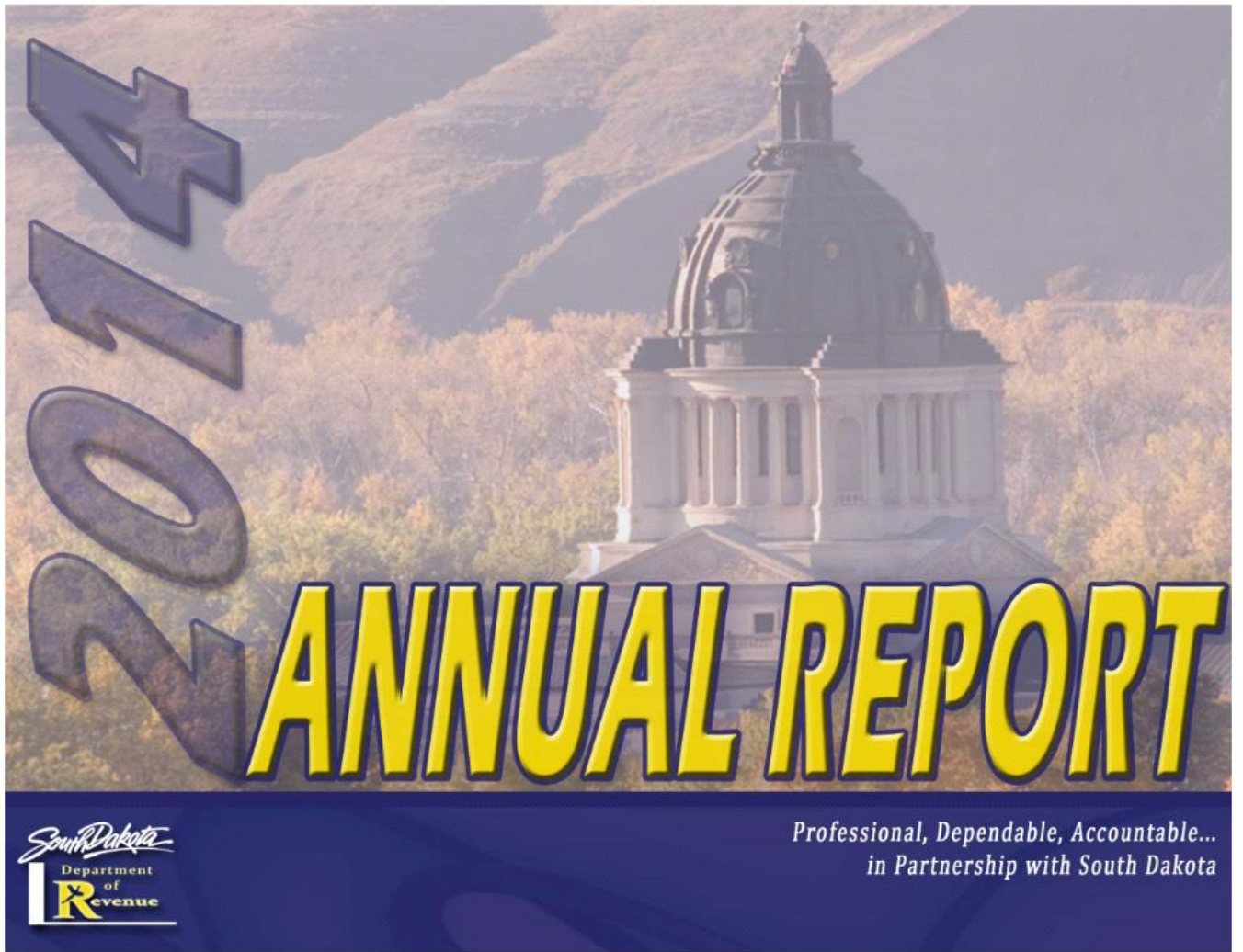


# 2014 Annual Report - Revenue

Thursday, January 22, 2015  
10:22 AM



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The FY2014 Department of Revenue Annual Report is available in the “publications” section on the department’s website at [dor.sd.gov](http://dor.sd.gov). The online report will be considered the most up-to-date and accurate version. Any corrections or modifications made to the report after the print version is issued will be noted in the online version on this page, along with a description of the correction or update.



## A Message from the Secretary

To the Honorable Dennis Daugaard, Governor of South Dakota and my fellow South Dakotans.

I am proud to bring you the FY2014 version of our Annual Report. In 2014 the Department continued to expand our capabilities in all areas to meet the needs of our customers, while providing administration of South Dakota's tax system, motor vehicle licensing, and lottery and gaming programs. Throughout the past year we also continued to focus on our core mission of partnering with our stakeholders to provide customer-oriented, fair, reliable revenue administration. This effort has allowed us to meet our goals of dependable customer service, clear communications, and a high rate of voluntary compliance.

While looking to the future, we also keep our eye on the present. As I write this introduction, there is much debate in Congress on the taxation of internet purchases, taxing the use of the internet, the federal funding of our highways, and the ability to utilize the internet as a mechanism for gaming. All of these decisions will have an impact on South Dakota and its citizens.

### Department Results in 2014

#### Enhancing electronic filing capabilities through our EPath system:

- Established a new credit card option to pay taxes: Taxpayers may now use Visa, MasterCard, or Discover to pay sales and use tax, contractors' excise tax, motor fuel tax and bank franchise taxes. Payments can be made by using an EPath account.
- Introduced a one-time payment option to pay via Credit Card or ACH Debit. This "Make A Payment" option can be accessed from the Department of Revenue home page.
- Created an option for banks to pay their Bank Franchise tax on-line: Banks paying Bank Franchise Tax in South Dakota can now establish an account and pay electronically. Previously, only an online form that required printing and mailing was available with no electronic payment option.
- Undertook a Plain Talk initiative to ensure our publications and policies are simple and understandable. By communicating in plain language we will benefit our customers while respecting our readers' time.

We are strongly committed to innovation in what we do and how we do it. In 2015, one of our most important efforts will be the first vehicle license plate issuance since 2006. As we design our new license plate, we are also thinking of ways to utilize technology and good business practices to make it available in the most convenient manner to our citizens.

The employees of the Department of Revenue are committed to serving the public. We have a great team, outstanding leadership and positive momentum. I look forward to the future!

Respectfully,

Andy Gerlach  
Secretary

## Taxpayer Bill of Rights

1. You have the right to confidentiality.
2. You have the right to tax information that is written in plain English.
3. You have the right to an appeal.
4. You have the right to courteous, prompt and accurate answers to your questions.
5. You have the right to be certain that collection procedures or assessments are not influenced by performance goals or quotas.
6. You have the right to rely on the written advice given to you by the South Dakota Department of Revenue.
7. You have the right to be notified before the department audits your records unless the secretary of revenue determines that a delay will jeopardize the collection of tax.
8. You have the right to clear and consistent policy regarding the deadlines for filing tax returns and making payments.
9. You have the right to seek a refund of any taxes you believe you have overpaid within the last three years.
10. You have the right to a process requiring that the seizure of your property for taxes be approved by a person no lower in authority than the division director.
11. You have the right to expect that a good faith effort to comply with tax laws will be given consideration in disputed cases.
12. You have the right to a tax credit of interest or penalties that are determined to have been inappropriately levied.
13. You have the right to the removal of a lien on your property within 30 days after you have paid all tax, penalty and interest due.
14. You have the right to have the South Dakota Department of Revenue correct the public record.

Taxpayer assistance is just a phone call away, at 800.829.9188.

### our mission

We partner with our stakeholders to provide customer-oriented, fair, reliable revenue administration.

### our values

<b>Professional</b>	We are committed to maintaining a reputation of fairness, courtesy and reliability in an atmosphere of mutual respect.
<b>Dependable</b>	We will focus on identifying and satisfying external and internal customer needs quickly.
<b>Accountable</b>	We will maintain an ethical standard of honesty and consistency while always being accountable to our stakeholders.
<b>Public Service</b>	Our employees are firmly committed to delivering prompt, courteous, respectful service to every customer, every time. We all choose public service as a profession.
<b>Communication</b>	We value and expect open and honest sharing of ideas and concerns at all levels of our organization and with the citizens of South Dakota.
<b>Innovation</b>	Our department is committed to utilizing the latest technology to ease the compliance burdens of our customers ensuring we can serve the general public promptly, accurately and efficiently.

### Leadership Team



South Dakota Department of Revenue  
445 East Capitol Avenue  
Pierre, SD 57501  
ph.: 605.773.3311  
fax: 605.773.5129  
<http://dor.sd.gov>

#### Back Row (left to right):

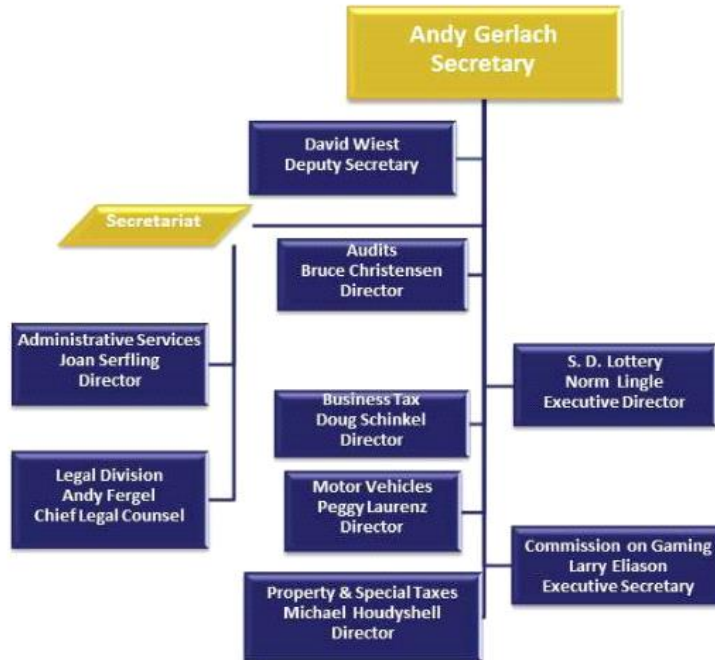
Doug Schinkel, Business Tax;  
Bruce Christensen, Audits;  
Norm Lingle, Lottery;  
Andy Gerlach, Secretary;  
David Wiest, Deputy Secretary.

#### Front Row (left to right):

Joan Serfling,  
Administrative Services;  
Larry Eliason,  
Commission on Gaming  
Andy Fergel, Legal;  
Michael Houdyshell,  
Property and Special Taxes;  
Peggy Laurenz, Motor Vehicles.



## Organizational Structure



### **Audit**

*-- Bruce Christensen, Director*

The Audit Division regularly performs audits for sales, use, contractors' excise taxes and motor fuel taxes to ensure that businesses are correctly reporting taxes. Audits are conducted on any business, in-state or out-of-state, large or small, which may have a tax liability to South Dakota. Audits are used to identify and resolve errors made in tax reporting. Audits not only cover state taxes but any local city taxes levied.

### **Commission on Gaming**

*-- Larry Eliason, Executive Secretary*

The Commission on Gaming, comprised of five commissioners, is responsible for regulating the gaming industry in the City of Deadwood, pari-mutuel horse racing and pari-mutuel wagering, and administering Indian gaming compacts.

### **Business Tax**

*-- Doug Schinkel, Director*

The Business Tax Division administers the sales tax, use tax, municipal tax, contractors' excise tax, tourism tax, and 911 surcharges, as well as the tax collection agreements with Indian tribes. Sales and use tax is the largest source of funding for the general fund. All tangible personal property, services and products delivered electronically are subject to sales or use tax in South Dakota unless specifically exempted. The division issues licenses to new taxpayers, provides instruction to current taxpayers, performs reviews of businesses, handles compliance for licensed and unlicensed businesses, and collects delinquent taxes.

### **Administrative Services**

*-- Joan Serfling, Director*

Administrative Services provides support services to the department in the areas of budget, finance, and procurement. Administrative Services also manages the operation of the Remittance Center by processing printed returns for the department and providing lockbox services to a number of state agencies and programs. The department's technology support, website/e-forms management, social media, public information requests, and business education responsibilities are handled by this division.

### **Legal Services**

*-- Andy Fergel, Chief Legal Counsel*

Legal Services provides routine legal counsel to the Department and works on contested cases such as audits, jeopardy assessments, relief agency requests, motor vehicle issues, alcohol license issues and sales tax license revocations.

### **South Dakota Lottery**

*-- Norm Lingle,  
Executive Director*

The South Dakota Lottery markets instant tickets and lotto games and regulates video lottery to raise revenue for state programs and initiatives. The Lottery Commission helps to establish policy, reviewing and approving major contracts and procurements, and consulting on management and operation issues.

### **Property & Special Taxes**

*-- Michael Houdyshell Director*

The Property and Special Taxes Division is comprised of two distinct programs within the Department of Revenue. The Special Taxes program administers state taxes on tobacco, alcohol, banks, minerals, and several small industries. This program also regulates the tobacco and alcohol industries to ensure compliance with all applicable state laws. The Property Tax program assists local governments in making property tax assessments that are fair and in compliance with state law. This program also estimates the full and true value of some public utilities, railroads, and airline companies through the central assessment process as well as administering special industry taxes, such as the telecommunications gross receipts tax and the alternative tax for commercial wind farms.

### **Motor Vehicles**

*-- Peggy Laurenz, Director*

The Motor Vehicle Division handles all motor vehicle titling and registration requirements in South Dakota. The Division also completes prorated (IRP), unified carrier registration (UCR), commercial and motor vehicle dealer licensing as well as collecting motor vehicle excise tax, motor fuel tax, special fuel tax, and interstate fuel tax (IFTA).



## Legislative Summary

### 2014 Legislation Recap - House Bills

The South Dakota State Legislature passed several bills affecting the activities of the Department of Revenue during the 2014 Legislative Session. A complete listing of all bills introduced in the 2014 Legislative Session is available on the Legislative Research Council's website at <http://legis.sd.gov>.

Some of the bills impacting department operations are summarized below and on the following page:

- House Bill 1055** Required the Department of Revenue to use the Internal Revenue Code provisions in place on January 1, 2014.
- House Bill 1056** Repealed obsolete provisions regarding the taxation, the licensing, and the regulation of motor vehicles.
- House Bill 1057** Repealed obsolete provisions imposing the inheritance tax and the estate tax.



Rachel Hearn, Audit Specialist, addresses the Senate Tax Committee about Senate Bill 56.

- House Bill 1058** Revised the railroad tax credits system.
- House Bill 1059** Revised the provisions regarding the exemption of mass transit motor vehicles from licensing and registration fees and the motor vehicle excise tax.
- House Bill 1060** Revised the provisions regarding military specialty plates for motor vehicles system.
- House Bill 1061** Included limited liability companies in certain provisions regarding the licensing of boats and motor vehicles and certain provisions regarding the dealers and manufacturers of certain vehicles, manufactured homes, and mobile homes.
- House Bill 1070** Sunsetting certain tax refund claims for an economic development incentive program that had been previously terminated.
- House Bill 1084** Revised the provisions regarding the list of persons who may be excluded from a licensed gaming establishment and provided a penalty for a violation of the exclusion.
- House Bill 1113** Made an appropriation to fund tax refunds for elderly persons and persons with a disability.
- House Bill 1148** Provided a license for certain businesses to allow patrons to manufacture malt beverages and wines on the licensed premises for personal use.
- House Bill 1200** Revised several bank franchise tax provisions regarding net income and net operating losses.
- House Bill 1201** Revised the bank franchise tax apportionment of income provisions.

