

Professional, Dependable, Accountable... In partnership with South Dakota

South Dakota

Department

of
Revenue



2016 ANNUAL REPORT

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“Our team is committed to assisting the citizens of South Dakota with any questions and we strive to have open communication with everyone.”
~Secretary Gerlach

The FY2016 Department of Revenue Annual Report is available in the “publications” section on the department’s website at 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.

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 people without regard to race, color, creed, religion, sex, disability, ancestry, or national origin.

The South Dakota Department of Revenue 2016 Annual Report is written and designed to make information accessible to the general reader. One hundred seventy-five copies of this document were printed at a cost of \$5.15 per document.



A Message from the Secretary

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

I am pleased to again report a truly successful year for the Department of Revenue that supported our mission to partner with stakeholders and provide customer-oriented, fair, and reliable revenue administration.

In 2016, our Continuous Improvement initiative helped the department speed up processing time for the International Fuel Tax Agreement program, improve customer service by providing an enhanced frequently asked questions feature on our website, improve correspondence tracking by instituting an internal controls system for incoming mail, and improve our electronic processing system which will help our customers find services online, instead of in line.

FY2016 Department of Revenue Highlights

- New South Dakota license plates were created for the first time in a decade, with 1.5 million non-commercial vehicle and motorcycle plates reissued during the calendar year. The plates were manufactured by Pheasantland Industries at the South Dakota State Penitentiary. A new on-demand system for fulfilling special license plates orders is in place for providing a higher level of customer service.
- The 75th annual Sturgis® Motorcycle Rally™ in 2015 was one for the record books with a record-setting number of vendors attending. The total tax revenue was nearly \$2.4 million. Each year, the event is a great example of many state government agencies working together to help the City of Sturgis.
- FY2016 marked the first full year of revenue collected by 2015's Senate Bill 1, a comprehensive highway funding package. Page 33 of this report shows an in-depth description of the taxes and fees generated by the bill's passage.

Finally, I want to give credit to the professional and dedicated staff at each of the Department of Revenue offices located across the state. They are truly servant leaders who assist our customers in a professional and dependable way while being accountable to all South Dakotans.

Respectfully,

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

Professional

We are committed to maintaining a reputation of fairness, courtesy, and reliability in an atmosphere of mutual respect.

Dependable

We will focus on identifying and satisfying external and internal customer needs quickly.

Accountable

We will maintain an ethical standard of honesty and consistency while always being accountable to our stakeholders.

Public Service

Our employees are firmly committed to delivering prompt, courteous, respectful service to every customer, every time. We all chose public service as a profession.

Communication

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.

Innovation

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.

Your trusted source for all things Revenue

The Department of Revenue has a staff dedicated to public service and assisting our partners with all of their needs.

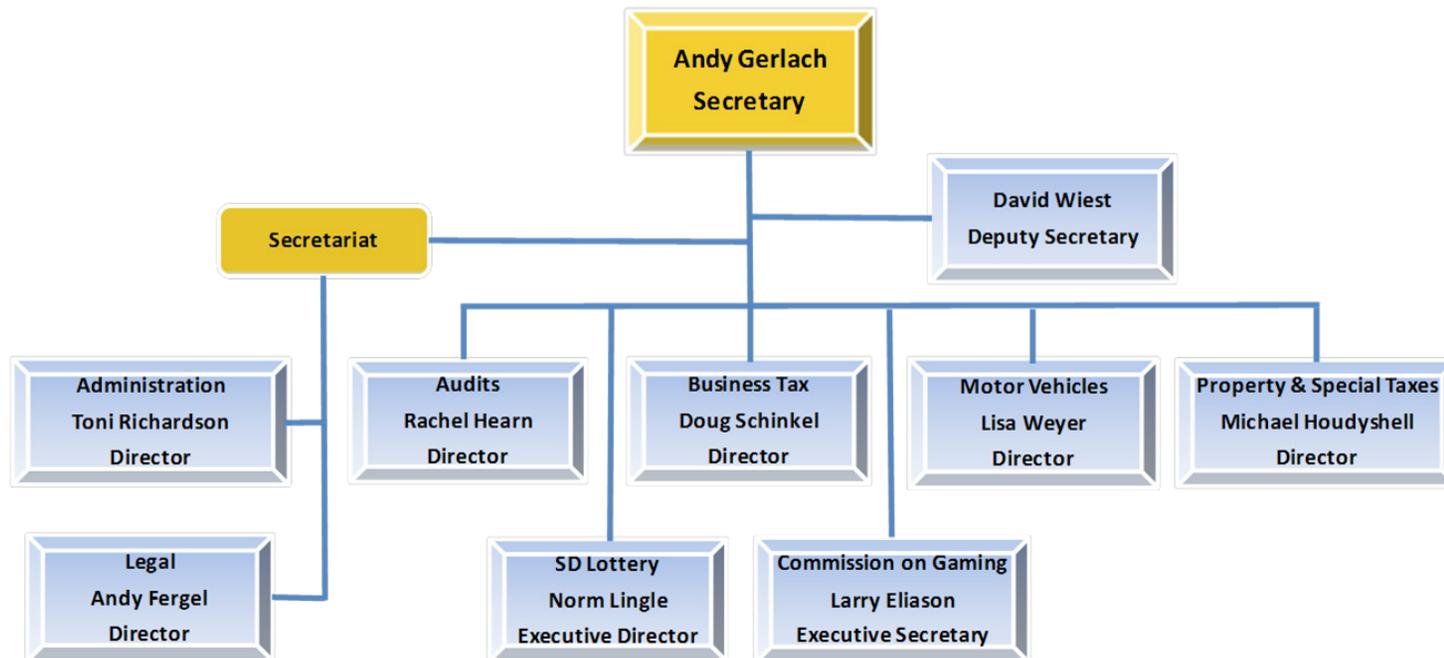
Our staff is comprised of **246** employees with a total of **3,006** years of public service to the State of South Dakota!



Who We Are

DOR Leadership Team (left to right):

David Wiest, Deputy Secretary;
 Larry Eliason, Commission on Gaming;
 Lisa Weyer, Motor Vehicles;
 Doug Schinkel, Business Tax;
 Andy Gerlach, Secretary;
 Rachel Hearn, Audits;
 Michael Houdyshell, Property and Special Taxes;
 Andy Fergel, Legal;
 Toni Richardson, Administration;
 Norm Lingle, Lottery.



Audits

Rachel Hearn, Director

Audits:

- Sales and Use Tax
- Municipal Tax
- Contractor's Excise Tax
- Motor Fuel Taxes
- Mineral Severance Tax

Identifies and resolves errors made in tax reporting

Legal Services

Andy Fergel, Chief Legal Officer

Provides:

- Routine legal counsel to the department
- Investigative Services Bureau
- Counsels contested cases regarding:
 - Audits
 - Jeopardy assessments
 - Relief agency requests
 - Motor vehicle issues
 - Alcohol license issues
 - Tax license revocations

Business Tax

Doug Schinkel, Director

Administers the following taxes through licensing, education, compliance, license reviews, and collection of delinquent taxes on licensed and unlicensed businesses:

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

Provides support to the tax collection agreements

Commission on Gaming

Larry Eliason, Executive Secretary

Comprised of five commissioners responsible for regulating the gaming industry in:

- City of Deadwood
- Pari-mutuel horse racing
- Pari-mutuel wagering

Administering Indian gaming compacts

Administration

Toni Richardson, Director

Provides professional services to the department

- Budget, finance, and procurement
- Technology support
- Social media and public information requests
- Education, both internal and external
- Continuous Improvement initiative
- Strategic planning

South Dakota Lottery

Norm Lingle, Executive Director

Markets:

- Instant Tickets
- Lotto games

Regulates:

- Video Lottery

Lottery Commission:

- Establishes policy
- Reviews and approves major contracts and procurements
- Consults on management and operation issues

Motor Vehicles

Lisa Weyer, Director

Handles motor vehicle titling and registration and oversees licensed dealers

Administers:

- International Registration Plan (IRP)
- Unified Carrier Registrations (URC)
- Commercial and Motor Vehicle Licensing
- International Fuel Tax Agreement (IFTA)

Collects:

- Motor Vehicle Excise Tax
- Motor Fuel Tax
- Special Fuel Tax

Property and Special Taxes

Michael Houdyshell, Director

Special Taxes:

Administers:

- Tobacco Tax
- Alcohol Tax
- Bank Franchise Tax
- Severance Tax
- Several other taxes

Regulates:

- Tobacco industry
- Alcohol industry

Property Tax:

- Assists local governments
- Assesses the centrally assessed companies

Administers:

- Telephone Gross Receipts Tax
- Alternative tax for commercial wind farms

2016 Tax Legislation

The South Dakota State Legislature passed several bills affecting the activities of the Department of Revenue during the 2016 Legislative Session. A complete listing of all bills introduced in the 2016 Legislative Session is available on the Legislative Research Council's website at <http://legis.sd.gov>. For more information on the bills that affected the Department of Revenue, view our 2016 Legislative Recap under the publications section of our website, <http://dor.sd.gov>.

The following pages detail some of the major bills relating to the Department of Revenue.

- House Bill 1051** Outlawed the intentional use, possession, purchase, programming, installation, design, and manufacturing of automatic sales suppression devices known as zappers. The possession or use of these programs is a Class 5 felony. These programs have been found in businesses such as restaurants, grocery stores, and gas stations.
- House Bill 1057** Gave the South Dakota Commission on Gaming the authority to promulgate rules for variations of craps and roulette. The Commission previously had this authority for variations of poker and blackjack.
- House Bill 1083** Made off-road vehicles (such as ATVs) subject to Motor Vehicle Excise Tax (4 %) rather than state Sales and Use Tax (4.5 %). This also required that these vehicles are sold by licensed dealers. These excise tax funds go to the state general fund.
- House Bill 1091** Legalized the use of ride-sharing companies. The bill established requirements regarding insurance for the vehicles used by these companies, and it exempted the drivers and vehicles used to provide these rides from certain commercial licensing requirements. These network companies are responsible for administering background checks and providing insurance.
- House Bill 1092** Removed the requirement of food sales in order to sell alcohol on a sidewalk or walkway adjacent to the licensed alcohol establishment (if authorized by local ordinance).
- House Bill 1113** Added a Motor Vehicle Excise Tax exemption for the transfer of a motor vehicle that is donated to a non-profit organization (501(c)(3)) located in South Dakota. The non-profit organization must sell the vehicle within 45 days in order to receive the exemption.
- House Bill 1120** Revised the definition of agricultural purposes to include harvesting of timber on land within the state of South Dakota. Companies harvesting timber may purchase Sales Tax exempt dyed diesel fuel to be used in off-road vehicles.
- House Bill 1150** Increased the property tax exemption available to local industrial development corporations. This bill allows for \$750,000 of real property owned by these corporations to be exempt from property taxation.
- House Bill 1204** Provided a Sales Tax exemption for certain non-profit corporations created for the purpose of fire protection.
- House Bill 1210** Allowed all municipalities to provide a license to sell alcohol at a municipal auditorium or convention hall.
- Senate Bill 2** Changed the distribution of alcoholic beverage tax funds. Under the new law the funds will be split among the following:
- 25% is split among the municipalities
 - 25% is split among the counties
 - 50% is retained by the State
- Senate Bill 3** Revised the criteria for determining if a property is classified as agricultural land for property tax purposes.
- Senate Bill 102** Permitted malt beverage or wine licenses and special event alcoholic beverage licenses to be issued at certain facilities and locations on state college campuses.

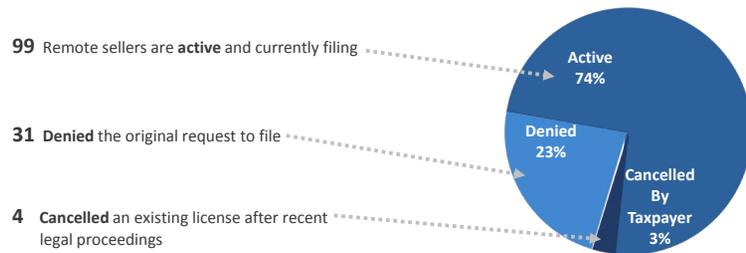
2016 Legislative Summary

SB 106 requires remote sellers with no physical location in South Dakota to remit Sales Tax and follow all procedures of the law, as if they have a presence in the state, if they met at least one of the following two criteria in the previous calendar year or the current calendar year:

- The remote seller's gross revenue from the sales of tangible property, any products transferred electronically, or services delivered into South Dakota exceeds \$100,000.
- The remote seller has 200 or more separate transactions of sales of tangible property, any products transferred electronically, or services delivered into South Dakota.

Below is a summary of the fiscal impact of the bill since it went into effect May 1, 2016 (all figures as of November 28, 2016).

134 Remote Seller Applications (As a result of SB 106)



Reported Tax Due (As a result of SB 106)



HB 1182 was introduced by Governor Dennis Daugaard as part of South Dakota's investment in education by increasing the state Sales and Use Tax from 4.0% to 4.5%. Due to an emergency clause, the new law went into effect June 1, 2016. Below are some statistics highlighting the efforts of the Department of Revenue to ensure a smooth implementation.

1,000
employee
hours

DOR employees dedicated an estimated 1,000 hours to implement HB 1182.

300
programming
hours

DOR partnered with the Bureau of Information and Telecommunications for an estimated 300 hours to make programming changes.

181,000
external
stakeholders

DOR communicated with an estimated 181,000 external stakeholders through mailings, our website, emails, press releases, and newsletters.

