

South Dakota

Department

R of
Revenue

2
0
1
5

ANNUAL REPORT



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

Table of Contents

OVERVIEW

- 3 A Message from the Secretary
- 4 Taxpayer Bill of Rights
- 5 Mission and Values
- 5 Leadership Team

WHO WE ARE

- 6 Organizational Chart
- 7 Divisions

PERFORMANCE

- 8 Legislative Summary
- 10 Chronology of Tax Legislation
- 11 Education Services
- 12 Tax Revenues
- 22 Special Taxes
- 24 Property Taxes
- 30 Motor Vehicles
- 34 Audits
- 35 Secretariat
- 36 South Dakota Lottery
- 38 Commission on Gaming
- 40 50 State Comparison
- 42 Department Resources

Highlights

- 11 Education Services
- 21 Special Events
- 32 Self-Service Terminals
- 37 Video Lottery



The FY2015 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.



A Message from the Secretary

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

As Secretary of the South Dakota Department of Revenue, I am proud to report accomplishments from the 2015 fiscal year. In this report, you'll see our dedication to being Professional, Dependable, Accountable...in Partnership with South Dakota.

This year, we expanded our continuous improvement activities and department capabilities in order to meet the needs of our customers. And while we report on our past fiscal year, it is important to keep an eye to our future. We continue to work on a federal solution for internet sales tax through our partnership with the Streamlined Sales Tax organization. The Department also supports the Governor's Blue Ribbon task force report for additional funding for education.

FY2015 Department of Revenue Highlights

- The Motor Vehicles Division began work on the reissuance of license plates for South Dakota. The last license plate reissue occurred in 2006. Through the Request for Proposal (RFP) process, the Intellectual Technology, Inc., (ITI) company was selected to help produce, in partnership with the Department of Corrections, the next South Dakota license plates. Additionally, ITI helped the Motor Vehicle division build an on-demand ordering system for South Dakotans. This on-demand system is an effort to satisfy the initiative of moving people from In-Line to Online for government services. Plates ordered through the on-demand system are mailed directly to the customer.
- The South Dakota Commission on Gaming adopted three new sections of rules for casino games in 2015. Craps, Keno and Roulette games were approved by a ballot vote in 2014 and added to casino floor gaming on July 1, 2015. Additionally, training was facilitated for the games and amendments were made to surveillance, security and accounting rules to accommodate the new games.
- Beginning January 1, 2016, any winery may ship wine purchases directly to South Dakotans. Department staff worked to ensure the rules were in place, and the system was developed and made available online to complete the actual licensing of wineries.

The Department is strongly committed to innovation. Moreover, our technology and security improvements have been given much attention. In the past year, the Department implemented a new electronic system to track sales tax at special events like the Sturgis Motorcycle Rally and the State Fair, added more Motor Fuel licenses to EPath in order to allow customers to remit tax online and completed a table top exercise to prepare and mitigate an event such as a criminal data breach.

The last thing I will mention is my pride in the dedicated and talented staff at the Department of Revenue. Our team is devoted and enthusiastic about serving the public; you can see their efforts in this report. I am excited for the coming year as we continue with our positive momentum.

Respectfully,

Andy Gerlach
Secretary

Taxpayer Bill of Rights

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

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

our mission

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

our values

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 choose 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.

Leadership Team



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

Back Row (left to right):

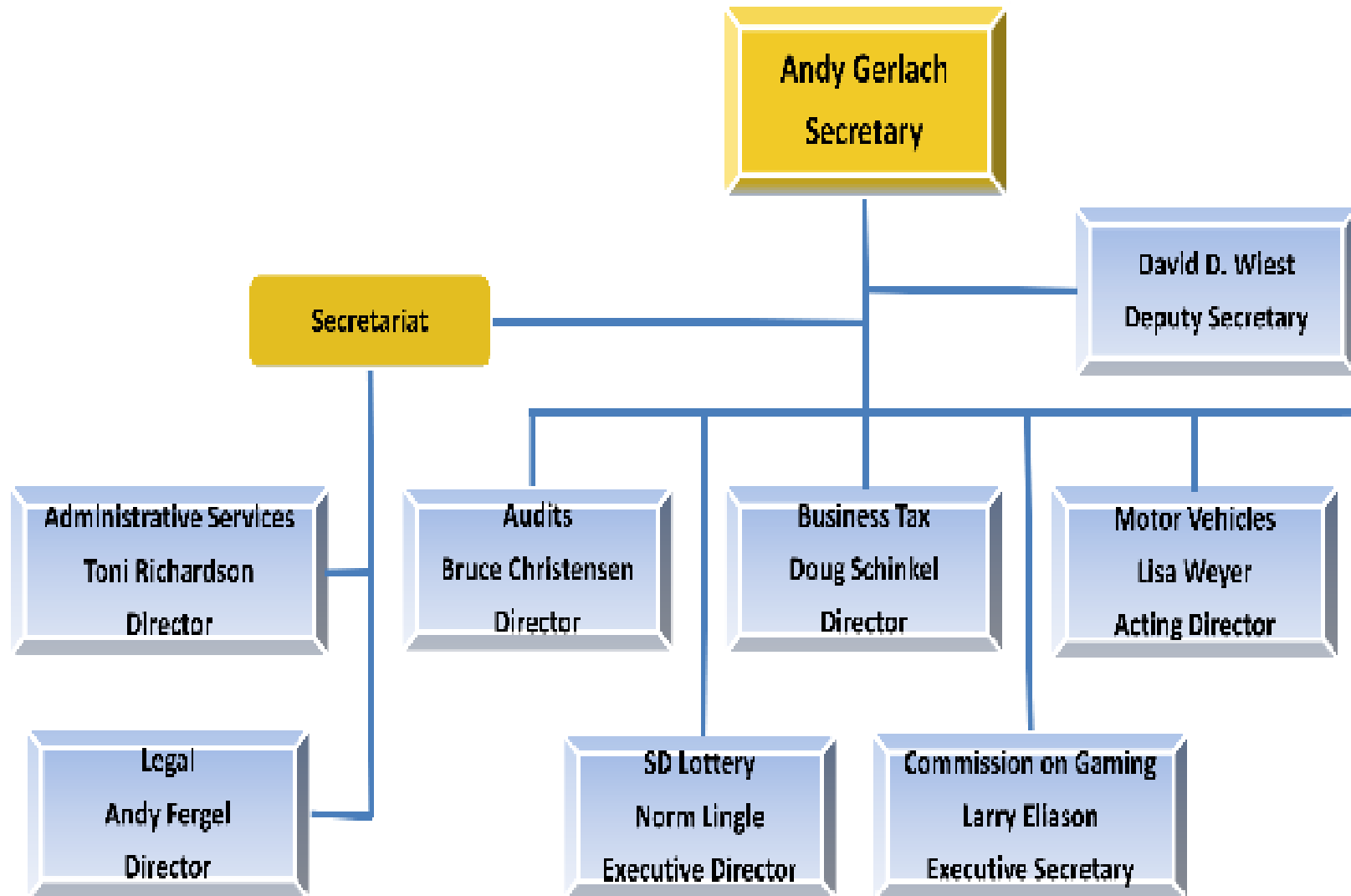
Doug Schinkel, Business Tax;
Norm Lingle, Lottery;
Bruce Christensen, Audits;
Andy Gerlach, Secretary;
David Wiest, Deputy Secretary.