## 2014 Legislation Recap - Senate Bills

<b>Senate Bill 39</b>	Revised the alcoholic beverage open container provisions.
<b>Senate Bill 51</b>	Revised the roll your own tobacco regulation provisions.
<b>Senate Bill 54</b>	Revised the definition of a boat dealer, used vehicle dealer, and dealer of mobile homes or manufactured homes, and revised certain penalties for selling motor vehicles, snowmobiles, mobile homes, manufactured homes, or boats without a license.
<b>Senate Bill 55</b>	Repealed the contractor's excise tax on certain new or expanded power production facilities.
<b>Senate Bill 56</b>	Required that auditing standards in place on January 1, 2014, be used by the Department of Revenue.
<b>Senate Bill 57</b>	Repealed the trading stamp business regulations.
<b>Senate Bill 58</b>	Provided for electronic issuance of permits to be issued for certain harvest vehicles.
<b>Senate Bill 59</b>	Increased the penalty for the trafficking of vehicle license plates and decals, prohibited and provided a penalty for the unauthorized transfer of a vehicle license plate or decal, and imposed a penalty for altering or forging certain vehicle registration cards.
<b>Senate Bill 60</b>	Revised several titling and licensing of boats and motor vehicle provisions and established certain penalties for violation of those provisions.
<b>Senate Bill 61</b>	Revised the provisions regarding the organization, first responder, and organ donor emblem specialty plates for motor vehicles system.
<b>Senate Bill 80</b>	Provided a credit to homebuilt aircraft for sales and use taxes when paying the aircraft registration tax and made a reimbursement to the aeronautics fund for the amount of the credit granted.
<b>Senate Bill 93</b>	Defined liquid natural gas, revised certain provisions regarding the collection of the motor fuel tax, and applied motor fuel tax to all fuels used to propel a motor vehicle.
<b>Senate Bill 95</b>	Revised several vehicle dealer licensing provisions.
<b>Senate Bill 176</b>	Revised the ability of the secretary of the Department of Revenue to reduce or abate taxes.



Peggy Laurenz,  
Motor Vehicle  
Director and Rosa  
Yaeger, Attorney for  
the Legal  
Department, go  
over information  
regarding a bill.

## Chronology of Tax Legislation

*The first state tax in South Dakota - an inheritance tax - was enacted by the legislature in 1905. Since that time, there have been a number of major expansions and changes in our tax codes, as evidenced by this chronology of the tax history of South Dakota.*

<b>1905 Inheritance Tax</b> 2000 Last Major Change: Voters repealed the tax.	<b>1939 Bank Franchise</b> 2000 Last Major Change: Lowered the net income levels on which the bank franchise tax is based.
<b>1913 License Fees, Non-Commercial</b> 2013 Last Major Change: Fees increased on non-commercial, non-commercial gross weight, recreational and trailer, motorhome, motorcycles, and dealer plates. The increase in non-commercial gross weight fee schedule sets the current fees at 60% of the commercial license fees.	<b>1939 Use Tax</b> 2006 Last Major Change: Moved the tax on farm equipment from the sales tax chapter (10-45) to its own excise tax chapter (10-46E) and increased the rate from 3% to 4%. Also exempted from sales tax the repairs and maintenance on farm equipment.
<b>1923 Motor Fuel</b> 2009 Last Major Change: Changed how tax is applied to blended fuels (gasohol). Tax applied to ethyl alcohol at \$.08 per gallon and tax on gasoline at \$.22 per gallon.	<b>1941 Special Fuel</b> 1999 Last Major Change: Tax increased on April 1 from \$.18 to \$.22 per gallon.
<b>1923 Cigarettes</b> 2007 Last Major Change: Voters approved increasing the tax from \$.53 to \$1.53 per pack of 20 and \$.67 to \$1.92 per pack of 25.	<b>1965 Interstate Fuels</b> 1995 Last Major Change: Allowed state to enter into agreements for the collection of fuel tax on interstate motor carriers.
<b>1933 License Fees, Commercial</b> 2011 Last Major Change: The 10% license fee reduction for commercial vehicles was changed to apply to vehicles 10 years old or more.	<b>1977 Energy Mineral</b> No major changes made since implementation.
<b>1935 Alcohol Beverage</b> 2011 Last Major Change: An on-off sale malt beverage with South Dakota farm wines license was added with a fee of \$325. Also added was a hunting preserve license with a fee of \$500.	<b>1979 Contractors' Excise Tax</b> 1995 Last Major Change: Increased the tax rate on utility contracts from 1.5% to 2%.
<b>1935 Sales Tax</b> 2006 Last Major Change: Moved the tax on farm equipment from the sales tax chapter (10-45) to its own excise tax chapter (10-46E) and increased the rate from 3% to 4%. Also exempted from sales tax the repairs and maintenance on farm equipment.	<b>1988 Tank Inspection Fee</b> 1993 Last Major Change: Increased from \$.01 per gallon to \$.02 per gallon on all petroleum products introduced into this state.
<b>1935 Mineral Extraction</b> 1994 Last Major Change: Changed from gross yield and net income to gross production (\$4 per ounce of severed gold) and 10% net income.	<b>1995 Other Tobacco Products Tax</b> 2007 Last Major Change: Voters approved increasing from 10% to 35% the tax imposed on the wholesale purchase price of other tobacco products.
<b>1937 Motor Vehicle Registration</b> 2012 Last Major Change: Authorized limited special plates for Silver Star Medal, Distinguished Service Cross, Navy Cross, Air Force Cross, Distinguished Flying Cross, Bronze Star Medal with Valor Device, or the Bronze Star Medal recipients. Also authorized the availability of limited special plates to military active duty members. Allowed for personalized license plates to be issued with a single numeral other than the number one or two.	<b>1998 Alcohol Beverage: Cider</b> 1998: Cider was added as a category at a rate of \$.28 per gallon.
	<b>2002 Tourism Tax</b> 2013 Last Major Change: 1.5% tax rate sunset removed.

The Department of Revenue works to strengthen our relationships with the taxpayers of South Dakota by providing increased instructional opportunities in new and innovative ways. The department offers general seminars, on-site instructional presentations, online informational/instructional videos and has participated in webinars conducted by the South Dakota Retailers Association.

Tax education seminars are conducted throughout the state on an annual basis. CPE and CEU credits are awarded for each seminar if requested.

### Basic Sales Tax Seminar

Each seminar is three-hours and covers how and when to apply for a tax license, exemptions from sales and use taxes, use tax, municipal taxes, purchases for resale, and how to file sales/use tax returns.

### Contractors' Excise Tax

Each seminar is three-hours and covers how and when to apply for a contractors' excise tax license, projects for qualifying utilities and governmental agencies, prime and subcontractors, sales and use tax, owner-furnished materials, reservation projects, and how to file excise tax returns.

### Border Tax Seminars

Border Tax Seminars provide tax instruction to businesses whose business operation may take them over the South Dakota border into neighboring states.

### Webinars/Online tutorials

In an effort to provide education and information about tax laws and rules to a larger and more diverse audience, the department offers webinars and online tutorials in addition to our regularly scheduled training seminars. The webinars are recorded and placed, along with our tax tutorials, on our YouTube site (SouthDakotaDOR) for access 24-hours a day.

### Specialized Training/group Presentations/Speaking Engagements

Specialized training and customized presentations are tailored to the needs of an organization, business, industry or group and are available upon request. These events vary from simple question and answer sessions to instructional visual presentations with training materials. The department education coordinator will work with the requester to design an informative session that will utilize available resources and cater to subject matter relevant to the group, organization or event.

### Licensee Reviews

A review is an educational meeting between a revenue agent and a taxpayer to provide one-on-one education at the taxpayer's place of business. Discussion will focus on tax issues associated specifically with the taxpayer's business and includes a review of a limited number of taxpayer records to determine if there are any problem areas. The taxpayer will have the opportunity to correct any problems or issues by filing self-audit worksheets.

# What is EPath?

The taxpayer road to electronic transactions

Return features:

- \* users can upload schedules/templates
- \* info entered is automatically saved for later access and editing prior to submitting
- \* calculations are performed by the system
- \* multiple payment options (ACH Debit, ACH Credit, Credit Card, or pay at later time by check)



License: [REDACTED] Last 3 Months (05/01/2012 - 08/02/2012)

**Pending Items**

Period	Postmark	Type	Amount
	07/06/2012	ACH Debit Payment	(\$2,835.00)
	07/06/2012	ACH Debit Payment	(\$5,000.00)
10/2012	06/28/2012	Electronic Return	\$44,877.87
12/2012	06/13/2012	Electronic Return	\$256.25
04/2012	06/13/2012	Electronic Return	\$2,835.00
10/2011	06/13/2012	Electronic Return	\$504.67
08/2012	04/26/2012	Return	\$0.00

*View up to 36 months of history*

**Processed Items**

Period	Postmark	Type	Tax	Interest	Penalty	Balance
02/2012	05/02/2012	Electronic Return	\$5,957.50	\$148.94	\$595.75	\$30,755.06
06/2012	08/02/2012	Electronic Return	\$0.00	\$0.00	\$0.00	\$0.00

View returns, payments and balance due on your account  
View details for underlined items

**Account Activity**

**911 Emergency Surcharge**

Buyers of prepaid wireless service must collect and remit a 2% surcharge on the retail rate of the prepaid wireless service to end consumers in South Dakota. This includes retailers and service providers that sell prepaid wireless service credit and prepaid mobile phone and services. SDCC § 4-42

1. Total Retail Sales of Prepaid Wireless Service		\$5,000.00			
2. Prepaid Wireless 911 Surcharge Due (Line 1 x 0.02)		\$100.00			
<b>911 Emergency Surcharge</b>					
Buyer telecommunications service provider, wireless telecommunications service provider, or interconnected Voice over Internet Protocol (VoIP) service provider that collects and remits a 2% surcharge per service user line. This surcharge is to be used only where the primary place of use is in South Dakota. (SDCC § 4-42)					
3. Entity (County or City Name)	Telecommunications Service User Lines	Wireless Service User Lines	VoIP Service User Lines	A. Total Service User Lines	Surcharge Due (Column A x 2%)
Amount	113	0	0	113	153.75
Balance	0	4563	0	4563	9,126.75
<b>4. Totals</b>	<b>113</b>	<b>4,563</b>	<b>0</b>	<b>4,676</b>	<b>\$9,280.50</b>
<b>5. Total Surcharge Due (Line 2 + 4)</b>					
<b>6. Administrative Fee: 2% of the Surcharge due or \$25.00, whichever is greater (not to exceed total surcharge due). Do not take if return is filed late. (Line 5 x 0.02)</b>					
<b>7. Interest: 1.25% of total surcharge due (Line 5), applied monthly (Minimum \$5.00 first month late)</b>					
<b>8. Penalty: 10% of total surcharge due (Line 5) (Minimum \$10.00, even if no surcharge is due)</b>					
<b>9. Adjustment: To pay a balance due or to use a credit on this license, please adjust your payment.</b>					
<b>10. Total Amount Due (Lines 5 - 8 + 7 + 8 + 9)</b>					



## e-Services

The Department is continually working to utilize the latest technology options to offer a simple, quick and easy transaction process to taxpayers as well as increase our internal efficiency. Current e-Service options include:

### [South Dakota Tax Application](#)

Applicants can complete and submit an online application to obtain a tax license for the following tax license types: contractors' excise, manufacturer, sales, use, wholesaler, and all motor fuel tax types. The online application is available 24/7 and lets you apply for a license at the time and place that works best for you. No paper to fill out, nothing to mail, total security, and it's FREE.



### [Tax Match](#)

Are you confused on what tax rate to charge your customer? TaxMatch allows you to match addresses with tax rates. Users can find the applicable sales tax code and rate for an address within South Dakota by simply entering the street address and the correct zip code or city name for that address.

### [Make a Payment](#)

Taxpayers now have the option to pay tax to the state using a credit card. Taxpayers may use Visa, MasterCard or Discover to pay sales and use tax, contractors' excise tax, motor fuel tax, bank franchise taxes or the 911 Surcharge. A 2.45 percent convenience fee is charged on each credit card payment. Payments can be made by using your EPath account. If you do not have an EPath account, you can use the "Make a Payment" option.



### [SDcars.org](#)

The SDcars site allows you to complete your motor vehicle registration renewal online from your personal computer. Available 24 hours a day, seven days a week, you can complete your motor vehicle registration renewal at your convenience.

### [Department e-News](#)

Receive your copy of the Department of Revenue e-News. Our electronic newsletter provides recent department happenings and announcements to keep you "in the know" about what we do. Sign up to receive your Revenue e-News at <http://dor.sd.gov/listservsub.aspx>.

The Department is also utilizing social media in an effort to keep taxpayers informed of changes in statutes, policies and procedures, deadlines or reporting requirements and other news announcements affecting the department. Access these pages by utilizing the link on the Department's website.



Find the Department on Facebook at <https://www.facebook.com/SDRevenue>.



Find the Department Blog at <http://sdrevenue.blogspot.com>.



Follow us on Twitter at <https://twitter.com/SDRevenue/>



Find the Department channel at <http://youtube.com/SouthDakotaDOR>



## Tax Revenues

The Department of Revenue is the principal tax agency for the State of South Dakota and collects a number of different state taxes. These taxes are grouped into four main categories: sales, use, and contractors' excise taxes; motor fuel taxes; motor vehicle fees and taxes; and special taxes. Once collected, these tax revenues are distributed to three primary locations: the state's general fund, local units of government, and the state highway fund.

In fiscal year 2014, revenue from all state taxes totaled \$1,731,082,565, an increase of \$64,068,223 from fiscal year 2013 revenues of \$1,667,014,312. Total revenues from the past five years are shown below.

Total Revenues: A Five-Year Comparison	Fiscal Year	Total Revenues	Percent of Change
	2010	1,437,093,287	-0.52%
	2011	1,506,843,885	4.85%
	2012	1,618,300,286	7.40%
	2013	1,667,014,312	3.01%
	2014	1,731,082,535	3.84%
	<b>Five-Year Average</b>	<b>\$1,592,066,861</b>	

## By the numbers...

Of the total tax revenue collected in fiscal year 2014, 75.4% came from sales, use and contractors' excise taxes. Motor fuel taxes accounted for 9.1%, special taxes 6.5%, and motor vehicle taxes 9%. The table below shows a five-year comparison of revenues collected in each category.

### Revenues by Tax Category 2010-2014

Fiscal Year	Sales, Use and Excise Taxes*	Motor Fuel Taxes**	Special Taxes	Motor Vehicle Fees***
2010	1,061,063,870	148,458,391	120,463,137	107,107,889
2011	1,137,637,580	152,242,306	102,098,046	114,865,953
2012	1,180,159,027	153,388,242	150,270,075	134,482,942
2013	1,238,731,255	161,903,333	125,819,051	140,560,673
2014	1,306,167,428	156,736,026	112,707,555	155,471,526
<b>Five-Year Average</b>	<b>\$1,184,751,832</b>	<b>\$154,545,660</b>	<b>\$122,271,573</b>	<b>\$130,497,797</b>

\* Includes Tourism Taxes, Motor Vehicle Leasing, Excise Tax on Water Projects, Telecom Tax, 911 Emergency/Prepaid Wireless Surcharge and Construction Refund Program  
 \*\* Includes Tank Inspection Fees  
 \*\*\* Unified Carrier Registration Fee

## Revenues by Tax Type

A three-year comparison in fiscal year 2014 shows the revenue produced by the separate taxes and fees administered by the Department varied from a low of \$0 to a high of \$833,618,413.

