

DON'T TAKE THE BAIT. VOTE NO ON IM-28.



IT'S A TRAP TO FORCE HUGE CUTS OR NEW TAXES.

The individuals behind IM-28 say it repeals the tax on food. But the truth is, it repeals the tax on ANYTHING sold for human consumption, including tobacco products. As a result, passing IM-28 will create a gigantic hole in our state budget. Though the measure claims to have good intentions, it's actually very bad for South Dakotans. **Passing IM-28 will set us up for a state income tax** – which the vast majority of South Dakotans **DO NOT WANT**.

A CLOSER LOOK - FIVE REASONS TO OPPOSE IM-28

1. IM-28 eliminates sales taxes on MANY items other than food, cutting at least \$176 million in annual funds to the state.

IM-28 prohibits South Dakota from collecting taxes on anything sold for human consumption, except alcohol and prepared food. Other items include tobacco, vaping products, CBD, mouthwash, toothpaste, aspirin, marijuana, beverages, toilet paper and much more.

And with 80% of our state expenditures going to education and health & human services, cutting \$176 million from our budget means South Dakota's children, patients and seniors would be most negatively affected by the passage of IM-28.

2. IM-28 will kill cities and towns, preventing them from collecting sales taxes on the same items, cutting \$50 million from local budgets.

Our communities are prohibited from taxing anything the state can't tax. This will cut a major source of revenue for South Dakota cities and towns, above the \$176 million loss to the state, resulting in additional local budget cuts affecting law enforcement, roads, pools and parks.

3. IM-28 is a trap – deliberately setting us up for a state income tax.

IM-28, by the way it is drafted, is deliberately MUCH broader than groceries and is designed to force South Dakota to implement a state income tax to replace the lost revenue.

4. IM-28 will reduce funding for Tribal governments via sales tax compacts with the state.

Tribes in South Dakota have compact agreements with the state to distribute a portion of sales tax collections to them; this would substantially diminish that funding source.

5. IM-28 is poorly written and creates major problems.

South Dakota has a low, broad-based sales tax (currently 4.2%) that has worked well for decades. Passing this sloppy, ill-conceived measure would be a huge mistake. We need to VOTE NO on IM-28.

JOIN US IN OPPOSING IM-28

- South Dakotans Against a State Income Tax
- Coalition for Responsible Taxation
- Dakota Credit Union Association
- Destination Marketing Professionals of SD
- 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
- SD Retailers Association

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Paid for by South Dakotans Against a State Income Tax BOC

VOTE NO

IM28