

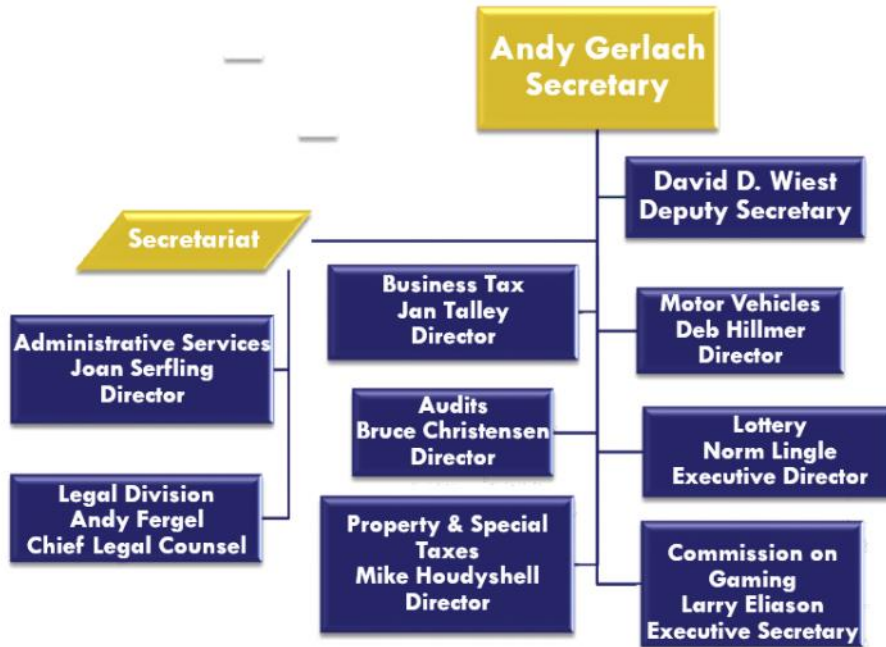


FY2013 RECOMMENDED BUDGET

**Department of
Revenue**



Department Organizational Chart





Mission & Budget

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.

FY2013 Recommended Budget:

General Funds	\$ 1,065,917
Other Funds	<u>59,590,813</u>
	\$60,656,730
	FTE = 245.5

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FY2013 Recommended Budget

- The FY2013 Recommended Budget for the Department of Revenue includes an increase of \$790,889 from the FY 2012 budget.
 - Funding reflects an increase of \$111,225 in general funds and an increase of \$679,664 in other funds.
 - The majority of the increase, \$656,364, is in personal services funding the salary and benefit package.
 - The FY2013 Recommended FTE remains at the same level as the FY2012 Budget, 245.5 FTE.

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Comparison of FY2012 and FY2013 Budgets

	Budgeted FY2012	Recommended FY2013	Increase
Personal Services	\$12,901,024	\$ 13,557,388	\$656,364
Travel	743,899	743,899	-0-
Contractual Services	33,835,985	33,970,510	134,525
Supplies/Materials	2,629,148	2,629,148	-0-
Grants	9,175,000	9,175,000	-0-
Capital Assets	312,785	312,785	-0-
Other	268,000	268,000	-0-
TOTAL	\$59,865,841	\$60,656,730	\$790,889
FTE	245.5	245.5	

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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
- Collection services
- Management of budget and finance functions and the State's Remittance Center

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FY 2013 RECOMMENDED BUDGET

Secretariat

Personal Services	\$2,281, 202
Operating Expenses	\$1,335,974
Total FY2013 Budget	\$3,617,176
FTE	37.5

Recommended Increases:

Salary Policy	\$ 86,615
BIT/Rent Increases	\$ 14,303
Total Increase	\$ 100,918

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, and excise tax
- Process sales, use, and contractors' excise tax payments

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FY 2013 RECOMMENDED BUDGET

Business Tax

Personal Services	\$2,518,587
Operating Expenses	\$ 879,856
Total FY2013 Budget	\$3,398,443
FTE	47.0

Recommended Increases:

Salary Policy	\$ 89,887
BIT Increases	\$ 3,304
Total Increase	\$ 93,191

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

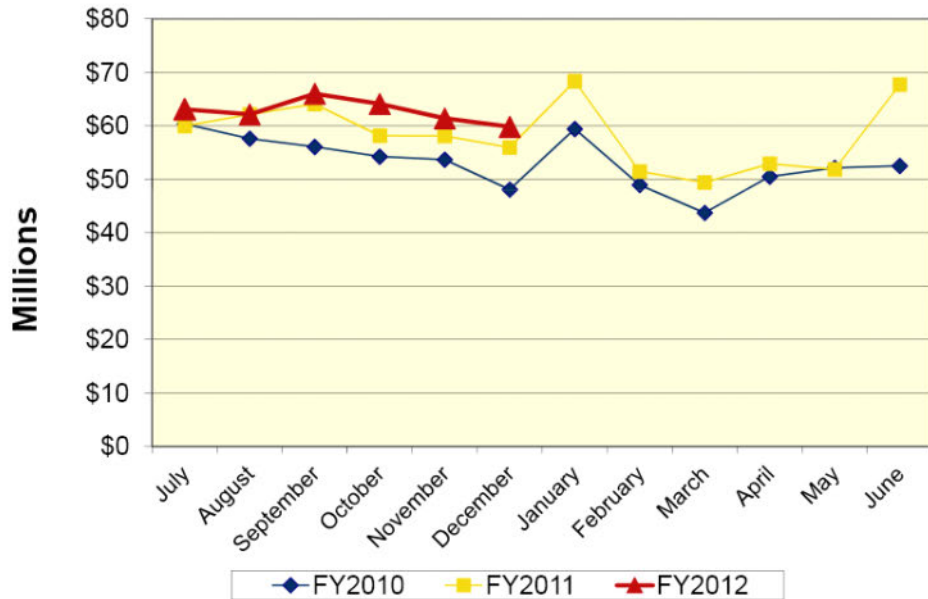
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Sales Tax Collections

Business Tax

Sales Tax Collections (FY2010, FY2011, and FY2012)



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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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FY 2013 RECOMMENDED BUDGET

Motor Vehicles

Personal Services	\$2,010,150
Operating Expenses	\$3,255,891
Total FY2013 Budget	\$5,266,041
FTE	46.0
Recommended Increases:	
Salary Policy	\$ 71,072
BIT Increases	\$ 21,861
Total Increase	\$ 92,933

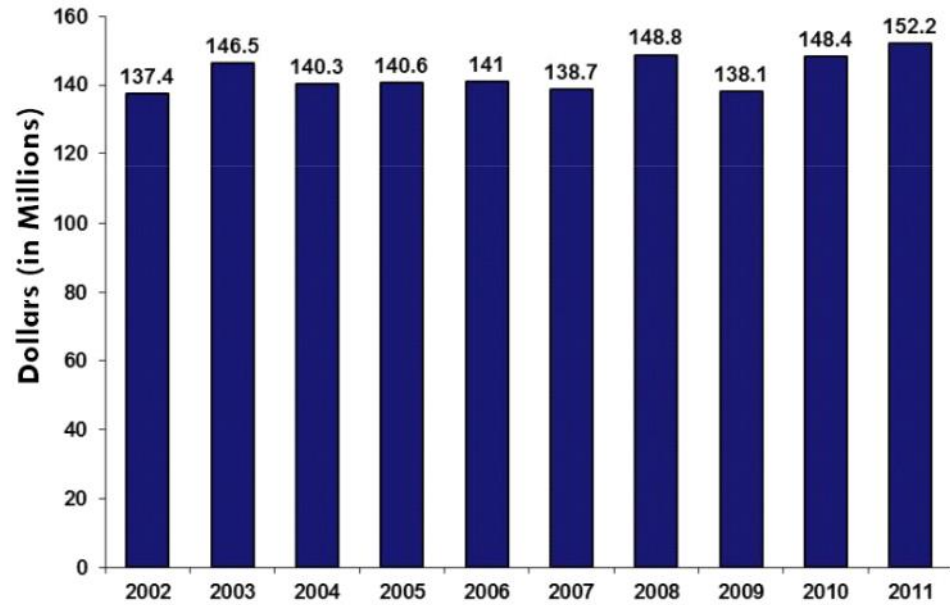
Fund Source: Other Funds – State Motor Vehicle Fund

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Motor Fuel Revenue

Motor Vehicles

Total Fuel Revenues (2002-2011)





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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FY 2013 RECOMMENDED BUDGET

Property & Special Taxes

Personal Services	\$ 812,702
Operating Expenses	\$ 253,215
Total FY2013 Budget	\$1,065,917
FTE	14.0
Recommended Increases:	
Salary Policy	\$ 28,954
BIT Increase	\$ 1,208
AgLand Study	\$ 31,063
Bank Tax Audit Contract	\$ 50,000
Total Increase	\$ 111,225