Front Row (left to right):

Michael Houdyshell,
Property and Special Taxes;
Andy Fergel, Legal;
Lisa Weyer, Motor Vehicles
Toni Richardson,
Administrative Services;
Larry Eliason,
Commission on Gaming



Organizational Structure



Audit

-- Bruce Christensen, Director

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

Commission on Gaming

-- Larry Eliason, Executive Secretary

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

Business Tax

-- Doug Schinkel, Director

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

Administrative Services

-- Toni Richardson, Director

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

Legal Services

-- Andy Fergel, Chief Legal Counsel

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

South Dakota Lottery

**-- Norm Lingle,
Executive Director**

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

Property & Special Taxes

-- Michael Houdyshell Director

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

Motor Vehicles

-- Lisa Weyer, Acting Director

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

Legislative Summary

2015 Legislation Recap - House Bills

The South Dakota State Legislature passed several bills affecting the activities of the Department of Revenue during the 2015 Legislative Session. A complete listing of all bills introduced in the 2015 Legislative Session is available on the Legislative Research Council's website at <http://legis.sd.gov>.

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

House Bill 1001	Required the Department of Revenue to issue wine direct shipper and wine carrier licenses, and provide for a system where a winery can ship wine directly from the winery to a customer's home.
House Bill 1004	Authorized the direct sale of distilled spirits from artisan distillers to retailers and wholesalers.
House Bill 1016	Required that auditing standards in place on January 1, 2015, be used by the Department of Revenue.
House Bill 1017	Repealed certain outdated and unnecessary provisions related to the Department of Revenue.
House Bill 1018	Revised and clarified the language regarding the taxation of farm machinery resulting in no change of taxation.
House Bill 1019	Revised and clarified language regarding farm machinery with respect to excise tax, sales tax, and use tax laws resulting in no change of taxation.
House Bill 1035	Revised certain provisions regarding military specialty plates, permitting active officers of the National Guard to receive a National Guard plate, and permitting all National Guard plates to share the same design.
House Bill 1050	Repealed the Property Tax Reduction Fund and created the general revenue replacement fund.
House Bill 1107	Revised the definition of cider to include pear based cider.
House Bill 1111	Increased the insufficient funds charge from \$30 to \$40 for checks and electronic payments presented to state and local governments.
House Bill 1113	Repealed the damage disclosure requirements for motor vehicle and boat titles.
House Bill 1132	Increased the time that motor vehicles and other titled vehicles must be titled after sale from 30 days to 45 days.
House Bill 1189	Made an appropriation to fund tax refunds for elderly persons and persons with a disability.
House Bill 1228	Established an obligation recovery center to collect state government debt.

2015 Legislation Recap - Senate Bills

Senate Bill 1	Increased the motor vehicle excise tax, fuel excise taxes, and non-commercial registration fees; increased the maximum amount of wheel tax that a county may impose; provided funding for local bridges through the local bridge improvement grant fund; increased the speed limit on the interstate; provided real property tax levy authority for counties and townships; and repealed the fuel inventory tax effective April 1, 2015.
Senate Bill 5	Repealed outdated language regarding real property assessment laws.
Senate Bill 19	Updated references to the Internal Revenue Code from 2014 to 2015.
Senate Bill 20	Required that all manufactured homes and mobile homes be treated as real property for taxation purposes.
Senate Bill 21	Updated the income thresholds for the paraplegic non-veteran property tax relief program.
Senate Bill 56	Codified the South Dakota Supreme Court's decision on how to impose the gaming tax on free play for the Deadwood casinos.
Senate Bill 57	Authorized the playing of craps, roulette, and keno in Deadwood casinos.
Senate Bill 58	Increased Commission on Gaming fines and revised hearing procedures.
Senate Bill 80	Increased the selling price of a towed vehicle from \$200 to \$1,200 without obtaining a dealer license.
Senate Bill 93	Imposed a 4.5% gross receipts tax on the rental of motorcycles and exempted the rented motorcycle from the motor vehicle excise tax.
Senate Bill 94	Imposed an annual registration fee on electric powered motorcycles.
Senate Bill 119	Permitted the owner of an unencumbered mobile home or manufactured home to transfer the title to the owner of the real property upon which the home is located for disposal purposes.
Senate Bill 120	Authorized a special off-sale alcoholic beverage license in conjunction with special events.
Senate Bill 128	Revised the identification requirements to obtain a military specialty plate.
Senate Bill 136	Exempted the gross receipts collected by rural electric companies from state and municipal sales taxes to make special payments to municipalities.
Senate Bill 180	Repealed the 2% gross receipts tax on wind farms and replaced it with a per kilowatt hour tax on electricity produced by wind projects. Also repealed the tax rebate system. Effective March 13, 2015.
Senate Bill 182	Revised the rate of interest for late payment of certain taxes from 1.25% per month to 1%, and lowered the interest rate cap from 30% to 24%, for all taxes listed in SDCL 10-59-1.

Chronology of Tax Legislation

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

1913 License Fees, Non-Commercial

2015 Last Major Change: Fees increased on non-commercial, non-commercial gross weight, recreational and trailer, motorhome, motorcycles, and dealer plates.

1923 Motor Fuel

2015 Last Major Change: Changed how tax is applied to blended fuels (gasohol). Tax applied to ethyl alcohol at \$.14 per gallon and tax on gasoline at \$.28 per gallon.

1923 Cigarettes

2007 Last Major Change: Voters approved increasing the tax from \$.53 to \$1.53 per pack of 20 and \$.67 to \$1.92 per pack of 25.

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 Alcohol Beverage

2011 Last Major Change: An on-off sale malt beverage with South Dakota farm wines license was added with a fee of \$325. Also added was a hunting preserve license with a fee of \$500.

1935 Sales Tax

2006 Last Major Change: Moved the tax on farm equipment from the sales tax chapter (10-45) to its own excise tax chapter (10-46E) and increased the rate from 3% to 4%. Also exempted from sales tax the repairs and maintenance on farm equipment.

1935 Mineral Extraction

1994 Last Major Change: Changed from gross yield and net income to gross production (\$4 per ounce of severed gold) and 10% net income.