Chronology of Tax Legislation

- 1905 - Inheritance Tax** - 2000 Last major change: Voters repealed the tax.
- 1913 - License fees, Non-Commercial** - 2015 Last major change: Fees increased on non-commercial, non-commercial gross weight, recreational and trailer, motor home, motorcycles, and dealer plates. \$1.92 per pack of 25.
- 1923 - Cigarettes** - 2007 Last major change: Voters approved increasing the tax from \$0.53 to \$1.53 per pack of 20 and \$0.67 to \$1.92 per pack of 25.
- 1923 - Motor Fuel** - 2015 Last major change: Voters approved blended fuels (gasohol) to \$0.14 and tax rate for ethyl alcohol and gasoline to \$0.28 per gallon.
- 1935 - Alcohol Beverage** - 2011 Last major change: Changed tax rate for beverage with S.D. farm wines license. Added with a fee of \$325. Also added was a hunting preserve license with a fee of \$500.
- 1935 - Mineral Extraction** - 1994 Last major change: An off-sale malt gross yield and net income was added with a fee of \$500.
- 1939 - Bank Franchise** - 2000 Last major change: Changed from the bank franchise tax to gross production (\$4 per ounce of severed gold) and 10% of net income.
- 1941 - Special Fuel** - 2015 Last major change: Net income levels on which the bank franchise tax is based.
- 1941 - Special Fuel** - 2015 Last major change: Net income levels on which the bank franchise tax is based.
- 1977 - Energy Mineral** - No major changes have occurred since implementation.
- 1977 - Energy Mineral** - No major changes have occurred since implementation.
- 1988 - Tank Inspection Fee** - 1993 Last major change: Fee increased from \$0.01 per gallon to \$0.02 per gallon on all petroleum products introduced into South Dakota.
- 1988 - Tank Inspection Fee** - 1993 Last major change: Fee increased from \$0.01 per gallon to \$0.02 per gallon on all petroleum products introduced into a category at a rate of \$0.28 per gallon.
- 1998 - Alcohol Beverage: Cider** - 1998 Last major change: Cider was added as a category at a rate of \$0.28 per gallon.
- 2015 - Direct Wine Shipment** - Allowed wineries to ship wine directly from the winery to a customer's home.
- 1933 - License Fees, Commercial** - 2011 Last major change: The 10% license fee reduction for commercial vehicles was changed to apply to vehicles 10-years-old or more.
- 1935 - Sales Tax** - 2016 Last major change: The 10% excise tax on farm machinery also moved from 4% to 4.5%.
- 1937 - Motor Vehicle License Plates** - 2016 Last major change: Standard and Organization Emblem license plates were reissued.
- 1939 - Use Tax** - 2016 Last major change: Use tax rate changed from 4% to 4.5%.
- 1965 - Interstate Fuels** - 1995 Last major change: Standard into agreements for the collection of fuel tax on interstate motor carriers.
- 1979 - Contractor's Excise Tax** - 1995 Last major change: Allowed state to enter increased from 1.5% to 2% on utility contracts.
- 1995 - Other Tobacco Products** - 2007 Last major change: Tax rate approved increasing from 10% to 35% the tax imposed on the whole-sale purchase price of other tobacco products.
- 2002 - Tourism Tax** - 2013 Last major change: The 1.5% tax rate sunset was removed.

Citibank, N.A. v. S.D. Dep't of Revenue, 2015 S.D. 67, 868 N.W.2d 381.

Citibank appealed the department's denial of its request that bank franchise taxes paid for the tax years 1999, 2000, 2001, and 2002 be refunded. The Office of Hearing Examiners found that the refund claim was time-barred based on the three-year statute of limitations contained in SDCL 10-59-19 and dismissed the case for lack of jurisdiction. The hearing examiner's decision was affirmed by the circuit court and ultimately the South Dakota Supreme Court.

Northern Border Pipeline Company v. S.D. Dep't of Revenue, 2015 S.D. 69, 868 N.W.2d 580.

The Department assessed Use Tax on the value of the natural gas that Northern Border burned to fuel its compressors. The Office of Hearing Examiners affirmed the department's assessment. Northern Border appealed the matter to the circuit court and the circuit court reversed the department's assessment. The department then appealed the circuit court's decision to the South Dakota Supreme Court. The South Dakota Supreme Court ultimately reversed the assessment, holding that Northern Border's use of untaxed natural gas to fuel its compressors did not constitute a taxable use.

Puetz Corporation v. S.D. Dep't of Revenue, 2015 S.D. 82, 871 N.W.2d 632.

Puetz challenged whether its construction management at-risk services, provided to public and non-profit entities, are subject to Contractor's Excise Tax. The Office of Hearing Examiners affirmed the department's certificate of assessment of Contractor's Excise Tax issued to Puetz. The circuit court reversed the hearing examiner's decision in all respects. The South Dakota Supreme Court reversed the circuit court and ultimately upheld the assessment. The Supreme Court held that Puetz, in its capacity as a construction manager at-risk, entered into a contract with a public entity to guarantee a satisfactorily completed public improvement project by a specific date for a specific cost – and that service is subject to Contractor's Excise Tax.

Midwest Railcar Repair, Inc. v. S.D. Dep't of Revenue, 2015 S.D. 92, 872 N.W.2d 79.

Midwest Railcar Repair appealed the department's assessment of Use Tax on parts and materials it used to repair railcars for two affiliated companies. In a separate proceeding, Midwest Railcar Repair appealed the department's denial of its refund requests for Sales Tax paid on its service of Burlington Northern railcars that were received by Burlington Northern in South Dakota. The Office of Hearing Examiners affirmed the certificate of assessment and upheld the denial of Midwest Railcar Repair's refund requests. Midwest Railcar Repair appealed and the circuit court found in its favor on both issues. The department appealed to the South Dakota Supreme Court. The South Dakota Supreme Court affirmed in part and reversed in part. The Supreme Court ruled that the parts and materials Midwest Railcar used to repair railcars were not subject to Use Tax. The Court also ruled that Midwest Railcar Repair was not entitled to a refund for Sales Tax paid on repairs made to Burlington Northern's cars when Burlington Northern received those repaired railcars at Midwest Railcar Repair's place of business in South Dakota.

In the Matter of the Sales Tax Liability of USA Tire Mgmt. Sys., Inc., 2016 S.D. 7, 874 N.W.2d 510.

USA Tire contested the assessment of Sales Tax on the gross receipts it received pursuant to a contract to remove tires from a foreclosed property. USA Tire argued that its activities fell within a trucking exemption. The Sales Tax assessment was affirmed by the Office of Hearing Examiners, the circuit court, and ultimately the South Dakota Supreme Court, all of whom found that the trucking service exemption was inapplicable because the service USA Tire provided was for the collection and disposal of waste.

Black Hills Truck & Trailer, Inc. v. S.D. Dep't of Revenue, 2016 S.D. 47, 881 N.W.2d 669.

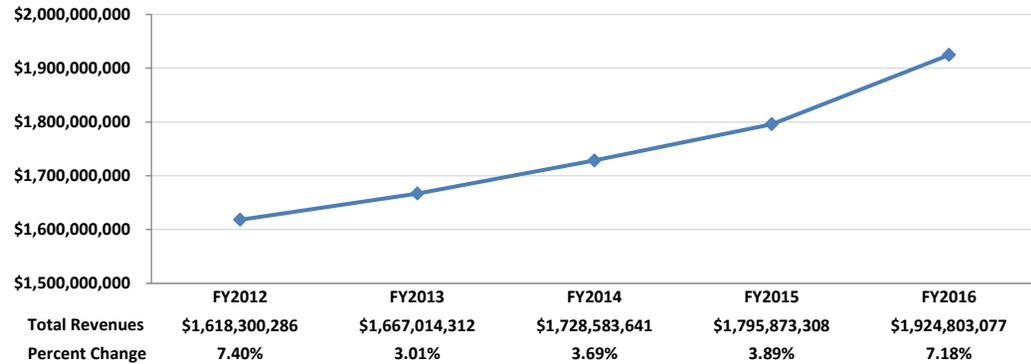
Taxpayers appealed the department's assessment of Use Tax on shop supplies used and consumed during the repair of vehicles. The Office of Hearing Examiners and circuit court both affirmed the department's assessment. The matter was appealed to the South Dakota Supreme Court, which also affirmed, holding that Use Tax was due on transactions where shop supplies, purchased without payment of Sales Tax, were used and consumed.

Tax Revenues

The Department of Revenue is the principal tax collection 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 contractor's 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 general fund, local units of government and the state highway fund.

In fiscal year 2016, revenue from all state taxes totaled \$1,924,803,077, which is an increase of \$128,929,769 from fiscal year 2015 revenues of \$1,795,873,308. Total revenues from the past five years are shown below.

Total Revenues: A Five-Year Comparison



By the numbers...

Of the total tax revenue collected in fiscal year 2016, 71.5% came from sales, use, and contractor's excise taxes. Motor fuel taxes accounted for 11.2%, motor vehicle taxes 10.5%, and special taxes 6.8%. The table below shows a five-year comparison of revenues collected in each category.

Revenues by Tax Category 2012-2016

Fiscal Year	Sales, Use, and Contractor's Excise Taxes	Motor Fuel Taxes*	Motor Vehicle Fees**	Special Taxes
2012	\$1,153,477,535	\$153,388,242	\$134,482,942	\$150,270,075
2013	\$1,199,905,288	\$161,903,333	\$140,560,673	\$125,819,051
2014	\$1,263,804,163	\$156,736,026	\$155,471,527	\$112,707,553
2015	\$1,303,995,340	\$169,843,878	\$165,401,153	\$113,125,971
2016	\$1,344,420,908	\$211,150,393	\$197,394,765	\$127,019,905
Five-Year Average	\$1,253,120,647	\$170,604,374	\$158,662,212	\$125,788,511

* Includes Tank Inspection Fees

** Includes Unified Carrier Registration Fee

Revenues by Tax Type

A three-year comparison in fiscal year 2016 shows that the revenue produced by the separate taxes and fees administered by the department varied from a low of \$1,200 to a high of \$869,421,055.

	<u>FY2014</u>	<u>% Increase / Decrease over Previous Year</u>	<u>FY2015</u>	<u>% Increase/ Decrease over Previous Year</u>	<u>FY2016</u>	<u>% Increase/ Decrease over Previous Year</u>
Sales and Use Taxes - State*	\$831,119,519	5.51%	\$844,618,565	1.62%	\$869,421,055	2.94%
Contractor's Excise Tax - State	\$90,409,495	7.04%	\$100,116,439	10.74%	\$101,496,551	1.38%
Sales, Use, Contractor's Excise Tax - Cities	\$332,396,971	4.80%	\$349,511,058	5.15%	\$363,584,600	4.03%
Sales, Use, Contractor's Excise Tax - Tribal	\$9,878,178	-6.14%	\$9,749,278	-1.30%	\$9,918,702	1.74%
Tourism Tax	\$10,671,323	5.49%	\$11,413,097	6.95%	\$12,902,062	13.05%
911 Emergency/Prepaid Wireless Surcharge	\$13,177,032	9.79%	\$13,044,394	-1.01%	\$13,031,566	-0.10%
Water and Environment Fund	\$259,455	-25.34%	\$276,778	6.68%	\$28,490	-89.71%
Intermediate Care Facility	\$1,258,329	-1.94%	\$1,302,499	3.51%	\$1,202,367	-7.69%
Reinvestment Program	\$1,262,529	NA	\$4,121,212	226.43%	\$4,306,298	4.49%
Building SD Fund	\$321,412	NA	\$816,003	153.88%	\$1,550,700	90.04%
Motor Vehicle Leasing Fund	\$1,743,991	9.97%	\$1,806,948	3.61%	\$1,890,096	4.60%
Telecom	\$11,170,301	-17.21%	\$10,726,035	-3.98%	\$9,905,527	-7.65%
Aviation Fuel	\$716,436	-2.67%	\$728,070	1.62%	\$722,592	-0.75%
Motor Fuel Tax	\$134,198,389	-3.03%	\$145,860,377	8.69%	\$186,597,303	27.93%
Motor Fuel Tax - Tribal	\$3,552,410	-2.80%	\$4,267,870	20.14%	\$5,563,970	30.37%
International Fuel Tax Agreement (IFTA)	\$1,497,497	0.78%	\$1,596,887	6.64%	\$906,187	-43.25%
Tank Inspection Fees	\$16,771,294	-4.93%	\$17,390,674	3.69%	\$17,360,341	-0.17%
Prorate - Registration Fees and Excise Tax	\$18,536,020	8.55%	\$18,724,926	1.02%	\$20,203,207	7.89%
United Carrier Registration Fees	\$896,918	1.19%	\$883,113	-1.54%	\$823,029	-6.80%
Motor Vehicle Titles and Registration	\$136,038,589	10.96%	\$145,793,114	7.17%	\$176,368,529	20.97%
Cigarette Tax - State	\$51,981,414	0.70%	\$51,776,104	-0.39%	\$57,282,199	10.63%
Cigarette Tax - Tribal	\$2,136,129	-3.84%	\$2,128,349	-0.36%	\$2,268,267	6.57%
Cigarette License Fees	\$12,750	-8.60%	\$17,678	38.65%	\$12,752	-27.87%
Other Tobacco Products	\$7,444,528	8.15%	\$7,430,596	-0.19%	\$8,436,939	13.54%
Other Tobacco Products - Tribal	\$235,798	3.20%	\$238,972	1.35%	\$266,401	11.48%
Liquor License Fees	\$118,035	0.68%	\$124,200	5.22%	\$135,970	9.48%
Malt Beverage Beer License Fees	\$333,189	-0.99%	\$277,700	-16.65%	\$392,453	41.32%
Alcoholic Beverage Brand Registration Fees	\$388,714	1.90%	\$398,802	2.60%	\$497,550	24.76%
Beer Tax	\$6,182,644	-1.92%	\$6,058,750	-2.00%	\$7,099,483	17.18%
Liquor Tax	\$7,885,088	-0.42%	\$8,280,928	5.02%	\$7,729,184	-6.66%
Alcoholic Beverage 2% Purchase Price Tax	\$1,748,469	6.13%	\$1,788,282	2.28%	\$1,850,515	3.48%
Wholesale Beer License Fees	\$200	-50.00%	\$0	-100.00%	\$1,200	NA
Underage Penalty Fees	\$97,150	19.20%	\$89,425	-7.95%	\$79,800	-10.76%
Bank Franchise/Bank Card Tax	\$24,819,183	-32.65%	\$26,248,671	5.76%	\$32,684,269	24.52%
Ore Tax	\$1,897,450	-58.44%	\$2,890,933	52.36%	\$4,871,405	68.51%
Energy Mineral Tax	\$7,052,655	12.83%	\$5,011,373	-28.94%	\$3,064,999	-38.84%
Coin Laundry License Fees	\$256,882	-0.02%	\$248,440	-3.29%	\$238,084	-4.17%
Coin Laundry License Fees - Tribal	\$1,494	0.40%	\$1,427	-4.48%	\$1,388	-2.76%
Amusement Device Fee	\$71,556	-19.93%	\$70,200	-1.90%	\$66,864	-4.75%
Bingo License Fee	\$25,000	-16.67%	\$25,000	0.00%	\$25,000	0.00%
Bingo Tax	\$19,225	-3.42%	\$20,141	4.76%	\$15,183	-24.62%
Totals	\$1,728,583,641	3.69%	\$1,795,873,308	3.89%	\$1,924,803,077	7.18%

* The Sales and Use Tax calculations made by the Department of Revenue now follow the Bureau of Finance and Management's reporting methodology.

Where the Money Went

Distribution of Taxes and Fees

In fiscal year 2016, the \$1,924,803,077 in tax revenues collected by the department was distributed to various funds and units of government.

The largest portion of revenues, 55.7%, was deposited in the state general fund with 31.6% going to local governments, 9.7% to the state highway fund, and 3.0% to other uses.



The state highway fund supports the construction of roads and bridges throughout South Dakota.



Nearly half of the state general fund supports local K-12 schools, state universities, and technical institutes.

