

## Department of Revenue

**Agency's Mission Statement: Proactively providing fair and consistent revenue administration for South Dakota.**

Below are the goals, activities, and measures for the agency. Goals, activities, and measures need to be developed by the agency, in consultation with the Governor's Office, and agreed to by the Legislature (Government Operations and Audit Committee).

### Goal 1. License every business/retailer, individual, device, and vehicle as required by law to do business and/or operate in South Dakota.

|                                                                                        |       | Performance Measures                                                              |             |             | Historical Data Section |       |       |       |       |       |
|----------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------|-------------|-------------|-------------------------|-------|-------|-------|-------|-------|
|                                                                                        | Trend | Status                                                                            | FY26 Actual | FY26 Target | FY20                    | FY21  | FY22  | FY23  | FY24  | FY25  |
| i. Percent of motor vehicle titles that require correction or additional documentation |       |  | 5.5%        | < 5.0%      |                         |       |       |       |       |       |
| ii. Percent of video lottery establishments inspected annually                         |       |  | 90.7%       | >= 90.0%    |                         |       |       | 88.5% | 90.4% | 86.8% |
| iii. Percent of license applications worked within 7 days                              |       |                                                                                   |             |             |                         |       |       |       |       |       |
| iiia. Business Tax                                                                     |       |  | 90.0%       | >= 90.0%    | 87.4%                   | 87.9% | 84.8% | 85.4% | 90.1% | 92.3% |
| iiib. Dealer                                                                           |       |  | 83.5%       | >= 90.0%    |                         |       |       |       |       |       |
| iiic. Motor Carrier                                                                    |       |  | 58.7%       | >= 90.0%    |                         |       |       |       |       |       |
| iiid. Motor Fuel                                                                       |       |  | 88.6%       | >= 90.0%    |                         |       |       |       |       |       |

#### Agency comments regarding the accomplishment of Goal 1:

iiib. FY26: Dealer agents spent time training dealers on the 605Drive system and enhancements. This is a new metric for the dealer agents.

iiic. Motor Carrier currently calculates application timing based on the initial first contact. However, if the status changes from 'Hold' (the first contact) to another status and later returns to 'Hold,' the system measures the time starting from that second 'Hold' status. A new process is being developed to ensure the number of days is always calculated from the original first contact for FY27.

iiid. Motor Fuel leads are being made a higher priority on the work list for FY27.

### Goal 2. Ensure licensees and partners are compliant with state laws through targeted and consistent regulatory efforts.

|                                                                                                             |                                                                                   | Performance Measures                                                               |        |          |        | Historical Data Section |       |        |       |       |       |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------|----------|--------|-------------------------|-------|--------|-------|-------|-------|
|                                                                                                             |                                                                                   | Trend                                                                              | Status | Actual   | Target | FY20                    | FY21  | FY22   | FY23  | FY24  | FY25  |
| Activity A. Regulate                                                                                        |                                                                                   |                                                                                    |        |          |        |                         |       |        |       |       |       |
| i. Percent of audits given a quality distinct audit (QDA) to ensure accuracy of tax assessments             |  |  | 86.0%  | >= 75.0% |        | 71.0%                   | 72.0% | 78.0%  | 83.0% | 84.0% | 85.0% |
| ii. Percent of auditors on-track to complete required number of QDAs                                        |                                                                                   |  | 85.0%  | >= 90.0% |        |                         |       |        |       |       |       |
| iii. Percent of zero audits finished in less than 32 hours to reduce audit cycle time                       |                                                                                   |  | 63.0%  | >= 75.0% |        |                         |       |        |       |       |       |
| iv. Percent of gaming revenue audits completed within expected timeframe                                    |                                                                                   |  | 70.0%  | >= 75.0% |        |                         |       |        |       |       | 50.0% |
| v. Percent of gaming operators with a minimum of two observations completed in a year                       |                                                                                   |  | 99.8%  | 100%     |        | 76.9%                   | 93.0% | 100.0% | 91.0% | 91.8% | 96.3% |
| vi. Percent of audited auto-issued motor vehicle titles that require correction or additional documentation |                                                                                   |                                                                                    | NA     | NA       |        |                         |       |        |       |       |       |
| vii. Percent of business tax discovery leads worked and closed within 90 days                               |                                                                                   |  | 83.0%  | >= 85.0% |        |                         | 79.0% | 74.0%  | 79.0% | 80.0% | 81.0% |
| viii. Percent of motor fuel unlicensed and non-compliant license leads worked and closed within 90 days     |                                                                                   |  | 86.8%  | >= 90.0% |        |                         |       |        |       |       |       |
| ix. Property Tax county levy approval average turnaround time in days                                       |  |  | 26     | <= 29    |        |                         | 35    | 46     | 44    | 36    | 30    |
| x. The number of counties requiring an equalization factor greater than 1.000                               |                                                                                   |  | 4      | 0        |        |                         |       |        |       |       |       |
| xi. Percent of new tax increment district (TIF) base valuations worked within 10 working days               |                                                                                   |                                                                                    | NA     | NA       |        |                         |       |        |       |       |       |