1937 Motor Vehicle License Plates

2012 Last Major Change: Authorized limited special plates for Silver Star Medal, Distinguished Service Cross, Navy Cross, Air Force Cross, Distinguished Flying Cross, Bronze Star Medal with Valor Device, or the Bronze Star Medal recipients. Also authorized the availability of limited special plates to military active duty members. Allowed for personalized license plates to be issued with a single numeral other than the number one or two.

1939 Bank Franchise

2000 Last Major Change: Lowered the net income levels on which the bank franchise tax is based.

1939 Use Tax

2006 Last Major Change: Moved the tax on farm equipment from the sales tax chapter (10-45) to its own excise tax chapter (10-46E) and increased the rate from 3% to 4%. Also exempted from sales tax the repairs and maintenance on farm equipment.

1941 Special Fuel

2015 Last Major Change: Tax increased on April 1 from \$.22 to \$.28 per gallon.

1965 Interstate Fuels

1995 Last Major Change: Allowed state to enter into agreements for the collection of fuel tax on interstate motor carriers.

1977 Energy Mineral

No major changes made since implementation.

1979 Contractors' Excise Tax

1995 Last Major Change: Increased the tax rate on utility contracts from 1.5% to 2%.

1988 Tank Inspection Fee

1993 Last Major Change: Increased from \$.01 per gallon to \$.02 per gallon on all petroleum products introduced into this state.

1995 Other Tobacco Products Tax

2007 Last Major Change: Voters approved increasing from 10% to 35% the tax imposed on the wholesale purchase price of other tobacco products.

1998 Alcohol Beverage: Cider

1998: Cider was added as a category at a rate of \$.28 per gallon.

2002 Tourism Tax

2013 Last Major Change: 1.5% tax rate sunset removed.

2015 Direct Wine Shipment

2015: Allowed wineries to ship wine directly from the winery to a customers home.

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

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

Basic Sales Tax Seminar

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

Contractors' Excise Tax

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

Border Tax Seminars

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

Webinars/Online tutorials

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

Specialized Training/group Presentations/Speaking Engagements

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

Licensee Reviews

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

Tax Revenues

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

In fiscal year 2015, revenue from all state taxes totaled \$1,774,685,042 an increase of \$43,602,457 from fiscal year 2014 revenues of \$1,731,082,535.

Total revenues from the past five years are shown below.

Total Revenues: A Five-Year Comparison	Fiscal <u>Year</u>	Total <u>Revenues</u>	Percent of <u>Change</u>
	2011	\$1,506,843,885	4.85%
	2012	\$1,618,300,286	7.40%
	2013	\$1,667,014,312	3.01%
	2014	\$1,731,082,535	3.84%
	2015	\$1,774,685,042	2.52%
	Five-Year Average	\$1,659,585,212	

By the numbers...

Of the total tax revenue collected in fiscal year 2015, 75.7% came from sales, use and contractors' excise taxes. Motor fuel taxes accounted for 9.6%, special taxes 5.4%, and motor vehicle taxes 9.3%. The table below shows a five-year comparison of revenues collected in each category.

Revenues by Tax Category 2011-2015

Fiscal <u>Year</u>	Sales, Use and <u>Excise Taxes</u> *	Motor Fuel <u>Taxes</u> **	Motor Vehicle <u>Fees</u> ***	Special <u>Taxes</u>
2011	\$1,137,637,580	\$152,242,306	\$114,865,953	\$102,098,046
2012	\$1,180,159,027	\$153,388,242	\$134,482,942	\$150,270,075
2013	\$1,238,731,255	\$161,903,333	\$140,560,673	\$125,819,051
2014	\$1,306,167,428	\$156,736,026	\$155,471,527	\$112,707,555
2015	\$1,343,798,729	\$169,843,878	\$165,401,153	\$95,641,282
Five-Year Average	\$1,241,298,804	\$158,822,757	\$142,156,450	\$117,307,201

* Includes Tourism Taxes, Motor Vehicle Leasing, Excise Tax on Water Projects, Telecom Tax, 911 Emergency/Prepaid Wireless Surcharge and Construction Refund Program

** Includes Tank Inspection Fees

*** Unified Carrier Registration Fee

Revenues by Tax Type

A three-year comparison in fiscal year 2015 shows the revenue produced by the separate taxes and fees administered by the Department varied, from a low of \$0 to a high of \$840,849,383.

