

City Council
STAFF REPORT



Meeting Date: City Council - Jul 29 2024
Agenda Item: May 2024 Sales Tax Report
Prepared By: Adam Hosch, Finance Officer

RECOMMENDATION:

For information

ATTACHMENTS:

[May 2024 Sales Tax Update Report](#)

Approved By:
Adam Hosch, Finance Officer

Status:
Approved - Jul 25 2024



1040 Harley -Davidson Way
Sturgis, SD 57785
(605)-347-4422

May 2024 Sales Tax Update

Sales Tax In the City of Sturgis

Title 20 of the Sturgis City Ordinance authorizes the City to collect a 2% sales tax on most items and services purchased in the City of Sturgis. The City deposits these taxes into the following funds

50% into the General Fund

45% into the Capital Improvement Fund

5% into the Equipment Replacement Fund

The General Fund provides the revenue needed to support Police, Fire, Library, Parks, Recreation and other needs.

The Capital Improvement Fund provides the funding for various scheduled infrastructure upgrades including road reconstruction, road overlays, park enhancements, community center upgrades, etc. In 2023, the Capital Improvement Fund transfers \$18,750 each month to the General Fund. Therefore, sales tax collections for the month must exceed \$41,667 before any revenue is available for capital improvement projects.

The Equipment Replacement Fund provides the funding for the majority of the City's fleet replacement (road graders, trucks, plows, etc.).

As an example, when an individual purchases \$100 worth of groceries in Sturgis a total \$6.20 (6.2%) in sales tax is added to the bill. The sales tax is divided as follows:

\$4.20 is sent to the State

\$1.00 is deposited into the City's General Fund

\$0.10 into the Equipment Replacement Fund

\$0.90 into the Capital Improvement Fund.

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General 2% Sales Tax

Sales in the month of May 2024 were 2.25% higher than May of 2023. Sales for the first five months of 2024 were 1.976% lower than the same time period in 2023. January through May represented 32% of total sales in 2023.

SALES TAX HISTORY			
GENERAL	<u>2022</u>	<u>2023</u>	<u>2024</u>
JANUARY	\$ 129,928.41	\$ 144,169.99	\$ 135,388.26
FEBRUARY	\$ 134,217.07	\$ 138,397.17	\$ 130,130.44
MARCH	\$ 156,222.24	\$ 168,750.10	\$ 157,355.56
APRIL	\$ 146,696.47	\$ 147,978.44	\$ 156,949.65
MAY	\$ 165,759.13	\$ 180,420.63	\$ 184,487.59
JUNE	\$ 194,981.71	\$ 215,187.46	\$ -
JULY	\$ 336,517.37	\$ 337,126.27	\$ -
AUGUST	\$ 339,526.99	\$ 387,828.00	\$ -
SEPTEMBER	\$ 206,209.83	\$ 197,420.66	\$ -
OCTOBER	\$ 162,073.01	\$ 156,987.30	\$ -
NOVEMBER	\$ 157,634.92	\$ 159,274.91	\$ -
DECEMBER	\$ 165,932.84	\$ 182,573.95	\$ -
TOTALS	\$ 2,295,699.98	\$ 2,416,114.89	\$ 764,311.51

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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 similar sales. For the month of May 2024, these tourism related sales were 4.85% lower than May of 2023. Sales for the first five months of 2024 were 2.68% lower than the same time period in 2023. January through May represented 28% of total sales in 2023.

SPECIAL SALES TAX	<u>2022</u>	<u>2023</u>	<u>2024</u>
JANUARY	\$ 19,037.78	\$ 22,363.50	\$ 20,377.62
FEBRUARY	\$ 20,976.95	\$ 20,622.74	\$ 22,770.52
MARCH	\$ 22,572.46	\$ 28,343.45	\$ 24,559.78
APRIL	\$ 23,050.48	\$ 24,247.64	\$ 26,133.29
MAY	\$ 31,002.17	\$ 37,879.70	\$ 36,043.30
JUNE	\$ 36,844.11	\$ 44,944.13	
JULY	\$ 61,084.61	\$ 63,210.57	
AUGUST	\$ 117,331.18	\$ 125,082.98	
SEPTEMBER	\$ 38,451.74	\$ 42,105.37	
OCTOBER	\$ 29,913.63	\$ 27,087.64	
NOVEMBER	\$ 29,913.63	\$ 25,002.27	
DECEMBER	\$ 22,321.65	\$ 21,193.43	
TOTALS	\$452,500.38	\$482,083.42	\$129,884.51

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