

SOUTH DAKOTA DEPARTMENT OF REVENUE

Department Overview

January 2025

Michael S. Houdyshell – DOR Secretary



Overview



**Division
Overviews**



**Ongoing
Initiatives**



**Modernization
Updates**



Department of Revenue Leadership



Michael Houdyshell
Secretary



Jason Evans
Deputy Secretary

Secretariat



Administration
Toni Richardson
Director



Audits
Dan Webster
Director

Business & Special Tax
Doug Schinkel
Director



Motor Vehicles
Rosa Yaeger
Director

Property Taxes
Wendy Semmler
Director



Legal
Kirsten Jasper
Chief Legal Counsel



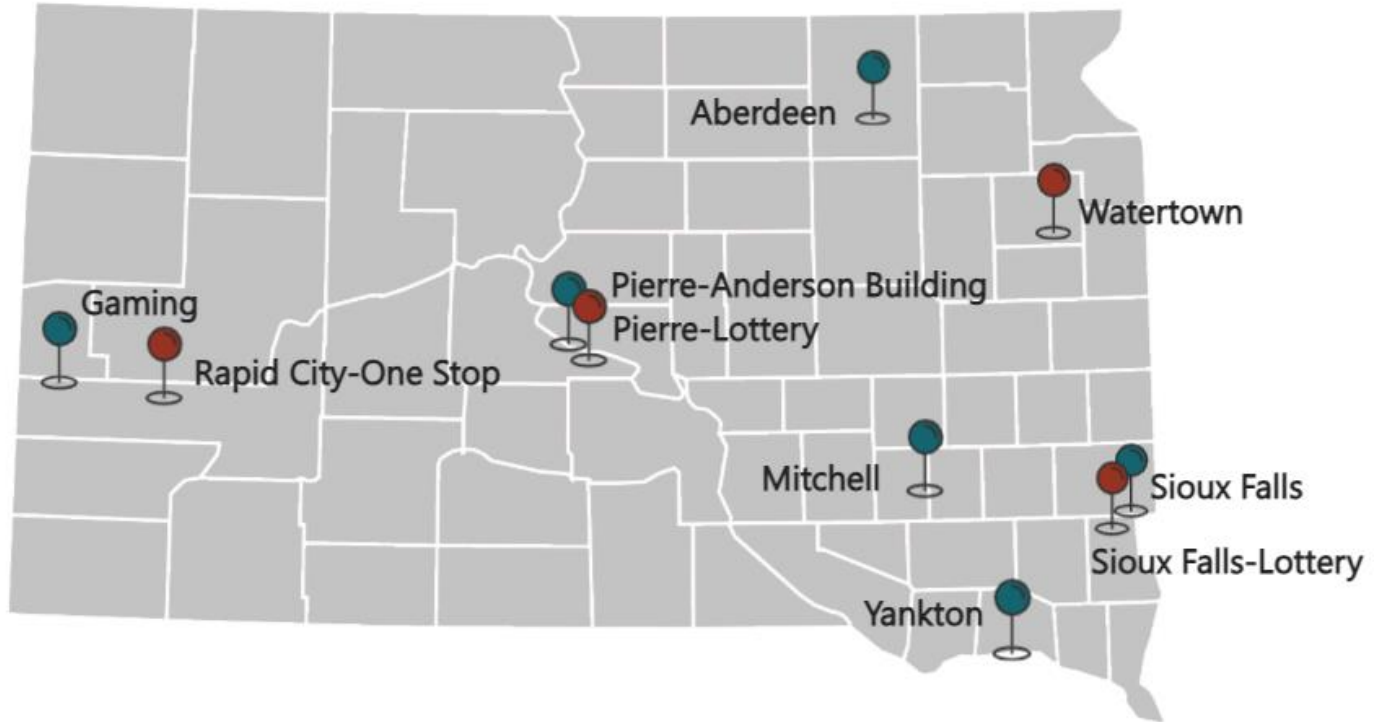
SD Lottery
Norm Ningle
Executive Director



Commission on Gaming
Mark Heltzel
Executive Secretary



DOR Office Locations



Office of the Secretariat

Administration

- Budget, finance, and internal controls
- Technology support
- Social media and public information requests
- Education, both internal and external
- Continuous improvement
- Strategic planning
- Project management