	<u>FY2013</u>	<u>% Increase (Decrease) over Previous Year</u>	<u>FY2014</u>	<u>% Increase (Decrease) over Previous Year</u>	<u>FY2015</u>	<u>% Increase (Decrease) over Previous Year</u>
Sales and Use Taxes - State	\$787,745,633	4.30%	\$833,618,413	5.82%	\$840,849,383	0.87%
Contractors' Excise Tax - State	\$84,466,868	1.78%	\$90,409,495	7.04%	\$100,116,439	10.74%
Sales, Use, Contractors' Excise Tax - Cities	\$317,168,147	4.52%	\$332,396,971	4.80%	\$349,511,058	5.15%
Sales, Use, Contractors' Excise Tax - Tribal	\$10,524,640	-10.61%	\$9,878,178	-6.14%	\$9,749,278	-1.30%
Tourism Tax	\$10,115,967	5.99%	\$10,671,323	5.49%	\$11,413,097	6.95%
911 Emergency/Prepaid Wireless Surcharge	\$12,001,902	NA	\$13,177,032	9.79%	\$13,109,999	-0.51%
Water and Environment Fund	\$347,515	-74.78%	\$259,455	-25.34%	\$276,778	6.68%
Intermediate Care Facility	\$1,283,195	-0.01%	\$1,258,329	-1.94%	\$1,302,499	3.51%
Reinvestment Program	\$0	NA	\$1,262,529	NA	\$4,121,212	NA
Building SD Fund	\$0	NA	\$321,412	NA	\$816,003	NA
Motor Vehicle Leasing Fund	\$1,585,810	0.32%	\$1,743,991	9.97%	\$1,806,948	3.61%
Telecom	\$13,491,578	4.62%	\$11,170,301	-17.21%	\$10,726,035	-3.98%
Aviation Fuel	\$736,125	-4.82%	\$716,436	-2.67%	\$728,070	1.62%
Motor Fuel Tax	\$138,386,151	5.62%	\$134,198,389	-3.03%	\$145,860,377	8.69%
Motor Fuel Tax - Tribal	\$3,654,697	0.14%	\$3,552,410	-2.80%	\$4,267,870	20.14%
Interstate Fuel Tax Agreement (IFTA)	\$1,485,967	0.81%	\$1,497,497	0.78%	\$1,596,887	6.64%
Tank Inspection Fees	\$17,640,393	7.09%	\$16,771,294	-4.93%	\$17,390,674	3.69%
Prorate - Registration Fees and Excise Tax	\$17,076,532	-5.74%	\$18,536,020	8.55%	\$18,724,926	1.02%
United Carrier Registration Fees	\$886,339	3.67%	\$896,918	1.19%	\$883,113	-1.54%
Motor Vehicle Titles and Registration	\$122,597,802	6.13%	\$136,038,589	10.96%	\$145,793,114	7.17%
Cigarette Tax - State	\$51,621,443	1.27%	\$51,981,414	0.70%	\$51,776,104	-0.39%
Cigarette Tax - Tribal	\$2,221,487	-15.08%	\$2,136,129	-3.84%	\$2,128,349	-0.36%
Cigarette License Fees	\$13,950	9.39%	\$12,750	-8.60%	\$17,678	38.65%
Other Tobacco Products	\$6,883,716	5.67%	\$7,444,528	8.15%	\$7,430,596	-0.19%
Other Tobacco Products - Tribal	\$228,479	-9.69%	\$235,798	3.20%	\$238,972	1.35%
Liquor License Fees	\$117,235	9.41%	\$118,035	.68%	\$124,200	5.22%
Malt Beverage Beer License Fees	\$336,512	2.86%	\$333,189	-0.99%	\$277,700	-16.65%
Alcoholic Beverage Brand Registration Fees	\$381,462	1.53%	\$388,714	1.90%	\$398,802	2.60%
Beer Tax	\$6,303,556	1.51%	\$6,182,644	-1.92%	\$6,058,750	-2.00%
Liquor Tax	\$7,917,948	7.41%	\$7,885,088	-0.42%	\$8,280,928	5.02%
Alcoholic Beverage 2% Purchase Price Tax	\$1,647,547	10.53%	\$1,748,469	6.13%	\$1,788,282	2.28%
Wholesale Beer License Fees	\$400	-33.33%	\$200	-50.00%	\$0	-100.00%
Underage Penalty Fees	\$81,500	-19.55%	\$97,150	19.20%	\$89,425	-7.95%
Bank Franchise/Bank Card Tax	\$36,850,211	-38.37%	\$24,819,183	-32.65%	\$8,763,982	-64.69%
Inheritance Tax	\$0	NA	\$0	n/a	\$0	NA
Ore Tax	\$4,565,257	-35.92%	\$1,897,450	-58.44%	\$2,890,933	52.36%
Energy Mineral Tax	\$6,250,662	-5.78%	\$7,052,655	12.83%	\$5,011,373	-28.94%
Coin Laundry License Fees	\$256,925	2.17%	\$256,882	-0.02%	\$248,440	-3.29%
Coin Laundry License Fees - Tribal	\$1,488	-13.03%	\$1,494	0.40%	\$1,427	-4.46%
Amusement Device Fee	\$89,368	57.08%	\$71,556	-19.93%	\$70,200	-1.90%
Bingo License Fee	\$30,000	0.00%	\$25,000	-16.67%	\$25,000	0.00%
Bingo Tax	\$19,905	10.14%	\$19,225	-3.42%	\$20,141	4.76%
Totals	\$1,667,014,312	3.01%	\$1,731,082,535	3.84%	\$1,774,685,042	2.52%

Tax Revenues

Distribution of Taxes and Fees

In fiscal year 2015, the \$1,768,476,264 in tax revenues collected by the department was distributed to various funds and units of government. The largest portion of revenues, 57.1%, was deposited in the state's general fund, with 25.8% going to local governments, 12.5% to the State Highway Fund, and 5.6% to other uses.

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

How Taxes are Distributed

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

(continued on next page)

How Taxes are Distributed/continued

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

- (1) The state retains an administrative fee, which varies from .55% to 1%.
- (2) The first \$30 million collected annually is deposited in the state general fund. 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.
- (3) An exception exists regarding credit card banks. 95% of the revenue derived from that tax is deposited into the state general fund, while 5% goes to the county where the bank is located. If there is no physical presence in South Dakota, then 100% is deposited into the state general fund.
- (4) Revenues from mining companies licensed after January 1, 1981 are split as follows: 80% to the state, 20% to the county of production (subject to a \$1 million cap).
- (5) 100% of the tax collected is placed in the environment and natural resources fee fund.
- (6) Revenue from devices located outside municipalities is deposited into the state general fund. If the amusement device is located within the boundaries of a municipality, then the revenues are remitted to the municipality.
- (7) Each July, an amount equal to the number of snowmobiles licensed as of July times 125 gallons times the tax rate is transferred to a fund for snowmobile trails; \$135,000 is transferred to the value added agriculture subfund created in SDCL 1-16G-25; \$75,000 to the Department of Agriculture to be used for a grant to the Northern Crops Institute; \$500,000 to the coordinated natural resources conservation fund; an amount equal to the number of licensed motorized boats times 140 gallons times the tax rate is transferred to the parks recreation fund; \$700,000 to counties and townships pursuant to SDCL10-47B-149.1; the taxes collected under the provisions of the International Fuel Tax Agreement are transferred to member jurisdictions; and 2% is transferred to the Motor Fuel Tax Administration Account.
- (8) Beginning January 1, 2003, 50% of the revenue collected shall be deposited in the ethanol fuel fund and the remaining 50% distributed as follows: 78.7% deposited in the capitol construction fund and 21.3% deposited in the petroleum release compensation fund.
- (9) Other prorate fees: duplicate cab card, trailer fees, tractor registration fees, and transfer fees are deposited in the state highway fund. Trailer ID fees and duplicate fees are deposited in the license plate special revenue fund (LPR). Title and penalty fees and administration fees are deposited in the state motor vehicle fund (MVF).
- (10) .5% is deposited in the state motor vehicle fund (MVF), and 1% goes to the license plate special revenue fund (LPR). The percentages were changed in 2000.
- (11) 1.75% is deposited in the state motor vehicle fund (MVF), and 2.5% goes to the license plate special revenue fund (LPR).
- (12) 90% goes to Game, Fish and Parks, 10% to the state motor vehicle fund (MVF).

Tax Revenues

Total Revenues

Sales, use and contractors' excise taxes produce the largest portion of the total tax revenues, accounting for 73.5% of the total revenues in fiscal year 2015. These revenues come from over 80,799 businesses that currently pay sales, use and contractors' excise tax on their products and services. In fiscal year 2015, sales, use and contractors' excise taxes in South Dakota totaled \$1,300,226,158. This includes state taxes, municipal taxes and taxes collected pursuant to tax collection agreements with Indian tribes.

Of the \$1,300,226,158 collected, 64.7% came from the state sales and use tax; 26.9% from municipal sales and use taxes; 7.7% from state contractors' excise tax; and 0.8% from taxes collected pursuant to a tax collection agreement with an Indian tribe.