	FY2012	% Increase (Decrease) over Previous Year	FY2013	% Increase (Decrease) over Previous Year	FY2014	% Increase (Decrease) over Previous Year
Sales and Use Taxes - State	\$755,248,642	4.81%	\$787,745,633	4.30%	\$33,618,413	5.82%
Contractors' Excise Tax - State	82,991,355	26.32%	84,466,866	1.78%	90,409,495	7.04%
Sales, Use, Contractors' Excise Tax - Cities	303,463,758	5.96%	317,169,147	4.52%	332,396,971	4.80%
Sales, Use, Contractors' Excise Tax - Tax Collection Agreements	11,773,760	20.03%	10,524,640	-10.61%	9,878,178	-6.14%
Tourism Tax	9,544,379	0.74%	10,115,967	5.99%	10,671,323	5.49%
911 Emergency/Prepaid Wireless Surcharge	0	n/a	12,001,902	n/a	13,177,032	9.79%
Water and Environment Fund	1,377,662	-31.90%	347,515	-74.78%	259,455	-25.34%
Intermediate Care Facility	1,283,367	25.82%	1,283,195	-0.01%	1,258,329	-1.94%
Reinvestment Program	0	n/a	0	n/a	1,262,529	n/a
Building SD Fund	0	n/a	0	n/a	321,412	n/a
Motor Vehicle Leasing Fund	1,580,827	2.95%	1,585,810	0.32%	1,743,991	9.97%
Telecom	12,895,257	9.96%	13,491,578	4.62%	11,170,301	-17.21%
Aviation Fuel	773,440	9.33%	736,125	-4.82%	716,436	-2.67%
Motor Fuel Tax	131,017,914	0.16%	138,386,151	5.62%	134,198,389	-3.03%
Motor Fuel Tax - Tax Collection Agreements	3,649,658	11.85%	3,654,697	0.14%	3,552,410	-2.80%
Interstate Fuel Users Tax	1,474,069	5.23%	1,485,967	0.81%	1,497,497	0.78%
Tank Inspection Fees	16,473,161	2.56%	17,640,393	7.09%	16,771,294	-4.93%
Prorate	18,116,142	17.79%	17,076,532	-5.74%	18,536,020	8.55%
Single State Registration Fees	854,968	-28.23%	886,339	3.67%	896,918	1.19%
Motor Vehicle Titles and Registration	115,511,832	17.52%	122,597,802	6.13%	136,038,589	10.96%
Cigarette Tax - State	50,976,072	-1.57%	51,621,443	1.27%	51,981,414	0.70%
Cigarette Tax - Tax Collection Agreements	2,616,115	13.60%	2,221,487	-15.08%	2,136,129	-3.84%
Cigarette License Fees	12,753	-10.03%	13,950	9.39%	12,750	-8.60%
Other Tobacco Products	6,514,247	7.55%	6,883,716	5.67%	7,444,528	8.15%
Other Tobacco Products - Tax Collection Agreements	252,954	32.73%	228,479	-9.69%	235,796	3.20%
Liquor License Fees	107,155	19.06%	117,235	9.41%	118,038	.68%
Malt Beverage Beer License Fees	327,162	-3.16%	336,512	2.86%	333,189	-0.99%
Alcoholic Beverage Brand Registration Fees	375,727	14.80%	381,462	1.53%	388,714	1.90%
Beer Tax	6,210,000	1.17%	6,303,556	1.51%	6,182,845	-1.92%
Liquor Tax	7,371,909	4.06%	7,917,948	7.41%	7,885,088	-0.42%
Alcoholic Beverage 2% Purchase Price Tax	1,490,640	4.14%	1,647,547	10.53%	1,748,469	6.13%
Wholesale Beer License Fee	600	-70.00%	400	-33.33%	200	-50.00%
Underage Penalty Fee	101,300	-22.55%	81,500	-19.55%	97,150	19.20%
Bank Franchise/Bank Card Tax	59,796,153	293.30%	36,850,211	-38.37%	24,819,183	-32.65%
Inheritance Tax	0	n/a	0	n/a	0	n/a
Ore Tax	7,124,767	33.97%	4,565,257	-35.92%	1,897,450	-58.44%
Energy Mineral Tax	6,834,346	25.72%	6,250,662	-8.78%	7,052,655	12.83%
Coin Laundry License Fees	251,470	-1.72%	256,925	2.17%	256,882	-0.02%
Coin Laundry License Fees - Tax Collection Agreements	1,711	1.42%	1,488	-13.03%	1,494	0.40%
Amusement Device Fee	56,892	-38.83%	89,366	57.08%	71,556	-19.93%
Singo License Fee	30,000	0.00%	30,000	0.00%	25,000	-16.67%
Singo Tax	18,072	-26.99%	19,905	10.14%	19,225	-3.42%
<b>Totals</b>	<b>\$1,618,300,286</b>	<b>7.40%</b>	<b>\$1,667,014,312</b>	<b>3.01%</b>	<b>\$1,731,082,535</b>	<b>3.84%</b>

## Tax Revenues

### Distribution of Taxes and Fees

In fiscal year 2014, the \$1,731,082,535 in tax revenues collected by the department was distributed to various funds and units of government. The largest portion of revenues, 56.2%, was deposited in the state's general fund, with 25.4% going to local governments, 12% to the State Highway Fund, and 6.4% to other uses.

While sales, use and contractors' excise taxes make up a portion of the state general fund, the remainder of the fund comes from special taxes and fees and other sources which include the South Dakota Lottery and CRP program. The following chart shows the taxes that produce the revenues and the manner in which the revenues are distributed.

### How Taxes are Distributed

Tax	General Fund	Local Government	State Highway Fund	Other
State Sales Tax	100%	-0%	-0%	-0%
State Use Tax	100%	-0%	-0%	-0%
State Contractors' Excise Tax	100%	-0%	-0%	-0%
Municipal Sales and Use Tax (1)	-0%	100%	-0%	-0%
Cigarette Excise Tax	(2)	-0%	-0%	-0%
Cigarette License Fee	100%	-0%	-0%	-0%
Bank Franchise Tax (3)	26.66%	73.33%	-0%	-0%
Bank Card Taxpayers	95%	5%	-0%	-0%
Ore Tax	100% (4)	-0%	-0%	-0%
Coin Operated Laundromat Fee	100%	-0%	-0%	-0%
Trading Stamp License Fee	100%	-0%	-0%	-0%
Energy Minerals Severance Tax	50%	50%	-0%	-0%
Malt Beverage Occupational Tax	75%	25%	-0%	-0%
Conservation Tax	-0%	-0%	-0%	(5)
Amusement Machine Registration	(6)	(6)	-0%	-0%
Distilled Spirits Occupational Tax	75%	25%	-0%	-0%
Wines and Diluted Beverages	75%	25%	-0%	-0%
Malt Beverage License Fee	50%	50%	-0%	-0%
Liquor License Fee (other than retail)	100%	-0%	-0%	-0%
Other Tobacco Products Tax	(2)	-0%	-0%	-0%

(continued on next page)

## How Taxes are Distributed/continued

Tax	General Fund	Local Government	State Highway Fund	Other
Alcoholic Beverage 2% Purchase Price Tax	100%	-0%	-0%	-0%
Wholesale Liquor License Fee	100%	-0%	-0%	-0%
Alcohol Beverage Brand Registration Fee	100%	-0%	-0%	-0%
Aviation Fuel Tax	-0%	-0%	-0%	Aeronautics Fund (DOT)
Tank Inspection Fee	-0%	-0%	-0%	(8)
Prorate Fee (9)	-0%	98.5%	-0%	(10)
Motor Vehicle Excise Tax	-0%	-0%	100%	
Motor Vehicle Registration Fee	-0%	95.75%	-0%	(11)
Motor Vehicle Licensing Receipts:				
Snowmobiles	-0%	-0%	-0%	(12)
Plates and Permits	-0%	-0%	-0%	LPR
Title and Penalty Fees	-0%	-0%	-0%	MVF
Mobile Home Registration Fees	25%	63.75%	-0%	11.25% - MVF

- (1) The state retains an administrative fee, which varies from .55% to 1%.
- (2) The first \$30 million collected annually is deposited in the state general fund. All revenue in excess of \$30 million goes into the tobacco prevention and reduction trust fund.
- (3) An exception exists regarding credit card banks. 95% of the revenue derived from that tax is deposited into the state general fund, while 5% goes to the county where the bank is located.
- (4) Revenues from mining companies licensed after January 1, 1981 are split as follows: 80% to the state, 20% to the county of production (subject to a \$1 million cap).
- (5) 100% of the tax collected is placed in the environment and natural resources fee fund.
- (6) Revenue from devices located outside municipalities is deposited into the state general fund. If the amusement device is located within the boundaries of a municipality, then the revenues are remitted to the municipality.
- (7) Each July, an amount equal to the number of snowmobiles licensed as of July times 125 gallons times the tax rate is transferred to a fund for snowmobile trails; \$135,000 is transferred to the value added agriculture subfund created in SDCL 1-16G-25; \$75,000 to the Department of Agriculture to be used for a grant to the Northern Crops Institute; \$500,000 to the coordinated natural resources conservation fund; an amount equal to the number of licensed motorized boats times 140 gallons times the tax rate is transferred to the parks recreation fund; \$700,000 to counties and townships pursuant to SDCL10-47B-149.1; the taxes collected under the provisions of the International Fuel Tax Agreement are transferred to member jurisdictions, and 2% is transferred to the Motor Fuel Tax Administration Account.
- (8) Beginning January 1, 2003, 50% of the revenue collected shall be deposited in the ethanol fuel fund and the remaining 50% distributed as follows: 78.7% deposited in the capital construction fund and 21.3% deposited in the petroleum release compensation fund.
- (9) Other prorate fees: duplicate cab card, trailer fees, tractor registration fees, and transfer fees are deposited in the state highway fund. Trailer ID fees and duplicate fees are deposited in the license plate special revenue fund (LPR). Title and penalty fees and administration fees are deposited in the state motor vehicle fund (MVF).
- (10) .5% is deposited in the state motor vehicle fund (MVF), and 1% goes to the license plate special revenue fund (LPR). The percentages were changed in 2000.
- (11) 1.75% is deposited in the state motor vehicle fund (MVF), and 2.5% goes to the license plate special revenue fund (LPR).
- (12) 90% goes to Game, Fish and Parks, 10% to the state motor vehicle fund (MVF).

## Tax Revenues

### Total Revenues

Sales, use and contractors' excise taxes produce the largest portion of the total tax revenues, accounting for 73.2% of the total revenues in fiscal year 2014. These revenues come from over 80,236 businesses that currently pay sales, use and contractors' excise tax on their products and services. In fiscal year 2014, sales, use and contractors' excise taxes in South Dakota totaled \$1,266,303,057. This includes state taxes, municipal taxes and taxes collected pursuant to tax collection agreements with Indian tribes.

Of the \$1,266,303,057 collected, 65.8% came from the state sales and use tax; 26.3% from municipal sales and use taxes; 7.1% from state contractors' excise tax; and 0.8% from taxes collected pursuant to a tax collection agreement with an Indian tribe.

Below is a ten-year comparison of total state revenues from these taxes.

### Total State Revenues: Sales, Use and Contractors' Excise Taxes

<u>Fiscal Year</u>	<u>Total State Revenues</u>	<u>Percent of Change</u>
2005	607,436,346	5.81%
2006	660,042,811	8.66%
2007	691,218,595	4.72%
2008	733,797,079	6.16%
2009	740,503,025	0.91%
2010	722,442,016	-2.44%
2011	786,303,271	8.84%
2012	838,239,997	6.61%
2013	872,212,501	4.05%
2014	924,027,908	5.94%

### Municipal Taxes

While cities set their own tax rates, the department is responsible for collecting the actual taxes. Those revenues are then distributed to the taxing units based on the amount collected for each city (shown in the table on the next three pages). These sales tax revenues do not necessarily indicate the level of economic activity in these areas since municipalities vary in their tax rates and the size of their tax bases.

In fiscal year 2014, 263 communities imposed local sales and use taxes. The maximum local rate that can be levied in South Dakota is 2%. Cities may also impose a 1% municipal gross receipts tax which is levied in addition to the municipal sales tax. The gross receipts tax can be imposed on alcoholic beverages, eating establishments, lodging accommodations, ticket sales and admissions to places of amusement, or athletic and cultural events.

