

SOUTH DAKOTA DEPARTMENT OF REVENUE

FY26 Recommended Budget

January 27, 2025
Michael Houdyshell, Cabinet Secretary
Toni Richardson, Director of Administration



Our Mission

Proactively providing fair and consistent revenue administration for South Dakota.

Core Values: Dedication, Integrity, Innovation, Accountability



Department of Revenue Leadership



Michael Houdyshell
Secretary



Jason Evans
Deputy Secretary

Secretariat



Administration
Toni Richardson
Director



Audits
Dan Webster
Director

Business & Special Tax
Doug Schinkel
Director



Motor Vehicles
Rosa Yaeger
Director

Property Taxes
Wendy Semmler
Director



Legal
Kirsten Jasper
Chief Legal Counsel

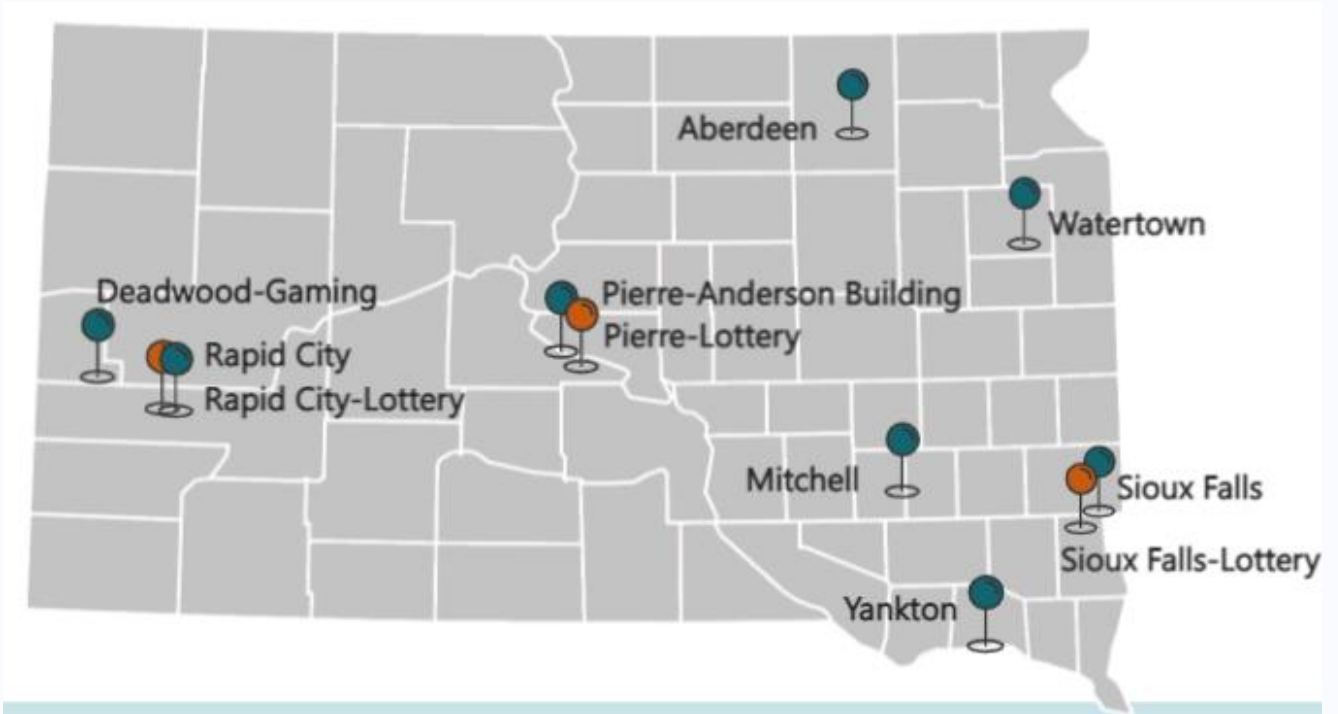


SD Lottery
Norm Lingle
Executive Director



Commission on Gaming
Mark Heltzel
Executive Secretary







Secretariat

- Office of the Secretary
- Administration
 - Budget, Finance, Internal Controls
 - Communications, Education, Strategic Planning
 - Technology Support, Project Management, Continuous Improvement
- Legal Services
 - Legal Representation
 - Investigative Services Bureau

Business and Special Taxes

- Licensing, Collections, Education
- Regulation of Tobacco and Alcohol industries
- Tribal Tax Collection Agreements

Property Tax

- Oversight of county property tax systems
- Productivity system for Ag land
- Training and certification of county assessors



Commission on Gaming

- Regulation of gaming industry in:
 - City of Deadwood
 - Pari-mutuel horse racing
 - Pari-mutuel wagering
- Assistance with Tribal gaming compacts

Motor Vehicles

- Title and Registration
- License Plates
- Motor Fuel
- Licensing of Trucking Industry
- Licensing and regulation of Motor Vehicle Dealers

SD Lottery

- Regulation of Video Lottery Industry
- Marketing Instant and On-line Lottery
 - Scratch Tickets
 - Lotto Games (PowerBall, Mega Millions, etc.)

