

## RESOLUTION NO. 26-04

## A RESOLUTION OF SUPPORT

ENDORsing THE CREATION OF A CONTRACTOR'S EXCISE TAX REBATE FUND DERIVED FROM  
ELLSWORTH AIR FORCE BASE CONSTRUCTION PROJECTS TO BE USED FOR ASSOCIATED  
ROADWAY REPAIRS

WHEREAS, the Box Elder City Council considers safe, reliable roadways to be of utmost importance throughout the city, county and region; and

WHEREAS, the Box Elder City Council supports and appreciates the overall mission of Ellsworth Air Force Base along with its many personnel; and

WHEREAS, construction projects occurring on Ellsworth Air Force Base have negatively impacted the condition of roadways adjacent to the installation; and

WHEREAS, a funding mechanism is needed to assist in the repair of roadways damaged by installation related construction traffic; and

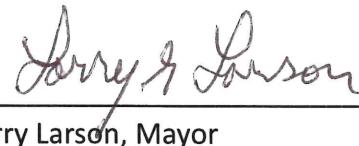
WHEREAS, the State of South Dakota currently derives a contractor's excise tax from construction activities occurring on the installation.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Box Elder, hereby endorses the creation of the Ellsworth Air Force Base Contractor's Excise Tax Rebate Fund to be utilized for repairs to roadways adjacent to the installation that have been negatively impacted by construction related traffic.

PASSED, APPROVED AND ADOPTED this 6 day of January, 2026.



ATTEST:

  
Larry Larson, Mayor



Renee Baker, Finance Officer

#### ATTESTATION

I, Chaz Kokesh, the City Clerk of the City of Box Elder, South Dakota, do hereby attest and state the above resolution was published in the manner required by law and that all procedures required by the State of South Dakota law were complied with. This resolution shall become effective on February 3<sup>rd</sup>, 2026.

Chaz Kokesh  
Chaz Kokesh, City Clerk

## **Ellsworth Excise Tax Project For Roadway Repairs**

### Summary:

Ellsworth Air Force Base (AFB), the state's second largest employer (8,200 jobs *plus* 2,000 construction jobs) with an economic impact of nearly \$900M, is in the process of transforming into the premier air force training facility in the world in support of the nation's most advanced bomber, the B-21 Raider. All told, nearly \$2B in construction is taking place in preparation for this new aircraft. The Ellsworth Excise Tax Project is an effort to utilize a portion of the contractors' excise tax paid by contractors on Ellsworth AFB to help repair roadways adjacent to the base damaged by construction related traffic.

### The Problem:

Upon the announcement of the new mission at Ellsworth AFB, construction immediately began on the various support elements. This construction entails the delivery of materials to the installation daily. Utilizing large and sometimes oversized semi-tractor trailers and accompanying loads, the roadways adjacent to the installation are now in deep disrepair. All told, more than eighteen (18) distinct roadways located in four (4) governmental jurisdictions are being impacted. The estimated cost to repair these roads to their original state of condition, prior to Ellsworth AFB construction, is more than \$8.0M+.

### Funding Issues:

When the B-21 bomber mission was announced, most if not all construction and related contracts had been awarded. An inquiry was made to the Department of Defense regarding funding to help with the impending roadway repairs. The response was that all contracts had been approved and that no support would be available.

Although extremely supportive of Ellsworth AFB and its mission, the various governmental entities surrounding the installation have no current means to secure/acquire additional funding to meet these new and unexpected road maintenance needs.

### The Raw Numbers:

- Entities impacted:
  - Box Elder
  - Rapid City
  - Meade & Pennington Counties
- Number of roadways/segments damaged: 18
- Cost to repair/reconstruct damaged roads: \$8.0M+
- Ellsworth AFB Construction cost estimates: \$1.5B-\$2B
- Ellsworth AFB Construction Timeline: 2022-2040 (est.)
- Contractor's Excise Tax to be received by the State: \$40M-\$60M

### The Solution:

Secure \$8.0M of the State of South Dakota's contractor's excise tax funds generated from Ellsworth AFB construction during a period beginning July 1, 2027, and ending June 30, 2037. These funds would be used for roadway improvement projects adjacent to the installation. (*Timeline provides adequate notice and planning opportunity for the State of SD.)(This section is fluid due to possible one-time appropriation of funds for overall roadway repair actual costs.)*

### Conclusion:

Utilizing funds generated from a large-scale project to support infrastructure improvements nearby is not a new concept. Counties have implemented road haul agreements, etc. for decades while imposing associated fees. Cities have required developers to build roads, sidewalks and other infrastructure improvements prior to or during construction. Bottom line, the amount of funds requested total less than 15% of the overall amount of contractor's excise taxes to be generated by construction on Ellsworth AFB.