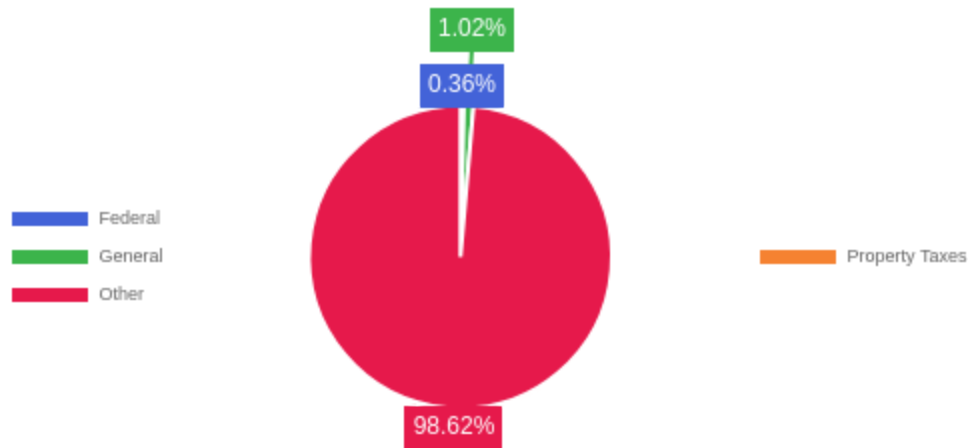


Department of Revenue

Fiscal Year 2026 Budget Brief Summary

Information contained in this document is based on the Governor's FY2026 Budget and may not correspond with the final budget adopted by the Legislature.

Source of Funds



Distribution of General Funds



Key Personnel

- Michael Houdyshell, Secretary
- Toni Richardson, Administration
- Rosa Yaeger, Motor Vehicles
- Kirsten Jasper, Chief Legal Counsel
- Doug Schinkel, Business Tax

- Jason Evans, Deputy Secretary
- Wendy Semmler, Property Taxes
- Daniel Webster, Audits
- Norm Lingle, Lottery
- Mark Heltzel, Commission on Gaming

Mission of the Department of Revenue

To provide the revenue necessary for the support of state and local government programs through the fair and consistent application of the tax laws and through a comprehensive program of education that explains the responsibilities and rights of taxpayers; to operate the state lottery established in SDCL 42-7A in a secure, efficient, and profitable manner; to provide for the safety and well-being of consumers and the general public by regulating the gaming, and racing industries.

Department of Revenue Budget Units

- Secretariat (0210)
- Business Tax (0220)
- Motor Vehicles (0230)
- Property Taxes (0240)
- Audits (0250)
- Instant and On-line Operations - Info (0281)
- Video Lottery (0282)
- Commission on Gaming - Info (0293)

Major Items Summary - Department of Revenue

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$1,191,914	\$397,295	\$108,154,405	\$109,743,614	261.5	\$1,191,914	\$397,295	\$108,154,405	\$109,743,614	261.5
1. Close Mitchell and Watertown Field Offices	\$0	\$0	\$0	\$0	0.0	\$0	\$0	(\$167,281)	(\$167,281)	(2.0)
2. Eliminate 1 FTE from Motor Vehicle	\$0	\$0	\$0	\$0	0.0	\$0	\$0	(\$51,874)	(\$51,874)	(1.0)
3. Increased cost of 605Drive	\$0	\$0	\$0	\$0	0.0	\$0	\$0	\$1,400,000	\$1,400,000	0.0
4. Lower Cost of Data for Land Assessment	\$0	\$0	\$0	\$0	0.0	(\$60,000)	\$0	\$0	(\$60,000)	0.0
5. Sioux Falls One Stop Rent	\$0	\$0	\$275,000	\$275,000	0.0	\$0	\$0	\$275,000	\$275,000	0.0
FY 2026 Total Budget	\$1,191,914	\$397,295	\$108,429,405	\$110,018,614	261.5	\$1,131,914	\$397,295	\$109,610,250	\$111,139,459	258.5
Change from Base Budget	\$0	\$0	\$275,000	\$275,000	0.0	(\$60,000)	\$0	\$1,455,845	\$1,395,845	(3.0)
% Change from Base Budget	0.0%	0.0%	0.3%	0.3%	0.0%	(5.0%)	0.0%	1.3%	1.3%	(1.1%)