Legal

- Routine legal counsel to the department and the South Dakota Lottery
- Investigative Services Bureau
- Legal representation regarding:
 - Audits
 - - Jeopardy assessments
 - - Relief agency requests
 - - Motor vehicle matters
 - - Alcohol & tobacco matters
 - - License revocations

Business Tax Division

Business Tax Division

- **Sales and Use Tax**
- **Municipal Taxes**
- **Contractor's Excise Tax**
- **Tourism Tax**
- **911 Surcharge**

PRIMARY FUNCTIONS

- License businesses
- Provide customer assistance
- Educate through seminars & trainings
- Conduct license reviews
- Collect delinquent taxes
- Provide support to the tribal tax collection agreements

Sales and Use Tax

Sales Tax

applies to the gross receipts of all retail sales

Use Tax

applies when South Dakota's sales tax has not been paid

4.2%

State sales and use tax

up to 2%

Municipal sales and use tax

1%

Municipal gross receipts tax

Contractor's Excise Tax

Contractor's Excise Tax

applies to the gross receipts of all contractors engaged in construction services or realty improvement projects in South Dakota.

2%

Contractor's Excise Tax

Sales, Use, and Contractor's Excise Taxes

Revenues

Tax Type	FY24
Sales and Use - State	\$1,452,795,910
Contractor's Excise - State	\$216,712,589
Sales and Use - Cities	\$559,034,708
Sales, Use, and Contractor's Excise - Tribal	\$16,336,662
Tourism	\$19,034,627

\$2.2 billion

Collected from Sales, Use,
and Excise Taxes

Where the Money Went (FY2024)

Tax Type	General Fund	Local Government	Tribal Jurisdictions	Other
Sales and Use - State	100%	-	-	-
Contractor's Excise - State	100%	-	-	-
Sales and Use - Cities	-	100%	-	-
Sales, Use, and Contractor's Excise - Tribal	-	-	100%	-
Tourism	-	-	-	100%

Sales and Use Tax Exemptions

State law provides that certain goods and services are not subject to sales or use tax, including:

- Agriculture
- Medical
- Government
- Long-term lodging rentals
- Advertising services

See full report at:

https://bfm.sd.gov/budget/FY2026/SummaryBook_FY2026.pdf

**DOR estimates
annual general fund
revenue loss of
nearly \$1.5 billion**

Special Taxes

PRIMARY FUNCTIONS

- Regulate Alcohol and Tobacco Industries
- Administer Various State Taxes
 - ⇒ Alcohol Taxes
 - ⇒ Tobacco Taxes
 - ⇒ Bank Franchise Tax
 - ⇒ Severance Taxes
- Administer Sales and Property Tax Refund for the Elderly and Disabled

\$153 million

FY2024 Total
Revenue Collected

Audit Division

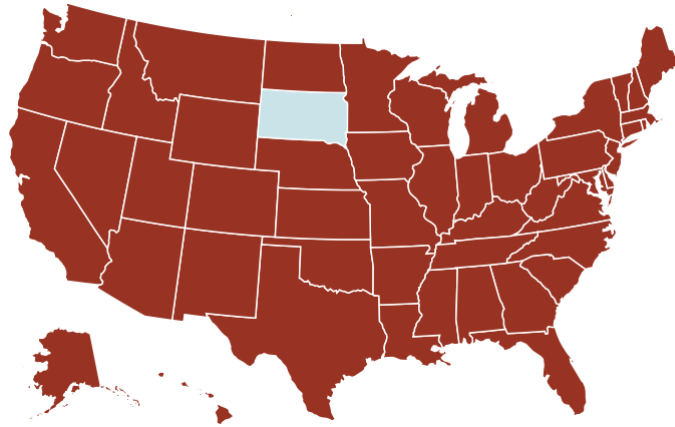
- **Sales and Use Tax**
- **Municipal Taxes**
- **Contractor's Excise Tax**
- **Tourism Tax**
- **Motor Fuel Tax**
- **Special Taxes**

Audit Division

PRIMARY FUNCTIONS

- Verify information reported on tax returns
- Ensure required record keeping
- Ensure customer understanding of tax laws
- Educate through one-on-one trainings