City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)	City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)
Aberdeen	1%, 2%	\$17,024,928.16	\$17,335,507.66	1.82%	Davis	2%	\$11,773.34	\$19,299.13	63.92%
Akaska	2%	\$17,644.21	\$25,673.18	45.50%	De Smet	1%, 2%	\$525,357.39	\$537,014.64	2.22%
Alcester	2%	\$191,510.37	\$189,754.02	-0.92%	Deadwood	1%, 2%	\$2,925,999.55	\$2,950,578.44	0.84%
Alexandria	2%	\$122,997.07	\$123,870.56	0.71%	Dell Rapids	1%, 2%	\$871,647.85	\$976,294.55	12.01%
Alpena	1%	\$160,697.60	\$147,513.54	-8.20%	Delmont	2%	\$46,580.28	\$47,128.17	1.18%
Andover	2%	\$32,125.61	\$7,654.50	-76.17%	Dimock	2%	\$30,033.57	\$27,566.01	-8.22%
Arlington	2%	\$555,054.90	\$473,956.88	-14.61%	Doland	2%	\$57,902.90	\$56,622.71	-2.21%
Armour	2%	\$245,403.03	\$251,201.44	2.36%	Dupree	1%	\$62,126.84	\$52,276.27	-15.86%
Artesian	2%	\$19,291.97	\$18,296.31	-5.16%	Eagle Butte	1%, 2%	\$511,998.35	\$443,964.78	-13.29%
Ashton	2%	\$12,964.62	\$16,909.00	30.42%	Eden	1%	\$18,371.71	\$20,035.18	9.05%
Astoria	1%	\$19,850.60	\$12,669.09	-36.06%	Edgemont	1%, 2%	\$218,978.62	\$189,937.46	-13.26%
Aurora	1%	\$61,112.06	\$57,346.63	-6.16%	Egan	2%	\$21,896.01	\$25,388.28	15.94%
Avon	2%	\$143,939.67	\$142,667.07	-0.88%	Elk Point	1%, 2%	\$450,030.79	\$466,695.19	3.70%
Baltic	1%, 2%	\$138,664.11	\$120,304.46	-13.24%	Elkton	2%	\$174,679.62	\$185,972.31	6.46%
Belle Fourche	1%, 2%	\$2,298,281.35	\$2,443,390.98	6.31%	Emery	2%	\$138,706.77	\$157,742.94	13.72%
Belvidere	2%	\$10,132.94	\$12,541.15	23.77%	Estelline	2%	\$136,464.91	\$147,826.33	8.33%
Beresford	1%, 2%	\$782,240.43	\$808,364.99	3.34%	Ethan	2%	\$142,796.29	\$160,394.49	12.32%
Big Stone City	2%	\$226,892.21	\$303,486.66	33.76%	Eureka	2%	\$302,065.30	\$324,995.11	7.59%
Bison	2%	\$168,569.56	\$202,279.21	20.00%	Fairfax	2%	\$44,176.36	\$35,176.51	-20.37%
Blunt	1% GR/ST	\$40,564.45	\$46,651.44	15.01%	Faith	1%, 2%	\$250,010.79	\$237,713.27	-4.92%
Bonesteel	2%	\$8,745.24	\$8,150.29	-6.81%	Faulkton	2%	\$299,285.48	\$320,776.37	7.18%
Bowdle	2%	\$144,414.85	\$159,202.03	10.24%	Flandreau	1%, 2%	\$606,744.87	\$657,520.49	8.37%
Box Elder	1%, 2%	\$1,189,703.12	\$1,394,641.73	17.23%	Florence	2%	\$46,598.57	\$52,347.56	12.34%
Brandon	1%, 2%	\$2,405,271.17	\$2,951,642.15	22.72%	Fort Pierre	1%, 2%	\$1,156,934.02	\$1,185,959.35	2.51%
Brandt	2%	\$19,982.72	\$20,484.38	2.51%	Frankfort	2%	\$10,845.33	\$17,181.19	58.42%
Bridgewater	2%	\$88,584.06	\$100,167.85	13.08%	Frederick	1%	\$25,125.43	\$29,012.66	15.47%
Bristol	2%	\$65,076.75	\$60,952.05	-6.34%	Freeman	2%	\$469,286.48	\$524,168.05	11.69%
Britton	1%, 2%	\$705,994.47	\$705,131.01	-0.12%	Garrelson	1%, 2%	\$310,570.22	\$322,869.45	3.90%
Brookings	1%, 2%	\$11,973,674.02	\$13,362,179.48	11.60%	Gary	1%	\$47,439.79	\$52,214.42	10.06%
Bruce	1%	\$21,188.43	\$23,197.48	9.48%	Gayville	2%	\$49,413.03	\$43,841.86	-11.27%
Bryant	2%	\$118,399.40	\$131,818.81	11.33%	Geodas	2%	\$44,747.03	\$58,537.50	30.82%
Buffalo	2%	\$181,313.54	\$175,234.69	-3.35%	Gettysburg	1%, 2%	\$519,167.73	\$559,716.30	7.81%
Burke	2%	\$253,633.18	\$268,503.25	5.86%	Glenham	2%	\$30,251.77	\$37,255.35	23.15%
Camp Crook	1%	\$8,017.08	\$8,807.31	9.86%	Gregory	1%, 2%	\$621,519.80	\$651,812.88	4.87%
Canistota	1%, 2%	\$162,154.92	\$154,761.21	-4.55%	Grenville	2%	\$10,735.69	\$15,765.86	47.04%
Canova	1.95%	\$30,472.94	\$30,784.15	1.02%	Groton	1%, 2%	\$580,777.08	\$536,939.03	-4.25%
Canton	1%, 2%	\$987,554.97	\$1,028,869.50	4.19%	Harrisburg	1%, 2%	\$736,410.55	\$856,953.19	16.37%
Carlisle	2%	\$36,063.14	\$42,559.99	18.02%	Harristown	2%	\$42,190.20	\$60,586.45	43.60%
Castwood	2%	\$116,366.01	\$166,525.49	43.10%	Hartford	1%, 2%	\$671,869.09	\$719,105.32	7.03%
Cavour	2%	\$32,338.46	\$28,956.41	-10.46%	Hayti	2%	\$77,428.83	\$81,856.92	5.48%
Centerville	1%, 2%	\$144,006.85	\$147,675.27	2.55%	Hazel	1%	\$15,396.32	\$11,076.05	-28.06%
Central City	2%	\$63,861.34	\$68,459.69	7.22%	Hecla	1%	\$51,143.35	\$52,451.33	2.56%
Chamberlain	1%, 2%	\$1,419,033.05	\$1,437,520.44	1.30%	Henry	1%	\$30,869.63	\$26,009.24	-15.74%
Chancellor	1%, 2%	\$54,439.68	\$60,770.20	11.60%	Hermosa	2%	\$132,970.21	\$140,400.23	5.59%
Clark	2%	\$351,499.33	\$393,560.12	12.00%	Herron	2%	\$249,509.45	\$259,547.67	4.02%
Clear Lake	1%, 2%	\$503,807.01	\$470,929.25	-6.53%	Highmore	1%, 2%	\$337,199.80	\$374,146.04	10.96%
Colman	2%	\$178,407.59	\$185,327.09	3.86%	Hill City	1%, 2%	\$620,845.93	\$654,841.59	5.47%
Colome	2%	\$48,716.69	\$51,000.69	4.69%	Hitchcock	1%	\$30,724.98	\$18,742.35	-39.65%
Colton	1%, 2%	\$123,804.41	\$123,760.41	-0.02%	Hosmer	2%	\$50,285.79	\$49,159.20	-2.18%
Conde	2%	\$31,729.81	\$25,659.59	-19.13%	Hot Springs	1%, 2%	\$1,369,612.81	\$1,463,935.13	6.89%
Corona	2%	\$16,285.18	\$20,329.27	24.83%	Hovan	2%	\$152,873.26	\$169,998.60	11.20%
Corsica	1%, 2%	\$262,148.08	\$334,518.60	27.61%	Howard	2%	\$415,228.56	\$390,717.27	-5.90%
Crooks	1%, 2%	\$138,262.97	\$163,879.68	18.54%	Hudson	2%	\$104,779.22	\$115,406.78	10.14%
Custer	1%, 2%	\$1,523,879.15	\$1,598,671.73	4.91%	Humboldt	1%, 2%	\$125,212.42	\$172,119.61	37.46%
Dallas	1%, 2%	\$37,475.75	\$32,019.74	-14.56%	Hurley	2%	\$62,254.83	\$57,199.43	-8.12%

# Tax Revenues

City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)	City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)
Huron	1%, 2%	\$6,406,164.41	\$6,335,409.60	-1.10%	Olivet	1%	\$8,113.72	\$7,534.39	-7.14%
Interior	1.90%	\$33,772.58	\$42,446.59	25.68%	Onida	2%	\$219,225.04	\$228,086.92	4.04%
Ipswich	2%	\$403,929.24	\$443,450.98	9.78%	Orient	1%	\$17,726.56	\$16,990.92	-4.36%
Irene	1%, 2%	\$91,022.37	\$96,144.69	5.63%	Parker	2%	\$268,479.04	\$269,662.42	0.44%
Iroquois	1%	\$33,110.00	\$35,185.42	6.27%	Parkston	1%, 2%	\$471,101.62	\$494,346.71	4.93%
Isabel	2%	\$81,914.42	\$86,075.48	5.08%	Peever	2%	\$18,439.55	\$21,213.65	15.04%
Java	2%	\$19,825.82	\$19,087.29	-3.73%	Philip	2%	\$419,169.10	\$439,421.09	4.83%
Jefferson	2%	\$120,376.03	\$128,877.81	7.06%	Pickstown	2%	\$67,416.68	\$86,140.11	30.74%
Kadoka	1%, 2%	\$266,504.64	\$282,150.01	5.87%	Piedmont	2%	\$135,994.72	\$137,467.99	1.08%
Kennebec	1%, 2%	\$117,774.22	\$106,833.82	-9.42%	Pierpont	2%	\$24,816.40	\$17,109.15	-31.06%
Keystone	1%, 2%	\$815,107.83	\$816,676.45	0.19%	Pierre	1%, 2%	\$7,414,323.40	\$7,573,135.74	2.14%
Kimball	1%, 2%	\$358,953.91	\$324,948.39	-9.47%	Plankinton	2%	\$168,767.22	\$165,810.55	-1.75%
Kranzburg	2%	\$27,491.87	\$23,929.90	-12.96%	Platte	1%, 2%	\$660,198.89	\$686,924.99	4.05%
La Bolt	1%	\$15,531.77	\$12,382.41	-20.28%	Pollock	2%	\$143,334.94	\$109,755.66	-23.43%
Lake Andes	2%	\$147,565.16	\$147,296.59	-0.18%	Preseo	2%	\$144,674.66	\$147,753.68	2.13%
Lake Norden	1%	\$185,892.14	\$176,744.64	-4.92%	Pringle	2%	\$23,790.37	\$19,102.72	-19.70%
Lake Preston	2%	\$175,036.08	\$166,806.47	-4.82%	Pukwana	2%	\$0.00	\$16,937.20	NA
Langford	2%	\$64,518.54	\$48,462.49	-24.89%	Quinn	1% GR/ST	\$7,104.53	\$6,317.84	-11.07%
Lead	1%, 2%	\$731,806.72	\$726,437.37	-0.73%	Ramona	1%	\$15,452.03	\$16,643.54	7.71%
Lemmon	2%	\$541,023.07	\$609,865.61	12.72%	Rapid City	1%, 2%	\$52,353,406.66	\$54,889,670.73	4.84%
Lennox	2%	\$440,596.56	\$493,422.17	11.99%	Reliance	1%, 2%	\$56,883.45	\$70,349.77	23.67%
Leola	2%	\$105,209.08	\$128,180.31	21.83%	Revillo	1%	\$14,755.32	\$21,066.93	42.78%
Leeterville	2%	\$26,097.86	\$45,798.80	75.49%	Roscoe	1%	\$63,023.95	\$73,686.87	16.93%
Letcher	1%, 2%	\$31,218.64	\$35,605.26	14.05%	Rosholt	1%	\$93,313.81	\$94,742.49	0.99%
McIntosh	2%	\$40,107.20	\$46,544.19	16.05%	Roslyn	2%	\$43,772.37	\$45,487.13	3.92%
McLaughlin	1%	\$103,359.93	\$144,991.64	40.28%	Saint Lawrence	2%	\$53,289.75	\$43,664.43	-18.06%
Madison	1%, 2%	\$2,998,866.61	\$3,169,158.20	5.68%	Salem	1%, 2%	\$461,956.89	\$470,169.08	1.78%
Marion	2%	\$228,536.21	\$229,653.13	0.49%	Scotland	2%	\$328,189.80	\$354,108.42	7.90%
Martin	1%, 2%	\$497,991.95	\$484,980.78	-2.62%	Selby	2%	\$202,993.38	\$252,710.08	24.49%
Mellette	2%	\$0.00	\$16,355.50	NA	Sherman	1%	\$5,139.66	\$4,852.55	-5.59%
Menno	2%	\$198,156.08	\$198,269.22	0.06%	Sioux Falls	1%, 2%	\$106,471,051.65	\$112,530,093.95	5.69%
Midland	2%	\$71,990.01	\$60,442.92	-16.04%	Sioux Falls Lodging	1%	\$702,527.50	\$796,476.08	13.37%
Milbank	1%, 2%	\$1,864,061.76	\$2,229,473.86	19.60%	Sisseton	1%, 2%	\$1,085,364.75	\$1,109,352.31	2.21%
Miller	2%	\$796,298.12	\$735,558.57	-7.63%	South Shore	1%	\$14,252.15	\$15,833.81	11.10%
Mission	2%	\$483,472.71	\$448,130.00	-7.31%	Spearfish	1%, 2%	\$7,065,952.45	\$7,595,082.89	7.49%
Mitchell	1%, 2%	\$11,314,815.55	\$11,309,663.02	-0.05%	Spencer	2%	\$19,151.32	\$17,777.43	-7.17%
Mobridge	1%, 2%	\$1,728,850.29	\$1,773,792.68	2.60%	Springfield	2%	\$205,958.74	\$207,585.42	0.79%
Monroe	2%	\$6,268.40	\$5,216.90	-16.34%	Stickney	2%	\$106,580.94	\$116,102.90	8.93%
Montrose	2%	\$70,731.26	\$68,903.86	-2.58%	Stratford	2%	\$4,853.62	\$8,179.83	68.53%
Morristown	1%	\$7,103.87	\$6,427.36	-9.52%	Sturgis	1%, 2%	\$3,079,995.96	\$3,215,326.18	4.39%
Mound City	2%	\$15,347.62	\$14,888.99	-2.99%	Summerset	1%, 2%	\$352,584.41	\$422,533.55	19.84%
Mount Vernon	1%, 2%	\$94,483.66	\$78,035.99	-17.63%	Summit	2%	\$118,314.53	\$116,562.25	-1.48%
Murdo	1%, 2%	\$477,089.06	\$436,478.74	-8.51%	Tabor	2%	\$79,218.89	\$83,504.06	5.41%
New Effington	2%	\$0.00	\$17,394.76	NA	Tea	1%, 2%	\$996,325.63	\$1,090,383.12	9.44%
New Underwood	2%	\$95,832.49	\$94,653.35	-1.22%	Timber Lake	2%	\$275,721.97	\$225,706.43	-18.14%
Newell	2%	\$181,580.51	\$190,387.64	4.85%	Toronto	1%	\$39,922.65	\$42,118.19	5.50%
Nieland	2%	\$21,934.56	\$21,158.55	-3.54%	Trent	1%	\$9,306.35	\$10,048.12	29.46%
North Sioux City	1%, 2%	\$1,993,731.16	\$2,242,069.44	12.46%	Tripp	2%	\$114,908.45	\$110,622.97	-3.73%
Oacoma	1%, 2%	\$595,217.23	\$576,914.93	-3.10%	Tulare	1%	\$34,199.61	\$36,921.46	7.96%
Oldham	2%	\$16,095.88	\$17,254.73	7.20%	Tyndal	2%	\$269,081.61	\$264,896.15	-1.56%

City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)	City	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)
Utica	1%	\$5,628.78	\$6,276.30	11.50%	Wessington	2%	\$41,024.46	\$55,748.65	35.89%
Valley Springs	2%	\$98,865.31	\$105,382.93	6.59%	Wessington Springs	2%	\$302,926.67	\$330,668.12	9.16%
Veblen	1%	\$35,191.00	\$35,160.85	-0.09%	White	2%	\$74,421.41	\$73,101.91	-1.77%
Vermillion	1%, 2%	\$3,356,475.53	\$3,554,698.40	5.91%	White Lake	1%, 2%	\$75,708.27	\$78,271.45	3.39%
Viborg	1%, 2%	\$243,382.83	\$248,926.54	2.28%	White River	2%	\$133,963.62	\$142,196.96	6.23%
Volga	2%	\$436,547.95	\$412,429.84	-5.52%	Whitehood	1%, 2%	\$240,129.70	\$274,358.82	14.25%
Volin	2%	\$22,168.09	\$22,009.13	-0.72%	Willow Lake	2%	\$63,517.87	\$73,565.49	15.82%
Wagner	2%	\$673,039.92	\$706,899.63	5.03%	Wilmot	2%	\$136,410.17	\$138,343.71	1.42%
Wakonda	2%	\$70,104.32	\$78,313.51	11.71%	Winner	1%, 2%	\$1,560,932.72	\$1,582,420.20	1.38%
Wall	1%, 2%	\$1,071,576.21	\$1,178,436.53	9.97%	Witten	2%	\$13,010.35	\$11,151.53	-14.29%
Wallace	1%	\$9,917.01	\$22,974.92	131.67%	Wolsey	2%	\$114,276.22	\$107,220.97	-6.17%
Ward	2%	\$11,637.41	\$9,884.45	-16.06%	Wood	2%	\$12,296.94	\$13,132.96	6.80%
Warner	2%	\$62,907.34	\$65,425.50	4.00%	Woonsocket	2%	\$216,906.58	\$191,366.58	-11.77%
Wasta	1%	\$4,821.57	\$3,995.89	-17.12%	Worthing	1%, 2%	\$141,547.79	\$151,916.57	7.33%
Watertown	1%, 2%	\$14,350,001.58	\$14,719,909.68	2.58%	Yale	1%	\$16,154.03	\$16,631.06	2.95%
Waubay	2%	\$135,494.30	\$125,516.21	-7.36%	Yankton	1%, 2%	\$9,519,111.48	\$8,576,718.15	0.66%
Webster	1%, 2%	\$98,876.40	\$81,295.78	-4.18%					
Wentworth	2%	\$41,952.60	\$46,822.48	11.61%	<b>Total</b>		<b>\$317,168,147.05</b>	<b>\$332,396,971.05</b>	<b>4.80%</b>

### Tribal Tax Collection Agreements

The State of South Dakota and five Indian tribes have entered into tax collection agreements that cover sales, use and contractors' excise tax. The state and two Indian tribes have entered into tax collection agreements that cover use and contractors' excise tax. On the Indian Country areas that are covered by a tax collection agreement, the state and the Tribe each have the ability to tax certain individuals and certain transactions. The state collects all state taxes in the Indian Country areas and also collects and remits the taxes in those areas for the respective tribe.