1. Close Mitchell and Watertown Field Offices

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	\$0	\$0	(\$167,281)	(\$167,281)	(2.00)

The governor recommends a decrease of **(\$167,281)** in **other fund** expenditure authority and a decrease of **(2.0)** FTE. Under this proposal, the Mitchell and Watertown field offices will entirely close, and the employees there will have the option to work remotely, or to travel to Sioux Falls, Aberdeen or Yankton. For each office that will close, a senior secretary position will be eliminated. All other positions will continue on as they currently are.

2. Eliminate 1 FTE from Motor Vehicle

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	\$0	\$0	(\$51,874)	(\$51,874)	(1.00)

The governor recommends a decrease of **(\$51,874)** in **other fund** expenditure authority and a decrease of **(1.0)** FTE in the Motor Vehicles Division, from the Pierre office.

605Drive should result in greater efficiency, and therefore reduce the reliance on temporary help within Motor Vehicle. In recent years, Motor Vehicle has run at or close to its FTE allocation.

3. Increased cost of 605Drive

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	\$0	\$0	\$1,400,000	\$1,400,000	0.00

The governor recommends an increase of **\$1,400,000** in **other fund** expenditure authority. Cost increases were written into the contract with the vendor for 605Drive. For this contract, the average annual on-going cost is roughly \$1.8 million. This includes hosting, maintenance, support, and licensing. The proposed technology fee would generate approximately \$2 million per year, allowing the department to pay the annual expenses as well as regular upgrades, which should occur every three to five years.

The above-mentioned fee to recoup these costs is proposed in a separate bill.

4. Lower Cost of Data for Land Assessment

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$60,000)	\$0	\$0	(\$60,000)	0.00

The governor recommends a decrease of **(\$60,000)** in **general funds** due to lower cost of land assessment data. This data had previously come from SDSU, and an internal data source has been found.