Business Tax	<u>General Fund</u>	<u>Local Government</u>
State Sales and Use Tax	100%	-0-%
State Contractor's Excise Tax	100%	-0-%
Municipal Sales and Use Tax	-0-%	100%

Motor Vehicles	<u>General Fund</u>	<u>Local Government</u>	<u>State Highway Fund</u>	<u>Other</u>
Aviation Fuel Tax	-0-%	-0-%	-0-%	Aeronautics Fund (DOT)
Motor Fuel and Special Fuel	-0-%	-0-%	100%	
Prorate Fee (1)	-0-%	98.5%	-0-%	(2)
Motor Vehicle Excise Tax	-0-%	-0-%	100%	
Motor Vehicle Registration Fee	-0-%	95.75%	-0-%	(3)
Motor Vehicle Licensing Receipts:				
Snowmobiles	-0-%	-0-%	-0-%	(4)
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) Other prorated fees: duplicate cab card, trailer fees, tractor registration fees, and transfer fees are deposited to the State Highway Fund. Trailer ID fees and duplicate fees are deposited to the license plate special revenue fund. Title and penalty fees and administration fees are deposited to the State Motor Vehicle Fund.

(2) .5% is deposited to the State Motor Vehicle Fund, and 1% goes to the License Plate Special Revenue Fund. The percentages were changed in 2000.

(3) 1.75% is deposited to the State Motor Vehicle Fund, and 2.5% goes to the License Plate Special Revenue Fund.

(4) 90% goes to Game, Fish, and Parks, 10% to State Motor Vehicle Fund.

Where the Money Went

	<u>General Fund</u>	<u>Local Government</u>
<u>Alcohol and Tobacco</u>		
Alcoholic Beverage 2% Purchase Price Tax	100%	-0-%
Wholesale Liquor License Fee	100%	-0-%
Alcohol Beverage Brand Registration Fee	100%	-0-%
Cigarette Excise Tax	(5)	-0-%
Cigarette License Fee	100%	-0-%
Malt Beverage Occupational Tax	75%	25%
Distilled Spirits Occupational Tax	75%	25%
Wines and Diluted Beverages	75%	25%
Malt Beverage License Fee	50%	50%
Other Tobacco Products Tax	(5)	-0-%

(5) The first \$30 million collected annually is deposited in the state general fund. The next \$5 million goes into the tobacco prevention and reduction trust fund. The remaining revenue in excess of \$35 million is deposited into the state general fund.

	<u>General Fund</u>	<u>Local Government</u>	<u>Other</u>
<u>Other Special Taxes</u>			
Bank Franchise Tax (6)	26.66%	73.33%	-0-%
Ore Tax	100% (7)	-0-%	-0-%
Coin Operated Laundromat Fee	100%	-0-%	-0-%
Energy Minerals Severance Tax	50%	50%	-0-%
Conservation Tax	-0-%	-0-%	(8)
Amusement Machine Registration	(9)	(9)	-0-%



Funds transferred to local governments help support items such as fire departments, law enforcement, and schools.

(6) An exception exists regarding credit card banks. 95% of the revenue derived from the tax is deposited into the state general fund, while 5% goes to the county where the bank is located. If there is no physical presence in South Dakota, then 100% is deposited into the state general fund.

(7) Revenues from mining companies licensed after January 1, 1981 are split as follows: 80% to the state, 20% to the county production (subject to a \$1 million per county cap).

(8) 100% of the tax collected is placed in the environment and natural resources fee fund.

(9) Revenue from devices located outside of municipalities is deposited into the state general fund. If the amusement device is located within a municipality, then the revenues are remitted to the municipality.

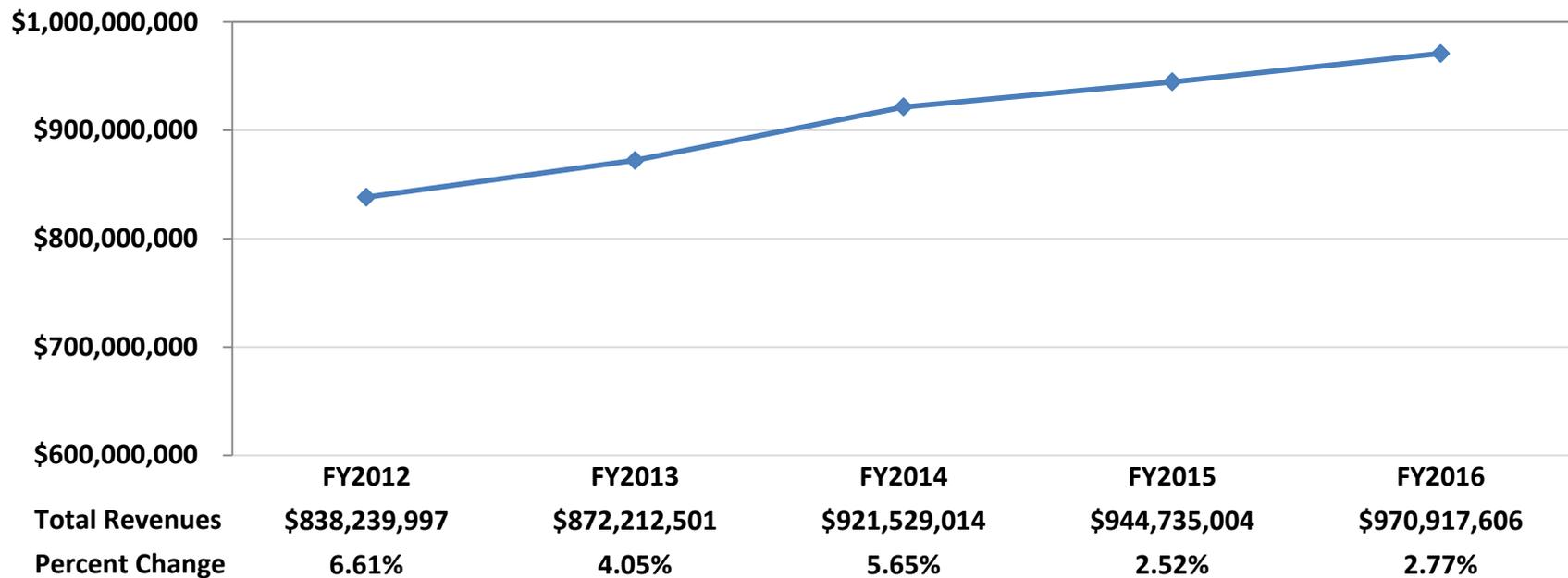
Tax Revenues

Sales, use, and contractor's excise taxes produced the largest portion of the total tax revenues, accounting for 69.9% of the total revenues in fiscal year 2016. These revenues come from more than 82,640 businesses that currently pay sales, use, and contractor's excise tax on their products and services. In fiscal year 2016, sales, use, and contractor's excise taxes in South Dakota totaled \$1,344,420,908. This includes state taxes, municipal taxes, and taxes collected pursuant to tax collection agreements with Indian tribes.

Of the \$1,344,420,908 collected, 64.7% came from the state Sales and Use Tax; 27.0% from municipal sales and use taxes; 7.6% from state Contractor's Excise Tax; and 0.7% from taxes collected pursuant to a tax collection agreement with Indian tribes.

Below is a five-year comparison of total state revenues from sales, use, and contractor's excise taxes.

Sales, Use, and Contractor's Excise Taxes State General Fund Revenue



While cities set their own tax rates, the department is responsible for collecting the 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 municipal sales and use 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 2016, 249 municipalities imposed municipal sales and use taxes. The maximum local tax 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 Municipal 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.

Buffalo Chip

The City of Buffalo Chip was incorporated as a municipality in early 2015 and in January of 2016, it began imposing a municipal sales tax.

In *Lippold et al. v. Meade County Board of Commissioner et al.*, 46CIV15-000094, (SD 4th Jud. Cir. Ct. Aug. 24, 2016), the Circuit Court ruled that the Board's decision in approving an Amended Petition for municipal incorporation of Buffalo Chip and setting the matter for public vote was a legal nullity and that all actions taken of any kind or character by the City of Buffalo Chip are void ab initio.

The Circuit Court's decision is currently on appeal to the South Dakota Supreme Court.

#	City	2016 MGRT Rate	2016 Sales and Use Tax Rate	FY 2015	FY 2016	%Change
1	Aberdeen	1%	2%	\$17,699,702.16	\$17,898,448.07	1.12%
2	Akaska	-	2%	\$36,865.00	\$18,656.01	-49.39%
3	Alcester	-	2%	\$177,916.84	\$216,652.78	21.77%
4	Alexandria	-	2%	\$130,036.68	\$143,328.43	10.22%
5	Alpena	-	1%	\$178,745.73	\$134,950.49	-24.50%
6	Andover	-	2%	\$34,005.38	\$25,439.48	-25.19%
7	Arlington	-	2%	\$501,448.00	\$608,625.32	21.37%
8	Armour	-	2%	\$261,215.40	\$256,038.84	-1.98%
9	Artesian	-	2%	\$19,688.65	\$17,997.01	-8.59%
10	Ashton	-	2%	\$13,482.64	\$16,012.87	18.77%
11	Astoria	-	2%	\$11,161.51	\$13,098.60	17.36%
12	Aurora	-	1%	\$56,263.01	\$61,056.97	8.52%
13	Avon	-	2%	\$148,969.68	\$162,180.82	8.87%
14	Baltic	1%	2%	\$143,875.00	\$151,770.18	5.49%
15	Belle Fourche	1%	2%	\$2,695,099.03	\$2,809,050.38	4.23%
16	Belvidere	-	2%	\$14,567.07	\$20,341.40	39.64%
17	Beresford	1%	2%	\$884,538.64	\$1,054,356.46	19.20%
18	Big Stone City	-	2%	\$351,403.78	\$316,026.39	-10.07%
19	Bison	-	2%	\$362,513.18	\$281,382.40	-22.38%
20	Blunt	1%	1%	\$47,127.78	\$41,246.53	-12.48%
21	Bonesteel	-	2%	\$70,953.96	\$82,802.22	16.70%
22	Bowdle	-	2%	\$142,392.30	\$144,728.85	1.64%
23	Box Elder	1%	2%	\$1,551,774.35	\$1,662,570.80	7.14%
24	Brandon	1%	2%	\$3,042,016.44	\$3,123,975.06	2.69%
25	Brandt	-	2%	\$21,061.30	\$17,989.56	-14.58%
26	Bridgewater	-	2%	\$85,805.74	\$114,368.33	33.29%
27	Bristol	-	2%	\$66,599.83	\$76,214.13	14.44%
28	Britton	1%	2%	\$705,884.10	\$782,752.99	10.89%
29	Brookings	1%	2%	\$13,185,664.49	\$13,741,581.59	4.22%
30	Bruce	-	1%	\$30,851.64	\$30,653.18	-0.64%
31	Bryant	-	2%	\$165,964.28	\$136,591.55	-17.70%
32	Buffalo	-	2%	\$239,142.81	\$178,088.16	-25.53%
33	Buffalo Chip	-	2%	\$0.00	\$23,433.75	NA
34	Burke	-	2%	\$280,483.21	\$283,795.22	1.18%
35	Camp Crook	-	1%	\$8,703.89	\$7,062.92	-18.85%
36	Canistota	1%	2%	\$218,044.59	\$192,021.74	-11.93%
37	Canova	-	1.95%	\$28,460.45	\$28,882.80	1.48%
38	Canton	1%	2%	\$1,091,392.91	\$1,121,722.16	2.78%
39	Carthage	-	2%	\$45,652.56	\$42,755.14	-6.35%
40	Castlewood	-	2%	\$125,730.83	\$130,046.02	3.43%
41	Cavour	-	2%	\$31,905.59	\$19,866.76	-37.73%
42	Centerville	1%	2%	\$149,649.44	\$171,968.88	14.91%
43	Central City	-	2%	\$67,295.41	\$70,006.71	4.03%
44	Chamberlain	1%	2%	\$1,401,487.72	\$1,529,699.29	9.15%
45	Chancellor	1%	2%	\$57,240.17	\$67,855.65	18.55%
46	Clark	-	2%	\$391,587.79	\$438,512.78	11.98%

