

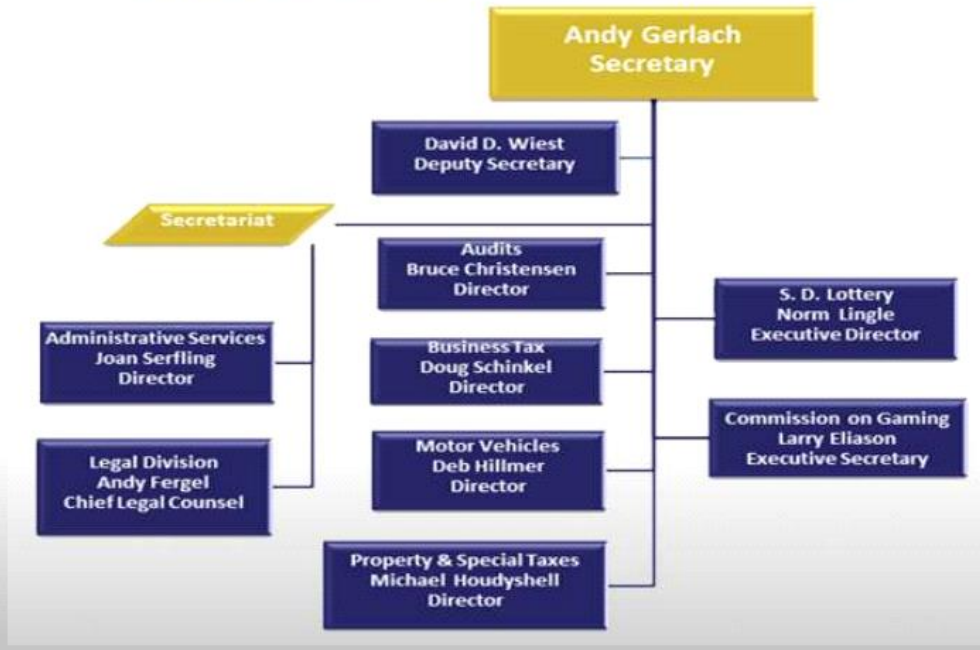


FY2014 Recommended Budget
Department of Revenue





Department Organizational Chart





The Department of Revenue is responsible for the administration and collection of business taxes, motor fuel taxes, motor vehicle fees, special taxes, operation of the state lottery, and regulation of the gaming and racing industries in South Dakota.

FY2014 Recommended Budget:

General Funds	\$ 1,069,874
Other Funds	<u>59,707,116</u>
	\$60,776,990
	FTE = 246.5

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FY2014 Recommended Budget

- The FY2014 Recommended Budget for the Department of Revenue includes an increase of \$90,609 over the FY 2013 budget.
 - Funding reflects an increase of \$3,300 in general funds and an increase of \$87,309 in other funds.
 - The total increase, \$90,609, is in operating expenses, contractual services, due to the increases in bureau billings.
 - The FY2014 Recommended FTE reflects an increase of 1.0 FTE. Total FY2014 Recommended, 246.5 FTE.

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Comparison of FY2013 & FY2014 Budgets

	Budgeted FY2013	Recommended FY2014	Increase
Personal Services	\$ 13,557,388	\$ 13,557,388	-0-
Travel	755,299	755,299	-0-
Contractual Services	33,981,211	34,071,820	90,609
Supplies/Materials	2,636,698	2,636,698	-0-
Grants	9,175,000	9,175,000	-0-
Capital Assets	312,785	312,785	-0-
Other	268,000	268,000	-0-
TOTAL	\$60,686,381	\$60,776,990	\$90,609
FTE	245.5	246.5	1.0



Secretariat

SECRETARIAT DIVISION FUNCTIONS

- Establish Department policies
- Legal research, analysis, representation
- Investigate and prosecute violations of the criminal statutes of the revenue code
- Comprehensive taxpayer education and public information programs
- Coordination, direction and application of technology in support of eGovernment initiative
- Management of budget and finance functions and the State's Remittance Center

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Secretariat

FY2014 Recommended Budget

Personal Services	\$2,281,202
Operating Expenses	\$1,452,277
Total FY2014 Budget	\$3,733,479
FTE	37.5
Recommended Increase:	
Bureau Billing Increases	\$ 87,309
Total Increase	\$ 87,309

Fund Source: Other Funds – Sales and Use Tax
Collection Fund & State Motor Vehicle Fund

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Business Tax

PRIMARY FUNCTIONS

- Ensure compliance with all applicable tax laws in South Dakota, and to promote sales tax equity on a national basis through simplification of sales tax laws and administration
- Administer municipal and special jurisdiction sales, use taxes, excise tax, prepaid wireless, and 911 emergency surcharge
- Process sales, use, and contractors' excise tax payments

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Business Tax

FY2014 Recommended Budget

Personal Services	\$2,518,587
Operating Expenses	\$ 879,856
Total FY2014 Budget	\$3,398,443
FTE	47.0

Recommended Budget:

No change from FY2013 Budget

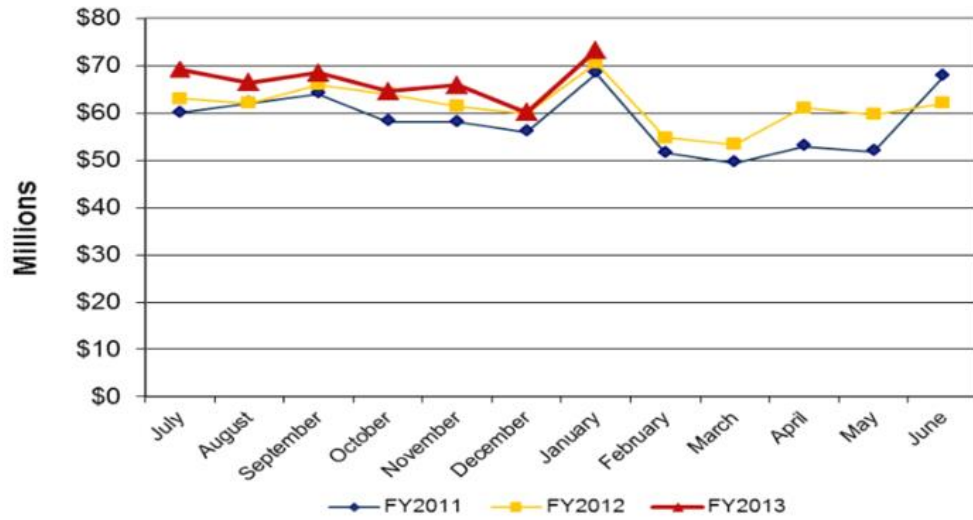
Fund Source: Other Funds – Sales and Use Tax
Collection Fund

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Sales Tax Collections

Sales Tax Collections (FY2011, FY2012, and FY2013)



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Motor Vehicles

PRIMARY FUNCTIONS

- Administer:
 - motor vehicle licensing requirements
 - titling and registration
 - license plates
 - motor fuel tax programs
- Ensure motor fuels and 3% motor vehicle excise taxes are properly assessed and collected
- Ensure that motor vehicle dealers are properly licensed



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FY2014 Recommended Budget

Motor Vehicles

Personal Services	\$2,010,150
Operating Expenses	\$3,255,891
Total FY2014 Budget	\$5,266,041
FTE	46.0

Recommended Budget:

No change from FY2013 Budget

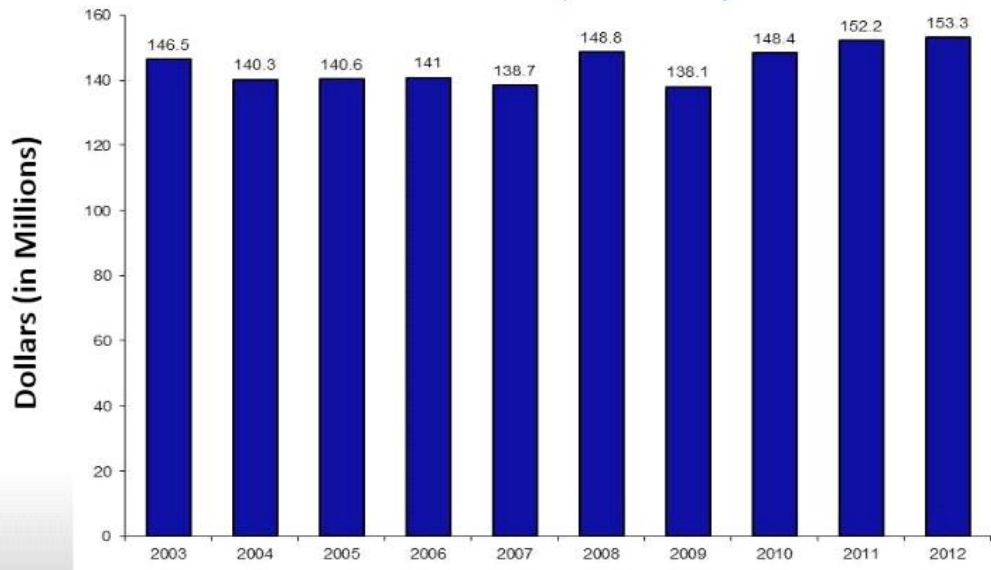
Fund Source: Other Funds – State Motor Vehicle Fund
and License Plate Revolving Fund

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Motor Vehicles

Total Fuel Revenues (2003-2012)



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Property & Special Taxes

PRIMARY FUNCTIONS

- Responsible for overseeing the property tax assessment and tax laws of South Dakota
- Assist local government units in making property tax assessments that are fair in compliance with the law
- Responsible for licensing and collecting a multitude of state taxes to include:
 - Bank franchise
 - Cigarette
 - Beer, Wine, and Distilled Spirits
 - Mineral Taxes
- Responsible for the property tax refund program for the elderly and disabled.