Audit

- Compliance
- Information Verification of Return Data
- One on One Training

Modernization Update



605 DRIVE

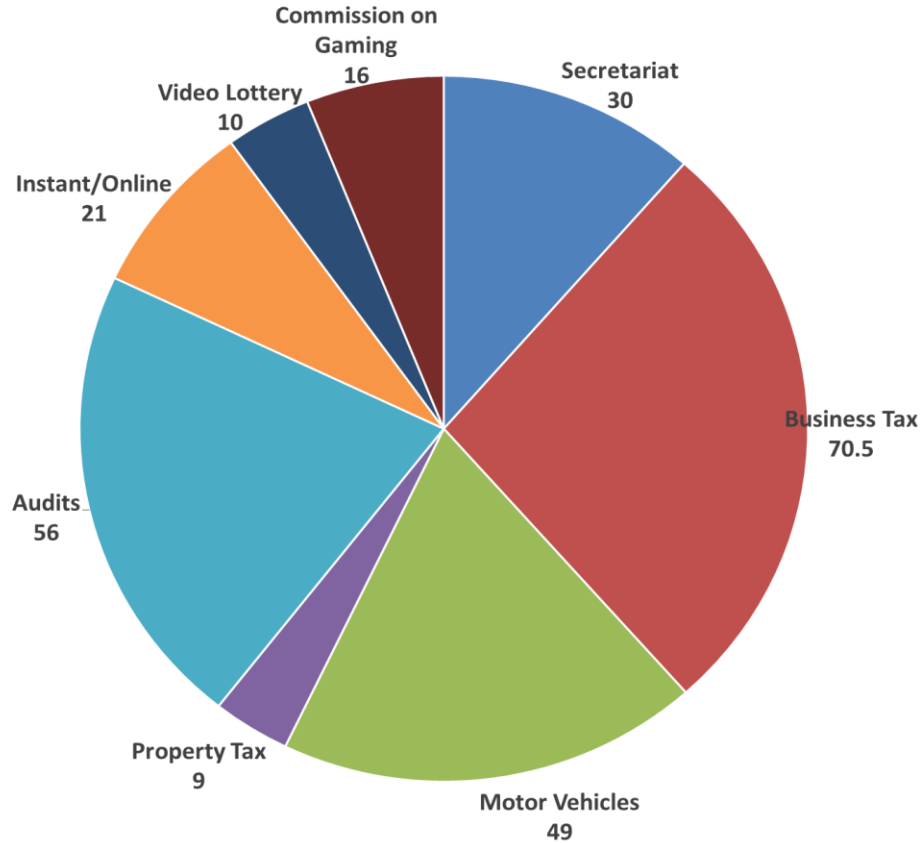
- Project Partner – Fast Enterprises
 - SD is the 20th state to implement the Fast solution for vehicle services
- Project Kickoff – December 13, 2023
- Planned Go Live Date – February 17, 2025

SB 45

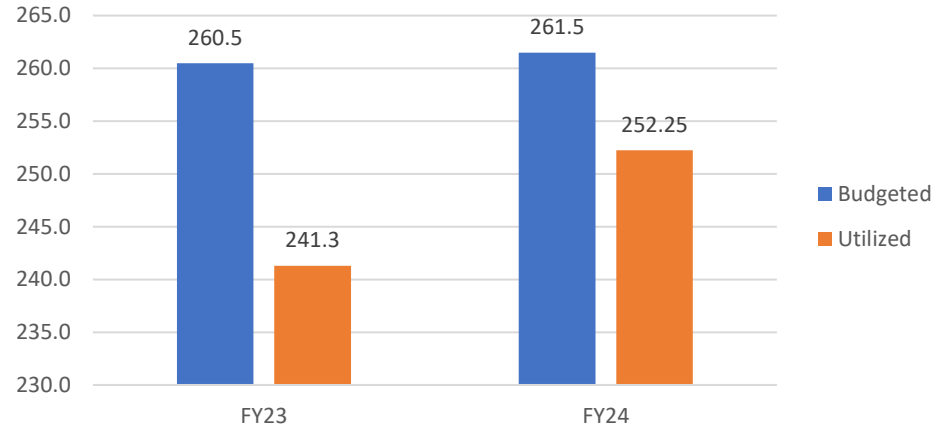
SB 45 – Impose a motor vehicle technology fee to support and enhance technology used to administer motor vehicle services, and to make an appropriation therefor.