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

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

<u>Fiscal Year</u>	<u>Total State Revenues</u>	<u>Percent of Change</u>
2006	\$660,042,811	8.66%
2007	\$691,218,595	4.72%
2008	\$733,797,079	6.16%
2009	\$740,503,025	0.91%
2010	\$722,442,016	-2.44%
2011	\$786,303,271	8.84%
2012	\$838,239,997	6.61%
2013	\$872,212,501	4.05%
2014	\$924,027,908	5.94%
2015	\$940,965,822	1.83%

Municipal Taxes

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

In fiscal year 2015, 246 communities imposed local sales and use taxes. The maximum local rate that can be levied in South Dakota is 2%. Cities may also impose a 1% municipal gross receipts tax which is levied in addition to the municipal sales tax. The gross receipts tax can be imposed on alcoholic beverages, eating establishments, lodging accommodations, ticket sales and admissions to places of amusement, or athletic and cultural events.

#	City	2015 MGRT Rate	2015 Sales and Use Tax Rate	FY 2014	FY 2015	%Change
1	Aberdeen	1%	2%	\$17,335,507.65	\$17,699,702.16	2.10%
2	Akaska	-	2%	\$25,673.18	\$36,865.00	43.59%
3	Alcester	-	2%	\$189,754.02	\$177,916.84	-6.24%
4	Alexandria	-	2%	\$123,870.56	\$130,036.68	4.98%
5	Alpena	-	1%	\$147,518.54	\$178,745.73	21.17%
6	Andover	-	2%	\$7,654.50	\$34,005.38	344.25%
7	Arlington	-	2%	\$473,956.88	\$501,448.00	5.80%
8	Armour	-	2%	\$251,201.44	\$261,215.40	3.99%
9	Artesian	-	2%	\$18,296.31	\$19,688.65	7.61%
10	Ashton	-	2%	\$16,909.00	\$13,482.64	-20.26%
11	Astoria	-	1%	\$12,689.09	\$11,161.51	-12.04%
12	Aurora	-	1%	\$57,346.63	\$56,263.01	-1.89%
13	Avon	-	2%	\$142,667.07	\$148,969.68	4.42%
14	Baltic	1%	2%	\$120,304.46	\$143,875.00	19.59%
15	Belle Fourche	1%	2%	\$2,443,390.98	\$2,695,099.03	10.30%
16	Belvidere	-	2%	\$12,541.15	\$14,567.07	16.15%
17	Beresford	1%	2%	\$808,364.99	\$884,538.64	9.42%
18	Big Stone City	-	2%	\$303,486.66	\$351,403.78	15.79%
19	Bison	-	2%	\$202,279.21	\$362,513.18	79.21%
20	Blunt	1%	1%	\$46,651.44	\$47,127.78	1.02%
21	Bonesteel	-	2%	\$68,150.29	\$70,953.96	4.11%
22	Bowdle	-	2%	\$159,202.03	\$142,392.30	-10.56%
23	Box Elder	1%	2%	\$1,394,641.73	\$1,551,774.35	11.27%
24	Brandon	1%	2%	\$2,951,642.15	\$3,042,016.44	3.06%
25	Brandt	-	2%	\$20,484.38	\$21,061.30	2.82%
26	Bridgewater	-	2%	\$100,167.85	\$85,805.74	-14.34%
27	Bristol	-	2%	\$60,952.05	\$66,599.83	9.27%
28	Britton	1%	2%	\$705,131.01	\$705,884.10	0.11%
29	Brookings	1%	2%	\$13,362,179.48	\$13,185,664.49	-1.32%
30	Bruce	-	1%	\$23,197.48	\$30,851.64	33.00%
31	Bryant	-	2%	\$131,818.81	\$165,964.28	25.90%
32	Buffalo	-	2%	\$175,234.69	\$239,142.81	36.47%
33	Burke	-	2%	\$268,503.25	\$280,483.21	4.46%
34	Camp Crook	-	1%	\$8,807.31	\$8,703.89	-1.17%
35	Canistota	1%	2%	\$154,781.21	\$218,044.59	40.87%
36	Canova	-	1.95%	\$30,784.15	\$28,460.45	-7.55%
37	Canton	1%	2%	\$1,028,889.50	\$1,091,392.91	6.07%
38	Carthage	-	2%	\$42,559.99	\$45,652.56	7.27%
39	Castlewood	-	2%	\$166,525.49	\$125,730.83	-24.50%
40	Cavour	-	2%	\$28,956.41	\$31,905.59	10.18%
41	Centerville	1%	2%	\$147,675.27	\$149,649.44	1.34%
42	Central City	-	2%	\$68,459.69	\$67,295.41	-1.70%
43	Chamberlain	1%	2%	\$1,437,520.44	\$1,401,487.72	-2.51%
44	Chancellor	1%	2%	\$60,770.20	\$57,240.17	-5.81%
45	Clark	-	2%	\$393,580.12	\$391,587.79	-0.51%