#### Activity B. Stakeholder Outreach and Education

|                                                                                    |  |                                                                                      |       |       |     |       |       |       |       |       |
|------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------|-------|-------|-----|-------|-------|-------|-------|-------|
| i. Total number of routine license reviews                                         |  |  | 1,646 | 1,514 |     |       |       |       |       |       |
| ii. Percent of annual assessor school attendees that pass the required course test |  |  | 98.0% | 100%  |     |       |       |       |       |       |
| iii. Number of DOR provided seminars and classes                                   |  |                                                                                      | 36    | NA    | 33  | 41    | 57    | 69    | 47    | 89    |
| iv. Number of attendees of DOR provided seminars and classes                       |  |                                                                                      | 1,859 | NA    | 954 | 1,045 | 1,688 | 2,212 | 1,175 | 4,981 |

#### Agency comments regarding the accomplishment of Goal 2:

Aiii. FY26: The Audit division expected zero audits and the hours it takes to complete an audit to increase due to the number of newer auditors.

Aiv. FY27: Will reassess target.

Avi. FY27: Started tracking auto-issued title audit data. The target will be determined after the first year's data is assessed.

Axi. FY27 target will be 100%.

Bi. Includes business tax, gaming, dealer, motor fuel, and tobacco license reviews.

Biii. FY27 target will be >=52 classes.

Biv. FY27 target will be >=2,080 attendees.

Biii.&iv. FY25 had a large number of classes and attendees due to the 605Drive implementation training.

### Goal 3. Collect all monies due to the State and our partners, accurately account for the funds, and distribute the monies according to state law.

|                                                        | Performance Measures                                                                |                                                                                      |             |             | Historical Data Section |       |       |       |       |       |
|--------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------|-------------|-------------------------|-------|-------|-------|-------|-------|
|                                                        | Trend                                                                               | Status                                                                               | FY26 Actual | FY26 Target | FY20                    | FY21  | FY22  | FY23  | FY24  | FY25  |
| i. Reduce tax return delinquency rate                  |                                                                                     |  | 9.7%        | 0%          |                         |       |       |       |       |       |
| ii. Increase business tax returns filed electronically |  |  | 88.7%       | 100%        | 77.0%                   | 80.0% | 81.7% | 84.0% | 86.0% | 87.0% |

|                                                                                  |                                                                                   |                                                                                    |        |          |       |       |       |       |       |       |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------|----------|-------|-------|-------|-------|-------|-------|
| iii. Increase business tax revenue collected electronically                      |  |  | 97.6%  | 100%     | 95.0% | 95.0% | 95.8% | 95.8% | 97.0% | 97.0% |
| iv. Reduce the number of business tax zero returns filed on paper by 5% annually |                                                                                   |  | 34,646 | NA       |       |       |       |       |       |       |
| v. Percent of transactions that require motor vehicle excise tax adjustments     |                                                                                   |  | 0.5%   | < 1.0%   |       |       |       |       |       |       |
| vi. Increase the percent of lottery prizes paid through mobile cashing           |                                                                                   |  | 25.5%  | >= 25.0% |       |       |       |       |       | 14.5% |