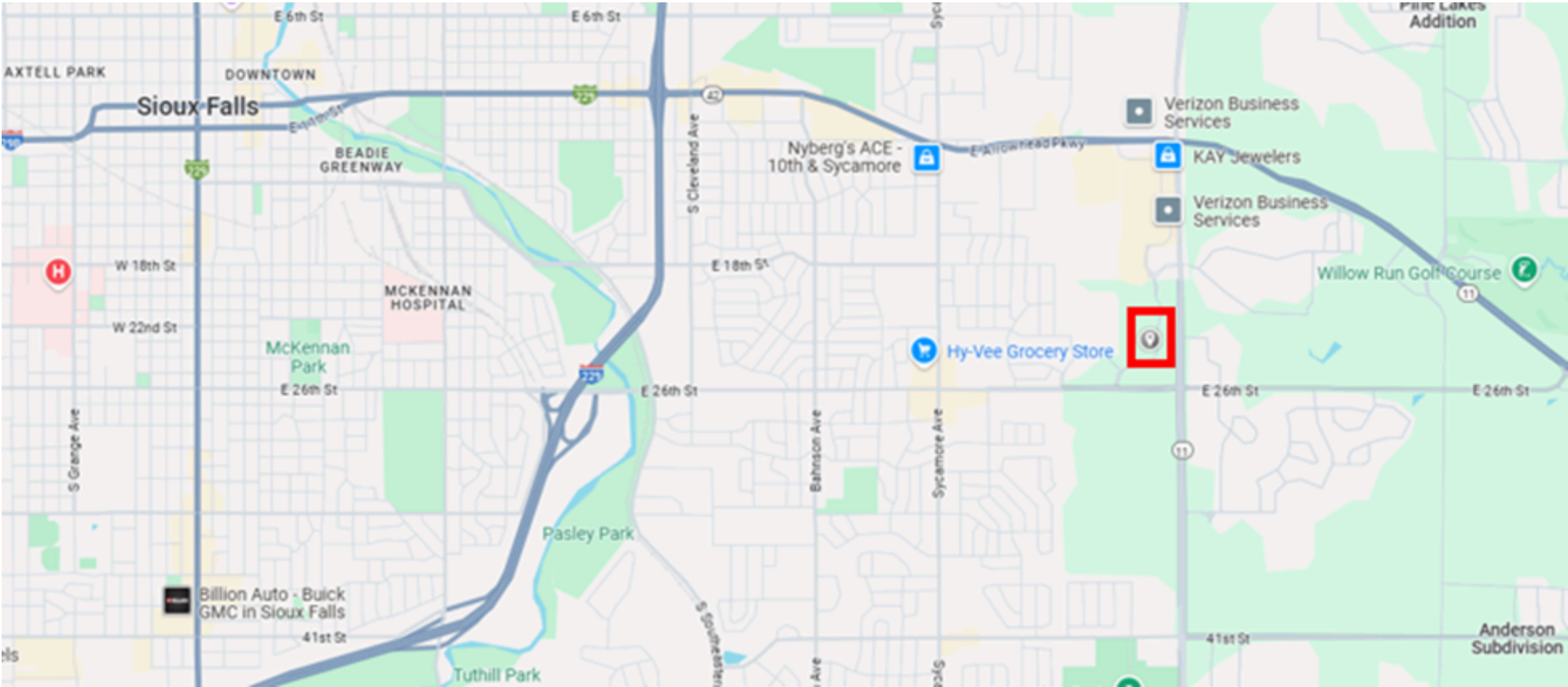
5. Sioux Falls One Stop Rent

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$275,000	\$275,000	0.00
Governor's Recommendation	\$0	\$0	\$275,000	\$275,000	0.00

The agency requests an increase of **\$275,000** in **other fund** expenditure authority for the cost of operating the Sioux Falls One Stop. The amount is based on the number of square feet within the One Stop that Revenue’s offices occupy, with the total cost prorated.

The Sioux Falls One Stop is a building set to house multiple agencies designed to centralize public service in the Sioux Falls area. The campus is set to be located along Highline Avenue just north of 26th Street. It is south of Dawley Farms Village in the eastern part of the city.

Below is a map of the location of the One Stop within Sioux Falls.



The One Stop is being developed by Dream Design International, which has teamed up with CO-OP Architecture and McGough Construction to complete the project. Dream Design was selected via [a bidding process started on September 12, 2022](#). The company has taken on the full cost of constructing the building.

The landlord for the building will be SF One Stop LLC, a company managed by the owner of Dream Design, Hani Shafai. The One Stop is expected to be completed and ready for move-in around June 2025. Agencies may move into the One Stop before the lease begins but must pay rent for the time that they occupy the building. The One Stop is set to house thirteen separate agencies.

The lease is for a period of 30 years, from September 1, 2025, to August 31, 2055. Each agency will be charged \$22.95 per sq. ft. for the lease plus \$3.97 per sq. ft. for the operating costs of the building for a total of \$26.92 per sq. ft. Along with their own square footage, agencies are responsible to cover the rent for a portion of the common area shared across the entire One Stop.

The state has agreed to pay, in total, \$543,387 per month for rent and \$93,998 per month for operating costs. The state is also responsible for covering the cost of electricity, gas, water, sewer, telephone, cable, janitorial services, garbage pickup, and internet. The landlord has agreed to cover landscaping, lawn mowing, and snow removal. In the event the Legislature does not provide expenditure authority for renting space in the One Stop, the lease becomes null and void.

The table below shows the cost per agency for renting space in the Sioux Falls One Stop as opposed to renting space in the previous locations being used by these agencies.