Municipal Taxes

#	City	2016 MGRT Rate	2016 Sales and Use Tax Rate	FY 2015	FY 2016	%Change	#	City	2016 MGRT Rate	2016 Sales and Use Tax Rate	FY 2015	FY 2016	%Change
47	Clear Lake	1%	2%	\$491,514.25	\$548,292.52	11.55%	98	Hayti	-	2%	\$71,135.51	\$64,314.19	-9.59%
48	Colman	-	2%	\$169,585.72	\$177,939.97	4.93%	99	Hazel	-	1%	\$10,961.36	\$10,783.75	-1.62%
49	Colome	1%	2%	\$59,664.29	\$65,615.59	9.97%	100	Hecla	-	1%	\$54,188.23	\$42,707.50	-21.19%
50	Colton	1%	2%	\$117,128.48	\$112,587.55	-3.88%	101	Henry	-	1%	\$32,337.43	\$26,943.73	-16.68%
51	Columbia	-	2%	\$0.00	\$25,317.10	NA	102	Hermosa	-	2%	\$130,229.12	\$146,685.32	12.64%
52	Conde	-	2%	\$25,654.90	\$30,999.51	20.83%	103	Herreid	-	2%	\$242,203.02	\$243,450.93	0.52%
53	Corona	-	2%	\$18,070.13	\$17,553.82	-2.86%	104	Highmore	1%	2%	\$445,930.55	\$418,367.86	-6.18%
54	Corsica	1%	2%	\$337,564.57	\$295,937.37	-12.33%	105	Hill City	1%	2%	\$924,139.03	\$1,058,321.44	14.52%
55	Crooks	1%	2%	\$151,873.41	\$147,463.56	-2.90%	106	Hitchcock	-	1%	\$19,363.30	\$27,077.62	39.84%
56	Custer	1%	2%	\$1,638,825.14	\$1,776,343.89	8.39%	107	Hosmer	-	2%	\$52,681.96	\$51,382.54	-2.47%
57	Dallas	1%	2%	\$31,428.54	\$41,033.65	30.56%	108	Hot Springs	1%	2%	\$1,670,719.80	\$1,654,522.53	-0.97%
58	Davis	-	2%	\$12,721.90	\$11,072.83	-12.96%	109	Hoven	-	2%	\$191,689.42	\$180,328.65	-5.93%
59	De Smet	1%	2%	\$593,130.80	\$553,960.45	-6.60%	110	Howard	-	2%	\$417,943.27	\$397,525.48	-4.89%
60	Deadwood	1%	2%	\$3,188,131.48	\$3,457,405.45	8.45%	111	Hudson	-	2%	\$106,727.61	\$131,887.94	23.57%
61	Dell Rapids	1%	2%	\$1,005,244.77	\$1,112,526.35	10.67%	112	Humboldt	1%	2%	\$184,181.82	\$170,805.75	-7.26%
62	Delmont	-	2%	\$51,177.55	\$61,535.12	20.24%	113	Hurley	1%	2%	\$55,318.53	\$58,882.83	6.44%
63	Dimock	-	2%	\$29,745.56	\$49,186.13	65.36%	114	Huron	1%	2%	\$6,768,776.44	\$6,933,583.16	2.43%
64	Doland	-	2%	\$69,722.78	\$108,667.70	55.86%	115	Interior	-	1.90%	\$37,365.66	\$39,476.48	5.65%
65	Dupree	-	1%	\$49,472.66	\$50,189.68	1.45%	116	Ipswich	-	2%	\$423,114.35	\$447,402.56	5.74%
66	Eagle Butte	1%	2%	\$459,474.28	\$462,940.93	0.75%	117	Irene	1%	2%	\$101,594.83	\$127,944.12	25.94%
67	Eden	-	1%	\$22,178.36	\$22,736.95	2.52%	118	Iroquois	-	1%	\$31,586.11	\$28,268.33	-10.50%
68	Edgemont	1%	2%	\$218,907.27	\$316,964.58	44.79%	119	Isabel	-	2%	\$93,014.83	\$80,699.73	-13.24%
69	Egan	-	2%	\$28,582.78	\$33,827.15	18.35%	120	Java	-	2%	\$20,487.87	\$15,402.70	-24.82%
70	Elk Point	1%	2%	\$471,252.31	\$553,354.96	17.42%	121	Jefferson	-	2%	\$112,992.72	\$108,698.82	-3.80%
71	Elkton	-	2%	\$172,007.60	\$190,380.00	10.68%	122	Kadoka	1%	2%	\$288,675.23	\$292,417.44	1.30%
72	Emery	-	2%	\$165,643.11	\$141,674.13	-14.47%	123	Kennebec	1%	2%	\$116,149.66	\$241,601.02	108.01%
73	Estelline	-	2%	\$145,696.29	\$146,076.92	0.26%	124	Keystone	1%	2%	\$844,030.99	\$930,202.69	10.21%
74	Ethan	-	2%	\$147,450.73	\$174,799.69	18.55%	125	Kimball	1%	2%	\$342,858.20	\$332,855.10	-2.92%
75	Eureka	-	2%	\$286,910.30	\$307,204.57	7.07%	126	Kranzburg	-	2%	\$28,202.10	\$26,382.54	-6.45%
76	Fairfax	-	2%	\$48,049.00	\$30,905.98	-35.68%	127	La Bolt	-	1%	\$9,770.39	\$9,146.81	-6.38%
77	Fairview	-	2%	\$7,033.94	\$6,799.05	-3.34%	128	Lake Andes	-	2%	\$157,836.07	\$150,854.36	-4.42%
78	Faith	1%	2%	\$259,892.05	\$260,863.01	0.37%	129	Lake Norden	-	1%	\$178,661.45	\$184,385.52	3.20%
79	Faulkton	-	2%	\$336,579.78	\$300,261.92	-10.79%	130	Lake Preston	-	2%	\$170,340.28	\$168,268.68	-1.22%
80	Flandreau	1%	2%	\$619,251.86	\$593,911.26	-4.09%	131	Langford	-	2%	\$64,216.93	\$72,688.64	13.19%
81	Florence	-	2%	\$67,784.26	\$45,212.57	-33.30%	132	Lead	1%	2%	\$795,599.40	\$778,068.21	-2.20%
82	Fort Pierre	1%	2%	\$1,275,050.33	\$1,395,662.19	9.46%	133	Lemmon	1%	2%	\$667,053.03	\$727,120.32	9.00%
83	Frankfort	-	2%	\$19,538.88	\$19,437.05	-0.52%	134	Lennox	1%	2%	\$536,889.63	\$544,829.26	1.48%
84	Frederick	-	1%	\$27,195.19	\$26,058.92	-4.18%	135	Leola	-	2%	\$104,556.48	\$109,590.78	4.81%
85	Freeman	-	2%	\$579,316.73	\$577,950.36	-0.24%	136	Lesterville	-	2%	\$30,717.66	\$39,842.67	29.71%
86	Garretson	1%	2%	\$348,147.15	\$382,077.11	9.75%	137	Letcher	1%	2%	\$35,680.88	\$35,590.76	-0.25%
87	Gary	-	1%	\$46,110.55	\$44,508.07	-3.48%	138	Madison	1%	2%	\$3,336,297.66	\$3,163,324.07	-5.18%
88	Gayville	-	2%	\$44,857.82	\$44,675.25	-0.41%	139	Marion	-	2%	\$267,152.35	\$288,423.31	7.96%
89	Geddes	-	2%	\$51,737.22	\$52,207.04	0.91%	140	Martin	1%	2%	\$514,268.65	\$500,244.74	-2.73%
90	Gettysburg	1%	2%	\$593,048.62	\$576,499.81	-2.79%	141	McIntosh	-	2%	\$39,016.75	\$38,983.38	-0.09%
91	Glenham	-	2%	\$29,060.51	\$26,032.94	-10.42%	142	McLaughlin	-	1%	\$125,693.51	\$154,452.33	22.88%
92	Gregory	1%	2%	\$668,123.75	\$696,590.36	4.26%	143	Mellette	-	2%	\$47,337.47	\$55,738.79	17.75%
93	Grenville	-	2%	\$15,808.50	\$17,206.78	8.85%	144	Menno	-	2%	\$212,983.42	\$221,879.75	4.18%
94	Groton	1%	2%	\$514,085.71	\$488,993.40	-4.88%	145	Midland	-	2%	\$90,353.62	\$95,424.61	5.61%
95	Harrisburg	1%	2%	\$904,272.89	\$1,030,575.58	13.97%	146	Milbank	1%	2%	\$2,199,032.93	\$2,429,161.06	10.46%
96	Harrold	-	2%	\$50,640.21	\$78,618.72	55.25%	147	Miller	1%	2%	\$802,619.01	\$775,226.80	-3.41%
97	Hartford	1%	2%	\$777,371.38	\$836,830.71	7.65%	148	Mission	-	2%	\$436,601.25	\$393,605.55	-9.85%

#	City	2016 MGRT Rate	2016 Sales and Use Tax Rate	FY 2015	FY 2016	%Change	#	City	2016 MGRT Rate	2016 Sales and Use Tax Rate	FY 2015	FY 2016	%Change
149	Mitchell	1%	2%	\$11,803,929.92	\$11,880,415.88	0.65%	200	Spencer	-	2%	\$21,645.89	\$18,908.23	-12.65%
150	Mobridge	1%	2%	\$1,762,259.32	\$1,805,551.56	2.46%	201	Springfield	-	2%	\$217,548.76	\$217,300.16	-0.11%
151	Monroe	-	2%	\$10,396.53	\$9,772.05	-6.01%	202	Stickney	-	2%	\$149,805.07	\$123,913.00	-17.28%
152	Montrose	-	2%	\$70,915.23	\$76,283.16	7.57%	203	Stratford	-	2%	\$11,663.82	\$17,845.76	53.00%
153	Morristown	-	1%	\$11,437.67	\$13,415.11	17.29%	204	Sturgis	1%	2%	\$3,444,783.24	\$4,072,169.75	18.21%
154	Mound City	-	2%	\$17,611.06	\$21,110.64	19.87%	205	Summerset	1%	2%	\$466,452.61	\$508,785.03	9.08%
155	Mount Vernon	1%	2%	\$76,246.43	\$74,565.98	-2.20%	206	Summit	-	2%	\$119,580.81	\$136,782.30	14.38%
156	Murdo	1%	2%	\$460,812.71	\$500,207.01	8.55%	207	Tabor	-	2%	\$99,422.04	\$94,177.97	-5.27%
157	New Effington	-	2%	\$44,178.80	\$49,146.92	11.25%	208	Tea	1%	2%	\$1,198,291.00	\$1,323,596.72	10.46%
158	New Underwood	-	2%	\$99,171.92	\$101,664.45	2.51%	209	Timber Lake	-	2%	\$169,640.03	\$160,754.30	-5.24%
159	Newell	-	2%	\$199,097.85	\$210,657.16	5.81%	210	Toronto	-	1%	\$47,966.37	\$45,689.43	-4.75%
160	Nisland	-	2%	\$20,329.22	\$23,379.73	15.01%	211	Trent	-	1%	\$12,276.79	\$12,883.78	4.94%
161	North Sioux City	1%	2%	\$2,376,900.60	\$2,705,410.56	13.82%	212	Tripp	-	2%	\$138,372.69	\$114,590.56	-17.19%
162	Oacoma	1%	2%	\$616,126.22	\$728,287.06	18.20%	213	Tulare	-	1%	\$40,957.69	\$50,430.27	23.13%
163	Oldham	-	2%	\$17,006.97	\$16,433.34	-3.37%	214	Tyndall	-	2%	\$315,517.45	\$290,835.90	-7.82%
164	Olivet	-	1%	\$7,755.43	\$7,543.45	-2.73%	215	Utica	-	1%	\$6,984.41	\$7,041.18	0.81%
165	Onida	-	2%	\$279,955.79	\$253,674.18	-9.39%	216	Valley Springs	-	2%	\$109,479.48	\$95,222.92	-13.02%
166	Orient	-	1%	\$16,059.69	\$14,970.50	-6.78%	217	Veblen	-	2%	\$48,190.28	\$67,919.32	40.94%
167	Parker	-	2%	\$301,022.40	\$298,384.87	-0.88%	218	Vermillion	1%	2%	\$3,608,231.12	\$4,121,968.14	14.24%
168	Parkston	1%	2%	\$522,948.72	\$613,611.94	17.34%	219	Viborg	1%	2%	\$262,946.90	\$253,801.49	-3.48%
169	Peever	-	2%	\$22,176.09	\$22,901.82	3.27%	220	Volga	-	2%	\$441,160.83	\$460,637.59	4.41%
170	Philip	-	2%	\$558,321.34	\$563,753.66	0.97%	221	Volin	-	2%	\$18,511.19	\$18,231.07	-1.51%
171	Pickstown	-	2%	\$89,517.36	\$81,149.81	-9.35%	222	Wagner	-	2%	\$740,069.17	\$777,913.11	5.11%
172	Piedmont	-	2%	\$194,607.69	\$221,520.75	13.83%	223	Wakonda	-	2%	\$71,858.64	\$75,207.04	4.66%
173	Pierpont	-	2%	\$12,584.96	\$16,165.60	28.45%	224	Wall	1%	2%	\$1,242,239.40	\$1,371,306.82	10.39%
174	Pierre	1%	2%	\$8,095,648.42	\$8,388,421.14	3.62%	225	Wallace	-	1%	\$7,948.52	\$16,280.47	104.82%
175	Plankinton	-	2%	\$185,550.91	\$218,512.91	17.76%	226	Ward	-	2%	\$16,598.17	\$17,919.72	7.96%
176	Platte	1%	2%	\$720,573.49	\$692,315.47	-3.92%	227	Warner	-	2%	\$81,886.70	\$66,377.67	-18.94%
177	Pollock	-	2%	\$114,614.86	\$121,361.51	5.89%	228	Wasta	-	1%	\$4,919.04	\$3,406.47	-30.75%
178	Presho	-	2%	\$144,570.31	\$177,510.57	22.78%	229	Watertown	1%	2%	\$15,247,164.98	\$15,171,884.06	-0.49%
179	Pringle	-	2%	\$18,698.54	\$24,267.01	29.78%	230	Waubay	-	2%	\$121,736.57	\$116,503.18	-4.30%
180	Pukwana	-	2%	\$39,212.62	\$42,294.77	7.86%	231	Webster	1%	2%	\$912,691.64	\$1,014,673.53	11.17%
181	Quinn	1%	1%	\$6,732.43	\$6,151.91	-8.62%	232	Wentworth	-	2%	\$39,590.03	\$40,896.04	3.30%
182	Ramona	-	1%	\$9,876.14	\$12,356.84	25.12%	233	Wessington	-	2%	\$92,801.40	\$74,646.87	-19.56%
183	Rapid City	1%	2%	\$57,031,370.31	\$59,350,162.99	4.07%	234	Wessington Springs	-	2%	\$342,849.00	\$340,119.48	-0.80%
184	Redfield	1%	2%	\$931,763.25	\$1,062,450.83	14.03%	235	Westport	-	2%	\$0.00	\$12,273.01	NA
185	Reliance	1%	2%	\$59,290.90	\$108,225.96	82.53%	236	White	-	2%	\$149,096.65	\$67,196.84	-54.93%
186	Reville	-	1%	\$21,443.85	\$43,634.05	103.48%	237	White Lake	1%	2%	\$101,246.83	\$89,169.43	-11.93%
187	Roscoe	-	2%	\$123,786.43	\$141,558.15	14.36%	238	White River	-	2%	\$134,804.83	\$138,458.67	2.71%
188	Rosholt	-	1%	\$82,696.78	\$79,763.61	-3.55%	239	Whitewood	1%	2%	\$294,344.26	\$289,562.41	-1.62%
189	Roslyn	-	2%	\$49,309.33	\$35,524.14	-27.96%	240	Willow Lake	-	2%	\$73,858.24	\$103,411.97	40.01%
190	Saint Lawrence	-	2%	\$40,972.14	\$47,026.05	14.78%	241	Wilmot	-	2%	\$164,693.64	\$130,227.86	-20.93%
191	Salem	1%	2%	\$496,061.58	\$498,654.20	0.52%	242	Winner	1%	2%	\$1,627,278.94	\$1,650,815.11	1.45%
192	Scotland	-	2%	\$350,995.49	\$316,535.90	-9.82%	243	Witten	-	2%	\$10,180.37	\$5,740.41	-43.61%
193	Selby	-	2%	\$270,151.39	\$239,280.10	-11.43%	244	Wolsey	-	2%	\$130,446.47	\$134,237.03	2.91%
194	Sherman	-	1%	\$11,229.25	\$5,606.47	-50.07%	245	Wood	-	2%	\$11,094.61	\$12,857.83	15.89%
195	Sioux Falls	1%	2%	\$120,121,076.58	\$125,387,622.30	4.38%	246	Woonsocket	-	2%	\$190,243.91	\$163,802.05	-13.90%
196	Sioux Falls - Lodging	-	1%	\$903,249.95	\$1,005,959.16	11.37%	247	Worthing	1%	2%	\$156,786.77	\$140,101.88	-10.64%
197	Sisseton	1%	2%	\$1,108,128.84	\$1,123,106.69	1.35%	248	Yale	-	1%	\$21,290.56	\$15,824.59	-25.67%
198	South Shore	-	1%	\$26,587.57	\$25,521.07	-4.01%	249	Yankton	1%	2%	\$9,049,322.97	\$9,455,063.05	4.48%
199	Spearfish	1%	2%	\$7,912,261.25	\$8,193,592.17	3.56%		Municipal Totals			\$349,511,058.33	\$363,584,599.65	4.03%

Tax Revenues

Tribal Tax Collection Agreements

The State of South Dakota and five Indian tribes have entered into tax collection agreements that cover sales, use, and contractor's excise tax. The state and two Indian tribes have entered into tax collection agreements that cover use and contractor's 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 tribal taxes in those areas for the respective tribe.