Tribe	2014 Rate(s)	FY2013 Remittance	FY2014 Remittance	% Increase (Decrease)
Cheyenne River Sioux Tribe	2% ET, 4% ST, 1.5 Tourism	\$3,360,401.70	\$2,980,725.74	-12.06%
Crow Creek Sioux Tribe	2% ET, 4% ST, 1.5 Tourism	322,351.66	334,400.88	63.74
Oglala Sioux Tribe	2% ET, 4% ST	3,535,074.87	3,075,573.37	-13.00%
Rosebud Sioux Tribe	2% ET, 4% ST, 1.5 Tourism	2,425,718.89	2,417,180.53	-0.35%
Sisseton Wahpeton Oyate	2% ET, 4% UT	852.16	4,669.20	447.63%
Standing Rock Sioux Tribe	2% ET, 4% ST, 1.5 Tourism	848,104.65	1,065,628.44	25.65%
Yankton Sioux Tribe	2% ET, 4% UT	2,138.04	0.00	-100.00%
<b>Total</b>		<b>\$10,524,639.87</b>	<b>\$9,878,178.16</b>	<b>-6.14%</b>

### Tourism Tax

The division also administers the tourism or seasonal tax, which is an additional 1.5% tax on certain lodging and amusement services that is imposed for tourism promotion. The tourism tax on lodging establishments, campgrounds, motor vehicle rentals, recreational equipment rentals, recreational services, spectator events and visitor attractions applies year-round. The tourism tax on visitor-intensive businesses applies during the months of June, July, August, and September. For FY2014, tourism tax collections, including audit collections, totalled \$10,671,323.



## Tax Revenues

### Special Events

Revenue agents license vendors to collect state sales, municipal and tourism tax at various special events across the state throughout the year. The table below compares tax collected from some of South Dakota's major special events from fiscal year 2014 to the previous year from temporary vendors.

#### Total Tax Collected from Special Events 2013-2014

	FY2013*	FY2014*	% Increase (Decrease)
Brookings Art Festival	\$28,551.80	\$29,001.76	1.58%
Brown County Fair	19,678.83	19,095.76	-2.95%
South Dakota State Fair	147,873.53	151,744.84	2.62%
Northern Hills Motorcycle Rally**	981,232.81	1,100,334.94	12.14%
Southern Hills Motorcycle Rally ***	266,644.56	274,801.19	3.37%
Central States Fair	43,650.38	37,704.87	-13.62%
Sioux Empire Fair	56,793.67	57,846.70	1.85%
Spearfish Arts Festival	13,938.02	15,723.98	12.81%
<b>TOTAL</b>	<b>\$1,557,361.40</b>	<b>\$1,686,054.04</b>	<b>8.26%</b>

\*Total tax includes state, municipal, municipal gross receipts, and tourism taxes

\*\*Northern Hills Rally includes Meade, Lawrence and Butte Counties, as well as the cities within those counties

\*\*\*Southern Hills Rally includes Pennington, Custer, and Fall River Counties, as well as the cities within those counties.

### Compliance and Reviews

The Business Tax Division's revenue agents are responsible for locating, monitoring and investigating any leads they receive concerning businesses or individuals who may be operating in South Dakota without a tax license or those who fail to properly collect or remit sales, use or contractors' excise tax. They accomplish this using a variety of resources, including Internet searches, newspapers, bulletin boards, government contracts, building permits, information from other government agencies, and leads from audits or reviews. In fiscal year 2014, the Business Tax Division closed 17,059 compliance cases and collected \$4,493,587.

The review program was implemented by the division as a means to increase compliance with the state's tax laws. By evaluating a taxpayer's records, revenue agents are able to identify any outstanding tax obligations the taxpayer may have to the state. As such reviews require less time to conduct, use of the program enables the Department to contact a greater number of taxpayers including smaller businesses that may never come up for audit. Reviews also provide one-on-one tax law education to the taxpayer, increasing future compliance and collections, and operate more efficiently in terms of staff time and travel costs. In fiscal year 2014, the division conducted 150 reviews and collected \$350,743.

### Construction Refund Programs

South Dakota offers various programs that allow businesses to seek a refund of sales, use and contractors' excise tax, or delay the payment of sales and use taxes. The Business Tax Division monitored and processed refunds or tax savings totaling more than \$113 million since fiscal year 2002. The total amount refunded in fiscal year 2014 was \$14,736,208.

### Streamlined Sales Tax Project

The Streamlined Sales Tax Project is a multi-state effort to design, test and implement a system to simplify sales and use tax collection and administration by retailers and states. South Dakota has been involved in the project since its inception, and is one of its full member states. Full members are those states whose sales tax laws and policies are in substantial compliance with each of the provisions of the Streamlined Sales and Use Tax Agreement (SSUTA).

The SSUTA was officially implemented on October 1, 2005, and effective that date, retailers can register to collect or pay sales taxes in the Agreement's member states through a web-based centralized registration system. Since such registration began, the Business Tax Division has issued 2,219 tax licenses.



## Special Taxes

The Special Taxes program administers taxes on tobacco, alcohol, banks, minerals and several small industries; regulates the tobacco and alcohol industries; and administers the state's sales and property tax refund program for the elderly and disabled. In the last 10 years, revenues from the division have ranged from a high of \$155.7 million in 2008 to \$97.9 million in 2005. In fiscal year 2014, revenues in this program showed a decrease of \$13,111,497 from 2013 with total collections of \$112,707,544.

Many of the taxes and fees collected by the division are shared between the State and local governments. Examples include bank franchise tax, energy minerals severance tax, amusement machine registration fees, and certain alcohol taxes and license fees. Of the total amount collected in fiscal year 2014, the program reverted \$23,498,606 back to counties and municipalities and special jurisdictions.

### Alcohol Regulation

If an alcohol licensee is caught selling alcohol to a person under the age of 21, the Department penalizes the licensee with a fine or suspension. In fiscal year 2014, a total of \$97,150 in civil penalties was collected from businesses/alcohol licensees who made illegal sales to persons under the age of 21.

If an alcohol licensee has been caught selling alcohol to a person under the age of 21 three or more times in a 24-month period, the department will typically suspend the alcohol license for 14 days. Licenses may also be suspended for other violations, such as after-hour sales or selling alcohol to someone who is obviously intoxicated. In the fiscal year 2014, the Department suspended the license of two businesses for three days each and one business for 14 days.

The Department receives information on underage sales from county clerks of court and from city and county law enforcement officers when they conduct alcohol compliance checks. In fiscal year 2014, seven cities and eight counties conducted compliance checks. The chart below indicates the number of compliance checks and the failure rate for the past five fiscal years.

#### Alcohol Compliance Checks: 2010 - 2014

<u>Fiscal Year</u>	<u>Number of Checks</u>	<u>Number of Illegal Sales</u>	<u>Failure Rates</u>
2010	1007	144	14.3%
2011	980	110	11.2%
2012	1003	112	11.2%
2013	946	86	9.1%
2014	799	68	8.5%
<b>Total</b>	<b>4735</b>	<b>520</b>	<b>11.0% (avg.)</b>

### Sales or Property Tax Refund Program

The Sales or Property Tax Refund Program is a method of returning to senior and disabled citizens, within certain income guidelines, some of the dollars they pay each year in sales and property taxes. The program has been in effect since 1974 and during that period has returned over \$34 million to qualifying South Dakotans.

Applications for the tax refund program must be made prior to July 1. Completed applications are submitted to the Department of Revenue office in Pierre for processing. Refunds are processed in the beginning of September.

Information on the Sales or Property Tax Refund Program, including eligibility requirements and income guidelines, is available on the Department's website at <http://dor.sd.gov> in the Special Taxes section.

The following chart indicates the number of refunds requested and approved as well as the dollars refunded for the past five fiscal years.

#### Sales and Property Tax Refunds: 2010 - 2014

<u>Fiscal Year</u>	<u>Applications Received</u>	<u>Applications Approved</u>	<u>Dollars Refunded</u>
2010	2680	2411	\$501,060
2011	2784	2392	466,125
2012	2380	2205	440,140
2013	2180	2059	438,165
2014	2095	1973	426,371
<b>Total</b>	<b>12,119</b>	<b>11,040</b>	<b>\$2,271,861</b>

Information available in the Special Taxes section on the Department's website includes:

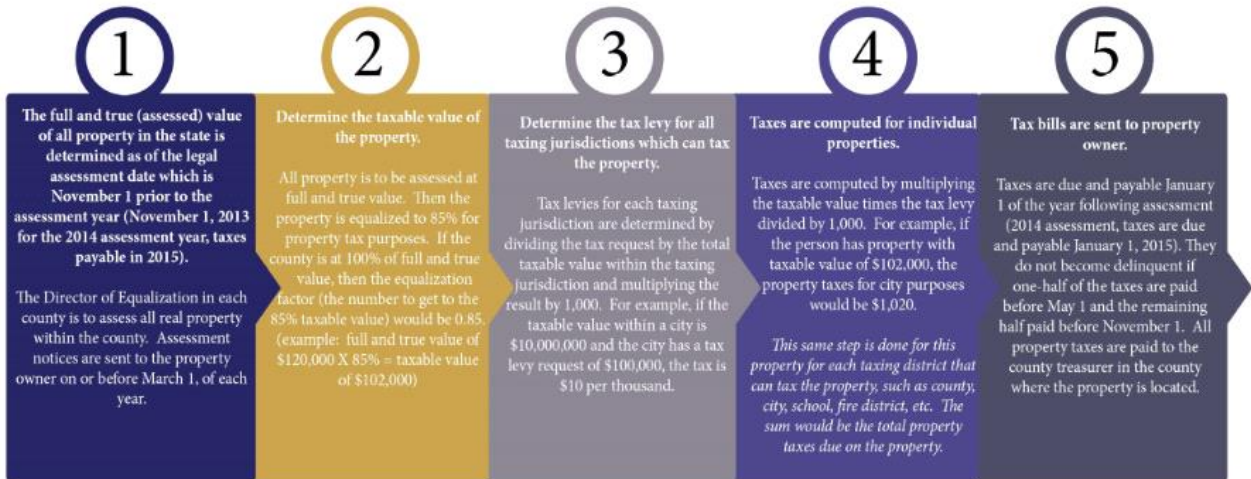
- for alcohol: alcohol license applications, legal age issues, and operating hours for selling alcohol; and
- for cigarettes/tobacco: required forms, minimum pricing, and licensees by name; and
- for other special taxes, such as: bank franchise tax forms, coin-operated washer and dryer license applications, energy mineral severance tax and conservation tax information, and precious metals tax quarterly and annual returns...and much more.

## Property Taxes

Property taxes are the primary source of funding for school systems, counties, municipalities and other units of local government. The state does not collect or spend any property tax money. Each county administers its own property tax system; the department's authority is limited to assisting local governments in making property tax assessments that are fair and in compliance with the law.

### Steps in the Determination of Property Taxes

The following provides the steps that are common to the application of property taxes in each government unit (excluding centrally assessed properties).



In 2014, South Dakota property owners paid more than \$1 billion to fund local governments and provide K-12 education for the state's children. The following two tables show the portion of the total taxes paid by each classification of property, and where the money collected is spent.

### Property Taxes: Who Pays

Year Taxes Are Payable	Agricultural*	% of Total	Owner - Occupied	% of Total	Commercial	% of Total	Utilities	% of Total	Special Assessments	% of Total	TOTAL
2004	183,027,601	25.24	273,180,527	37.67	229,836,765	31.69	30,282,567	4.18	8,835,378	1.22	725,162,838
2005	190,743,858	25.21	289,965,539	38.32	236,891,146	31.31	23,975,635	3.83	10,120,766	1.34	756,716,943
2006	202,173,330	25.17	309,831,254	38.58	252,523,983	31.44	27,191,751	3.39	11,422,093	1.42	803,142,410
2007	211,381,559	24.93	330,332,434	38.96	267,236,569	31.52	25,266,119	2.98	13,675,583	1.61	847,892,264
2008	219,709,028	24.87	348,147,127	39.41	277,552,244	31.42	22,957,006	2.60	15,057,152	1.70	883,422,556
2009	231,587,046	24.81	368,765,290	39.51	292,805,927	31.37	23,025,217	2.47	17,091,242	1.83	933,274,722
2010	239,627,362	24.50	388,867,662	39.76	307,499,582	31.44	23,463,130	2.40	18,467,990	1.89	977,925,706
2011	240,496,832	23.97	403,337,136	40.21	312,194,141	31.12	22,846,984	2.26	24,485,447	2.44	1,003,160,542
2012	252,715,223	24.50	414,066,249	40.14	321,656,276	31.18	24,275,738	2.35	18,819,754	1.83	1,031,533,239
2013	269,377,688	25.14	424,725,465	39.64	331,147,206	30.91	25,337,906	2.46	19,768,706	1.83	1,071,356,971
2014	286,177,332	25.45	444,727,084	39.55	346,978,590	30.86	27,320,189	2.43	19,323,088	1.72	1,124,526,282

