



NEWS RELEASE

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Coalition Organizes to Oppose IM-28

PIERRE – A broad group of South Dakotans has launched a coalition to oppose Initiated Measure 28 in the November General Election. The coalition believes eliminating the sales tax on anything for human consumption would result in irresponsible funding cuts to essential government functions or lead to new tax increases.

IM-28 would eliminate state and local taxation on “anything sold for human consumption,” including tobacco, CBD, mouthwash, vaping products, toothpaste, marijuana, beverages, and a host of other items, excluding alcohol and prepared food.

It would eliminate more than \$176 million annually in state revenues and millions more from already lean local city budgets and will negatively impact South Dakotans. IM-28 will directly result in across-the-board cuts that will reduce quality of life and essential services unless other taxes are increased. At the state level, the \$176 million shortfall will result in painful cuts impacting schools and healthcare patients—the two largest expenditure categories in the state budget.

The IM-28 opposition effort is led by South Dakotans Against A State Income Tax, comprised of Sioux Falls Mayor Paul TenHaken, South Dakota Retailers Association Executive Director Nathan Sanderson, and Rapid City businesswoman Erin Krueger.

“Eliminating the sales tax on anything for human consumption will have widespread tremendous negative consequences and could set South Dakota up for an income tax,” said **Krueger**. “An income tax is the wrong approach for South Dakota, so we urge voters to oppose IM-28.”

South Dakota is one of only seven states without a state income tax. The other states are Alaska, Florida, Nevada, Texas, Washington, and Wyoming. South Dakota also has one of lowest tax burdens in the nation and operates on a balanced, fiscally conservative budget. According to [Wallet Hub](#), South Dakota has the seventh lowest tax burden in the nation at a rate below neighboring states Iowa, Minnesota, Nebraska and North Dakota.

“The language in IM-28 was chosen for one of two possible reasons; to eliminate sales taxes on many items to set up South Dakota for a state income tax, or it was drafted improperly,” **Sanderson** noted. “Either way, it’s bad for South Dakotans and voters should vote no on IM-28.”

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The measure will also prevent municipalities from collecting sales taxes on these same items. Current state law ([SDCL 10-52-2](#)) says that municipalities can only charge a sales tax as long as the “tax conforms in all respects to the state tax on such items with the exception of the rate,” if the state cannot charge sales taxes on “anything sold for human consumption,” neither can cities and towns.

“Eliminating the sales tax for cities and towns will leave a huge hole in city budgets,” said **TenHaken**. “In Sioux Falls, we would see major cuts to funding for law enforcement, road repairs, pools and parks. Unlike the state, cities don’t have the ability to impose a local income tax, meaning property taxes on seniors and working families would have to increase or city services would drastically be reduced. A sales tax based on consumption levels and also paid for by non-South Dakotans is fairer to the pocketbooks of South Dakotans. IM-28 should be rejected and we should avoid its consequences.”

Founding members of the coalition opposing IM-28 include:

- South Dakotans Against A State Income Tax
- Coalition for Responsible Taxation
- Greater Sioux Falls Chamber of Commerce
- SD Association of Cooperatives
- SD Bankers Association
- SD Cattlemen’s Association
- SD Chamber of Commerce & Industry
- SD Economic Development Professionals Association
- SD Education Association
- SD Farm Bureau
- SD Hotel & Lodging Association
- SD Licensed Beverage Dealers & Gaming Association
- SD Municipal League
- SD Music & Vending Association
- SD Petroleum & Propane Marketers Association
- SD Retailers Association

Citizens and organizations can find more information and sign-up to join the coalition at nosdincometax.com.

A formal opposition Ballot Question Committee was established with the Secretary of State by South Dakotans Against A State Income Tax in June 2024.

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Attachments:

- 1) [Audio clip of Erin Krueger](#)
- 2) [Audio clip of Nathan Sanderson](#)
- 3) [Audio clip of Paul TenHaken](#)

Paid for by South Dakotans Against A State Income Tax