In-State vs. Out-of-State Net Assessments



FY2023



■ In-State Assessment ■ Out-Of-State Assessment

Property Tax Division

\$1.78 billion

To fund local governments
and provide K-12 education

2024 Tax Distribution

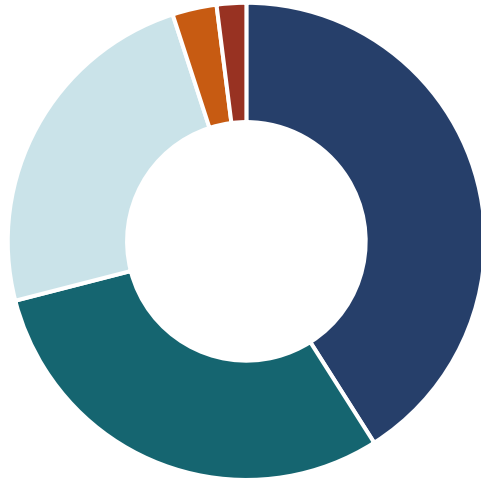
Schools	56%
County	27%
Municipalities	13%
Townships	2%
Special Assessments	2%

Property Tax Division

PRIMARY FUNCTIONS

- Provide oversight of county property tax systems
- Implement productivity system for Ag Land in partnership with SDSU
- Assist local governments through training and certification
- Administer:
 - ⇒ Telephone Gross Receipts Tax
 - ⇒ Alternative tax for renewable energy facilities and rural electric companies

2024 Property Tax Contribution



■ Owner Occupied - 44%

■ Commercial - 31%

■ Agricultural - 21%

■ Utilities - 2%

■ Special Assessment - 2%

Why Do We Have Property Taxes?

- Primary revenue source for **LOCAL GOVERNMENTS**
 - Schools, Cities, Counties, Townships
- Sales tax is the primary revenue source for **STATE GOVERNMENT**
 - No income tax
- Property Taxes **DO NOT FUND:**
 - State employees, Medicaid, state roads, the National Guard

**The State of South Dakota DOES NOT collect or spend
ANY property tax dollars**

South Dakota property taxes: Budget then tax, not tax then spend.

Property Tax Need

Local governments and school districts re-budget every year to determine the amount of property taxes needed to fund services, like public schools, roads, utilities, parks, and law enforcement.



Taxing agencies conduct public hearings, publish their budgets, and certify their property tax request to the County Auditor.

Local Tax Rates

The **County Auditor** calculates a tax rate for each taxing district by dividing property tax need by taxable valuation.

Property Tax Valuations

County Assessor revalues and reassesses all real property annually, as well as applies property tax incentives and exemptions.

- Local & County Boards of Equalization
- Hear appeals on property assessments.
 - Finalize the assessed values for property taxation.



South Dakota Department of Revenue calculates the equalization factor for each county, which transforms assessed value into taxable value.

Your Property Tax Bill

The **County Treasurer** issues and collects the tax bills. The tax dollars are then distributed to the local governments to fund services.



Property Tax Year End 2024

Levies Approved

4,356

Active Tax Increment
Finance Districts

244

Property Transfers Analyzed

38,746

Centrally Assessed or In Lieu
of PT Companies

159

212 Certified Assessors

Motor Vehicle Division

Motor Vehicle Division

**Motor Fuel Tax &
Motor Vehicle Excise Tax**
fund state roads and bridges

Registration Fees
fund local government
roads and bridges

PRIMARY FUNCTIONS

- Issue titles & collect motor vehicle excise tax
- Collect annual vehicle registration fees and issue license plates
- Collect and oversee motor fuel tax and licensees
- Oversee license credentials of trucking industry
- License motor vehicle dealers

Motor Vehicle Revenues

Registration and Title Revenues

Motor Carrier Revenue

Revenue Source	FY24
Unified Carrier Registration Fees	\$855,623
International Fuel Tax Agreement (IFTA)	\$1,465,715
International Registration Plan (IRP) - Prorate	\$25,706,116

Motor Fuel Tax Revenue

Revenue Source	FY24
Aviation Fuel	\$923,439
Motor Fuel Tax	\$195,564,638
Motor Fuel Tax - Tribal	\$4,302,220
Tank Inspection Fees	\$18,317,762