Tax Revenues

#	City	2015 MGRT Rate	2015 Sales and Use Tax Rate	FY 2014	FY 2015	%Change	#	City	2015 MGRT Rate	2015 Sales and Use Tax Rate	FY 2014	FY 2015	%Change
46	Clear Lake	1%	2%	\$470,929.25	\$491,514.25	4.37%	96	Hayti	-	2%	\$81,658.92	\$71,135.51	-12.89%
47	Colman	-	2%	\$185,327.09	\$169,585.72	-8.49%	97	Hazel	-	1%	\$11,076.05	\$10,961.36	-1.04%
48	Colome	1%	2%	\$51,002.69	\$59,664.29	16.98%	98	Hecla	-	1%	\$52,451.33	\$54,188.23	3.31%
49	Colton	1%	2%	\$123,780.41	\$117,128.48	-5.37%	99	Henry	-	1%	\$26,009.24	\$32,337.43	24.33%
50	Conde	-	2%	\$25,659.59	\$25,654.90	-0.02%	100	Hermosa	-	2%	\$140,400.23	\$130,229.12	-7.24%
51	Corona	-	2%	\$20,329.27	\$18,070.13	-11.11%	101	Herreid	-	2%	\$259,547.67	\$242,203.02	-6.68%
52	Corsica	1%	2%	\$334,518.60	\$337,564.57	0.91%	102	Highmore	1%	2%	\$374,146.04	\$445,930.55	19.19%
53	Crooks	1%	2%	\$153,879.68	\$151,873.41	-1.30%	103	Hill City	1%	2%	\$854,841.58	\$924,139.03	8.11%
54	Custer	1%	2%	\$1,598,671.73	\$1,638,825.14	2.51%	104	Hitchcock	-	1%	\$18,742.35	\$19,363.30	3.31%
55	Dallas	1%	2%	\$32,019.74	\$31,428.54	-1.85%	105	Hosmer	-	2%	\$49,189.20	\$52,681.96	7.10%
56	Davis	-	2%	\$19,299.13	\$12,721.90	-34.08%	106	Hot Springs	1%	2%	\$1,463,935.13	\$1,670,719.80	14.13%
57	De Smet	1%	2%	\$537,014.64	\$593,130.80	10.45%	107	Hoven	-	2%	\$169,998.60	\$191,689.42	12.76%
58	Deadwood	1%	2%	\$2,950,578.44	\$3,188,131.48	8.05%	108	Howard	-	2%	\$390,717.27	\$417,943.27	6.97%
59	Dell Rapids	1%	2%	\$976,294.55	\$1,005,244.77	2.97%	109	Hudson	-	2%	\$115,406.78	\$106,727.61	-7.52%
60	Delmont	-	2%	\$47,128.17	\$51,177.55	8.59%	110	Humboldt	1%	2%	\$172,119.61	\$184,181.82	7.01%
61	Dimock	-	2%	\$27,566.01	\$29,745.56	7.91%	111	Hurley	1%	2%	\$57,199.43	\$55,318.53	-3.29%
62	Doland	-	2%	\$56,622.71	\$69,722.78	23.14%	112	Huron	1%	2%	\$6,335,409.60	\$6,768,776.44	6.84%
63	Dupree	-	1%	\$52,276.27	\$49,472.66	-5.36%	113	Interior	-	1.90%	\$42,446.59	\$37,365.66	-11.97%
64	Eagle Butte	1%	2%	\$443,964.78	\$459,474.28	3.49%	114	Ipswich	-	2%	\$443,450.98	\$423,114.35	-4.59%
65	Eden	-	1%	\$20,035.18	\$22,178.36	10.70%	115	Irene	1%	2%	\$96,144.69	\$101,594.83	5.67%
66	Edgemont	1%	2%	\$189,937.46	\$218,907.27	15.25%	116	Iroquois	-	1%	\$35,185.42	\$31,586.11	-10.23%
67	Egan	-	2%	\$25,385.28	\$28,582.78	12.60%	117	Isabel	-	2%	\$86,075.48	\$93,014.83	8.06%
68	Elk Point	1%	2%	\$466,695.19	\$471,252.31	0.98%	118	Java	-	2%	\$19,087.29	\$20,487.87	7.34%
69	Elkton	-	2%	\$185,972.31	\$172,007.60	-7.51%	119	Jefferson	-	2%	\$128,877.81	\$112,992.72	-12.33%
70	Emery	-	2%	\$157,742.94	\$165,643.11	5.01%	120	Kadoka	1%	2%	\$282,150.01	\$288,675.23	2.31%
71	Estelline	-	2%	\$147,826.33	\$145,696.29	-1.44%	121	Kennebec	1%	2%	\$106,683.82	\$116,149.66	8.87%
72	Ethan	-	2%	\$160,394.49	\$147,450.73	-8.07%	122	Keystone	1%	2%	\$816,676.45	\$844,030.99	3.35%
73	Eureka	-	2%	\$324,995.11	\$286,910.30	-11.72%	123	Kimball	1%	2%	\$324,948.39	\$342,858.20	5.51%
74	Fairfax	-	2%	\$35,176.51	\$48,049.00	36.59%	124	Kranzburg	-	2%	\$23,929.90	\$28,202.10	17.85%
75	Fairview	-	2%	\$0.00	\$7,033.94	NA	125	La Bolt	-	1%	\$12,382.41	\$9,770.39	-21.09%
76	Faith	1%	2%	\$237,713.27	\$259,892.05	9.33%	126	Lake Andes	-	2%	\$147,296.59	\$157,836.07	7.16%
77	Faulkton	-	2%	\$320,776.37	\$336,579.78	4.93%	127	Lake Norden	-	1%	\$176,744.64	\$178,661.45	1.08%
78	Flandreau	1%	2%	\$657,520.49	\$619,251.86	-5.82%	128	Lake Preston	-	2%	\$166,606.47	\$170,340.28	2.24%
79	Florence	-	2%	\$52,347.56	\$67,784.26	29.49%	129	Langford	-	2%	\$48,462.49	\$64,216.93	32.51%
80	Fort Pierre	1%	2%	\$1,185,959.35	\$1,275,050.33	7.51%	130	Lead	1%	2%	\$726,437.37	\$795,599.40	9.52%
81	Frankfort	-	2%	\$17,181.19	\$19,538.88	13.72%	131	Lemmon	1%	2%	\$609,865.61	\$667,053.03	9.38%
82	Frederick	-	1%	\$29,012.66	\$27,195.19	-6.26%	132	Lennox	1%	2%	\$493,422.17	\$536,889.63	8.81%
83	Freeman	-	2%	\$524,168.05	\$579,316.73	10.52%	133	Leola	-	2%	\$128,180.31	\$104,556.48	-18.43%
84	Garretson	1%	2%	\$322,689.45	\$348,147.15	7.89%	134	Lesterville	-	2%	\$45,798.80	\$30,717.66	-32.93%
85	Gary	-	1%	\$52,214.42	\$46,110.55	-11.69%	135	Letcher	1%	2%	\$35,605.26	\$35,680.88	0.21%
86	Gayville	-	2%	\$43,841.86	\$44,857.82	2.32%	136	Madison	-	2%	\$3,169,158.20	\$3,336,297.66	5.27%
87	Geddes	-	2%	\$58,537.50	\$51,737.22	-11.62%	137	Marion	-	1%	\$229,653.13	\$267,152.35	16.33%
88	Gettysburg	1%	2%	\$559,715.30	\$593,048.62	5.96%	138	Martin	1%	2%	\$484,960.78	\$514,268.65	6.04%
89	Glenham	-	2%	\$37,255.35	\$29,060.51	-22.00%	139	McIntosh	-	2%	\$46,544.19	\$39,016.75	-16.17%
90	Gregory	1%	2%	\$651,812.88	\$668,123.75	2.50%	140	McLaughlin	1%	2%	\$144,991.64	\$125,693.51	-13.31%
91	Grenville	-	2%	\$15,785.86	\$15,808.50	0.14%	141	Mellette	-	2%	\$16,355.50	\$47,337.47	189.43%
92	Groton	1%	2%	\$536,939.03	\$514,085.71	-4.26%	142	Menno	-	2%	\$198,269.22	\$212,983.42	7.42%
93	Harrisburg	1%	2%	\$856,953.19	\$904,272.89	5.52%	143	Midland	-	2%	\$60,442.92	\$90,353.62	49.49%
94	Harrold	-	2%	\$60,586.45	\$50,640.21	-16.42%	144	Milbank	1%	2%	\$2,229,473.86	\$2,199,032.93	-1.37%
95	Hartford	1%	2%	\$719,105.32	\$777,371.38	8.10%	145	Miller	1%	2%	\$735,558.57	\$802,619.01	9.12%

