

# Why South Dakota

## TAX CLIMATE

South Dakota takes a straightforward approach to taxes, earning us the designation of the 2nd Best Business Tax Climate in the nation. In fact, our business tax climate has ranked in the top three since the Tax Foundation first began publishing this measure in 2003.

- No Corporate Income Tax
- No Personal Income Tax
- No Personal Property Tax
- No Inheritance Tax
- No Business Inventory Tax

Our general fund primarily relies on a 4.2% sales and use tax that is applied broadly to most goods and services. Local governments levy a local sales and use tax (up to 2.0%) and levy a real property tax on all real property.

## FISCAL STABILITY

South Dakota's tax climate is predicated on our fiscal stability. Because state and local officials are good stewards of taxpayer dollars, we are not a tax increase waiting to happen.

- We've balanced our State Budget all 135 years of statehood.
- We are one of six states with a fully funded pension fund.
- We have no general obligation debt.
- We maintain significant reserves to protect against economic downturns.

Locating a business in South Dakota will provide stability and peace of mind in knowing that your operations won't encounter surprise tax increases to make up for excessive spending.

**MOST PRUDENT  
STATE  
GOVERNMENT**

FFIS

**2<sup>ND</sup> BEST  
BUSINESS  
TAX CLIMATE**

The Tax Foundation

**2<sup>ND</sup> LOWEST  
COST OF  
DOING BUSINESS**

Moody's Analytics

**3<sup>RD</sup> BEST  
FISCAL STABILITY**

U.S. News & World  
Report

**4<sup>TH</sup> LOWEST  
COST OF LIVING**

Bureau of  
Economic Analysis

**LOW  
CONSTRUCTION  
COSTS**

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## BOTTOM LINE: EVERYONE BENEFITS

Businesses paying less in taxes means lower prices for goods and services in South Dakota. This, in turn, gives businesses and residents alike, more spending power.

When your dollars stretch further, you can invest more in your business and position yourself for even greater success.