Overview of Workforce

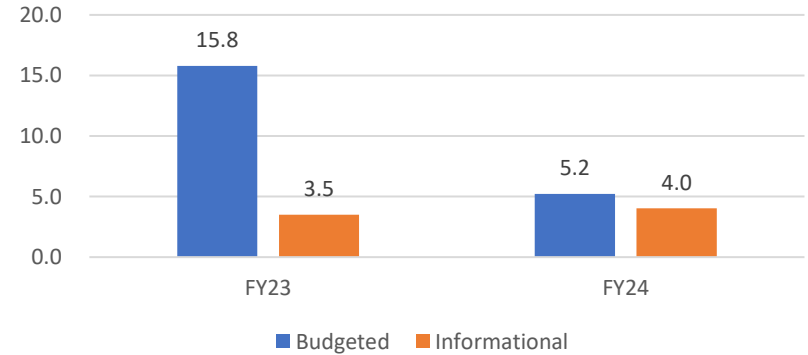
FTE by Program



FTE Utilization



Unutilized FTE



Workforce Information

Overtime

- FY23 – 2,327.9 hours for \$78,836.53
- FY24 – 2,830.9 hours for \$95,274.91
- Main Drivers of OT
 - Title Processing
 - Sturgis Rally

Turnover

- 15.5% in FY2022
- 12.7% in FY2023
- 12.0% in FY2024

By The Numbers

0

Long term Vacant positions

0

Positions being
contracted out due to
vacancy

9.5%

% Retirement Eligible
Today

21.4%

% Retirement
Eligible in 5 Years

34.5%

% Retirement
Eligible in 10 Years

Governor's FY2026 Budget Recommendation

FY2026 Recommended Budget

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	261.5	\$ 1,191,914	\$397,295	\$108,154,405	\$109,743,614
FY2026 Requested + / (-)	(3.0)	(\$60,000)	\$0	\$1,455,845	\$1,395,845
FY2026 Requested Budget	258.5	\$1,131,914	\$397,295	\$109,610,250	\$111,139,459

Secretariat

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FY2026 Recommended Budget

Secretariat

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	30.0	\$0	\$0	\$5,339,589	\$5,339,589
FY2026 Increase / (Decrease)	0.0	\$0	\$0	\$220,000	\$220,000
FY2026 Recommended	30.0	\$0	\$0	\$5,559,589	\$5,559,589
Personal Services		\$0	\$0	\$3,148,494	\$3,148,494
Operating Expenses		\$0	\$0	\$2,411,095	\$2,411,095
Total FY2026 Budget		\$0	\$0	\$5,559,589	\$5,559,589

Fund Source: Other Funds - Sales & Use Tax Collection Fund & Motor Vehicle Fund

Secretariat Budget Request

- \$220,000 Operating Expenses
 - \$275,000 increased rent for Sioux Falls One Stop
 - (\$55,000) decreased rent for closing Mitchell and Watertown field offices

Business Tax

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FY2026 Recommended Budget

Business Tax

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	70.5	\$0	\$0	\$7,550,364	\$7,550,364
FY2026 Increase / (Decrease)	(1.0)	\$0	\$0	(\$56,141)	(\$56,141)
FY2026 Recommended	69.5	\$0	\$0	\$7,494,223	\$7,494,223
Personal Services		\$0	\$0	\$6,047,694	\$6,047,694
Operating Expenses		\$0	\$0	\$1,446,529	\$1,446,529
Total FY2026 Budget		\$0	\$0	\$7,494,223	\$7,494,223

Fund Source: Other Funds - Sales & Use Tax Collection Fund

Business Tax Budget Request

- (1.0) FTE and (\$56,141) in Personal Services to eliminate a Sr Secretary position due to the closing of the Watertown field office

Motor Vehicles

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FY2026 Recommended Budget

Motor Vehicle

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	49.0	\$0	\$397,295	\$11,445,265	\$11,842,560
FY2026 Increase / (Decrease)	(1.0)	\$0	\$0	\$1,348,126	\$1,348,126
FY2026 Recommended	48.0	\$0	\$397,295	\$12,793,391	\$13,190,686
Personal Services		\$0	\$0	\$3,768,888	\$3,768,888
Operating Expenses		\$0	\$397,295	\$9,024,503	\$9,421,798
Total FY2026 Budget		\$0	\$397,295	\$12,793,391	\$13,190,686