\*Agricultural property taxes include NA-Z taxes for pay 2003 to 2010

### Property Taxes: Where the Money Goes

For Taxes Payable In	County	% of Total	Municipalities	% of Total	Schools	% of Total	Townships	% of Total	Special Assessments	% of Total	TOTAL
2004	182,029,759	25.10	92,005,243	12.69	430,465,020	59.36	11,827,439	1.63	8,835,378	1.22	725,162,838
2005	190,946,759	25.23	96,379,649	12.74	447,203,111	59.10	12,066,658	1.59	10,120,766	1.34	756,716,943
2006	201,763,441	25.12	102,625,076	12.78	475,005,462	59.14	12,326,339	1.53	11,422,093	1.42	803,142,410
2007	215,590,027	25.43	109,964,079	12.97	495,863,786	58.48	12,796,769	1.51	13,675,583	1.61	847,892,264
2008	231,487,473	26.20	116,772,552	13.22	506,618,292	57.35	13,487,087	1.53	15,057,152	1.70	883,422,556
2009	248,264,680	26.60	124,481,492	13.34	529,246,426	56.71	14,170,891	1.52	17,091,242	1.83	933,274,722
2010	267,475,363	27.35	131,066,116	13.40	546,181,894	55.85	14,734,342	1.51	18,467,990	1.89	977,925,706
2011	268,440,562	26.76	133,749,586	13.33	560,022,922	55.83	16,462,026	1.64	24,485,447	2.44	1,003,160,542
2012	281,160,299	27.26	139,272,206	13.50	574,213,937	55.67	18,047,044	1.75	18,819,753	1.82	1,031,533,239
2013	296,987,309	27.72	145,762,092	13.61	589,839,803	55.06	18,999,061	1.77	19,768,706	1.85	1,071,356,971
2014	301,699,432	26.83	149,893,710	13.33	635,031,575	56.47	18,578,477	1.65	19,323,088	1.72	1,124,526,282

Taxable Valuations: 2014 Taxes Payable 2015

County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation	County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation
Aurora	\$529,167,009	\$38,183,288	\$25,359,925	\$592,715,162	Hyde	\$428,215,534	\$19,358,727	\$24,071,517	\$471,675,778
Beadle	1,009,901,399	458,339,639	348,653,117	1,816,894,155	Jackson	182,030,470	17,459,412	16,377,657	215,897,539
Bennett	138,705,938	19,548,960	9,826,098	168,080,996	Jerauld	351,079,196	31,148,156	31,461,302	413,688,656
Bon Homme	464,262,747	979,700,667	45,873,390	1,489,836,804	Jones	234,793,543	15,561,636	16,093,619	266,449,000
Brookings	769,346,32	915,852,910	793,855,401	2,479,054,636	Kingsbury	745,046,749	108,020,132	87,288,186	941,155,067
Brown	1,222,203,633	1,323,479,027	817,053,227	3,362,735,887	Lake	592,800,170	389,454,570	237,699,635	1,219,954,375
Brule	519,854,698	97,383,228	70,440,383	687,678,309	Lawrence	50,408,670	1,082,773,145	979,113,805	2,112,295,620
Butte	137,332,328	1,383,596	1,169,302	139,905,226	Lincoln	609,943,329	2,668,838,857	1,059,003,987	4,337,786,173
Butte	200,045,077	258,562,010	128,683,581	587,290,668	Lyman	519,975,983	41,748,927	37,095,845	598,820,755
Campbell	300,060,971	25,836,349	23,962,500	349,859,820	Marshall	569,118,375	105,528,006	86,552,628	764,199,009
Charles Mix	761,599,766	136,319,619	101,392,467	999,312,072	McCook	632,858,000	133,498,490	61,497,394	827,853,884
Clark	666,290,998	44,094,804	88,024,519	818,410,321	McPherson	583,381,821	37,280,435	31,777,947	652,440,203
Clay	478,723,564	294,694,195	191,518,311	964,936,070	Meade	478,559,256	1,024,462,744	417,434,904	1,920,456,904
Codington	544,679,298	1,033,012,663	618,654,764	2,196,346,725	Mellette	166,615,021	10,481,396	5,760,470	182,856,887
Corson	222,788,163	13,195,809	34,591,129	270,575,121	Miner	519,966,917	21,437,392	47,661,202	589,065,511
Custer	113,495,116	415,758,121	301,753,110	831,016,347	Minnehaha	769,240,912	6,415,624,309	4,521,416,344	11,705,282,065
Davison	392,240,610	595,499,820	418,562,578	1,406,303,008	Moody	633,306,731	155,383	42,753,776	731,841,148
Day	605,550,891	131,832,444	176,319,702	913,703,037	Pennington	281,172,772	4,075,457,740	3,060,270,152	7,416,900,664
Deuel	544,725,078	107,711,906	84,010,187	736,447,171	Perkins	405,530,190	27,606,710	19,864,362	453,001,262
Dewey	168,743,376	13,864,002	15,655,742	217,963,120	Potter	534,553,670	52,145,947	36,949,913	622,649,530
Douglas	361,020,645	42,290,360	21,676,317	444,987,312	Roberts	554,961,863	147,206,311	97,342,575	799,530,769
Edmunds	705,233,258	102,723,162	100,663,100	908,619,520	Sanborn	436,941,713	37,932,965	23,847,811	498,722,519
Fall River	121,080,147	187,929,729	190,770,327	499,780,203	Shannon	28,717,610	2,387,030	2,947,906	34,052,546
Faulk	647,381,134	24,237,064	15,562,854	687,181,052	Spink	1,274,888,117	101,695,870	99,345,137	1,475,929,124
Grant	530,400,591	175,052,318	200,518,750	906,971,659	Stanley	238,522,773	129,572,929	93,519,156	461,614,858
Gregory	356,991,007	59,600,750	30,640,824	447,232,581	Sully	674,190,068	40,814,764	62,960,457	777,965,309
Haakon	632,797,881	28,683,390	24,472,285	685,953,556	Todd	117,988,378	11,740,133	12,372,085	142,100,596
Hamlin	498,841,426	172,982,922	111,061,294	782,885,642	Tripp	609,914,513	92,841,403	52,642,412	755,398,328
Hand	927,455,585	67,776,672	49,356,438	1,044,588,695	Turner	682,360,745	232,074,265	103,046,346	1,017,481,356
Hanson	377,534,022	78,006,821	36,893,194	490,427,037	Union	579,226,365	706,163,636	329,083,892	1,614,473,893
Harding	183,701,892	22,382,102	49,039,955	255,123,949	Walworth	352,416,744	124,666,730	102,189,306	579,272,780
Hughes	311,963,142	652,575,102	345,138,354	1,309,676,601	Yankton	492,635,152	727,965,619	410,297,629	1,630,918,400
Hutchinson	385,466,584	140,304,948	103,549,802	629,321,334	Ziebach	165,904,537	3,283,755	6,981,299	176,169,591

**Taxable Valuations by County**

The following chart indicates the amount of taxable value in each of South Dakota's 66 counties, broken out by the class of property. The "Other" category includes residential property not occupied by the owner, commercial property, and utility property.

	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation
State Totals	31,471,871,046	26,568,999,684	17,794,764,765	75,835,635,495

The following chart shows the change in each classification of property, as well as the change in each classification's percentage of total valuation for taxes payable from 2004 to 2014.

### Taxable Valuations by Category: 2004-2014

<i>For Taxes Payable in</i>	<i>Agricultural*</i>	<i>% of Total</i>	<i>Owner-Occupied</i>	<i>% of Total</i>	<i>Commercial</i>	<i>% of Total</i>	<i>Utilities</i>	<i>% of Total</i>	<i>TOTAL</i>
2004	13,065,504,017	35.07	14,269,607,712	38.25	8,811,374,289	23.62	1,141,657,751	3.06	37,308,143,769
2005	14,015,749,247	35.03	16,523,848,537	38.79	9,362,992,929	23.40	1,113,226,824	2.78	40,015,814,537
2006	15,007,290,060	34.60	16,954,988,100	39.08	10,238,889,250	23.60	1,093,714,469	2.52	43,394,881,889
2007	16,427,889,981	34.54	18,633,455,339	39.18	11,336,818,639	23.84	1,158,792,774	2.44	47,556,756,733
2008	17,688,985,934	34.23	20,353,223,881	39.39	12,504,672,828	24.20	1,124,579,889	2.18	51,671,462,309
2009	19,058,117,169	34.49	21,687,103,039	39.25	13,334,072,762	24.13	1,169,829,792	2.12	55,249,122,762
2010	19,690,137,457	34.11	22,788,420,477	39.44	14,051,480,469	24.34	1,222,801,442	2.12	57,732,839,845
2011	19,691,529,085	33.38	23,726,031,354	40.22	14,345,035,001	24.32	1,222,428,811	2.07	58,985,022,232
2012	21,198,801,461	34.84	24,188,972,982	39.72	14,188,803,573	23.32	1,289,522,163	2.12	60,843,700,179
2013	23,009,157,595	36.52	24,187,671,139	38.39	14,543,781,399	23.09	1,258,762,412	2.00	62,999,372,545
2014	26,152,823,040	38.81	25,026,080,805	37.14	14,919,046,958	22.14	1,285,494,413	1.91	67,383,445,216

\*Agricultural value includes NA-2 value for pay 2004 to pay 2010



### Productivity Valuation

Beginning with the 2010 assessments (for taxes paid in 2011), agricultural land in South Dakota has been assessed based upon its productivity value. The productivity valuation system has three steps. They are:

- 1) First, revenue information is used to determine a "gross revenue per acre" for both cropland and pastureland in each county.
- 2) Second, the "gross revenue per acre" amount is further used to determine an "average value per acre" for both cropland and pastureland.
- 3) Finally, the "average value per acre" is used to determine a value for all of the ag land in the county.

To prevent sudden large shifts in values and to ensure there was time to address any unanticipated problems, the Legislature originally limited the increases or decreases to 10% a year. The 2012 Legislature further adjusted this limitation to a tiered system with the passage of House Bill 1003. The tiered system will assist the counties in achieving full productivity value.

The transition to productivity valuation did not change the appeal rights of property owners. In South Dakota, property cannot be assessed for more than its market value and must be assessed equitably in relation to other property in the county. Information on the property tax appeal process, as well as material on property tax calculations, property tax laws and the property tax relief programs is available on the Department's website in the Property Tax section.



# Property Taxes

## Limits on Property Taxes

The South Dakota Legislature has enacted two independent systems that limit the growth of property taxes. The first is the state aid to education payments. These payments effectively replace property taxes for schools that would otherwise be paid by owners of agricultural and owner-occupied homes. The second system is the caps placed on the property taxes collected by all levels of local government (except schools). These caps limit the local governments' property tax collections to the amount they collected the previous year, plus small increases for inflation and new construction.

### State Aid to Education Payments

Agricultural and owner-occupied property owners benefit from the funding for education provided by the state. The state provides extra revenue for K-12 education that would otherwise have to be paid by these property owners. The benefit is provided to the taxpayer through a tax rate reduction for the school general fund levy. The school general fund levy rates for taxes payable in 2015 are set statewide as follows:

Ag	\$1.782/\$1,000 of value
Owner-Occupied	\$4.252/\$1,000 of value
Other	\$9.106/\$1,000 of value

### Property Tax Caps

State law limits the amount of property taxes that local governments (counties, cities, townships, fire districts, etc.) can collect from their property owners. Market increases in the value of the property within the taxing district automatically decrease the property tax rates upon that property to ensure that the caps are not exceeded. Local governments are limited to the amount of property taxes they collected last year, plus an increase for inflation based upon the consumer price index (but not more than 3%) and for new construction within the taxing jurisdiction.

An example will illustrate how the property tax caps work. Assume that last year, the total property valuation within a city was \$100 million and the city collected \$300,000 from property taxes. To collect the \$300,000, the city assessed property within the city a tax of \$3.00/\$1,000 of assessed value. This year, the consumer price index is 2%, a new subdivision was created within the city with a total valuation of \$1 million, and a hot real estate market increased the value of the existing property within the city to \$109 million. The city can increase the \$300,000 it received from property taxes last year by 3% (2% for the CPI and 1% for new construction) for a total of \$309,000. To prevent the city from going over the cap, the tax rate applied to the \$110 million of property within the district (market value of \$109 million plus the new \$1 million subdivision), is automatically lowered from last year's rate of \$3.00/\$1,000 of value to \$2.81/\$1,000 of value.

### Combined Effect of Tax Caps and State Aid Payments

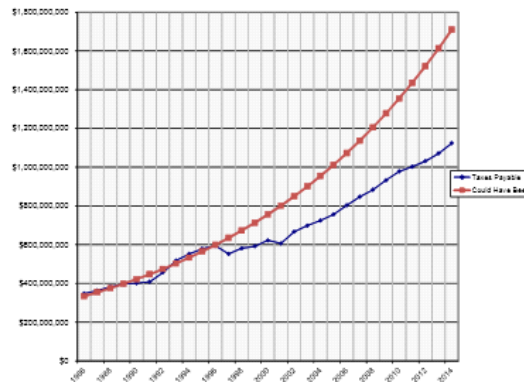
Historically, property taxes had increased at a rate of about 6% per year since 1947. Property tax caps and state aid to education payments have significantly slowed this increase. If the historical rate of property tax growth had continued through the 1990's, current property owners would be paying over \$1.60 billion in property taxes. Instead, property owners are paying just over \$1 billion of property taxes. The chart on the next page shows the historical growth of property taxes and the actual growth of property taxes. These programs were implemented in 1997.

## Effective Property Tax Rates

The following table shows the effective tax rate for owner-occupied, agricultural, and commercial property in 25 South Dakota jurisdictions payable in 2014. The "Other" category includes commercial property, utility property, and residential property not occupied by the owner. The effective tax rate is the percentage of a property's market value that will be paid in taxes. For example, if the effective tax rate is 2%, and the market value of the property is \$150,000, then the taxes will be about \$3,000 per year. The "Agricultural" effective tax rate is for the agricultural property in the township around the cities on the list.

City	Agricultural Effective Tax Rate	Owner-Occupied Effective Tax Rate	Other Effective Tax Rate	City	Agricultural Effective Tax Rate	Owner-Occupied Effective Tax Rate	Other Effective Tax Rate
Aberdeen	1.16	1.72	2.15	Mobridge	1.33	2.18	2.75
Belle Fourche	1.06	1.80	2.22	Pierre	1.01	1.49	1.91
Brandon	1.08	1.61	2.03	Rapid City	1.30	1.53	1.95
Brookings	1.21	1.54	2.00	Redfield	0.90	2.61	3.16
Canton	0.93	1.94	2.36	Sioux Falls	0.99	1.49	1.95
Chamberlain	0.90	1.85	2.27	Sisseton	1.01	2.37	2.78
Dell Rapids	1.12	1.72	2.13	Sturgis	1.07	1.92	2.34
Flandreau	1.04	1.96	2.38	Vermillion	1.20	1.85	2.39
Hot Springs	1.22	1.90	2.31	Watertown	0.93	1.32	1.74
Huron	1.09	1.93	2.38	Webster	0.99	1.83	2.25
Madison	0.97	1.81	2.26	Winner	0.92	1.66	2.08
Milbank	1.11	1.83	2.04	Yankton	1.05	1.43	1.85
Mitchell	1.13	1.72	2.16	Statewide	1.09	1.78	2.33

## Historical Growth of Property Taxes v.s. Actual Growth



## Motor Vehicles

The Division of Motor Vehicles is committed to implementing the South Dakota laws and regulations as they pertain to vehicle ownership. Our areas of responsibility include motor vehicle excise tax, title and registration, motor fuel tax, commercial motor vehicle licensing, and dealer licensing and regulation.

