

**AN ORDINANCE TO CONSOLIDATE PROVISIONS RELATED TO THE MUNICIPAL GROSS RECEIPTS TAX, CODIFY THE USE OF REVENUE, AND APPOINT A PROMOTION AGENCY BY REPEALING SECTIONS 3.16.040 AND 3.16.060E. AND ADDING CHAPTER 3.18 TO THE RAPID CITY MUNICIPAL CODE**

WHEREAS, the City of Rapid City has imposed a municipal gross receipts tax, commonly known as a bed, board, and booze tax, which is currently codified in Section 3.16.040; and

WHEREAS, Section 3.16.060E. provides a general statement about the use of revenue collected from the gross receipts tax; and

WHEREAS, the City has also entered into an agreement with the Rapid City Chamber of Commerce that designates the Chamber's Convention and Visitor's Bureau (CVB) as the City's promotion agency; and

WHEREAS, the above-mentioned agreement also provides that twenty-five percent of the revenue from the gross receipts tax is to be paid to the CVB in exchange for promotion of the City and the Rushmore Plaza Civic Center; and

WHEREAS, a similar agreement has been in place between the Chamber and the City for more than a decade; and

WHEREAS, the Common Council finds that it is in the best interests of the City of Rapid City to consolidate provisions related to the imposition and collection of the gross receipts tax and codify the now standard practices followed by the City and the CVB in the use of revenue.

NOW THEREFORE, BE IT ORDAINED by the City of Rapid City that Section 3.16.040 of the Rapid City Municipal Code is hereby repealed in its entirety.

BE IT FURTHER ORDAINED by the City of Rapid City that Section 3.16.060E. of the Rapid City Municipal Code be and is hereby repealed.

BE IT FURTHER ORDAINED by the City of Rapid City that a new Chapter 3.18 be added to the Rapid City Municipal Code to read in its entirety as follows:

**Chapter 3.18 Municipal Gross Receipts Tax**

- 3.18.010 Purpose.**
- 3.18.020 Imposition of tax.**
- 3.18.030 Collection of tax.**
- 3.18.040 Interpretation.**
- 3.18.050 Use of revenue.**
- 3.18.060 Appointment of Convention & Visitors Bureau.**
- 3.18.070 State law compliance.**
- 3.18.080 Penalty.**
- 3.18.090 Severability.**

**3.18.010 Purpose.** The purpose of this Chapter is to provide additional needed revenue for the City of Rapid City by imposing a municipal gross receipts tax pursuant to the powers granted to the City by SDCL Chapter 10-52A, and acts amendatory thereto.

**3.18.020 Imposition of tax.** Pursuant to SDCL Chapter 10-52A, there is imposed an additional tax at the rate of 1% upon the gross receipts of all leases or rentals of hotel, motel, campsites or other lodging accommodations within the municipality for periods of less than 28 days; sales of alcoholic beverages as defined in SDCL § 35-1-1; establishments where the public is invited to eat, dine or purchase and carry out prepared food for immediate consumption; and ticket sales or admissions to places of amusement, athletic or cultural events, or any combination thereof.

**3.18.030 Collection of tax.** Such tax is levied pursuant to authorization granted by SDCL 10-52A and acts amendatory thereto, and shall be collected by the South Dakota Department of Revenue in accordance with the same rules and regulations applicable to the State Sales Tax and under such additional rules and regulations as the Secretary of Revenue of the State of South Dakota shall lawfully prescribe.

**3.18.040 Interpretation.** It is declared to be the intention of this Chapter and the taxes levied hereunder that the same shall be interpreted and construed in the same manner as all sections of the South Dakota Retail Occupational Sales and Service Tax, SDCL 10-45 and acts amendatory thereto, and that this shall be considered a similar tax except for the rate thereof.

**3.18.050 Use of revenue.** All of the revenues generated by the tax levied by § 3.18.020 shall be used only for the purposes permitted by SDCL § 10-52A-2.

A. Twenty-five percent (25%) of the revenue shall be paid to the Rapid City Chamber of Commerce Convention & Visitor's Bureau for purposes of promotion as hereinafter provided.

B. Seventy-five percent (75%) of the revenue shall be paid to the Rushmore Plaza Civic Center Board for the maintenance, staffing and operations of the Civic Center.

C. The Finance Office will calculate and remit payments on a monthly basis. Such payments shall be based upon the tax distribution payment by the South Dakota Department of Revenue.

**3.18.060 Appointment of Convention & Visitors Bureau.** The City hereby appoints the Rapid City Convention & Visitor's Bureau ("CVB") to serve as the City's promotion agency in connection with the promotion of the City of Rapid City as a visitor destination for tourism and conventions. The appointment of CVB is expressly conditioned on the following:

A. The CVB shall implement a comprehensive marketing plan for the City of Rapid City, in conformity with the annual budget approved by the Common Council.

1. The CVB shall submit a marketing plan and budget prior to April 1 of each year, which shall include the CVB's goals and objectives for the subsequent calendar year. The marketing plan shall be approved by the City before being implemented.

2. It shall be the responsibility of the CVB to follow the marketing plan and budget as approved by the City Council. The CVB shall make all records of receipts and disbursements available to the City and shall maintain such records for a period of six years.

B. All revenue paid to CVB shall be used to promote the City of Rapid City as a visitor destination for tourism and conventions. Information on the Rushmore Plaza Civic Center shall be included in all such marketing materials.

C. The CVB shall advise of the progress of the marketing and promotion program described above not less frequently than quarterly. The CVB's report shall be distributed in writing to the Mayor and each alderman. A representative of the CVB shall appear before the Common Council whenever so requested by a majority of the Common Council. The progress report shall contain information concerning the promotion of the City with a general statement delineating the measurable growth of tourism and promotion of the City of Rapid City.

D. The CVB shall provide a liaison to the Rushmore Plaza Civic Center Board. The liaison shall report on CVB promotion activities and convention bookings.

E. Should the CVB fail to abide by any of the conditions imposed by this Chapter, such failure shall be brought before the Common Council. The Common Council shall have the authority to suspend payments made according to this Chapter until the CVB complies with all conditions listed above. Should the CVB fail or refuse to abide by said conditions, upon the order of the Common Council, the revenue payable to the CVB shall be held by the Finance Officer until such time as it may be appropriated for another lawful use

**3.18.070 State law compliance.** The City's designation of the CVB as its promotion agency is made pursuant to the authority granted to the City by SDCL § 9-12-11. All payments of municipal funds are expressly conditioned on compliance with said statute and acts amendatory thereto.

**3.18.080 Penalty.** Any person failing or refusing to make reports or payments prescribed by law, ordinances, rules or regulations relating to the ascertainment and collection of the tax herein levied shall be guilty of a violation of this Chapter and shall be subject to the general penalty provisions of Chapter 1.12 and those penalties permitted under state law. In addition, all such collection remedies authorized by SDCL 10-45, and acts amendatory thereto, are hereby authorized for the collection of the gross receipts taxes by the Department of Revenue.

**3.18.090 Severability.** If any provision of this ordinance is declared unconstitutional or the application thereof to any person or circumstances held invalid, the enforceability of the remainder of the ordinance and applicability thereof to other persons or circumstances shall not be affected thereby

CITY OF RAPID CITY

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Mayor

ATTEST

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Finance Officer

(seal)