Fund Source: Other Funds - Motor Vehicle Fund & License Plate Revolving Fund

Motor Vehicle Budget Request

- (1.0) FTE and (\$51,874) to eliminate a Title Processor due to efficiencies found with new 605Drive system
- \$1,400,000 Operating Expenses
 - \$2,000,000 authority for annual on-going maintenance and support of 605Drive system (SB45)
 - (\$600,000) reduced BIT expenses related to retired SDCars system

Property Tax

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FY2026 Recommended Budget

Property Tax

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	9.0	\$1,191,914	\$0	\$0	\$1,191,914
FY2026 Increase / (Decrease)	0.0	(\$60,000)	\$0	\$0	(\$60,000)
FY2026 Recommended	9.0	\$1,131,914	\$0	\$0	\$1,131,914
Personal Services		\$861,421	\$0	\$0	\$861,421
Operating Expenses		\$270,493	\$0	\$0	\$270,493
Total FY2026 Budget		\$1,131,914	\$0	\$0	\$1,131,914

Fund Source: General Funds

Property Tax Budget Request

- (\$60,000) Operating Expenses savings for Ag productivity data

Audits

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FY2026 Recommended Budget

	Audits				
	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	56.0	\$0	\$0	\$6,366,424	\$6,366,424
FY2026 Increase / (Decrease)	(1.0)	\$0	\$0	(\$56,140)	(\$56,140)
FY2026 Recommended	55.0	\$0	\$0	\$6,310,284	\$6,310,284
Personal Services		\$0	\$0	\$5,553,228	\$5,553,228
Operating Expenses		\$0	\$0	\$757,056	\$757,056
Total FY2026 Budget		\$0	\$0	\$6,310,284	\$6,310,284

Fund Source: Other Funds - Sales & Use Tax Collection Fund & Motor Vehicle Fund

Audit Budget Request

- (1.0) FTE and (\$56,140) in Personal Services to eliminate a Sr Secretary position due to the closing of the Mitchell field office

SD Lottery – Instant & On-line

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FY2026 Recommended Budget SD Lottery - Instant & On-Line Operations (Informational Budget)

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	21.0	\$0	\$0	\$63,136,978	\$63,136,978
FY2026 Increase / (Decrease)	0.0	\$0	\$0	\$0	\$0
FY2026 Recommended	21.0	\$0	\$0	\$63,136,978	\$63,136,978
Personal Services		\$0	\$0	\$2,067,429	\$2,067,429
Operating Expenses		\$0	\$0	\$61,069,549	\$61,069,549
Total FY2026 Budget		\$0	\$0	\$63,136,978	\$63,136,978

No Recommended Increases

Fund Source: Other Funds - Instant & On-Line

SD Lottery – Video Lottery

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FY2026 Recommended Budget SD Lottery - Video Lottery

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	10.0	\$0	\$0	\$2,995,987	\$2,995,987
FY2026 Increase / (Decrease)	0.0	\$0	\$0	\$0	\$0
FY2026 Recommended	10.0	\$0	\$0	\$2,995,987	\$2,995,987
Personal Services		\$0	\$0	\$991,451	\$991,451
Operating Expenses		\$0	\$0	\$2,004,536	\$2,004,536
Total FY2026 Budget		\$0	\$0	\$2,995,987	\$2,995,987

No Recommended Increases

Fund Source: Other Funds - Video Lottery

FY2026 Recommended Budget

Commission on Gaming

(Informational Budget)

	FTE	General Funds	Federal Funds	Other Funds	Total
FY2025 Operating Budget	16.0	\$0	\$0	\$11,319,798	\$11,319,798
FY2026 Increase / (Decrease)	0.0	\$0	\$0	\$0	\$0
FY2026 Recommended	16.0	\$0	\$0	\$11,319,798	\$11,319,798
Personal Services		\$0	\$0	\$1,481,622	\$1,481,622
Operating Expenses		\$0	\$0	\$9,838,176	\$9,838,176
Total FY2026 Budget		\$0	\$0	\$11,319,798	\$11,319,798

No Recommended Increases

Special Appropriations

- SB 44- \$425,000 (General Funds) - Sales Tax Refunds for the Elderly and Disabled
The Department provides refunds for real property tax and sales tax to persons who are elderly and disabled pursuant to SDCL chapters 10-18A and 10-45A.
- HB 1046 - \$107,500 (Federal Funds) – federal grant to integrate Heavy Vehicle Use Tax (HVUT) verification process into 605Drive and add the collection of DOT numbers for non-interstate vehicles.

Questions?



South Dakota
Department of Revenue



@SDRevenue



South Dakota DOR



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