<u>Special Jurisdiction</u>	<u>2016 ST Rate*</u>	<u>2016 UT Rate*</u>	<u>2016 ET Rate</u>	<u>Tourism</u>	<u>FY2015***</u>	<u>FY2016***</u>	<u>% Change</u>
Cheyenne River Sioux Tribe	4%	4%	2%	1.5%	\$2,946,218.26	\$3,097,848.00	5.15%
Crow Creek Sioux Tribe	4%	4%	2%	1.5%	\$489,101.83	\$473,786.07	-3.13%
Oglala Sioux Tribe	4%	4%	2%	- **	\$2,961,688.59	\$2,866,651.72	-3.21%
Rosebud Sioux Tribe	4%	4%	2%	1.5%	\$2,212,640.09	\$2,094,592.89	-5.34%
Sisseton-Wahpeton Oyate	-	4%	2%	-	\$9,009.28	\$7,268.92	-19.32%
Standing Rock Sioux Tribe	4%	4%	2%	1.5%	\$1,130,610.57	\$1,375,389.73	21.65%
Yankton Sioux Tribe	-	4%	2%	-	\$9.75	\$3,165.01	32,361.64%
Totals					\$9,749,278.37	\$9,918,702.34	1.74%

* South Dakota's state Sales and Use Tax rate increased to 4.5% on June 1, 2016.

** The Oglala Sioux Tribe imposed a 1.5% tourism tax beginning June 1, 2016.

***Amounts include audit payments.

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 contractor's 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 2016, the Business Tax Division closed 9,118 compliance cases and collected \$4,372,215.

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. Because reviews require less time to conduct than an audit, the program enables the department to contact a greater number of taxpayers. 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 2016, the division conducted 262 reviews and collected \$661,715.

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 at South Dakota's largest special events during fiscal year 2016 to the previous year.

Total Tax Collected from Special Events 2015-2016

<u>Event</u>	<u>FY2015*</u>	<u>FY2016*</u>	<u>% Increase (Decrease)</u>
Black Hills Stock Show	\$47,623.95	\$64,155.15	34.71%
Brookings Arts Festival	\$32,856.06	\$34,954.80	6.39%
Brown County Fair	\$24,411.81	\$23,486.32	-3.79%
South Dakota State Fair	\$166,233.27	\$180,563.45	8.62%
Northern Hills Motorcycle Rally**	\$1,099,668.48	\$1,918,869.92	74.50%
Southern Hills Motorcycle Rally***	\$289,852.29	\$484,958.72	67.31%
Central States Fair	\$46,772.10	\$49,766.38	6.40%
Sioux Empire Fair	\$55,453.11	\$55,424.40	-0.05%
Spearfish Arts Festival	\$17,533.11	\$19,504.87	11.25%
Totals	\$1,780,404.18	\$2,831,684.01	59.05%

*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.

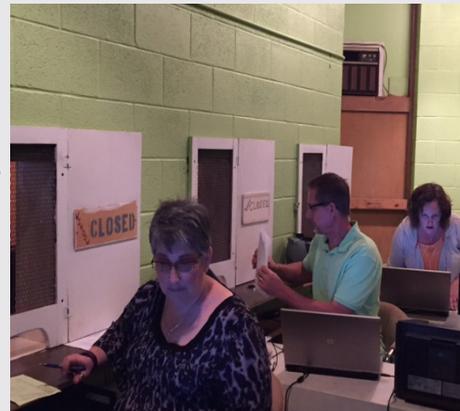
Note: Special Events occur at various dates of a calendar year. The tax amounts collected and identified above are being reported by the state's fiscal year period. For example, the Sturgis Motorcycle Rally amount reported for FY2016 was for the rally that occurred during August 2015.

DOR on the go

Our staff travel to many special events to ensure vendors are properly licensed and remitting the taxes that are due.

DOR hosts a temporary office in Huron during the South Dakota State Fair as well as several locations in the Black Hills during the Sturgis® Motorcycle Rally™.

Multiple divisions of DOR are represented at these events as we strive to build strong relationships with vendors and attendees at all of South Dakota's special events.



2015 Sturgis® Motorcycle Rally™

The 2015 Sturgis® Motorcycle Rally™ proved to be a historic one for all South Dakotans. The 75th annual rally garnered a record 1,437 temporary vendors to the Black Hills, eclipsing the previous high of 1,393 in 2005. The increased attendance resulted in a 58% increase in total tax revenue compared to the 2014 Sturgis® Motorcycle Rally™.

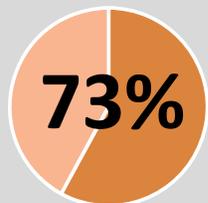


\$2,399,139 WAS COLLECTED AT THE 2015 75TH ANNUAL STURGIS® MOTORCYCLE RALLY™

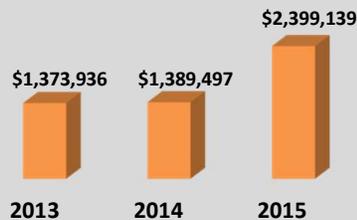
"The 75th Sturgis® Motorcycle Rally™ was a great event that will be remembered for many years in South Dakota. I'm pleased the Department of Revenue was able to assist vendors and local governments in making the Rally a success."

Andy Gerlach
Department Secretary

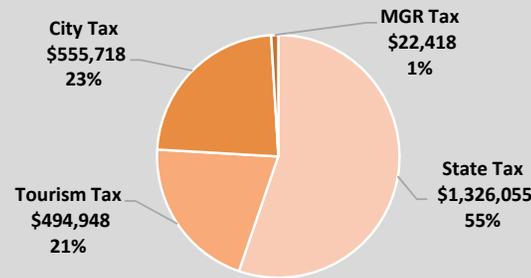
THAT'S A COLLECTION INCREASE OF



FROM 2014 TO 2015

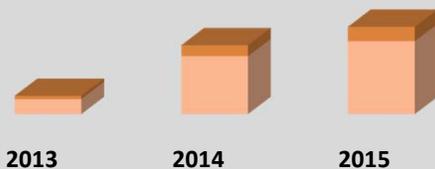


CONSISTING OF FOUR TYPES



FROM THE TWO REGIONS

Northern Hills Southern Hills



WITH A 12% INCREASE IN PREREGISTRATION RATE



1,437
TOTAL
VENDORS

56%

(811 OUT OF 1,437)
IN THE ACTUAL
CITY OF STURGIS

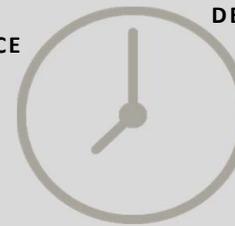
ACROSS TWO REGIONS

NORTHERN HILLS 80.89% SOUTHERN HILLS 19.11%



THE STURGIS
TEMPORARY OFFICE
WAS OPEN FOR

85
HOURS



DEPARTMENT OF REVENUE
EMPLOYEES WORKED
A TOTAL OF

1789
HOURS

The special taxes division 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.

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 2016, the division reverted \$15,071,522 back to counties, municipalities, and special jurisdictions.

Direct Wine Shipping

As of January 1, 2016, South Dakota consumers of legal drinking age may have wine shipped directly to their homes from properly licensed in-state and out-of-state wineries. The department receives reports from both the wineries and carriers to ensure compliance with state law. Through June 30, 2016, the following statistics show the initial impact of the new law:

Sales Tax Revenue:

\$27,565

Alcohol Tax Revenue:

\$11,221

Direct Shipper Licenses:

275

Total Gallons Shipped:

2,754 (approx. 13,900 bottles)

Total Shipments:

3,262

Direct Wine Shipper Search:

The department website features a direct wine shipper directory, which allows consumers to easily confirm that a winery is licensed to ship to South Dakota. This search has been used nearly 4,500 times.

Special Taxes

Sales or Property Tax Refund Program

The Sales or Property Tax Refund Program is a method of returning some of the dollars paid each year in sales and property taxes to senior and disabled citizens who meet certain income guidelines. The program has been in effect since 1974. During that period, the program has returned more than \$35 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.

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

- *Alcohol – Alcohol license applications, legal age issues, and operating hours for selling alcohol.*
- *Cigarettes/Tobacco – Required forms, minimum pricing, and licenses by names.*
- *Bank Franchise – Filing returns and making payments.*
- *Other Special Taxes – Coin-operated washer and dryer license applications, Energy Minerals Severance Tax and Conservation Tax information, Precious Metals Tax, and much more.*



Did you know?

58,943 accounts are registered on EPath, and 94% of those file returns electronically.

File and Pay Online with EPath

If you file and pay your Sales and Use Tax return on EPath, you could receive an incentive for paying online!

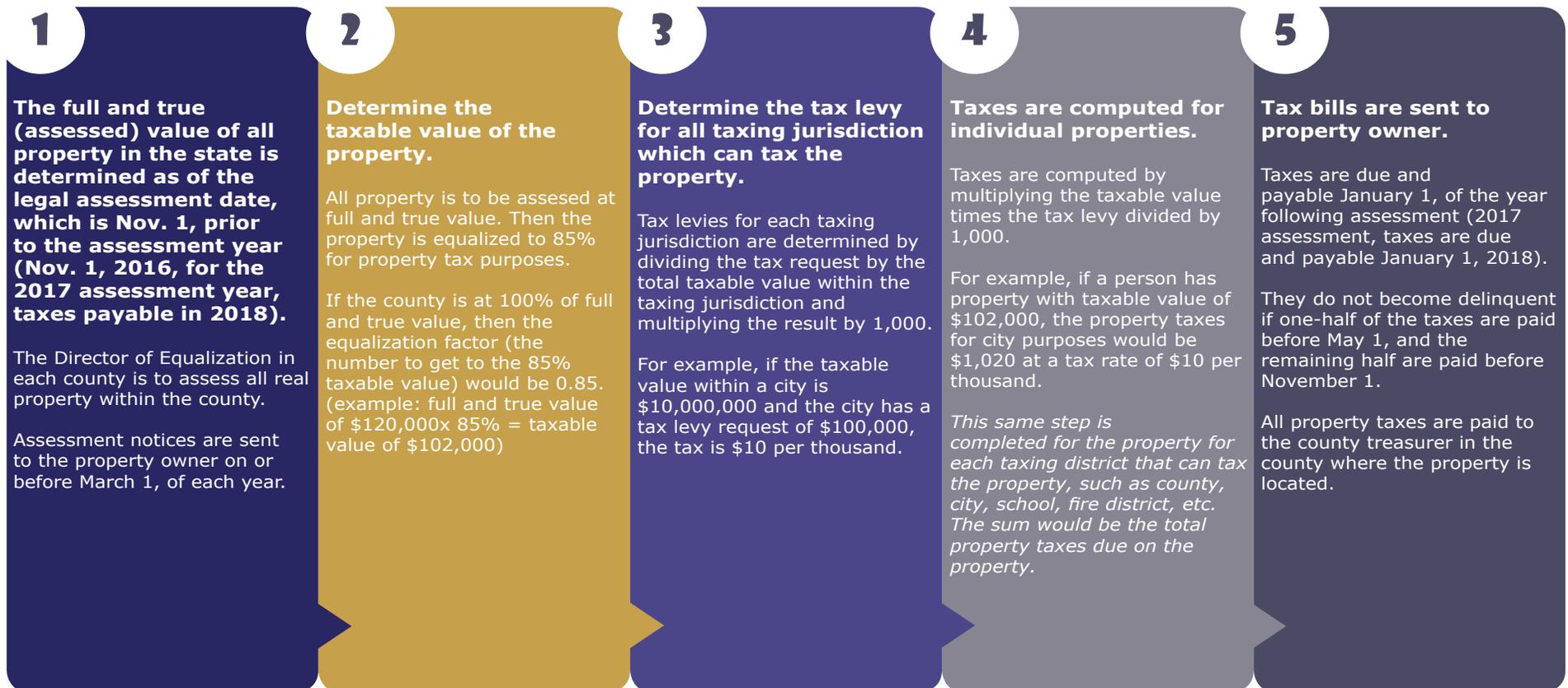
Use EPath to file and pay the following taxes:

- Sales and Use Tax
- Contractor's Excise Tax
- Motor Fuel Tax
- Bank Franchise Tax
- 911 Emergency Surcharge

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 primary role is to assist 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):



Property Taxes

Property Tax Payments

In 2016, 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 Paid

Year Taxes Are Payable	Agricultural*	% of Total	Owner - Occupied	% of Total	Commercial	% of Total	Utilities	% of Total	Special Assessments	% of Total	TOTAL
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	307,499,562	31.44	23,463,130	2.40	18,467,990	1.89	977,925,706
2011	240,496,832	23.97	403,337,138	40.21	312,194,141	31.12	22,646,984	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	1.82	1,031,533,239
2013	269,377,688	25.14	424,725,465	39.64	331,147,206	30.91	26,337,906	2.46	19,768,706	1.85	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	1,124,526,283
2015	313,174,676	26.32	462,029,557	38.83	363,467,432	30.54	28,251,171	2.37	23,070,108	1.94	1,189,992,944
2016	345,426,962	27.60	481,760,248	38.49	371,483,979	29.68	28,562,138	2.28	24,383,785	1.95	1,251,617,112

* Agricultural property taxes include NA-Z taxes for Pay 2006 to 2010

Property Taxes: Where the Money Went

For Taxes Payable In	County	% of Total	Municipalities	% of Total	Schools	% of Total	Townships	% of Total	Special Assessments	% of Total	TOTAL
2007	215,590,027	25.43	109,964,079	12.97	495,863,786	58.48	12,798,789	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	248,284,680	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	281,180,299	27.26	139,272,206	13.50	574,213,937	55.67	18,047,044	1.75	18,819,754	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
2015	315,353,572	26.50	157,338,152	13.22	674,236,597	56.66	19,994,514	1.68	23,070,108	1.94	1,189,992,943
2016	326,486,739	26.09	163,730,819	13.08	717,034,283	57.29	19,981,486	1.60	24,383,785	1.95	1,251,617,112

Taxable Valuations: 2016 Taxes Payable 2017

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.