Title and Registration Revenues	FY2024
License Plate Fees-State's Share	\$6,577,390
License Plate Fees-Counties', Cities', Townships' Share	\$60,569,280
Snowmobiles	\$101,760
Boats	\$1,885,826
Electric Motor Vehicle Fees	\$125,050
Temporary Special Permits	\$76,791
Mobile Home Plates	\$4,760
Dealer Fees	\$480,462
Duplicate Plates, Replacement Plates	\$391,642
Title and Penalty Fees	\$4,051,337
Trailer ID Fees	\$88,047
Motorcycle Safety Education Fees	\$854,787
Mobile Home Registration Fees-State's Share	\$217,559
Motor Vehicle 4% Excise Tax	\$172,007,906
Snowmobile 3% Excise Tax	\$372,992
Duplicate Title Fees	\$203,929
DANR-Solid Waste Fees	\$1,430,267
DPS-Highway Patrol Fees	\$1,524,405
Total Receipts	\$250,964,191

South Dakota Lottery

- The South Dakota Lottery works to ensure the Lottery remains a viable source of revenue.
- The South Dakota Lottery works closely with the South Dakota Lottery Commission, which is comprised of five members.

SD Lottery

PRIMARY FUNCTIONS

- Markets:
 - ⇒ Instant Tickets
 - ⇒ Lotto Games
- Regulates:
 - ⇒ Video Lottery

Lottery Division

Revenues (FY2024)

	Sales	Prizes	Commission	Revenue Distributed
Instant Tickets	\$48,601,340	\$32,090,117	\$2,740,350	\$7,258,958
Lotto Tickets	\$38,078,591	\$19,438,057	\$1,987,027	\$12,531,420
Video Lottery	\$1,200,596,004	\$869,914,563	\$165,340,721	\$163,901,313

\$183 million
Revenue Distributed

Where the Money Went (FY2024)

	General Fund	Capital Construction Fund	Department of Social Services
Instant Tickets	\$7,258,958	\$ -	\$ -
Lotto Tickets	\$8,771,994	\$3,759,426	\$ -
Video Lottery	\$163,612,313	\$ -	\$214,000
Video Lottery License Fees	\$75,000	\$ -	\$ -
Totals	\$179,718,265	\$3,759,426	\$214,000

Commission on Gaming

Commission on Gaming

- The South Dakota Commission on Gaming is a five-member commission appointed by the Governor.
- The Commission regulates limited wagering in Deadwood, as well as live horse and simulcast racing.

PRIMARY FUNCTIONS

- Regulate the gaming industry in:
 - ⇒ City of Deadwood
 - ⇒ Pari-mutuel horse racing
 - ⇒ Pari-mutuel wagering
- Assists the Governor's office with Tribal gaming compacts

FY2024 Total Gaming
Action in Deadwood

\$1.5 billion

Commission on Gaming

Revenues (FY2024)

Gross Revenue Tax	\$12,731,194
FY22 Device Tax	\$5,418,000
City Slot Tax	\$437,500
License Fees	\$117,708
Application Fees	\$81,862
Interest	\$48,797
Device Testing Fees	\$10,049
Penalty on Disciplinary Action	\$6,200
FY25 Device Stamp Fee Net Change from FY24	\$428,000
Total Additions to Fund:	\$19,279,310

Distributions (FY2024)

City of Deadwood (SDCL 42-7B-48 & 48.1)	\$7,093,437
SD Tourism (SDCL 42-7B-48)	\$4,519,801
SD General Fund (SDCL 42-7B-48.1)	\$2,129,959
Administrative Expenses (Includes DOR Admin Charge)	\$1,790,053
SD General Fund (SDCL 42-7B-28.1)	\$1,397,318
Lawrence County (SDCL 42-7B-48)	\$1,129,950
Other Municipalities (SDCL 42-7B-48.1)	\$302,120
School Districts (SDCL 42-7B-48.1)	\$302,120
SD Historical Preservation (SDCL 42-7B-48)	\$100,000
SD Department of Social Services (SDCL 42-7B-48.3)	\$30,000
Capital Equipment	\$18,689
Total Allocations from Fund:	\$18,813,447

Department Initiatives

Ongoing Initiatives - LEAN

Why Lean?

1. Promotes incremental changes over time
2. Dramatically improve the performance and effectiveness of processes
3. Increases transparency to internal and external stakeholders
4. Actively engages all employees
5. Results in more staff time for "mission critical" work
6. Uses metrics and visual controls to provide rapid feedback to improve decision making and problem-solving

**Fiscal Year 2024
By The Numbers**



**20
Improvement
Ideas
Submitted**



**8
Improvement
Ideas
Implemented**



**20 Lean
Workshop
Opportunities
a Year**

Ongoing Initiatives - Education

Our Seminars Cover:

- Sales and Use Tax
- Contractor's Excise Tax
- Bookkeeping
- Property Tax
- Gaming Tax
- Motor Vehicle Excise Tax
- Agriculture Business
- Tobacco Tax
- Alcohol Tax

All of our seminars are free of charge

Online Resources

Stay #OnlineAndOutOfLine this season by taking advantage of our resources we've provided electronically!