Fund Source: General Funds

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Audits

PRIMARY FUNCTIONS

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

(The Audit Division completed 2,247 audits in FY2011, with audit assessments of \$27.9 million and collections of \$18 million. This is the first time the Division has surpassed \$20 million in audit assessments for a fiscal year)

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FY 2013 RECOMMENDED BUDGET

Audits

Personal Services	\$3,309,694
Operating Expenses	\$ 562,262
Total FY2013 Budget	\$3,871,956
FTE	55.0

Recommended Increases:

Salary Policy	\$ 281,417
BIT Increases	\$ 2,834
Total Increase	\$ 284,251

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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FY 2013 RECOMMENDED BUDGET

S.D. LOTTERY

INSTANT & ON-LINE OPERATIONS

Personnel Services	\$ 1,215,562
Operating Expenses	\$29,208,582
Total FY2013 Budget	\$30,424,144
FTE	21.0

Recommended Increase:

Salary Policy	\$ 45,530
BIT/Rent Increases	\$ 7,725
Total Increase	\$ 53,255

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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FY 2013 RECOMMENDED BUDGET

S.D. LOTTERY

VIDEO LOTTERY

Personal Services	\$ 513,090
Operating Expenses	\$1,998,922
Total FY2013 Budget	\$2,512,012
FTE	9.0

Recommended Increases:

Salary Policy	\$ 21,009
BIT Increases	\$ 1,462
Total Increase	\$ 22,471

Fund Source: Other Funds – Video Lottery

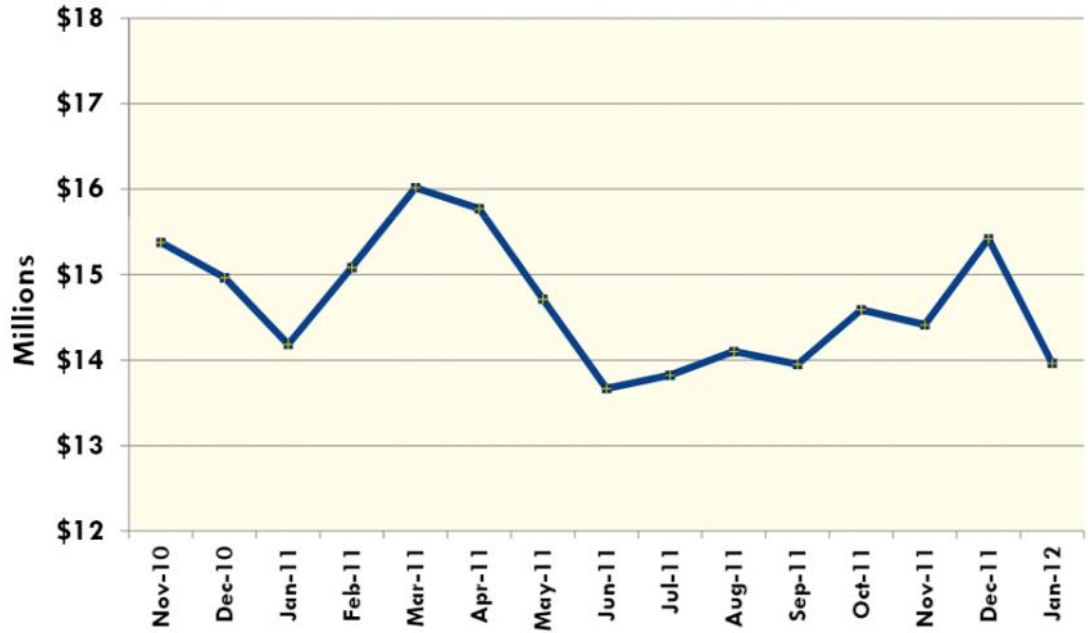
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Video Lottery

S.D. LOTTERY

Monthly Video Lottery Net Machine Revenue – Post 5





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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FY 2013 RECOMMENDED BUDGET

Commission on Gaming

Personal Services	\$ 896,401
Operating Expenses	\$ 9,604,640
Total FY2013 Budget	\$10,501,041
FTE	16.0

Recommended Increases:

Salary Policy	\$ 31,880
BIT Increases	\$ 765
Total Increases	\$ 32,645

Fund Source: Other Funds – Deadwood Gaming Administration

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Questions?

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**Department of
Revenue**