Property Taxes

County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation	County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation
AURORA	697,314,651	50,080,422	30,704,067	778,099,140	HYDE	558,924,327	26,692,546	30,204,182	615,821,055
BEADLE	1,409,695,204	490,587,461	354,857,922	2,255,140,587	JACKSON	252,543,038	21,520,244	18,507,957	292,571,239
BENNETT	181,467,062	19,472,444	10,579,714	211,519,220	JERAULD	475,422,795	35,786,251	36,297,914	547,506,960
BON HOMME	605,275,213	116,704,961	55,209,571	777,189,745	JONES	293,867,075	15,757,532	17,132,740	326,757,347
BROOKINGS	958,727,835	1,082,792,250	909,916,308	2,951,436,393	KINGSBURY	1,015,404,273	137,128,587	110,071,648	1,262,604,508
BROWN	1,703,197,202	1,390,513,390	845,991,452	3,939,702,044	LAKE	746,371,555	463,448,092	279,602,389	1,489,422,036
BRULE	713,230,068	130,858,929	105,634,405	949,723,402	LAWRENCE	61,968,314	1,223,726,380	1,152,721,696	2,438,416,390
BUFFALO	175,824,155	1,532,961	1,238,960	178,596,076	LINCOLN	724,688,916	3,209,773,511	1,368,974,640	5,303,437,067
BUTTE	251,026,013	324,402,020	175,221,232	750,649,265	LYMAN	669,688,897	47,634,615	53,895,661	771,219,173
CAMPBELL	458,880,256	37,629,455	26,950,656	523,460,367	MARSHALL	728,226,153	137,016,691	117,394,112	982,636,956
CHARLES MIX	983,184,226	182,352,035	134,887,488	1,300,423,749	MC COOK	733,391,134	150,507,889	71,220,594	955,119,617
CLARK	921,422,314	57,231,467	106,539,874	1,085,193,655	MC PHERSON	682,452,582	40,254,944	32,375,624	755,083,150
CLAY	562,146,460	313,533,234	222,057,224	1,097,736,918	MEADE	631,839,681	895,906,050	713,261,113	2,241,006,844
CODINGTON	654,666,381	1,141,556,842	672,001,629	2,468,224,852	MELLETTTE	202,990,971	11,299,388	6,732,208	221,022,567
CORSON	311,045,270	14,510,926	42,754,576	368,310,772	MINER	652,596,073	38,177,602	65,886,134	756,659,809
CUSTER	136,100,363	469,490,435	337,772,841	943,363,639	MINNEHAHA	870,701,175	7,286,891,260	4,986,977,654	13,144,570,089
DAVISON	487,816,630	661,481,660	491,456,133	1,640,754,423	MOODY	771,638,662	167,120,877	49,102,446	987,861,985
DAY	872,835,862	188,217,923	239,230,814	1,300,284,599	OGLALA LAKOTA	36,419,260	2,196,450	4,233,299	42,849,009
DEUEL	647,419,573	133,904,194	102,856,523	884,180,290	PENNINGTON	349,921,566	4,575,189,302	3,429,410,054	8,354,520,922
DEWEY	264,687,486	18,289,667	22,181,679	305,158,832	PERKINS	558,441,019	41,155,545	30,570,828	630,167,392
DOUGLAS	503,429,729	54,943,156	29,685,395	588,058,280	POTTER	728,488,515	55,511,137	44,661,239	828,660,891
EDMUNDS	994,969,058	124,986,185	123,861,940	1,243,817,183	ROBERTS	666,403,702	156,306,324	105,355,914	928,065,940
FALL RIVER	135,581,920	217,476,520	220,375,313	573,433,753	SANBORN	496,847,949	48,504,331	26,551,634	571,903,914
FAULK	914,673,036	35,626,836	21,206,396	971,506,268	SPINK	1,743,860,529	119,509,200	114,795,928	1,978,165,657
GRANT	690,159,191	205,030,054	227,272,456	1,122,461,701	STANLEY	293,986,329	144,551,381	91,700,414	530,238,124
GREGORY	434,386,374	78,947,234	43,742,120	557,075,728	SULLY	919,159,923	52,474,780	82,893,411	1,054,528,114
HAAKON	466,920,710	26,983,318	26,134,956	520,038,984	TODD	149,833,027	13,332,426	12,859,630	176,025,083
HAMLIN	678,970,913	207,923,294	132,570,852	1,019,465,059	TRIPP	873,148,122	109,877,715	59,927,016	1,042,952,853
HAND	1,257,940,232	79,353,500	52,231,960	1,389,525,692	TURNER	839,265,165	308,481,385	154,870,519	1,302,617,069
HANSON	482,216,676	97,388,549	48,862,114	628,467,339	UNION	658,128,112	911,716,132	277,232,051	1,847,076,295
HARDING	229,655,991	27,943,354	63,569,441	321,168,786	WALWORTH	515,832,502	139,072,344	102,725,959	757,630,805
HUGHES	420,913,811	748,631,985	412,386,222	1,581,932,018	YANKTON	615,372,141	802,732,286	464,850,561	1,882,954,988
HUTCHINSON	1,023,107,350	166,408,608	123,062,325	1,312,578,283	ZIEBACH	235,075,762	3,257,916	6,968,690	245,302,368

	<u>Ag Real Valuation</u>	<u>Owner-Occupied Valuation</u>	<u>Other Valuation</u>	<u>Total Valuation</u>
State Totals	\$40,981,786,459	\$30,289,296,382	\$20,532,970,417	\$91,804,053,258

Property Taxes

Taxable Valuations by Category: 2007-2016

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 2007 to 2016:

<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>
2007	\$16,427,689,981	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	\$1,124,579,669	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	\$22,768,420,477	39.44	\$14,051,480,469	24.34	\$1,222,801,442	2.12	\$57,732,839,845
2011	\$19,691,529,066	33.38	\$23,726,031,354	40.22	\$14,345,035,001	24.32	\$1,222,426,811	2.07	\$58,985,022,232
2012	\$21,198,601,461	34.84	\$24,168,972,982	39.72	\$14,186,603,573	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
2015	\$31,466,431,683	41.81	\$26,558,445,270	35.29	\$15,852,917,357	21.06	\$1,379,817,525	1.83	\$75,257,611,835
2016	\$36,682,659,450	43.91	\$28,521,237,961	34.14	\$16,888,367,901	20.21	\$1,457,184,024	1.74	\$83,549,449,336

* Agricultural value includes NA-Z value for Pay 2006 to 2010

** Total valuation does not include increment value in tax increment financing districts

2015's SB 1 Property Tax Levy

SB 1 authorized counties to impose a special property tax levy for road and bridge purposes.

This new levy is outside the property tax limitation system and must be imposed by a two-thirds vote of the board of county commissioners. The levy is referable by petition of the voters in the county.

The following counties imposed the levy for taxes payable in 2016:

Clark	\$0.90
Dewey	\$0.48
Douglas	\$1.00
Faulk	\$0.90
Lyman	\$1.20
Marshall	\$1.00

Grant County and Yankton County also passed a resolution, but both actions were referred to a vote and defeated.

Giving back to our communities

The South Dakota Department of Revenue not only prides itself in assisting South Dakotans within our offices, but also lending a helping hand to our local communities. Throughout the year, our staff took part in many fundraising efforts, raising thousands of dollars for local organizations.



Our Rapid City office took part in the Tough Enough to Wear Pink campaign, which benefitted several South Dakotans who are battling cancer.

Some of the organizations we have assisted include:

- Capital Area United Way
- Children's Miracle Network
- Fort Pierre Fire Department
- Special Olympics
- Operation Military Kids
- DAV Van Fund
- PAWS Animal Rescue
- Western SD Senior Meals
- Wounded Warriors
- Hand in Healing Fund
- Pierre Area Referral Service
- Pit Rescue
- Family Connections
- American Red Cross

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 property owners. 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 2017 are set statewide as follows:

Ag	\$1.568/\$1,000 of value
Owner-Occupied	\$3.687/\$1,000 of value
Other	\$7.630/\$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. These programs were implemented in 1997.

Motor Vehicles

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

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 2016, total fuel tax revenues amounted to \$211,150,393. The chart below compares South Dakota's fuel tax revenues for the past 10 years.

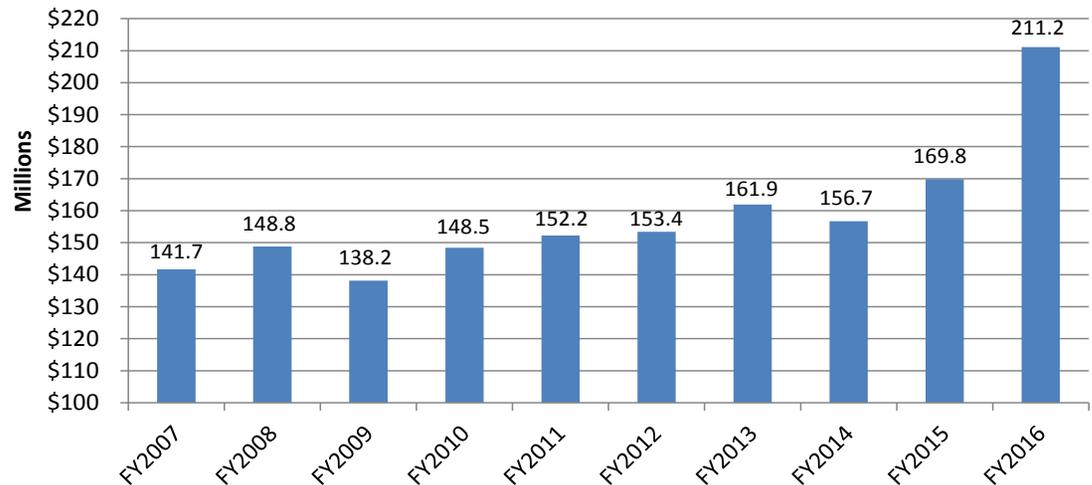
Each fuel type is taxed at a different rate as per South Dakota law.

Current tax rates are:

- Gasoline - \$0.28
- Diesel - \$0.28
- Ethyl & Methyl Alcohol - \$0.14
- Aviation Gasoline - \$0.06
- Jet Fuel - \$0.04
- Special Fuel - \$0.22
- Liquid Natural Gas - \$0.14
- Liquid Petroleum Gasoline - \$0.20
- Compressed Natural Gas - \$0.10
- Biodiesel and Biodiesel Blends - \$0.20

(fuel taxes are per gallon)

**Total Fuel Tax Revenues - 10 Year History
FY 2007 - 2016**



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 4% is collected on sales of motor vehicles that operate on South Dakota's roads. In FY2016, \$104,379,178 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.

2016 License Plate Reissue



January 1, 2016 marked the beginning of South Dakota's first non-commercial license plate reissue since 2006.

New license plate designs were created for non-commercial standard, personalized, amateur radio, organizational, and low speed vehicles.

The new plate designs were available to South Dakotans when they renewed their vehicle registrations.

Title and Registration Revenues

	<u>FY2015</u>	<u>FY2016</u>	<u>% Change</u>
License Plate Fees-State's Share*	\$4,651,685	\$5,129,864	10.28%
License Plate Fees-Counties', Cities', Townships' Share	\$51,993,325	\$57,952,798	11.46%
Snowmobiles	\$133,546	\$125,139	-6.30%
Boats	\$1,457,233	\$1,480,281	1.58%
Temporary Special Permits	\$70,926	\$77,310	9.00%
Mobile Home Plates	\$6,285	\$4,800	-23.63%
Dealer Fees	\$233,633	\$223,086	-4.51%
Duplicate Plates, Replacement Plates	\$261,936	\$278,446	6.30%
Title and Penalty Fees	\$2,635,148	\$2,782,861	5.61%
Trailer ID Fees	\$72,846	\$75,028	3.00%
Motorcycle Safety Education Fees	\$634,319	\$620,236	-2.22%
Mobile Home Registration Fees-States' Share	\$108,004	\$114,599	6.11%
Other Vehicle 4% Excise Tax	\$80,355,337	\$104,379,178	29.90%
Snowmobile 3% Excise Tax	\$314,317	\$352,482	12.14%
Register of Deeds Fees	\$198,060	\$194,190	-1.95%
DENR-Solid Waste Fees	\$1,288,316	\$1,246,716	-3.23%
DPS-Highway Patrol Fees	\$1,378,198	\$1,331,515	-3.39%
Total Receipts	\$145,793,114	\$176,368,529	20.97%

*State Motor Vehicle Fund, License Plate Special Revenue Fund

Motor Vehicles

My SDCars

Nearly 75,000 South Dakotans are registered on our online motor vehicles customer portal, My SDCars. We are continuing to expand the services offered online.

Currently, those services include:

- Renewing annual vehicle registrations
- Ordering license plates
- Submitting a vehicle report of sale and printing a seller's permit
- Updating your address and contact information
- Getting a fees quote
- Selecting method for registration renewal notice
- Reviewing your transaction history

Self-Service Terminals

We also offer South Dakotans the ability to renew their vehicle registrations at any of our 10 self-service terminals located around the state. These are fully automated motor vehicle registration renewals that dispense license renewal tags and registration cards. Vehicle owners from any county may use a terminal at any location. Our 10 locations are displayed below.



Aberdeen – Kessler's Store, 615 6th Ave. SE

Brookings – Hy-Vee Food Store, 790 22nd Ave. S.

Mitchell – County Food Store, 1305 W. Havens Ave.

Pierre – Dept. of Revenue*, 445 E. Capitol Ave.

Rapid City – Pennington Co. Building, 130 Kansas City St. Suite 250

Rapid City – Rushmore Mall*, 12200 N. Maple Ave.

Sioux Falls – Get-N-Go, 5400 E. Arrowhead Ave.

Sioux Falls – Hy-Vee Food Store, 4101 S. Louise Ave.

Watertown – Hy-Vee Food Store, 1320 9th Ave. SE

Yankton – Hy-Vee Food Store, 2100 Broadway Ave.

* Availability of self-service terminals identified are subject to business operating hours.

2015's Senate Bill 1

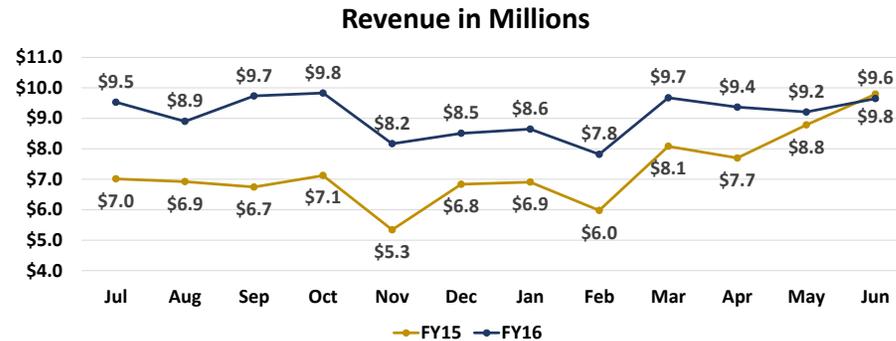
South Dakota's Highway Funding Bill went into effect April 1, 2015. The bill featured fee increases in Motor Vehicle Excise Tax, licensing and registration fees for non-commercial vehicles, Motor Fuel Excise Tax, and wheel taxes. Below is a summary of three major aspects of the bill.