- Tax Facts
- Live Chat
- DMV Now Kiosks
- Tax Education

Learning Opportunities

In Fiscal Year 2024, the Department of Revenue shared resources with you!

The Department provided many educational opportunities through virtual seminars.

Upcoming educational opportunities can be found on the DOR website.

Fiscal Year 2024 By The Numbers

107

Tax Fact Publications

1,775

Customers who received training

13,608

Live Chat Events



Modernization Update

The '605 DRIVE' logo is positioned on the right side of the slide, set against a dark blue circular background with an orange border. The number '605' is rendered in a large, white, stylized font where the '0' is a road with perspective lines. Below it, the word 'DRIVE' is written in a smaller, white, all-caps, sans-serif font.

605
DRIVE

Fast Enterprises, LLC.

Production Proven, Sharing Benefits, Creating Community, Future Proof

Registration & Maintenance

Relationships

Obligation Calculations

Payment Collection

Distributions

Disbursements

Collections

Enforcements

GENTAX[®]

FASTDS-VS[®]

FASTCORE

FASTUI[®]

FASTCSE[®]

Document Management

Security (IRS Pub 1075)

Letters

Imaging & Attachments

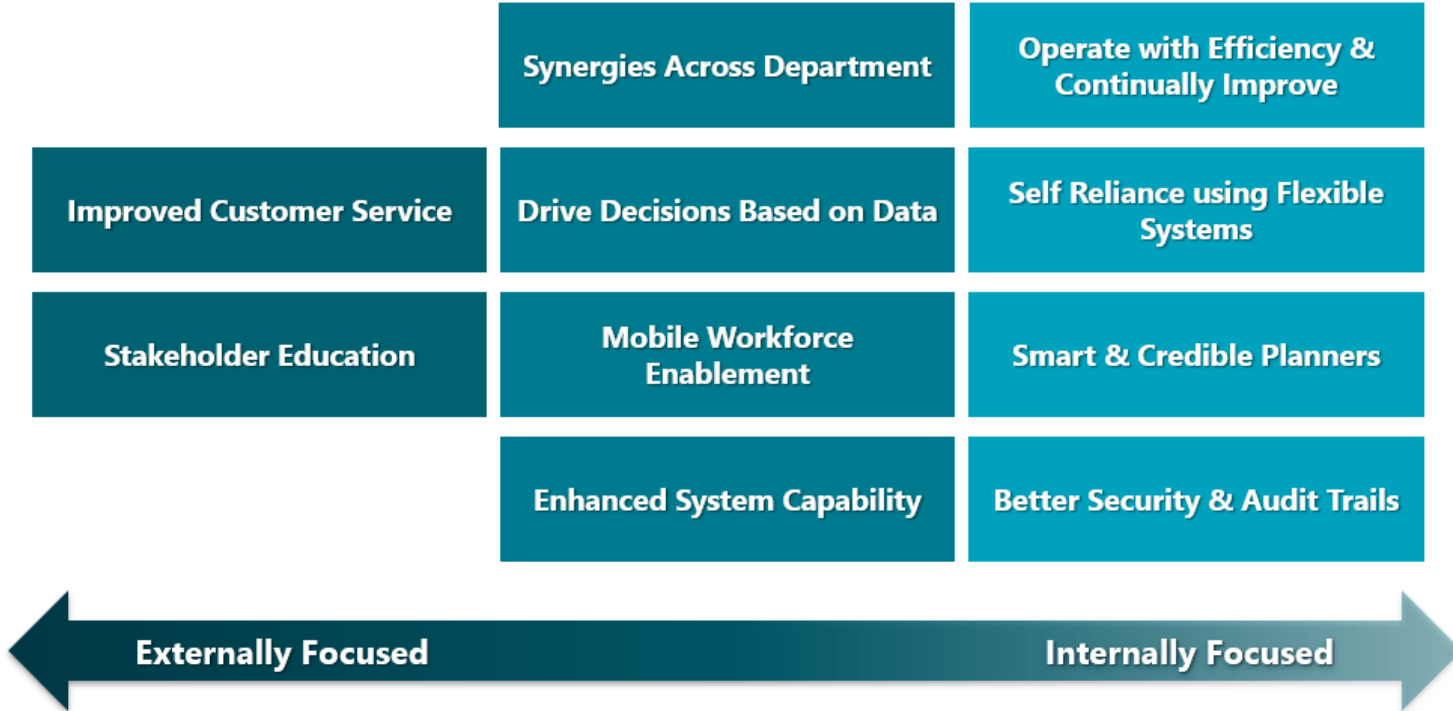
Interfacing

Customer Portals

Business Intelligence

Reporting

Modernization Vision



Stakeholders

Vehicle Owners

Third Parties

- American Association of Motor Vehicle Administrators
- South Dakota Auto Dealer Association
- South Dakota Independent Auto Dealers Association

Businesses

