

ORDINANCE NO. 5877

**AN ORDINANCE TO CLARIFY THE OCCUPATION TAX LEVIED ON HOTEL ROOMS
IN BUSINESS IMPROVEMENT DISTRICT NO. 1 BY AMENDING SECTION 3.24.040 OF
THE RAPID CITY MUNICIPAL CODE**

WHEREAS, the City of Rapid City has established Business Improvement District No. 1 to market and promote the City of Rapid City and the hotels and motels located within the district; and

WHEREAS, Section 3.24.040 of the Rapid City Municipal Code imposes an occupation tax on rooms rented in the District; and

WHEREAS, confusion has arisen as to whether the occupation tax applies to rooms rented to sales tax exempt organizations; and

WHEREAS, in consultation with the South Dakota Department of Revenue, the City Attorney has opined that the occupation tax applies to all room renters, including organizations that are exempt from sales tax; and

WHEREAS, based upon the advice of the Department of Revenue and the City Attorney, the Common Council deems it to be in the best interests of the City of Rapid City to include the application of the occupational tax to sales tax exempt organizations in Section 3.24.040 of the Rapid City Municipal Code.

NOW THEREFORE, BE IT ORDAINED by the City of Rapid City that Section 3.24.040 of the Rapid City Municipal Code be and is hereby amended to read in its entirety as follows:

3.24.040 Occupational tax imposed.

An occupational tax in the amount of \$2.00 per night shall be imposed upon transient guests, based upon rooms rented by any of the above hotels, motels or lodging establishments. This occupation tax shall be fair, equitable and uniform as to class. Organizations exempt from sales tax shall not be exempt from the occupational tax. No occupational tax may be imposed on any transient guest who has been offered a room by a lodging establishment on a complimentary basis, whereby no fee or rent is charged for such room. This tax rate shall be subject to establishment and adjustment by the Common Council, by resolution, in accordance with SDCL § 9-55-16.

CITY OF RAPID CITY

ATTEST:

Mayor

Finance Officer

(SEAL)