



# South Dakota

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
2	1	1	31	10	22

South Dakota is one of only two states to forgo individual income, corporate income, and gross receipts taxes. Consequently, the state relies heavily on its sales tax, which nevertheless retains a highly competitive rate, though one imposed on an overbroad base. It applies to most final personal consumption—which is appropriate—but also to a wide range of business inputs, which causes harmful tax pyramiding.

South Dakota relies on relatively high property taxes to fund local government, but the property tax base is competitive in that the property tax does not apply to tangible personal property or business inventory. Furthermore, the property tax applies to all classes of property uniformly, which is important for maintaining neutrality and preventing distortions, and the state does not have an estate or inheritance tax.