Motor Vehicle Excise Tax* increased from 3% to 4%

FY15 MV Excise Tax: \$87,224,496
FY16 MV Excise Tax: \$109,032,604

Difference of \$21,808,108 more revenue

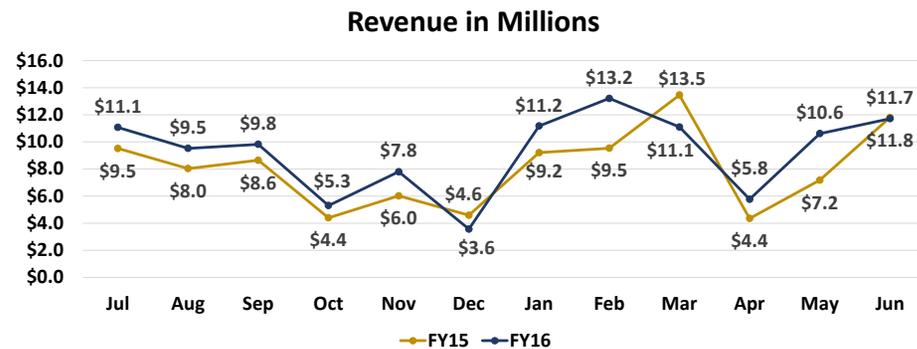
* Figures include motor vehicle excise tax, prorated excise tax, and motor vehicle leasing gross receipts



Licensing/Registration Fees for Non-commercial passenger vehicle fees increased by 20%

FY15 Fees: \$96,742,590
FY16 Fees: \$110,675,643

Difference of \$13,933,052 more revenue

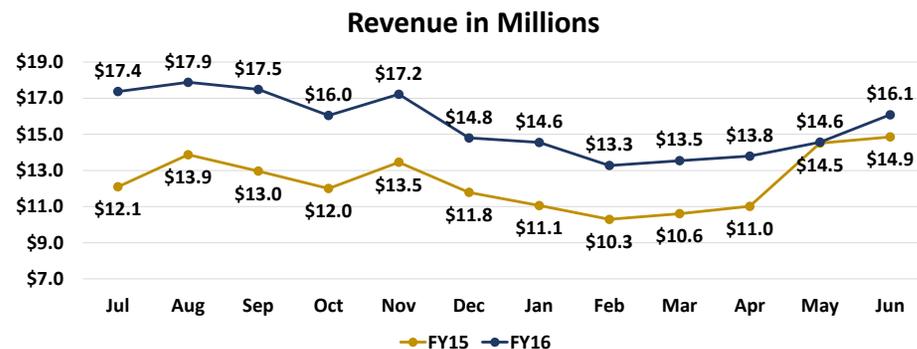


Motor Fuel Excise Tax** increased by 6 cents per gallon

FY15 Fees: \$148,527,469
FY16 Fees: \$186,614,109

Difference of \$38,086,640 more revenue

** Figures include methyl alcohol, ethyl alcohol, clear diesel, and gasoline motor fuel excise taxes



Motor Vehicles

Motor Vehicle Registrations/Titles: FY2012 to FY2016

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Vehicle Registrations (County)	1,221,443	1,402,125	1,258,147	1,341,668	1,530,634
Titles	332,985	332,035	339,579	350,922	387,184
Vehicle Registration Renewals completed online	50,192	67,157	63,152	71,163	70,783
Vehicle Registration Renewals completed by Self-Service Terminal*	7,192	29,492	44,087	63,580	47,765

*Online and Self-Service Terminal transactions were down due to the 2016 standard, non-commercial plate reissue.

Commercial Carrier Programs

South Dakota participates in two 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 excise 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 2016 were \$20,203,207. These fees are used to fund roads and bridges in counties, townships, and municipalities.

Dealer Licensing and Regulation

South Dakota requires that people who are engaged in the business of selling vehicles, either exclusively or in addition to another occupation such as a towing company, have a motor vehicle dealer license. In FY2016, there were 1,377 licensed vehicle dealers in South Dakota. The dealer program assists licensed dealers and dealer license applicants with understanding and following the laws and rules that apply to the program. The program assures periodic compliance reviews are conducted to ensure dealers are following regulations and to be proactive in avoiding issues related to vehicle fraud and theft.

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, to ensure required record-keeping is in place, and to work with auditees to ensure understanding of the tax laws.

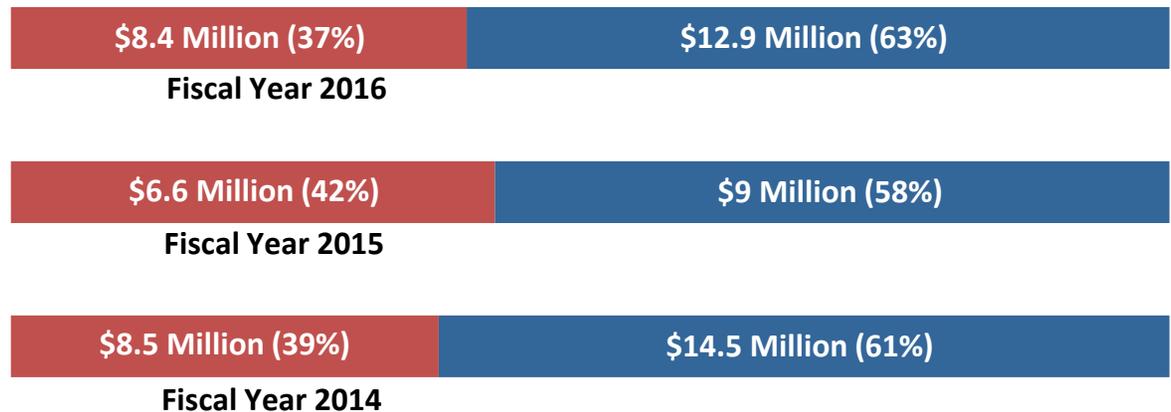
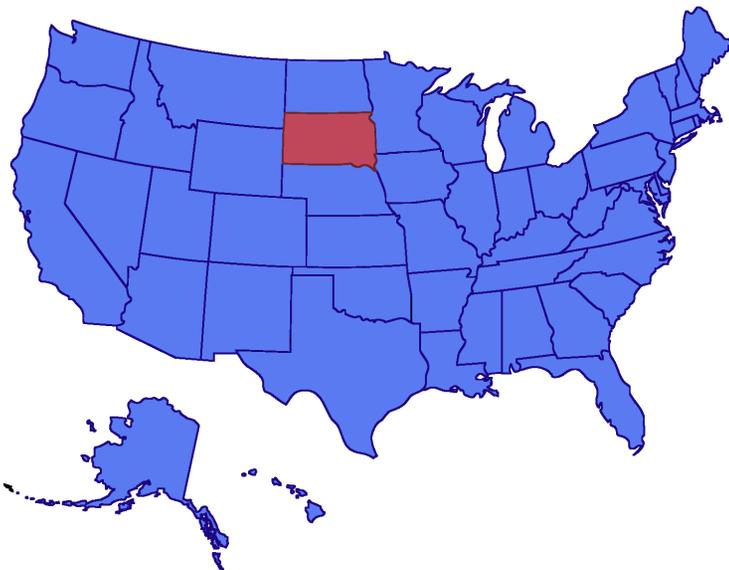
Audits and Assessments

	FY 2014		FY 2015		FY 2016	
	Audits	Assessments	Audits	Assessments	Audits	Assessments
Sales, Use, and Contractor's Excise Tax	1,840	\$22,536,396	1,970	\$15,584,692	2,142	\$21,334,076
Fuel Taxes, Prorate (IRP) and IFTA	267	\$486,308	256	(\$128,438)	343	(\$58,751)
Limited Scope Audits	13	\$23,062	47	\$319,758	3	\$2,088
TOTAL	2,120	\$23,045,766	2,273	\$15,776,012	2,488	\$21,277,413

Operating in several states has resulted in several state audit experiences—none of which have been completed as well as this South Dakota audit. Our auditor was not only professional throughout the audit he was extremely helpful with providing guidance going forward.

Auditee in the science industry

In State vs. Out of State



Audits

Audit Selection Methods:

Leads - Audit leads are found through invoices in other audits, the news, building permits, and construction contracts. This selection method identifies taxpayers with known issues instead of assumed issues detected using other selection methods.

1099-K - These information returns provided by the IRS show a taxpayer's credit card sales. The 1099-K information assists the audit division in verifying gross receipts for taxpayers and identifying potential under reporting.

Past Productive Audits - Taxpayers with a prior audit assessment of \$10,000 or greater are typically set-up for a follow-up audit. Follow-up audits are not typically conducted when the assessment resulted from a one-time transaction, or if the taxpayer's recent reporting indicates prior reporting errors had been corrected.

Points Systems - Each taxpayer license has points assigned to it based on activities indicating additional liability. The higher total number of points, the more likely there are issues with the license. The CEDAR tax system assigns points to licenses based on established criteria.

Analytics - Certain industries have identifiable trends. When a business within an industry falls outside what is expected, they may be selected for audit. Analytics are also used to identify anomalies within an individual taxpayer's reporting. If a taxpayer's reporting has an unexpected change, they may be audited.

Midwest Border States - The division receives reports from neighboring states of audits with assessments greater than \$25,000. These reports are reviewed with scrutiny due to the variance in state size and tax laws that will generate different results. If a common taxpayer with a large assessment is thought to have a similar issue within our state, that license will be assigned to an auditor for audit.

Business Size - The department routinely audits the 350 largest taxpayers in the state.

Audits Mission

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

Top 10 Errors Found in an Audit

1. Under-reporting of sales, use, and/or excise tax due to poor record keeping.
2. Not remitting use tax on goods and services purchased/used.
3. Not remitting use tax on items taken from inventory and used for construction projects.
4. Not remitting use tax on items taken from inventory for business or personal use.
5. Not remitting use and/or excise tax on owner-furnished materials (OFM).
6. Not remitting use tax on materials stored in state and taken out of state for construction projects.
7. Not remitting use tax on equipment brought in from out of state.
8. Exempting sales to taxable customers such as churches and 501(c)3 entities.
9. Not having valid exemption certificates on file.
10. Municipal tax and Municipal Gross Receipts Tax (MGRT) reporting errors.

The South Dakota Lottery markets instant tickets and lotto games. Additionally, it regulates, maintains, and markets video lottery to raise revenue for state programs and projects. Since 1987, the Lottery has distributed more than \$2.58 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. The commission reviews and approves major contracts, and procurements and consults on management and operation of all aspects of the Lottery.

Sales and Revenue

Lottery revenue generated for state funds during Fiscal Year 2016 was more than \$117 million. These revenues came from three main sources, as shown in the chart below.

FY2016 Lottery Sales and Revenue

	<u>Sales</u>	<u>Prizes</u>	<u>Commission</u>	<u>Revenue Distributed</u>
Instant Tickets	\$26,299,493	\$17,132,245	\$1,479,346	\$5,517,739
Lotto Tickets	\$28,992,932	\$14,584,767	\$1,515,613	\$9,137,710
Video Lottery *	\$678,898,195	\$471,295,651	\$103,801,272	\$102,997,813
			Total:	\$117,653,262

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

Instant Tickets

The Lottery launched 25 new instant ticket games during fiscal year 2016. Prices for instant tickets ranged from \$1 to \$20, and prizes ranged from \$1 to \$500,000 as well as merchandise prizes.

At the close of fiscal year 2016, there were 623 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 a 1% commission for selling tickets with prizes of more than \$100.

Fiscal year 2016 instant ticket sales were up 1.8% from the previous year, but revenues were down 2.3%. Revenue from the sale of instant tickets is distributed to the state general fund.

New Brand Image, Logo



South Dakota Lottery got a new look Feb. 16, 2016 when it launched its “Good Fun” brand campaign.

The new brand featured an updated logo, a redesigned website, and more.

JACKPOT WINNER



Everett Felix Sr., Sisseton, won the **\$215,000** November 23, 2015 Wild Card 2 jackpot.

Lottery

Lotto Tickets

South Dakota currently offers four lotto games. Powerball, Mega Millions, and Hot Lotto are multi-state games. Dakota Cash with EZ Match is played only in South Dakota.

At the end of fiscal year 2016, there were 610 licensed lotto retailers.¹ Lotto retailers receive a 5% commission for selling tickets, plus varying bonuses for selling larger winning tickets.

Lotto games reported an overall sales increase of 14.4% from fiscal year 2015. The first \$1.4 million of revenue from the sale of lotto tickets is distributed to the state general fund, and the balance is distributed to the Capital Construction Fund.

Video Lottery

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

Video lottery sales (cash in) increased by 5.8% in fiscal year 2016. The average number of active video lottery machines during fiscal year 2016 was 9,002 and the average number of licensed establishments was 1,331. 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 % (0.5%) of the state's share is retained by the Lottery for administration.

Revenue from video lottery net machine income during fiscal year 2016 was distributed to the state general fund.

FY2016 Lottery Revenue Distribution

	<u>General Fund</u>	<u>Capital Construction Fund</u>	<u>Dept. of Social Services</u>
Instant Tickets	\$5,517,739		
Lotto Tickets	\$1,400,000	\$7,737,710	
Video Lottery	\$102,763,259		\$159,554
Video Lottery License Fees	\$75,000		
Totals:	\$109,755,998	\$7,737,710	\$159,554



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 at the Lottery's website, <http://lottery.sd.gov>.

¹All 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, pari-mutuel horse racing, pari-mutuel wagering, and administering Indian gaming compacts. The Commission itself is comprised of five commissioners.

In fiscal year 2016, total gaming action was \$1,157,248,817, up 0.66% from the previous year. At the close of the fiscal year, there were 3,209 licensed gaming devices, 125 retail locations, and approximately 1,548 licensed gaming employees.



FY2016 Recap of Commission Fund

Revenues

Device Tax	\$6,418,000.00
Gross Revenue Tax	\$9,255,887.93
City Slot Tax	\$401,500.00
Application Fees	\$88,280.00
License Fees	\$111,475.00
Interest	\$19,674.29
Device Testing Fees	\$17,614.30
Penalties on Disciplinary Action	\$2,590.00
Other Revenue	\$197.55
Fund Total	\$16,315,219.07

Distributions

Operating Expenses	\$1,149,878.96
Expenses reimbursed by Applicants/Licensees	\$199,755.00
Capital Equipment	\$7,685.51
Lawrence County (Per 42-7B-48)	\$820,561.90
Other Municipalities (Per 42-7B-48.1)	\$272,168.23
School Districts (Per 42-7B-48.1)	\$272,168.23
SD Tourism (Per 42-7B-48)	\$3,282,247.62
State general fund (Per 42-7B-48.1)	\$1,905,177.62
State general fund (Per 42-7B-28.1)	\$1,025,702.38
State Historical Preservation (Per 42-7B-48)	\$100,000.00
Department of Human Services (per 42-7B-48.3)	\$14,639.65
City of Deadwood (Per 42-7B-48, 48.1)	\$7,266,982.86
Total Distributions from Fund:	\$16,316,967.96

New Games in 2016

\$ Wagered

Revenue

Locations

Craps

\$4,557,098

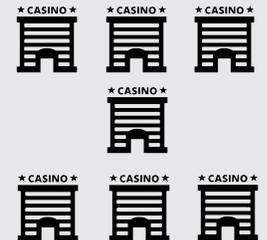
\$78,854



Roulette

\$3,554,388

\$71,335



Keno

\$67,115

\$1,816



Commission on Gaming

FY2016 Recap of Racing Funds

	Special Fund	Revolving Fund	Bred Fund	Totals
Revenues:				
Horse Revenue	\$37,989	\$128,737	\$61,345	\$228,071
Greyhound Revenue	\$12,748	\$66,045	\$26,072	\$104,865
Interest		\$4,456	\$809	\$5,264
Transfer from Agency Fund	\$(99,280)	\$87,162	\$12,118	0
License & Fines - Horse	\$46,395			\$46,395
License & Fines - Dog	\$3,660			\$3,660
Total Revenues:	\$10,942	\$468,696	\$172,707	\$652,345
Distributions:				
Aberdeen Horse Racing Track				
SD Bred Point Money			\$19,000	\$19,000
Purse Supplements, Racing Operations and Advertising & Promotion		\$135,000		\$135,000
Jockey Bonus		\$5,000		\$5,000
SD Bred Stakes Money			\$28,100	\$28,100
Ft. Pierre Horse Racing Track				
SD Bred Point Money			\$15,200	\$15,200
Purse Supplements, Racing Operations and Advertising & Promotion		\$135,000		\$135,000
Jockey Bonus		\$3,500		\$3,500
SD Bred Stakes Money			\$30,800	\$30,800
Total Track Disbursements:	\$ -	\$278,500	\$93,100	\$371,600
Ending Cash Balance (6/30/16)	\$10,942	\$190,196	\$79,607	\$280,745

Aberdeen hosted five days of racing over two weekends in 2016, while Fort Pierre hosted four days of racing over two weekends.