**Agency comments regarding the accomplishment of Goal 3:**

i. The tax return delinquency rate includes business tax, motor fuel, and motor carrier returns.

**Goal 4. Provide excellent customer service and tools to become licensed and compliant with all state laws.**

|                                                                                                                | <u>Trend</u>                                                                      | <u>Performance Measures</u>                                                        |                    |                    | <u>Historical Data Section</u> |             |             |             |             |             |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------|--------------------|--------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                                                                                                |                                                                                   | <u>Status</u>                                                                      | <u>FY26 Actual</u> | <u>FY26 Target</u> | <u>FY20</u>                    | <u>FY21</u> | <u>FY22</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> |
| i. Business Tax Division Contact Center                                                                        |                                                                                   |                                                                                    |                    |                    |                                |             |             |             |             |             |
| ia. Abandoned Call Rate                                                                                        |  |  | 1.2%               | <= 2.0%            | 4.2%                           | 2.8%        | 2.7%        | 2.8%        | 1.6%        | 1.2%        |
| ib. Abandoned Chat Rate                                                                                        |  |  | 0.7%               | <= 2.0%            | 2.4%                           | 0.9%        | 0.7%        | 0.2%        | 0.7%        | 0.6%        |
| ii. Motor Vehicle Division Contact Center                                                                      |                                                                                   |                                                                                    |                    |                    |                                |             |             |             |             |             |
| ia. Abandoned Call Rate                                                                                        |  |  | 4.6%               | < 5.0%             | 4.5%                           | 3.5%        | 4.0%        | 8.8%        | 8.7%        | 11.3%       |
| iia. Abandoned Chat Rate                                                                                       |  |  | 13.1%              | < 3.0%             |                                | 1.6%        | 0.7%        | 1.6%        | 7.2%        | 10.1%       |
| iii. Increase "Responsible Gambling" advertisement views by 8.5% annually                                      |                                                                                   |  | 4,833,328          | >= 4,113,495       |                                |             |             | 3,125,122   | 3,388,386   | 3,791,240   |
| iv. Increase the average number of views per paid lottery advertisement for digital campaigns by 2.5% annually |                                                                                   |  | 10,376,436         | >= 9955996         |                                |             |             | 8,060,222   | 9,698,125   | 9,713,167   |
| v. Increase motor carrier online portal usage for renewals and filing                                          |                                                                                   |  | 80.0%              | >= 80.0%           |                                |             |             |             |             |             |
| vi. Increase vehicle renewal notices sent electronically via 605Drive                                          |                                                                                   |  | 25.0%              | >= 25%             |                                |             |             |             |             |             |
| vii. Increase motor vehicle kiosk and my605Drive portal usage                                                  |  |  | 20.0%              | >= 20%             | 11.0%                          | 16.0%       | 17.0%       | 15.0%       | 15.0%       | 18.0%       |

**Agency comments regarding the accomplishment of Goal 4:**

ia. FY26: The new contact center solution allowed MVD to measure abandoned calls limited to business hours only.

iia&iib. 605Drive implementation increased call and chat volumes in FY25–FY26; levels are returning to normal.

iv. Lottery chose to use the "average" value because there are 7 digital campaigns per year. Every 3rd year, Lottery cuts 2 campaigns to create new digital campaigns.

v., vi.&vii. Electronic renewal notices and kiosk and portal usage achieved the FY26 targets. Targets will increase for FY27.