023 generated \$1,556,406 in Vision Fund sales tax. Sales tax collections for the first half of 2023 totaled \$7,830,581.



## Tourism BBB Sales Tax

In addition to the 2% General Sales Tax, an additional 1% sales tax (for a total of 7.5%) is charged for all alcohol, hotel, restaurant, and other similar sales.

Whenever a customer makes a purchase of these types of “tourism” related goods or services in Rapid City, the customer pays a 7.5% Sales Tax. If the receipt totaled \$107.50, the actual bill would be broken down in the following manner:

- \$100.00 for the actual goods or services purchased
- \$ 4.50 to the State of South Dakota (*\*In July 2023 this was reduced to \$4.20*)
- \$ 3.00 to Rapid City

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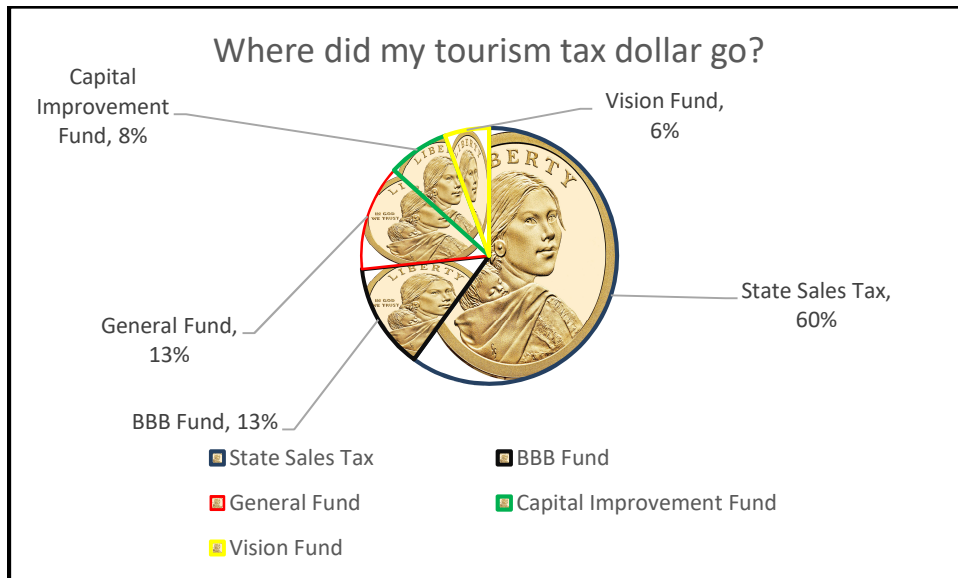
## Where Did My Tourism Dollar Go?



■ Products/Services ■ State Sales Tax ■ City Sales Tax

In the previous example, the total taxes paid by the customer for their \$100 in hotel night stay was \$7.50. The majority of this tax is paid to the state of South Dakota. \$3.00 of the tax is paid to Rapid City. The City then divides its \$3.00 share as follows:

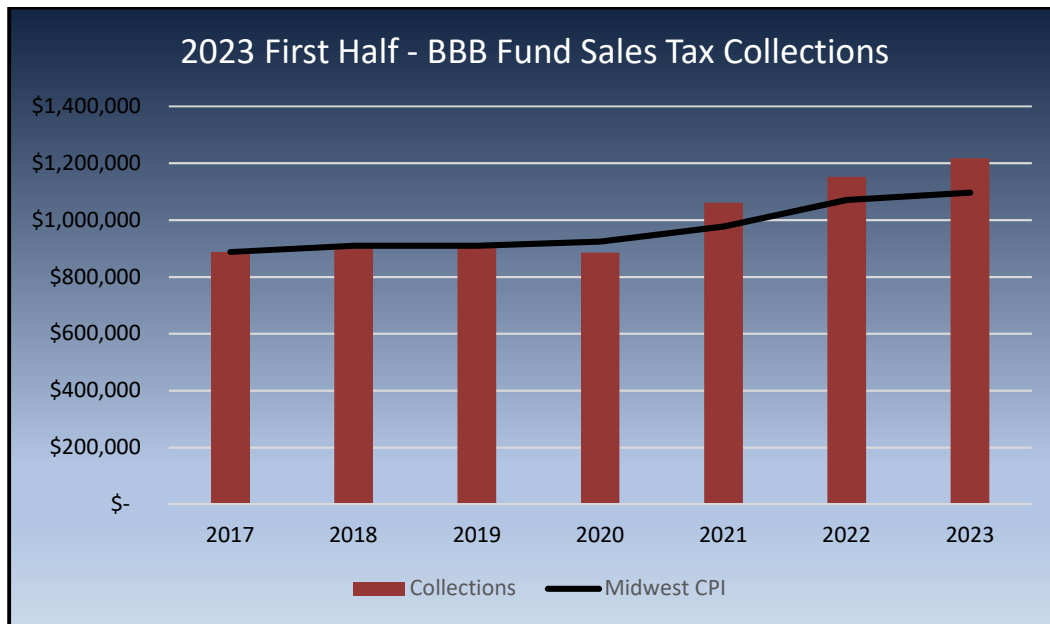
- \$1.00 is deposited into the BBB Fund
- \$1.00 is deposited into the City's General Fund
- \$0.58 is deposited into the Capital Improvement Fund
- \$0.42 is deposited into the Vision Fund.



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Sales in the month of June 2023 generated \$595,472 in BBB Fund sales tax. This was 3.88% higher than June of 2022. Sales for the first half of 2023 were 3.58% higher than the same time period in 2022. The adopted 2023 budget anticipates a 5.1% increase compared to actual 2022 collections. January through June represented 47.1% of total sales in 2022. The City is slightly off pace to meet its anticipated tourism related sales tax revenue.



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