The Department of Revenue strives to educate our taxpayers as well as work with our partners to ensure the best service possible for South Dakotans. Our education program is an important aspect in achieving this goal. The department hosted a wide-range of seminars during FY 2016, and we will continue to expand our educational lineup in the coming years. The department offers general seminars, on-site instructional presentations, online tutorials, and webinars conducted by the South Dakota Retailers Association.

Topics covered

- Sales and Use Tax
- Contractor's Excise Tax
- Bookkeeping
- Property Tax
- Liquor Taxes
- Gaming Taxes
- Motor Vehicle Excise Tax

Total attendance

- 1,206



DOR's Lori Langdeaux and Lori Colberg present at a recent seminar.

"I was pleased with the information we were updated on. It is always helpful to be refreshed on procedures within the business, keeping all dealers operating on the same page. I look forward to attending seminars in the future."

Amy Livingston,
Power Brokers of Sioux Falls

Working together

The department held six seminars at the request of local businesses or government entities.

We took part in seven conferences hosted by outside agencies or associations.

We worked with the North Dakota, Iowa, Minnesota and Nebraska Departments of Revenue for border seminars on Sales Tax and Contractor's Excise Tax.

Educational Value

We have issued:

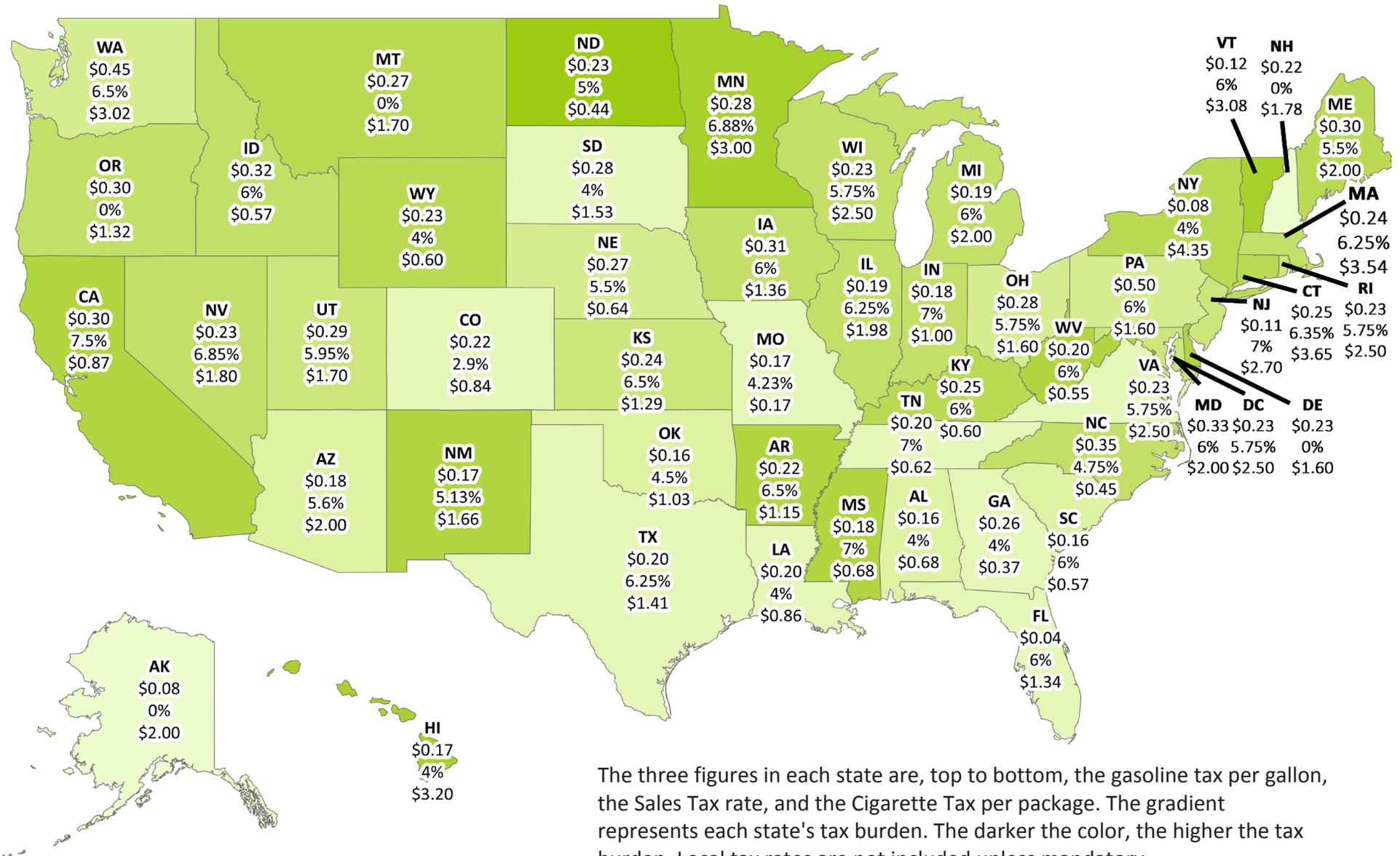
9 Continuing Education Credits

66 Continuing Professional Education Certificates

28 Continuing Legal Education Certificates

We have contributed to training at seven different technical schools or universities across South Dakota.

50-State Comparison



The three figures in each state are, top to bottom, the gasoline tax per gallon, the Sales Tax rate, and the Cigarette Tax per package. The gradient represents each state's tax burden. The darker the color, the higher the tax burden. Local tax rates are not included unless mandatory. Data is provided by the Federation of Tax Administrators and as shown on individual state government websites.

Rank	State	Per Capita State Tax Burdens
1	District of Columbia	\$10,543
2	North Dakota	\$7,583
3	Vermont	\$4,861
4	Hawaii	\$4,530
5	Connecticut	\$4,520
6	Minnesota	\$4,452
7	Wyoming**	\$4,020
8	Massachusetts	\$3,976
9	New York	\$3,952
10	California	\$3,862
11	Delaware***	\$3,715
12	New Jersey	\$3,524
13	Maryland	\$3,305
14	Arkansas	\$3,086
15	Maine	\$3,057
16	Illinois	\$3,055
17	Rhode Island	\$3,026
18	West Virginia	\$3,018
19	Wisconsin	\$2,949
20	Iowa	\$2,942
21	New Mexico	\$2,882
22	Washington**	\$2,879
23	Pennsylvania	\$2,821
24	Montana***	\$2,753
25	Michigan	\$2,717
26	Kansas	\$2,708
27	Nebraska	\$2,683
28	Mississippi	\$2,642
29	Indiana	\$2,628
30	Oregon***	\$2,625
31	Kentucky	\$2,621
32	Nevada**	\$2,606
33	North Carolina	\$2,495
34	Virginia	\$2,450
35	Ohio	\$2,437
36	Oklahoma	\$2,405
37	Idaho	\$2,402
38	Colorado	\$2,348
39	Utah	\$2,237
40	Louisiana	\$2,081
41	Arizona	\$2,062
42	Alabama	\$2,008
43	Texas**	\$2,005
44	South Carolina	\$1,967
45	Missouri	\$1,965
46	South Dakota**	\$1,950
47	Georgia	\$1,931
48	Tennessee	\$1,924
49	New Hampshire***	\$1,870
50	Florida**	\$1,836
51	Alaska** ***	\$1,170

** State does not have an Income Tax
*** State does not have a Sales Tax

Comparing the Region

	Gas Tax (cts. per gallon)	Sales Tax (%)	Highest Individual Income Tax Rate (%)	Cigarette Tax (per package)
South Dakota	\$0.280	4.000%*	0.00%	\$1.53
Iowa	\$0.308	6.000%	8.98%	\$1.36
Minnesota	\$0.285	6.880%	9.85%	\$3.00
Montana	\$0.270	0.000%	6.90%	\$1.70
Nebraska	\$0.268	5.500%	6.84%	\$0.64
North Dakota	\$0.230	5.000%	2.90%	\$0.44
Wyoming	\$0.230	4.000%	0.00%	\$0.60

* South Dakota's state Sales Tax rate increased to 4.5% on June 1, 2016.

At just \$1,950, South Dakota had the sixth lowest per capita state tax burden in 2015, 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 and the District of Columbia, beginning with the highest.

Top Ten Highest Sales Tax Rates

California	7.500%
Indiana	7.000%
Mississippi	7.000%
New Jersey	7.000%
Rhode Island	7.000%
Tennessee	7.000%
Minnesota	6.880%
Nevada	6.850%
Arkansas	6.500%
Kansas	6.500%

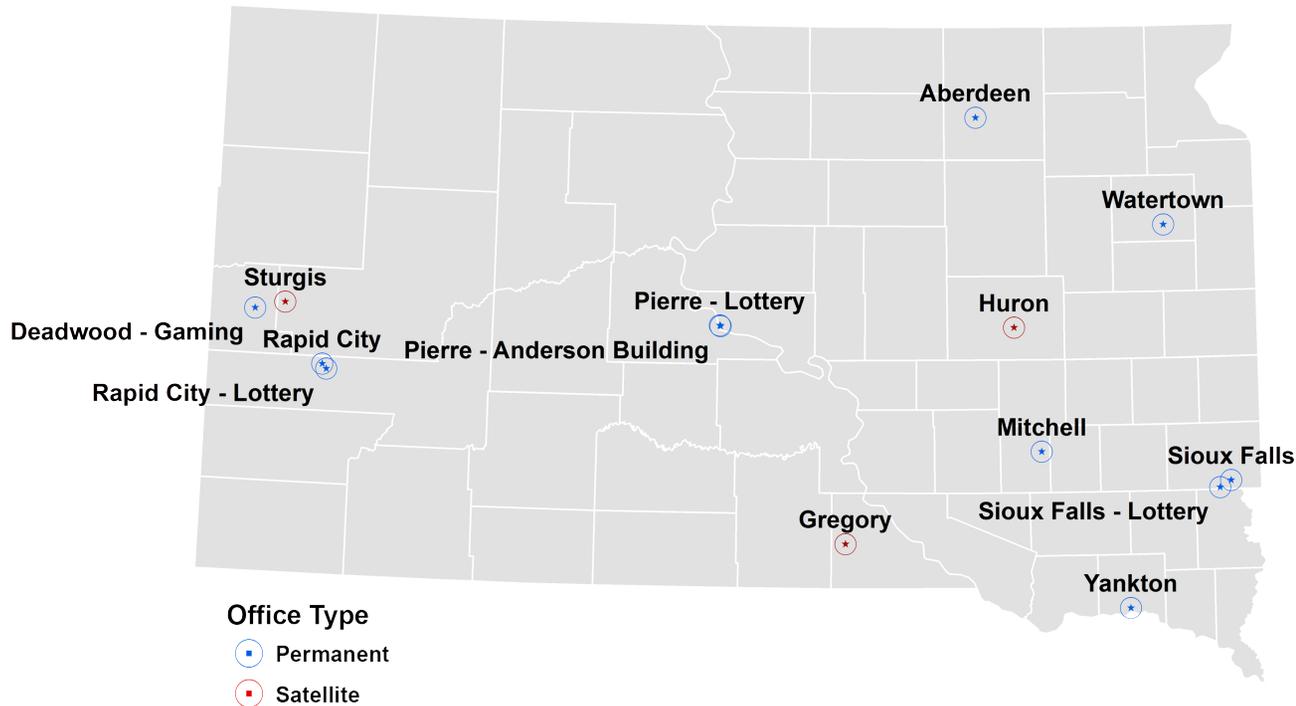
Top Ten Highest Gasoline Tax Rates

Pennsylvania	\$0.503
Washington	\$0.445
North Carolina	\$0.350
Rhode Island	\$0.330
Maryland	\$0.326
Idaho	\$0.320
Wisconsin	\$0.309
Iowa	\$0.308
California	\$0.300
Maine	\$0.300

Top Ten Highest Cigarette Tax Rates

New York	\$4.350
Rhode Island	\$3.750
Connecticut	\$3.650
Massachusetts	\$3.510
Hawaii	\$3.200
Vermont	\$3.080
Washington	\$3.025
Minnesota	\$3.000
New Jersey	\$2.700
Wisconsin	\$2.520

Department Resources



Main Offices

Revenue - Pierre Office - Anderson Building, 445 East Capitol Avenue, 605.773.3311

S.D. Lottery - 711 East Wells Avenue, 605.773.5770

S.D. Commission on Gaming - 445 East Capitol Avenue, 605.773.6050

Field Offices

Aberdeen Revenue Office - 14 South Main, Suite 1-C, 605.626.2218

Deadwood Gaming Office - 87 Sherman Street, 605.578.3074

Mitchell Revenue Office - 417 North Main, Suite 112, 605.995.8080

Rapid City Revenue Office - 1520 Haines Avenue, Suite 3, 605.394.2332

Rapid City Lottery Office - 1000 Cambell Street, Suite 2, 605.394.5106

Sioux Falls Revenue Office - 300 South Sycamore Avenue, Suite 102, 605.367.5800

Sioux Falls Lottery Office - 3605 South Western Avenue, Suite B, 605.367.5840

Watertown Revenue Office - 715 South Maple, 605.882.5188

Yankton Revenue Office - 1900 Summit Street, 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 a.m. to 5 p.m. Central time.
Just call 1-800-829-9188.

Department Website

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

Social Media

Follow our social media accounts for breaking news, tutorials, and more!



Did you know?

DOR hosts satellite offices in Gregory, Sturgis, and Huron. For additional information, visit our website.



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