#	City	2015 MGRT Rate	2015 Sales and Use Tax Rate	FY 2014	FY 2015	%Change	#	City	2015 MGRT Rate	2015 Sales and Use Tax Rate	FY 2014	FY 2015	%Change
146	Mission	-	2%	\$448,130.00	\$436,601.25	-2.57%	197	Spearfish	1%	2%	\$7,595,082.89	\$7,912,261.25	4.18%
147	Mitchell	1%	2%	\$11,309,663.02	\$11,803,929.92	4.37%	198	Spencer	-	2%	\$17,777.43	\$21,645.89	21.76%
148	Mobridge	1%	2%	\$1,773,792.68	\$1,762,259.32	-0.65%	199	Springfield	-	2%	\$207,585.42	\$217,548.76	4.80%
149	Monroe	-	2%	\$8,216.90	\$10,396.53	26.53%	200	Stickney	-	2%	\$116,102.90	\$149,805.07	29.03%
150	Montrose	-	2%	\$68,903.86	\$70,915.23	2.92%	201	Stratford	-	2%	\$8,179.83	\$11,663.82	42.59%
151	Morristown	-	1%	\$6,427.36	\$11,437.67	77.95%	202	Sturgis	1%	2%	\$3,215,326.18	\$3,444,783.24	7.14%
152	Mound City	-	2%	\$14,888.99	\$17,611.06	18.28%	203	Summerset	1%	2%	\$422,533.55	\$466,452.61	10.39%
153	Mount Vernon	1%	2%	\$78,035.99	\$76,246.43	-2.29%	204	Summit	-	2%	\$116,562.25	\$119,580.81	2.59%
154	Murdo	1%	2%	\$436,478.74	\$460,812.71	5.58%	205	Tabor	-	2%	\$83,504.06	\$99,422.04	19.06%
155	New Effington	-	2%	\$17,394.76	\$44,178.80	153.98%	206	Tea	1%	2%	\$1,090,383.12	\$1,198,291.00	9.90%
156	New Underwood	-	2%	\$94,653.35	\$99,171.92	4.77%	207	Timber Lake	-	2%	\$225,706.43	\$169,640.03	-24.84%
157	Newell	-	2%	\$190,387.64	\$199,097.85	4.57%	208	Toronto	-	1%	\$42,118.19	\$47,966.37	13.89%
158	Nisland	-	2%	\$21,158.55	\$20,329.22	-3.92%	209	Trent	-	1%	\$12,048.12	\$12,276.79	1.90%
159	North Sioux City	1%	2%	\$2,242,069.44	\$2,376,900.60	6.01%	210	Tripp	-	2%	\$110,622.97	\$138,372.69	25.08%
160	Oacoma	1%	2%	\$578,914.93	\$616,126.22	6.43%	211	Tulare	-	1%	\$36,921.46	\$40,957.69	10.93%
161	Oldham	-	2%	\$17,254.73	\$17,006.97	-1.44%	212	Tyndall	-	2%	\$264,896.15	\$315,517.45	19.11%
162	Olivet	-	1%	\$7,534.39	\$7,755.43	2.93%	213	Utica	-	1%	\$6,276.30	\$6,984.41	11.28%
163	Onida	-	2%	\$228,086.92	\$279,955.79	22.74%	214	Valley Springs	-	2%	\$105,382.93	\$109,479.48	3.89%
164	Orient	-	1%	\$16,950.92	\$16,059.69	-5.26%	215	Veblen	-	2%	\$35,160.85	\$48,190.28	37.06%
165	Parker	-	2%	\$269,662.42	\$301,022.40	11.63%	216	Vermillion	1%	2%	\$3,554,688.40	\$3,608,231.12	1.51%
166	Parkston	1%	2%	\$494,346.71	\$522,948.72	5.79%	217	Viborg	1%	2%	\$248,926.54	\$262,946.90	5.63%
167	Peever	-	2%	\$21,213.65	\$22,176.09	4.54%	218	Volga	-	2%	\$412,429.84	\$441,160.83	6.97%
168	Philip	-	2%	\$439,421.09	\$558,321.34	27.06%	219	Volin	-	2%	\$22,009.13	\$18,511.19	-15.89%
169	Pickstown	-	2%	\$88,140.11	\$89,517.36	1.56%	220	Wagner	-	2%	\$706,899.63	\$740,069.17	4.69%
170	Piedmont	-	2%	\$137,467.99	\$194,607.69	41.57%	221	Wakonda	-	2%	\$78,313.51	\$71,858.64	-8.24%
171	Pierpont	-	2%	\$17,109.15	\$12,584.96	-26.44%	222	Wall	1%	2%	\$1,178,436.53	\$1,242,239.40	5.41%
172	Pierre	1%	2%	\$7,573,135.74	\$8,095,648.42	6.90%	223	Wallace	-	1%	\$22,974.92	\$7,948.52	-65.40%
173	Plankinton	-	2%	\$165,810.55	\$185,550.91	11.91%	224	Ward	-	2%	\$9,884.45	\$16,598.17	67.92%
174	Platte	1%	2%	\$686,924.99	\$720,573.49	4.90%	225	Warner	-	2%	\$65,425.50	\$81,886.70	25.16%
175	Pollock	-	2%	\$109,755.86	\$114,614.86	4.43%	226	Wasta	-	1%	\$3,995.89	\$4,919.04	23.10%
176	Presho	-	2%	\$147,753.68	\$144,570.31	-2.15%	227	Watertown	1%	2%	\$14,719,909.66	\$15,247,164.98	3.58%
177	Pringle	-	2%	\$19,102.72	\$18,698.54	-2.12%	228	Waubay	-	2%	\$125,516.21	\$121,736.57	-3.01%
178	Pukwana	-	2%	\$16,937.20	\$39,212.62	131.52%	229	Webster	1%	2%	\$861,295.78	\$912,691.64	5.97%
179	Quinn	1%	1%	\$6,317.84	\$6,732.43	6.56%	230	Wentworth	-	2%	\$46,822.46	\$39,590.03	-15.45%
180	Ramona	-	1%	\$16,643.54	\$9,876.14	-40.66%	231	Wessington	-	2%	\$55,748.65	\$92,801.40	66.46%
181	Rapid City	1%	2%	\$54,889,670.73	\$57,031,370.31	3.90%	232	Wessington Springs	-	2%	\$330,668.12	\$342,849.00	3.68%
182	Redfield	1%	2%	\$892,943.47	\$931,763.25	4.35%	233	White	-	2%	\$73,101.91	\$149,096.65	103.96%
183	Reliance	1%	2%	\$70,349.77	\$59,290.90	-15.72%	234	White Lake	1%	2%	\$78,271.45	\$101,246.83	29.35%
184	Reville	-	1%	\$21,066.93	\$21,443.85	1.79%	235	White River	-	2%	\$142,196.96	\$134,804.83	-5.20%
185	Roscoe	-	2%	\$73,696.87	\$123,786.43	67.97%	236	Whitewood	1%	2%	\$274,358.82	\$294,344.26	7.28%
186	Rosholt	-	1%	\$94,742.49	\$82,696.78	-12.71%	237	Willow Lake	-	2%	\$73,565.49	\$73,858.24	0.40%
187	Roslyn	-	2%	\$45,487.13	\$49,309.33	8.40%	238	Wilmot	-	2%	\$138,343.71	\$164,693.64	19.05%
188	Saint Lawrence	-	2%	\$43,664.43	\$40,972.14	-6.17%	239	Winner	1%	2%	\$1,582,420.20	\$1,627,278.94	2.83%
189	Salem	1%	2%	\$470,189.08	\$496,061.58	5.50%	240	Witten	-	2%	\$11,151.63	\$10,180.37	-8.71%
190	Scotland	-	2%	\$354,108.42	\$350,995.49	-0.88%	241	Wolsey	-	2%	\$107,220.97	\$130,446.47	21.66%
191	Selby	-	2%	\$252,710.08	\$270,151.39	6.90%	242	Wood	-	2%	\$13,132.96	\$11,094.61	-15.52%
192	Sherman	-	1%	\$4,852.55	\$11,229.25	131.41%	243	Woonsocket	-	2%	\$191,366.58	\$190,243.91	-0.59%
193	Sioux Falls	1%	2%	\$112,530,093.95	\$120,121,076.58	6.75%	244	Worthing	1%	2%	\$151,916.57	\$156,786.77	3.21%
194	Sioux Falls - Lodging	-	1%	\$796,476.08	\$903,249.95	13.41%	245	Yale	-	1%	\$16,631.06	\$21,290.56	28.02%
195	Sisseton	1%	2%	\$1,109,352.31	\$1,108,128.84	-0.11%	246	Yankton	1%	2%	\$8,576,718.15	\$9,049,322.97	5.51%
196	South Shore	-	1%	\$15,833.81	\$26,587.57	67.92%	State Totals				\$332,396,971.05	\$349,511,058.33	5.15%

