



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

**September 2022  
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.

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 \$6.50 (6.5%) in sales tax is added to the bill. The sales tax is divided as follows:

\$4.50 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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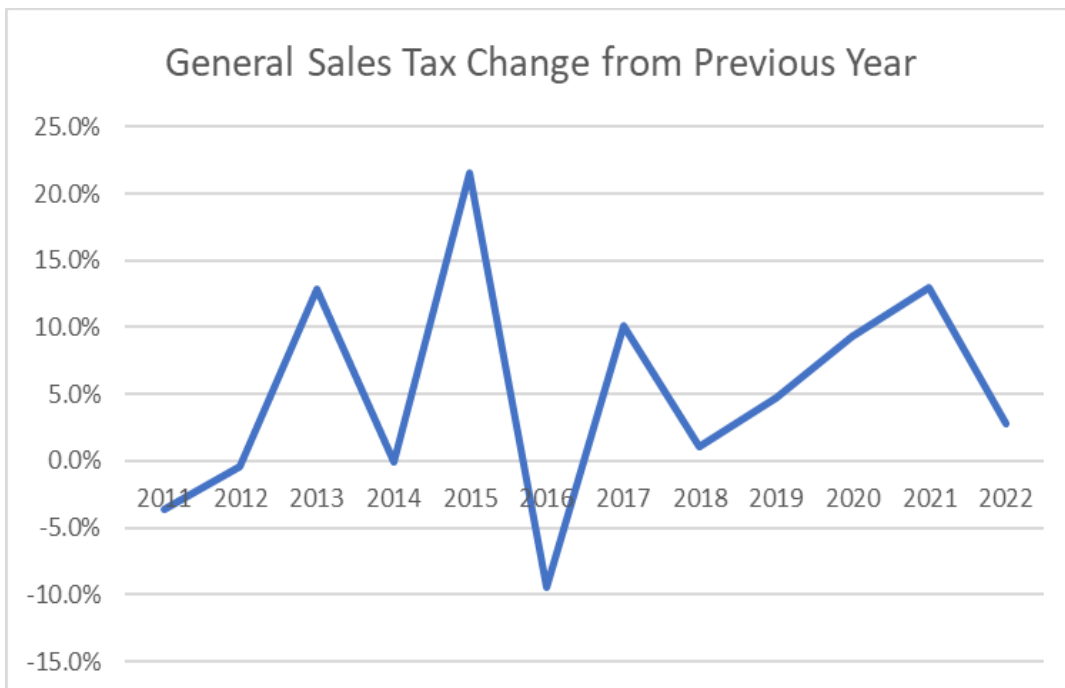
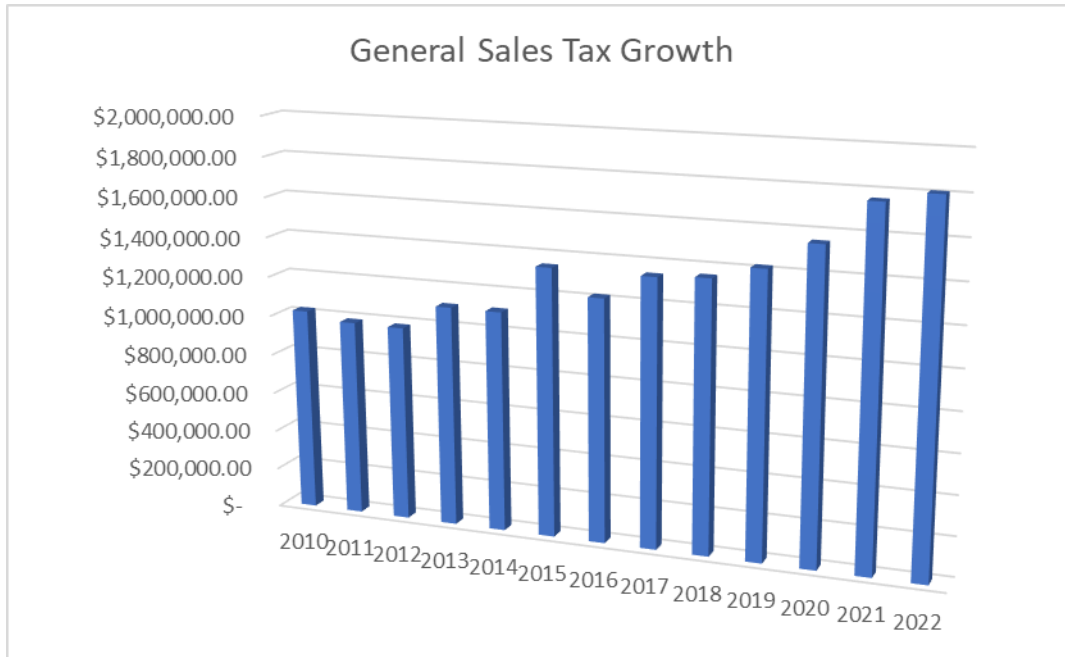
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## General 2% Sales Tax

Sales in the month of September 2022 were 6.5% higher than September of 2021. Sales for the first nine months of 2022 were 2.8% higher than the same time period in 2021. January through September represented 79% of total sales in 2021. The current trend would provide a surplus in the General Fund of \$74,467 in 2022. The adopted 2023 budget assumes a total collection of sales tax that is 6.2% higher than the current 2022 trend.



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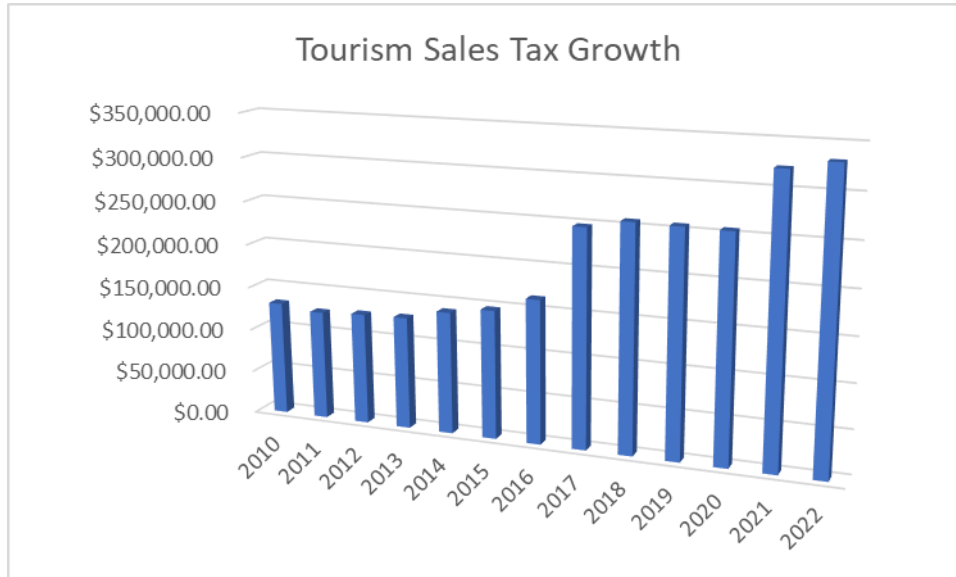


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### **Tourism BBB Sales Tax**

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 September 2022, these tourism related sales were 1.4% higher than September of 2021. Sales for the first nine months of 2022 were 2.8% higher than the same time period in 2021. January through September represented 83% of total sales in 2021.

The current trend would provide a surplus in the BBB (Tourism) Fund of \$45,788 in 2022. The adopted 2023 budget assumes a total collection of sales tax that is 1.2% higher than the current 2022 trend.



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