SIOUX FALLS			Prior to One Stop			One Stop			Difference		
Agency	Address	City	SqFt	Price per SqFt	Annual Cost	SqFt	Price per SqFt	Annual Cost	SqFt	Price per SqFt	Annual Cost
DOH	4101 West 38th St	Sioux Falls	23,575	\$ 13.50	\$ 318,264	43,355	\$ 26.92	\$ 1,167,124	13,862	\$ 13.15	\$ 760,977
DOH	2900 West 11th St	Sioux Falls	5,918	\$ 14.85	\$ 87,882						
DHS	2900 West 11th St	Sioux Falls	7,640	\$ 14.85	\$ 113,454				13,811	\$ 12.62	\$ 563,265
DHS	811 East 10th St	Sioux Falls	7,534	\$ 13.75	\$ 103,565						
DPS	2501 West Russell St	Sioux Falls	4,758	\$ 14.68	\$ 69,847				7,414	\$ 12.24	\$ 257,811
DOR	300 S Sycamore Ave Ste 102	Sioux Falls	9,578	\$ 18.45	\$ 176,666	14,597	\$ 26.92	\$ 392,959	5,019	\$ 8.47	\$ 216,293
DLR	301 East 14th Suite 200	Sioux Falls	1,260	\$ 13.86	\$ 17,462	38,882	\$ 26.92	\$ 1,046,710	15,120	\$ 13.35	\$ 724,279
DLR	1500 W 51st St Suite 102	Sioux Falls	4,703	\$ 13.00	\$ 61,139						
DLR	1500 W 51st St Suite 106	Sioux Falls	3,563	\$ 13.50	\$ 48,101						
DLR	811 East 10th St	Sioux Falls	14,236	\$ 13.75	\$ 195,730						
DSS	811 East 10th St	Sioux Falls	42,018	\$ 13.75	\$ 577,631	96,552	\$ 26.92	\$ 2,599,180	45,048	\$ 12.76	\$ 1,869,773
DSS	3900 West Technology Circle, S	Sioux Falls	9,486	\$ 16.00	\$ 151,776						
GOED	4901 South Isabel Place Suite 2	Sioux Falls	3,755	\$ 21.57	\$ 81,002	5,834	\$ 26.92	\$ 157,057	2,079	\$ 5.35	\$ 76,055
BIT	1701 North Terin Circle	Sioux Falls	2,500	\$ 6.25	\$ 15,625	10,124	\$ 26.92	\$ 272,545	7,624	\$ 20.67	\$ 256,920
DANR	4305 S Louise Ave Suite 107	Sioux Falls	700	\$ 12.52	\$ 8,764	7,477	\$ 26.92	\$ 201,275	5,142	\$ 13.42	\$ 169,763
DANR	4305 S Louise Ave Suite 104 & 1	Sioux Falls	1,635	\$ 13.91	\$ 22,748						
DOC	NA	NA	-	\$ -	\$ -	13,524	\$ 26.92	\$ 364,078	13,524	\$ 26.92	\$ 364,078
BHRA	4305 S Louise Ave	Sioux Falls	288	\$ 12.50	\$ 3,600	6,129	\$ 26.92	\$ 165,005	5,841	\$ 14.42	\$ 161,405
DOE	4001 West Valhalla Boulevard S	Sioux Falls	220	\$ 25.91	\$ 5,700	525	\$ 26.92	\$ 14,142	305	\$ 1.01	\$ 8,442
UJS	4101 West 38th St	Sioux Falls	534	\$ 13.50	\$ 7,212	5,966	\$ 26.92	\$ 160,602	5,432	\$ 13.42	\$ 153,390
			143,901	\$ 14.36	\$ 2,066,167	284,124	\$ 26.92	\$ 7,648,618	140,223	\$ 12.56	\$ 5,582,451

The governor recommends this request.