### Total Fuel Tax Revenues

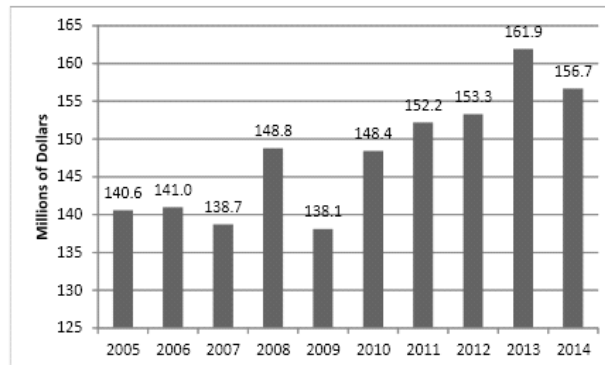
Many fuel types, including gasoline, diesel, ethyl alcohol, methyl alcohol, aviation fuel, jet fuel, and liquid petroleum gas (LPG), fall into the fuel tax category. In fiscal year 2014, total fuel tax revenues amounted to \$156,736,026. The chart below compares South Dakota's fuel tax revenues for the past 10 years.

Each fuel type is taxed at a different rate as per South Dakota law. Current tax rates are:

Gasoline - .22  
Diesel - .22  
Ethyl & Methyl Alcohol - .08  
Aviation Gasoline - .06  
Jet Fuel - .04  
Special Fuel - .22  
Liquid Natural Gas - .14  
Liquid Petroleum Gasoline - .20  
Compressed Natural Gas - .10  
Biodiesel and Biodiesel Blends - .20  
*(fuel taxes are per gallon)*

Total Fuel Revenues (2004-2014)

Motor fuel tax revenues are used to fund maintenance and construction of roads and bridges on the state highway system. Motor fuel tax revenues are key to South Dakota as our transportation system is critical to the economy and day-to-day activities of all citizens.



### Motor Vehicle Excise Tax, Title and Registration

Motor Vehicle excise tax of 3% is collected on sales of motor vehicles that operate on South Dakota's roads. In FY2014, \$75,237,234 in motor vehicle excise tax was collected and transferred to the Department of Transportation.

Vehicles used on public roadways or waterways must also be licensed and registered each year. Registration is confirmed by the issuance of a license plate or decal.

#### Title and Registration Revenues

	<u>FY2013</u>	<u>FY2014</u>	<u>Percent Change</u>
License Plate Fees - State's Share*	\$ 3,694,011	\$4,296,682	16.31%
License Plate Fees - Counties', Cities', Townships' Share	40,772,301	48,086,189	17.94%
Snowmobiles	93,957	126,801	34.96%
Boats	1,191,408	1,372,200	15.17%
Temporary Special Permits	75,674	74,678	-1.32%
Mobile Home Plates	6,125	5,520	-9.88%
Dealer Fees	235,502	237,885	1.01%
Duplicate Plates, Replacement Plates	228,890	240,791	5.20%
Title and Penalty Fees	2,442,123	2,501,863	2.45%
Trailer ID Fees	67,180	73,328	9.15%
Motorcycle Safety Education Fees	570,913	594,202	4.08%
Mobile Home Registration Fees - State's Share	91,815	100,587	9.55%
Motor Vehicle 3% Excise Tax	70,034,990	75,237,234	7.43%
Snowmobile 3% Excise Tax	387,991	348,627	-10.15%
Register of Deeds Fees	192,505	192,281	-0.12%
DENR - Solid Waste Fees	1,214,307	1,232,260	1.48%
DPS - Highway Patrol Fees	1,298,110	1,317,461	1.49%
<b>Total Receipts</b>	<b>\$122,597,802</b>	<b>\$136,038,588</b>	<b>10.96%</b>

\*State Motor Vehicle Fund, License Plate Special Revenue Fund

## Motor Vehicles

Several options are available to South Dakotans to renew their motor vehicle registration. In addition to the regular options of renewing in person at the County Treasurer's Office or by mail through the county, the Division of Motor Vehicles also offers online Internet renewal and vehicle registration renewal through self-service terminals. The Division of Motor Vehicles strives to offer multiple platforms for our services that are user friendly and convenient for our customers.

### [SDcars.org](http://www.SDcars.org)

The customer portal at [www.SDcars.org](http://www.SDcars.org) is available any time, day or night. Motor vehicle owners can complete a vehicle's registration renewal up to 90 days prior to a vehicle's registration expiration date.

We continue to expand services available through [SDcars.org](http://SDcars.org). Currently those services include:

- Sign up for a registration renewal reminder
- Receive a Seller's Permit
- Complete a Report of Sale document
- Check a VIN to see a vehicles status
- Check to see if a personalized plate is available

### [Self-Service Terminals](#)

Another registration renewal option is to utilize a motor vehicle registration self-service terminal (SST). The 24-hour SST is a fully automated motor vehicle registration renewal station that dispenses license renewal tags on the spot. Vehicle owners from any county can use the terminal with the proper identification. The SST allows vehicle owners to register beginning 90 days prior and up to 30 days after the expiration of their current license tags. Self-service terminals are currently operating in the following 10 locations:

- Kessler's Store in Aberdeen
- County Fair Food Store in Mitchell
- County Administration Bldg., 130 Kansas City Street in Rapid City
- Rushmore Mall\* in Rapid City
- Dept of Revenue Office\*, Anderson Building at 445 East Capitol Ave in Pierre
- Get-N-Go on Arrowhead Parkway and Dawley Farms in Sioux Falls
- Hy-Vee Food Store on 49th and Louise in Sioux Falls
- Hy-Vee Food Stores in Brookings, Watertown and Yankton

Availability of SSTs identified by (\*) are subject to business operating hours.

### Motor Vehicle Registrations/Titles: FY2010 to FY2014

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
Vehicle Registrations (County)	1,271,923	1,392,547	1,221,443	1,402,125	1,258,14
Titles	307,881	320,863	332,985	332,035	339,579
Vehicle Registration Renewals completed online	42,720	57,216	50,192	67,157	63,152
Vehicle Registration Renewals completed by Self Service Terminal (SST)	n/a	531	7,192	29,492	44,087

### Commercial Motor Vehicle Licensing and Fuel Tax

South Dakota participates in 2 nationwide programs that oversee interstate motor carriers.

The International Registration Plan (IRP) is an agreement which allows commercial interstate motor carriers to license their vehicles through their base jurisdiction and receive a single license plate and registration allowing travel in all 59 jurisdictions. Registration fees are apportioned based on the distance traveled in all jurisdictions by the motor carrier.

The International Fuel Tax Agreement (IFTA) is an agreement which allows interstate motor carriers to report and pay motor fuel use taxes to their base jurisdiction for distribution to other member jurisdictions in which the licensee traveled and incurred motor fuel use tax liability.

Commercial registration fees (licensing fees) are levied on intrastate and interstate motor carriers doing business in the state. The amount of the fee for interstate registration is determined by the percentage of miles the carrier travels in all the states. Registration fee revenues during fiscal 2014 were \$18,536,020. These fees are used to fund roads and bridges in counties, townships and municipalities.

### Dealer Licensing and Regulation

South Dakota requires that people who engage in the business of selling vehicles, whether exclusively or in addition to any other occupation, have a motor vehicle dealer license. In FY2014, there were 1300 licensed motor vehicle dealers in South Dakota. The Dealer Program provides information on licensing/renewal requirements, principal place of business requirements, bonding and insurance requirements, fees, dealer plates and permits, title and registration, recordkeeping requirements, and violation penalty provisions.

# Audits

## Audits Mission

To detect and resolve reporting errors and omissions made by taxpayers and correct reporting habits for future returns.

The Audit Division is responsible for selecting and performing audits on behalf of the Department of Revenue. The primary purpose of the audit function is to verify the gross receipts, deductions, and use tax reported on tax returns, ensure required record-keeping is in place, and work with auditees to ensure understanding of the tax laws.

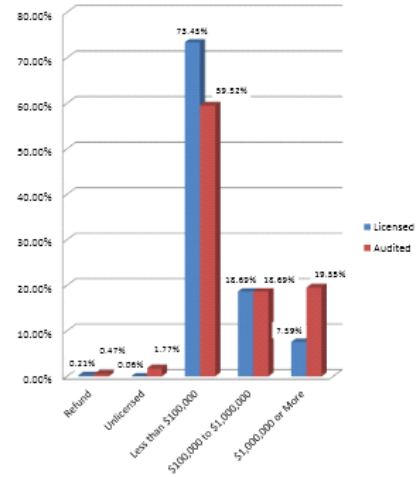
The Audit Division conducts audits for the following taxes administered by the department:

- Sales and Use Tax
- Contractors' Excise Tax
- Motor Fuel Tax
- International Fuel Tax Agreement (IFTA)
- International Registration Plan (IRP)

Audits are conducted all over the United States with a major emphasis placed on auditing companies headquartered outside of South Dakota. Auditors provide on-site education as part of the audit process to increase future compliance with the tax requirements.

In fiscal year 2014, there were 102,270 sales, use, and contractors' excise tax licenses. These licenses were divided into five categories based on gross sales. The graph to the right shows the percentage of total licenses in each category, and the percentage of total audits completed for each category.

Licenses Reporting and Percentage of Total Licenses Audited by Annual Sales Volume



## Audits and Assessments

	FY 2012		FY 2013		FY 2014	
		Assessments		Assessments		Assessments
Sales, Use and Contractor's Excise Tax	1,669	\$20,919,966.85	1,926	\$17,509,132.91	1,840	\$20,528,532.00
Fuel Taxes, Prorate (IRP) and IFTA	235	\$192,329.05	272	\$57,567.66	267	\$398,371.92
Limited Scope Audits	3	-	1	\$12,355.26	13	\$23,062.37
<b>TOTAL</b>	<b>1,907</b>	<b>\$21,112,295.90</b>	<b>2,199</b>	<b>\$17,579,055.83</b>	<b>2,120</b>	<b>\$20,949,966.29</b>

Legal Counsel

The Legal Division is comprised of a Chief Legal Counsel, four full-time attorneys, three full-time Special Agents dedicated to the Investigative Services Bureau (ISB), and one legal secretary. In addition to providing routine legal counsel to the Department, the legal staff worked on 405 new cases during FY2014. The ISB special agents examined 230 individuals and businesses, of which 40 were investigated for tax and motor vehicle crimes. During FY2014 there were three Supreme Court decisions which affected the Department.

Court Summaries

Magellan Pipeline Company, LP v. South Dakota Department of Revenue and Regulation, 2013 S.D. 68, 837 N.W.2d 402. The South Dakota Supreme Court reversed the findings of Office of Hearing and Examiners and the Circuit Court and found that Magellan's additive injection and equipment calibration services were exempt under SDCL 10-45-12.1.

AEG Processing Center No. 58, Inc. v. South Dakota Department of Revenue and Regulation, 2013 S.D. 75, 838 N.W.2d 843. The South Dakota Supreme Court affirmed the Circuit Court's dismissal of AEG's appeal from the Office of Hearing Examiners for failing to timely post a bond in accordance with SDCL 10-59-9 and 1-26-31.

Paul Nelson Farm v. South Dakota Department of Revenue, 2014 S.D. 31, 847 N.W.2d 550. The South Dakota Supreme Court held that hunting lodges may purchase food, non-alcoholic beverages, and ammunition for use in its all-inclusive hunting packages as an exempt sale for resale.

Administrative Services

Administrative Services provides support services to the department in the areas of budget and finance and the operation of the Remittance Center by processing printed returns for the department along with providing lockbox services to a number of state agencies and programs. Administrative Services personnel develop and coordinate internal and external training and education opportunities, are responsible for printed and electronic public relation efforts, and assist in the coordination, direction and application of technology promoting efficiencies in the department and to promote the State's eGovernment initiative. The department's Remittance Center in Sioux Falls processed over \$660 million in payments in fiscal year 2014. Other agencies for which the Remittance Center collects revenues include Agriculture; Game, Fish and Parks; Social Services; Health; Environment and Natural Resources; Human Services; Unified Judicial System; Legislative Audits; and Retirement.

**Fiscal Year 2014 - Remittance Center**

<i>Dollars processed for Revenue</i>	<b>\$465,319,798</b>
<i>Dollars processed for other agencies</i>	<b>195,580,444</b>
<i>Total dollars processed</i>	<b>\$660,900,242</b>
<i>Total documents processed</i>	<b>410,412</b>



## South Dakota Lottery

The South Dakota Lottery markets instant tickets and lotto games, and regulates video lottery to raise revenue for state programs and projects. Since its inception in 1987, the Lottery has distributed over \$2.35 billion in revenue.

The Lottery operates under the oversight of the South Dakota Lottery Commission, whose seven members meet quarterly to establish policy within the framework set by the legislature through law. The commission also reviews and approves major contracts and procurements, and consults on management and operation of all aspects of the Lottery. The Lottery has 31 employees, including administration, accounting, video lottery, security, sales and marketing, and support staff. Its central office is in Pierre with regional sales and redemption offices in Sioux Falls and Rapid City, and a sales representative's office in Aberdeen.

### Sales and Revenue

Total fiscal year 2014 Lottery revenue distributed to state funds was more than \$106.2 million. These revenues come from three main sources, as evidenced in the chart below.

#### FY2014 Lottery Sales and Revenue\*

	<u>Sales</u>	<u>Prizes</u>	<u>Commission</u>	<u>Revenue Distributed</u>
Instant Tickets	\$25,517,805	\$16,759,787	\$1,444,198	\$5,362,306
Lotto Tickets	28,580,432	14,486,518	1,509,118	8,917,262
Video Lottery **	590,520,297	405,273,569	92,623,364	91,941,457
			<b>Total:</b>	<b>\$106,221,025</b>

\*Unaudited

\*\* Video lottery sales are cash in; prizes are cash out; private share of net machine income is retailer commission.

### Instant Tickets

The Lottery launched 33 new instant ticket games during fiscal year 2014. Prices for instant tickets ranged from \$1 to \$20, and prizes ranged from \$1 to \$400,000 as well as merchandise prizes.

At the close of fiscal year 2014, there were 612 licensed instant ticket retailers across the state. Retailers receive a 5% commission for selling tickets, a 1% commission for cashing winning tickets with prizes up to \$100, and 1% for selling tickets with prizes of more than \$100.

Fiscal year 2014 instant ticket sales were up .9% from the previous year and revenues were down 4.6%. Revenue from the sale of instant tickets is distributed to the General Fund.

### Lotto Tickets

South Dakota currently offers five lotto games. Powerball, Mega Millions, Wild Card 2, and Hot Lotto are multi-state games. Dakota Cash is played only in South Dakota.

At the end of fiscal year 2014, there were 600 licensed lotto retailers.<sup>1</sup> Lotto retailers also receive a 5% commission for selling tickets, plus varying bonuses for selling larger winning tickets.

Lotto games reported an overall sales decrease of 10.8%; transfers were down 14.2% from fiscal year 2013. The first \$1.4 million of revenue from the sale of lotto tickets is distributed to the General Fund, and the balance is distributed to the Capital Construction Fund.

### Video Lottery

The Lottery regulates and controls video lottery game activities through licensing procedures for the machines, machine owners and operators, and establishments, as well as a comprehensive secure central computer system.