- Dealerships
- Businesses with Vehicles and Fleets
- Towing Companies
- Insurance Companies
- Salvage Yards
- Storage Facilities
- Repair Facilities
- Auction Houses
- Kiosk and Plate Management Vendor
- Banks and Lenders

Local or Regional Government Authorities

- Transportation Authorities
- County Treasurers
- Tribal Governments

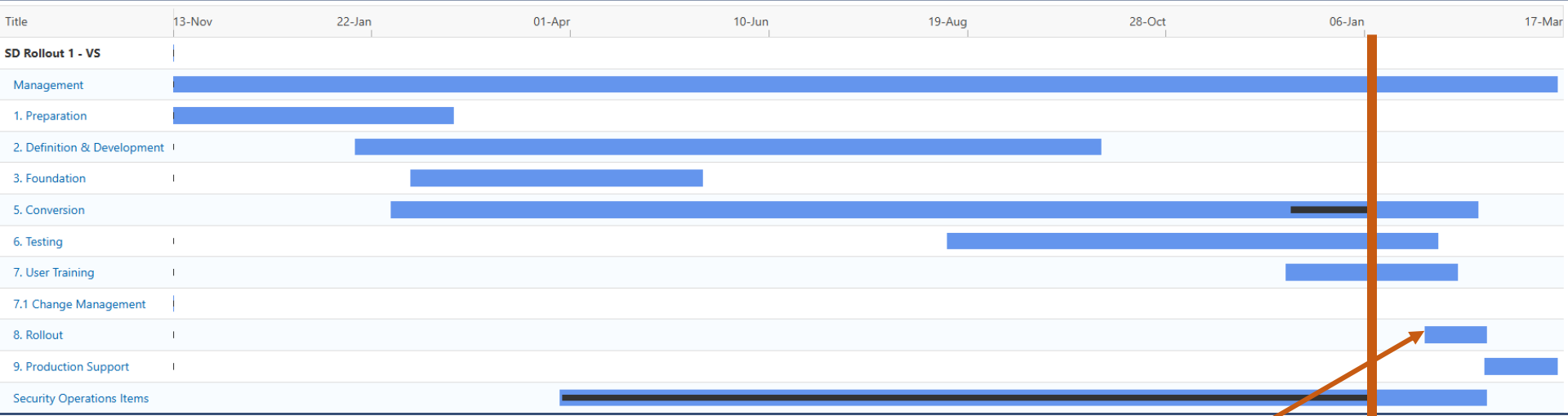
State Government Authorities

- General Assembly
- Governor
- Attorney General
- Department of Transportation
- Department of Public Safety
- Bureau of Administration – Obligation Recovery Center
- Bureau of Finance and Management
- Legislative Research Council
- Department of Legislative Audit
- Game, Fish and Parks
- Department of Agriculture and Natural Resources
- Unified Judicial System
- Bureau of Information and Telecommunications (BIT)

Federal Authorities

- Department of Transportation

Project Timeline



System Go-Live: February 17, 2025

Rollout Timeline

- Registration renewals will not be available in the mySDCars portal and DMVNow Kiosks starting February 8th
- Payments in the mySDCars dealer portal will be turned off on February 7th at 7:00 PM CT
- Access to the mySDCars dealer portal will be turned off on February 13th at 7:00 PM CT
- Access to SDCars will be turned off on February 13th at 7:00 PM CT
- 605Drive, my605Drive, and Dealer Services will go-live on February 17th



Questions?



South Dakota
Department of Revenue



@SDRevenue



South Dakota DOR



Sign-up for our
E-Newsletter