Department of Revenue Budget Request

By Fund Category	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
General	\$892,446	\$1,099,945	\$1,166,940	\$1,191,914	\$1,191,914	\$1,131,914	(\$60,000)
Federal	\$546,580	\$334,949	\$392,064	\$397,295	\$397,295	\$397,295	\$0
Other	\$103,725,937	\$110,044,858	\$113,736,993	\$108,154,405	\$108,429,405	\$109,610,250	\$1,455,845
Total	\$105,164,963	\$111,479,752	\$115,295,997	\$109,743,614	\$110,018,614	\$111,139,459	\$1,395,845
By Program	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Secretariat	\$4,363,749	\$4,813,709	\$5,298,399	\$5,339,589	\$5,614,589	\$5,559,589	\$220,000
Business Tax	\$5,619,770	\$6,653,878	\$6,847,213	\$7,550,364	\$7,550,364	\$7,494,224	(\$56,140)
Motor Vehicles	\$10,441,734	\$11,698,526	\$12,918,811	\$11,842,560	\$11,842,560	\$13,190,686	\$1,348,126
Property Taxes	\$892,446	\$1,099,945	\$1,166,940	\$1,191,914	\$1,191,914	\$1,131,914	(\$60,000)
Audits	\$4,907,352	\$5,849,797	\$6,242,235	\$6,366,424	\$6,366,424	\$6,310,283	(\$56,141)
Instant and On-line Operations - Info	\$65,887,008	\$68,107,604	\$68,426,770	\$63,136,978	\$63,136,978	\$63,136,978	\$0
Video Lottery	\$2,429,123	\$2,527,476	\$2,968,514	\$2,995,987	\$2,995,987	\$2,995,987	\$0
Commission on Gaming - Info	\$10,623,781	\$10,728,818	\$11,427,115	\$11,319,798	\$11,319,798	\$11,319,798	\$0
Total	\$105,164,963	\$111,479,752	\$115,295,997	\$109,743,614	\$110,018,614	\$111,139,459	\$1,395,845
By Object Expenditure Personnel Costs	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$18,324,419	\$21,481,967	\$23,245,016	\$24,084,382	\$24,084,382	\$23,920,227	(\$164,155)
Salaries	\$14,050,297	\$16,558,151	\$17,792,441	\$18,512,121	\$18,512,121	\$18,347,966	(\$164,155)
Benefits	\$4,274,122	\$4,923,816	\$5,452,575	\$5,572,261	\$5,572,261	\$5,572,261	\$0
Operating Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$86,840,544	\$89,997,785	\$91,017,711	\$85,659,232	\$85,934,232	\$87,219,232	\$1,560,000
Travel	\$565,093	\$539,070	\$827,098	\$741,461	\$741,461	\$741,461	\$0
Contractual Services	\$70,957,876	\$74,089,057	\$74,447,465	\$68,841,589	\$69,116,589	\$70,401,589	\$1,560,000
Supplies	\$5,665,408	\$5,083,189	\$5,755,713	\$5,570,141	\$5,570,141	\$5,570,141	\$0
Grants	\$8,832,121	\$8,990,677	\$9,338,050	\$9,175,000	\$9,175,000	\$9,175,000	\$0
Capital Outlay	\$383,822	\$894,928	\$356,385	\$1,038,041	\$1,038,041	\$1,038,041	\$0
Other Expenses and Budgeted Operating Transfers Out	\$436,223	\$400,864	\$293,000	\$293,000	\$293,000	\$293,000	\$0
Total	\$105,164,963	\$111,479,752	\$114,262,727	\$109,743,614	\$110,018,614	\$111,139,459	\$1,395,845

Operating Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Full-Time Equivalent (FTE)	241.29	252.24	261.5	261.5	261.5	258.5	(3.0)

Funding Sources (Governor's Recommended)						
	General	Federal	Other	General%	Federal%	Other%
STATE GENERAL FUND	\$1,131,914	\$0	\$0	100.0%	0.0%	0.0%
NO DESC (PRIOR)	\$0	\$397,295	\$0	0.0%	100.0%	0.0%
GAMING & RACING	\$0	\$0	\$11,384,605	0.0%	0.0%	10.4%
SALES & USE TAX COLLECTION FUN	\$0	\$0	\$16,701,075	0.0%	0.0%	15.2%
LICENSE PLATE REVOLVING	\$0	\$0	\$4,082,021	0.0%	0.0%	3.7%
STATE MOTOR VEHICLE FUND	\$0	\$0	\$11,309,584	0.0%	0.0%	10.3%
LOTTERY OPERATING FUNDS	\$0	\$0	\$66,132,965	0.0%	0.0%	60.3%