



City Council

Agenda Item

Subject: Resolution No. 24-25 to oppose the passing of Initiated Measure 28.
Meeting: City Council - Sep 03 2024
From: Amanda Mack, City Manager

BACKGROUND INFORMATION:

Initiated Measure 28, if passed, would remove state, municipal and tribal taxes on all items sold for human consumption except alcohol and prepared food.

FINANCIAL CONSIDERATIONS:

The City of Watertown levies a two-percent sales tax and collected \$20,993,300 in the 2023 fiscal year and \$12,076,376 year-to-date in the 2024 fiscal year;
The City of Watertown estimates annual lost revenue of \$2,189,462 or 10.4% unless Initiated Measure 28 is rejected by voters in South Dakota.

STAFF RECOMMENDATION / SUGGESTED MOTION:

I move to approve Resolution No. 24-25 opposing the passing of Initiated Measure 28 on consumables.

ATTACHMENT(S):

[Resolution IM28 2024 FNA edits - Copy](#)

RESOLUTION 24-25
CITY OF WATERTOWN, SOUTH DAKOTA

WHEREAS Initiated Measure 28 was certified for the November 2024 General Election Ballot by the South Dakota Secretary of State;

WHEREAS Initiated Measure 28, if passed, would remove state, municipal and tribal taxes on all items sold for human consumption except alcohol and prepared food;

WHEREAS “human consumption” is undefined in South Dakota Codified Law or the South Dakota Constitution. Black’s Law Dictionary defines “consumption” as “the act of destroying a thing by using it; the use of a thing in a way that exhausts it.”;

WHEREAS South Dakota Codified Law 34-45-1(7) defines tobacco products as “any item made of tobacco intended for human consumption, including cigarettes, cigars, pipe tobacco, and smokeless tobacco, and vapor products as defined in § 34-46-20.”;

WHEREAS South Dakota Codified Law 10-52-2 allows incorporated municipalities to impose a tax on the sale, use, storage and consumption of items that conform in all respects to the state tax on such items up to two percent;

WHEREAS the Attorney General’s explanation of the measure states legislative or judicial clarification would be needed if the measure passes;

WHEREAS The City of Watertown levies a two-percent sales tax and collected \$20,993,300 in the 2023 fiscal year and \$12,076,376 year-to-date in the 2024 fiscal year;

WHEREAS The City of Watertown estimates annual lost revenue of \$2,189,462 or 10.4% unless Initiated Measure 28 is rejected by voters in South Dakota.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Watertown, that Initiated Measure 28 would negatively impact the municipal budget in our community.

Dated this _____ day of September 2024

, Mayor

ATTEST:

, Finance Officer