(Property tax assessments and collections are the primary source of funding school systems, counties, municipalities and other local government units)

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Property & Special Taxes

FY2014 Recommended Budget

Personal Services	\$ 812,702
Operating Expenses	\$ 257,172
Total FY2014 Budget	\$1,069,874
FTE	14.0

Recommended Increase:

Bureau Billing Increases	\$ 3,300
Total Increase	\$ 3,300

Fund Source: General Funds

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Audits

PRIMARY FUNCTIONS

- Conduct audits of sales, use, contractors' excise, motor fuel, and severance taxes to ensure compliance
- Provide on-site taxpayer education as part of the audit function

(The Audit Division completed 1,907 audits in FY2012, with audit assessments of \$21.1 million and collections of \$13.6 million. This is the second year the Division has surpassed \$20 million in audit assessments for a fiscal year.)

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Audits

FY2014 Recommended Budget

Personal Services	\$3,309,694
Operating Expenses	\$ 562,262
Total FY2014 Budget	\$3,871,956
FTE	55.0

Recommended Budget:

No change from FY2013 Budget

Fund Source: Other Funds – Sales and Use Tax Collection
Fund & State Motor Vehicle Fund

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S.D. Lottery

INSTANT & ON-LINE OPERATIONS

PRIMARY FUNCTION

- Operation of the state lottery established in SDCL 42-7A in a secure and efficient manner in order to maximize revenue to the state through the sale of instant and on-line lottery games.



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FY2014 Recommended Budget

INSTANT & ON-LINE OPERATIONS

S.D. Lottery

Personnel Services	\$ 1,215,562
Operating Expenses	\$29,208,582
Total FY2014 Budget	\$30,424,144
FTE	21.0

Recommended Budget:

No change from FY2013 Budget

Fund Source: Other Funds – Instant and On-line

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S.D. Lottery

VIDEO LOTTERY

PRIMARY FUNCTION

- The Division of Video Lottery establishes policy for and provides direction on operations of the South Dakota Lottery.



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FY2014 Recommended Budget

VIDEO LOTTERY

S.D. Lottery

Personal Services	\$ 513,090
Operating Expenses	\$1,998,922
Total FY2014 Budget	\$2,512,012
FTE	10.0

Recommended Increase:

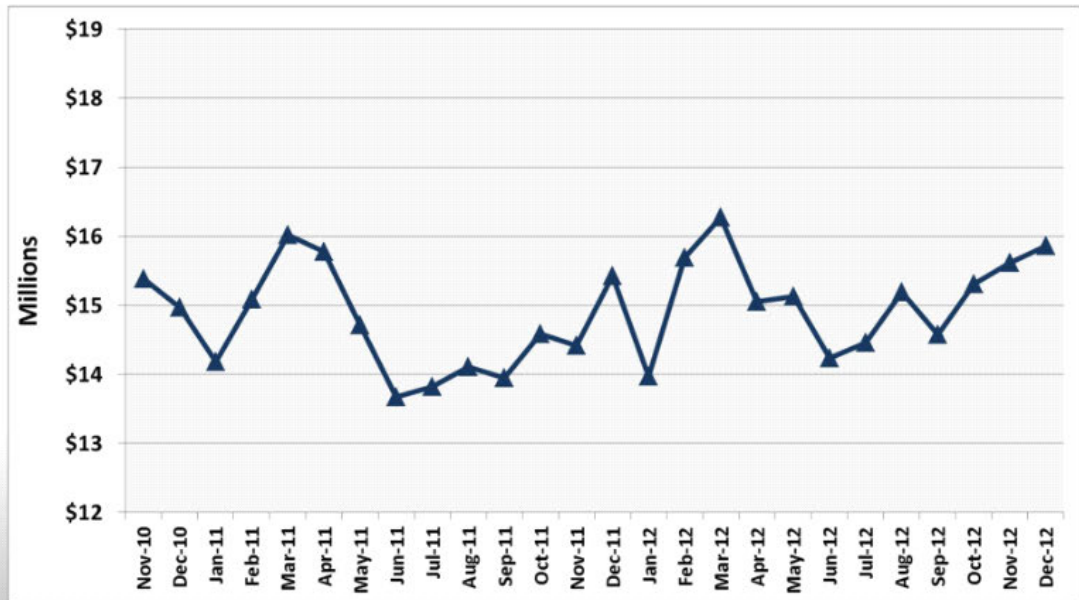
1.0 FTE (Senior Computer Operator)

Fund Source: Other Funds – Video Lottery

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Monthly Video Lottery Net Machine Revenue – Post Smoking Ban

S.D. Lottery





Commission on Gaming

PRIMARY FUNCTIONS

- Responsible for the promulgation of rules and regulations governing limited betting in South Dakota.
- Regulates the states gaming and racing industries and collects and distributes funds derived from these industries.

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Commission on Gaming

FY2014 Recommended Budget

Personal Services	\$ 896,401
Operating Expenses	\$ 9,604,640
Total FY2014 Budget	\$10,501,041
FTE	16.0

Recommended Budget:

No change from FY2013 Budget

Fund Source: Other Funds – Deadwood Gaming
Administration

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Questions?

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Department of Revenue