Video lottery sales (cash in) increased by 1.8% in fiscal year 2014. The average number of active video lottery machines during fiscal year 2014 was 8,977 and the average number of licensed establishments was 1,384. The revenue from video lottery is calculated on net machine income, which is cash-in (sales) minus cash-out (prizes). Net machine income is divided between the state and machine operators on a 50/50 split. One-half of one percent (0.5%) of the state's share is retained by the Lottery for administration.

Revenue from video lottery net machine income is distributed to the Property Tax Reduction Fund. A portion of machine manufacturer license fees is distributed to the General Fund.

### FY2014 Lottery Revenue Distribution

	<u>General Fund</u>	<u>Capital Construction Fund</u>	<u>Property Tax Reduction Fund</u>	<u>Dept. of Social Services**</u>
Instant Tickets*	\$5,362,306			
Lotto Tickets*	1,400,000	\$7,517,262		
Video Lottery**	75,000		\$91,697,131	\$169,326
<b>Totals:</b>	<b>\$6,837,306</b>	<b>\$7,517,262</b>	<b>\$91,697,131</b>	<b>\$169,326</b>

\*Unaudited

\*\*The Lottery annually provides the S.D. Department of Social Services with funding for problem gambling treatment services. Funding comes from the Lottery's 0.5% of net machine income for administration.

The Lottery's website, [lottery.sd.gov](http://lottery.sd.gov), offers winning numbers, prize claim forms, retailer forms, licensing and accounting information, recent winners' stories, and other general information about the Lottery. The Lottery also maintains a Facebook page ([facebook.com/sdlottery](https://www.facebook.com/sdlottery)), a Twitter feed (@sdlottery), and its own YouTube channel.

The Lottery also publishes an annual financial report, as required by law, which includes a full and complete statement of the lottery's financial position and operations. The annual financial report is published after completion of an independent audit, and is available from the Lottery.

<sup>1</sup>All lotto retailers are also instant ticket retailers, and were included in the total number of licensed instant retailers.

## Commission on Gaming

The South Dakota Commission on Gaming is responsible for regulating the gaming industry in the City of Deadwood, administering Indian gaming compacts, and pari-mutuel wagering.

The Commission on Gaming maintains two office locations (in Pierre and Deadwood) and employs approximately 16 individuals, including investigators, auditors, accountants, administrative assistants, inspectors, and an executive secretary. The Commission itself is comprised of five commissioners.

In fiscal year 2014, total gaming action was \$1,103,192,109, up 4.12% from the previous year. At the close of the fiscal year, there were 3,406 licensed gaming devices, 131 retail locations, and approximately 1,390 licensed gaming employees.

### FY2014 Recap of Commission Fund

#### Revenues

FY14 Device Tax	\$6,812,000.00
Gross Revenue Tax	8,885,345.08
City Slot Tax	257,647.70
Application Fees	73,840.00
License Fees	94,410.00
Interest	28,849.11
Device Testing Fees	24,255.29
Penalties on Disciplinary Action	3,000.00
<b>Fund Total</b>	<b>\$16,179,347.18</b>

#### Distributions

Administrative Expenses	\$1,114,034.45
Expenses reimbursed by Applicants/Licensees	168,250.00
Capital Equipment	5,236.46
Lawrence County (Per 42-7B-48)	793,844.30
Other Municipalities (Per 42-7B-48.1)	308,382.24
School Districts (Per 42-7B-48.1)	308,382.24
SD Tourism (Per 42-7B-48)	3,175,377.19
State General Fund (Per 42-7B-48.1)	2,144,675.67
State General Fund (Per 42-7B-28.1)	992,305.38
State Historical Preservation (Per 42-7B-48)	100,000.00
Department of Human Services (per 42-7B-48.3)	21,370.84
City of Deadwood (Per 42-7B-48, 48.1)	7,124,547.24
<b>Total Distributions from Fund:</b>	<b>\$16,252,406.01</b>

The Commission may issue six types of Deadwood gaming licenses (slot machine manufacturer or distributor; operator; route operator; retail; key employee; and support), tribal gaming licenses, and four types of live racing and simulcast licenses (simulcast provider, simulcast site, simulcast pari-mutuel, and multiple category live racing). The commission is supported by the commission fund which is comprised of revenues from annual device fees, licensing fees, other miscellaneous revenue and the gaming tax collected from Deadwood. The tax rate is defined by SDCL 42-7B-28 and 42-7B-28.1 and total 9% of the adjusted gross revenue. SDCL 42-7B-28.1, 42-7B-48, 42-7B-48.1, and 42-7B-48.3 establish the distribution structure of the taxes collected. Per SDCL 42-7B-28.1, 1% of the adjusted gross revenue goes directly to the State General Fund. According to SDCL 42-7B-48, 40% of the tax is transferred to the Department of Tourism, 10% is paid to Lawrence County, and the remaining 50% stays in the commission fund.

### FY2014 Recap of Racing Funds

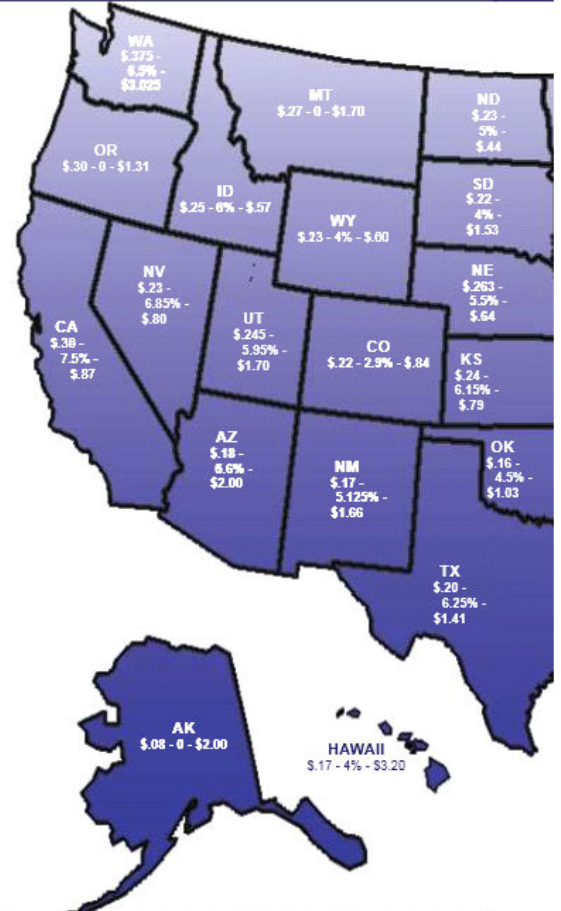
	Special Fund	Revolving Fund	Bred Fund	Totals
<b>Beginning Cash Balance (07/01/13)</b>	\$11,500	\$252,213	\$95,068	\$358,781
<b>Revenues:</b>				
Horse Revenue	45,053	168,967	80,265	294,285
Greyhound Revenue	14,006	69,106	27,781	110,892
Interest	0	6,157	2,026	8,183
Transfer from Agency Fund	(115,080)	95,490	19,590	0
License & Fines - Horse	52,610			52,610
License & Fines - Dog	3,630			3,630
<b>Total Revenues:</b>	<b>\$11,718</b>	<b>\$591,933</b>	<b>\$224,730</b>	<b>\$828,381</b>
<b>Distributions:</b>				
<b>Aberdeen Horse Racing Track</b>				
SD Bred Point Money			35,000	35,000
Purse Supplements, Racing Operations and Advertising & Promotion		177,000		177,000
Jockey Bonus		4,000		4,000
SD Bred Stakes Money			34,000	34,000
<b>Ft. Pierre Horse Racing Track</b>				
SD Bred Point Money			35,000	35,000
Purse Supplements, Racing Operations and Advertising & Promotion		177,000		177,000
Jockey Bonus		2,000		2,000
SD Bred Stakes Money			34,000	34,000
<b>Total Track Disbursements:</b>	<b>\$ -</b>	<b>\$360,000</b>	<b>\$138,000</b>	<b>\$498,000</b>
<b>Ending Cash Balance (6/30/14)</b>	<b>\$11,718</b>	<b>\$231,933</b>	<b>\$86,730</b>	<b>\$330,381</b>

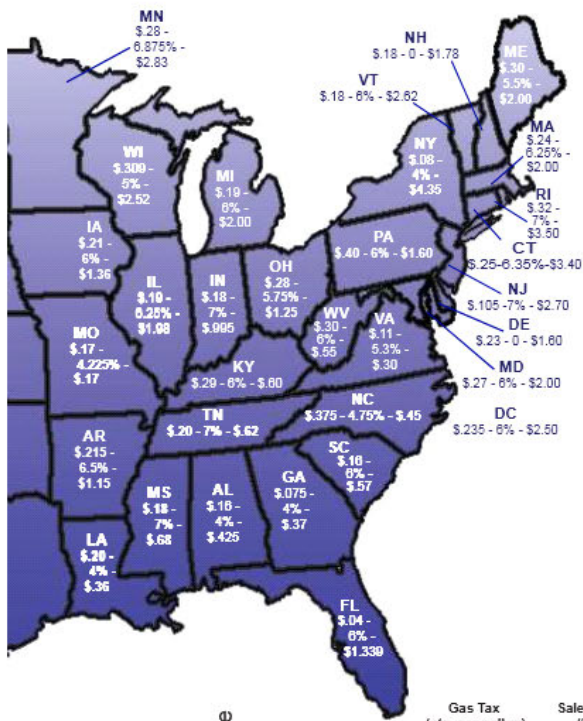
## 50 State Comparison

At just \$1,815, South Dakota had the fourth lowest per capita state tax burden in 2013, according to the latest figures available from the U.S. Bureau of the Census and Bureau of Economic Analysis.\* The following is the listing of per capita state tax burdens for all 50 states, beginning with the highest.

North Dakota	\$7,325
Alaska	6,982
Vermont	4,594
Connecticut	4,487
Hawaii	4,340
Minnesota	3,880
Wyoming	3,752
New York	3,749
Delaware	3,615
Massachusetts	3,571
California	3,474
New Jersey	3,267
Maryland	3,056
Illinois	3,005
Maine	2,924
Arkansas	2,901
West Virginia	2,900
Wisconsin	2,877
Rhode Island	2,796
Iowa	2,710
Washington	2,678
Pennsylvania	2,659
Kansas	2,633
Montana	2,605
Indiana	2,577
Michigan	2,535
Nebraska	2,526
Nevada	2,518
New Mexico	2,494
Mississippi	2,475
Kentucky	2,461
North Carolina	2,414
Ohio	2,362
Oregon	2,331
Virginia	2,323
Oklahoma	2,309
Idaho	2,220
Utah	2,182
Colorado	2,135
Arizona	2,033
Louisiana	1,994
Texas	1,955
Alabama	1,917
Tennessee	1,904
Missouri	1,843
South Carolina	1,827
<b>South Dakota</b>	<b>1,815</b>
New Hampshire	1,791
Georgia	1,781
Florida	1,769

\* [www.taxadmin.org/fia/taxs/13taxbur.html](http://www.taxadmin.org/fia/taxs/13taxbur.html)





The three figures in each state are, left to right or top to bottom, the gasoline tax per gallon, the sales tax rate, and the cigarette tax per package. Local tax rates are not included unless mandatory. "0" indicates the tax is not levied.

Data provided by the Federation of Tax Administrators and as shown on individual state government websites.

**Top Ten Highest Gasoline Tax Rates**

Pennsylvania	\$0.407
California	\$0.395
North Carolina	\$0.375
Washington	\$0.375
Rhode Island	\$0.320
Wisconsin	\$0.309
Maine	\$0.300
Oregon	\$0.300
Kentucky	\$0.294
Minnesota	\$0.285

**Top Ten Highest Sales Tax Rates**

California	7.5%
Indiana	7.0%
Mississippi	7.0%
New Jersey	7.0%
Rhode Island	7.0%
Tennessee	7.0%
Minnesota	6.875%
Nevada	6.850%
Arkansas	6.5%
Washington	6.5%

**Top Ten Highest Cigarette Tax Rates**

New York	\$4.350
Massachusetts	\$3.510
Rhode Island	\$3.500
Connecticut	\$3.400
Hawaii	\$3.200
Washington	\$3.025
Minnesota	\$2.830
New Jersey	\$2.700
Vermont	\$2.620
Wisconsin	\$2.520

**Comparing the Region**

	Gas Tax (cts. per gallon)	Sales Tax (%)	Highest Individual Income Tax Rate (%)	Cigarette Tax (per package)
South Dakota	22	4	0	1.53
Iowa	21	6	8.98	1.36
Minnesota	28	6.875	9.85	2.83
Montana	27	0	6.9	1.70
Nebraska	26.4	5.5	6.84	0.64
North Dakota	23	5	3.22	0.44
Wyoming	23	4	0	0.60

## Department Resources

### Main Offices

**Revenue - Pierre Office\*** - Anderson Building, 445 East Capitol Avenue, Pierre, SD 57501, ph. 605.773.3311 (main phone)

(\*includes Administrative Services, Audits, Business Tax, Legal, Motor Vehicles, Office of the Secretary, and Property and Special Taxes)

**S.D. Lottery** - 711 East Wells Avenue, P.O. Box 7107, Pierre, SD 57501, ph. 605.773.5770

**S.D. Commission on Gaming** - 221 West Capitol Avenue, Suite 101, Pierre, SD 57501, ph. 605.773.6050

### Field Offices

**Aberdeen Revenue Office** - 14 South Main, Suite 1-C, Aberdeen, SD 57401, ph. 605.626.2218

**Deadwood Gaming Office** - 87 Sherman Street, Deadwood, SD 57732, ph. 605.578.3074

**Mitchell Revenue Office** - 417 North Main, Suite 112, Mitchell, SD 57301, ph. 605.995.8080

**Rapid City Revenue Office** - 1520 Haines Avenue, Suite 3, Rapid City, SD 57701, ph. 605.394.2332

**Rapid City Lottery Office** - 1000 Cambell Street, Suite 2, Rapid City, SD 57701, ph. 605.394.5106

**Sioux Falls Revenue Office** - 300 South Sycamore Avenue, Suite 102, Sioux Falls, SD 57110, ph. 605.367.5800

**Sioux Falls Lottery Office** - 3824 South Western Avenue, Sioux Falls, SD 57105, ph. 605.367.5840

**Watertown Revenue Office** - 715 South Maple, Watertown, SD 57201, ph. 605.882.5188

**Yankton Revenue Office** - 1900 Summit Street, Yankton, SD 57078, ph. 605.668.2939

### Toll-Free Phone Center

Department of Revenue staff are on hand to offer answers to your tax questions Monday through Friday from 8:00am to 5:00pm CST. Just call 1-800-TAX (829)-9188.

### Department Website

Visit us on the Internet at <http://dor.sd.gov>. Access any of our divisions through our Department of Revenue home page.

### Find us on:



Photos included in this booklet are courtesy of Kelsey Baker, Marketing and Communications Specialist.

State (SDCL 20-13) and federal (Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973 as amended, and the Americans with Disabilities Act of 1990) laws require that the Department of Revenue provides services to all persons without regard to race, color, creed, religion, sex, disability, ancestry, or national origin.

The South Dakota Department of Revenue 2014 Annual Report is written and designed to make information accessible to the general reader. Two hundred fifty copies of this document were printed at a cost of \$14.79 per document.



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