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

<u>Special Jurisdiction</u>	<u>2015 ST Rate</u>	<u>2015 UT Rate</u>	<u>2015 ET Rate</u>	<u>Tourism</u>	<u>FY2014</u>	<u>FY2015</u>	<u>% Increase (Decrease)</u>
Cheyenne River Sioux Tribe	4%	-	2%	1.5%	\$2,980,725.74	\$2,946,218.26	-1.16%
Crow Creek Sioux Tribe	4%	-	2%	1.5%	\$334,400.88	\$489,101.83	46.26%
Oglala Sioux Tribe	4%	-	2%	-	\$3,075,573.37	\$2,961,688.59	-3.70%
Rosebud Sioux Tribe	4%	-	2%	1.5%	\$2,417,180.53	\$2,212,640.09	-8.46%
Sisseton-Wahpeton Oyate	-	4%	2%	-	\$4,669.20	\$9,009.28	92.95%
Standing Rock Sioux Tribe	4%	-	2%	1.5%	\$1,065,628.44	\$1,130,610.57	6.10%
Yankton Sioux Tribe	-	4%	2%	-	\$0.00	\$9.75	NA
Totals					\$9,878,178.16	\$9,749,278.37	-1.30%

Tourism Tax

The division also administers the tourism or seasonal tax, which is an additional 1.5% tax on certain lodging and amusement services that is imposed for tourism promotion. The tourism tax on lodging establishments, campgrounds, motor vehicle rentals, recreational equipment rentals, recreational services, spectator events and visitor attractions applies year-round. The tourism tax on visitor-intensive businesses applies during the months of June, July, August and September. For FY2015, tourism tax collections, including audit collections, totalled \$11,416,980.13.

Compliance and Reviews

The Business Tax Division's revenue agents are responsible for locating, monitoring and investigating any leads they receive concerning businesses or individuals who may be operating in South Dakota without a tax license or those who fail to properly collect or remit sales, use or contractors' excise tax. They accomplish this using a variety of resources, including Internet searches, newspapers, bulletin boards, government contracts, building permits, information from other government agencies and leads from audits or reviews. In fiscal year 2015, the Business Tax Division closed 9,785 compliance cases and collected \$3,945,948.

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 these reviews require less time to conduct, use of the program enables the Department to contact a greater number of taxpayers, including smaller businesses, that may never come up for audit. Reviews also provide one-on-one tax law education to the taxpayer, increasing future compliance and collections, and operate more efficiently in terms of staff time and travel costs. In fiscal year 2015, the division conducted 237 reviews and collected \$281,244.

Special Events

Revenue agents license vendors to collect state sales, municipal and tourism tax at various special events across the state throughout the year. The table below compares tax collected from some of South Dakota's major special events from fiscal year 2015 to the previous year from temporary vendors.

Total Tax Collected from Special Events 2014-2015

<u>Event</u>	<u>FY2014*</u>	<u>FY2015*</u>	<u>% Increase (Decrease)</u>
Brookings Arts Festival	\$29,001.76	\$32,856.06	13.29%
Brown County Fair	\$19,095.76	\$24,411.81	27.84%
South Dakota State Fair	\$151,744.84	\$166,233.27	9.55%
Northern Hills Motorcycle Rally**	\$1,100,334.94	\$1,099,668.48	-0.06%
Southern Hills Motorcycle Rally***	\$274,601.19	\$289,852.29	5.55%
Central States Fair	\$37,704.87	\$46,772.10	24.05%
Sioux Empire Fair	\$57,846.70	\$55,453.11	-4.14%
Spearfish Arts Festival	\$15,723.98	\$17,533.11	11.51%
TOTAL	\$1,686,054.04	\$1,732,780.23	2.77%

*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 FY2015 was for the rally that occurred during August 2014.



DOR Staff supports
Military Kids on Purple Up
Day each year on April 15.

Special Taxes

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. In the last 10 years, revenues from the division have ranged from a high of \$155.7 million in 2008 to a low of \$95.6 million in 2015. In fiscal year 2015, revenues in this program showed a decrease of \$17.1 million from 2014 with total collections of \$95,641,282. The largest decrease was attributed to less revenue coming in for Bank Franchise / Bank Card Taxes of \$16.1 million.

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 2015, the division reverted \$8,187,732 back to counties and municipalities and special jurisdictions.

Alcohol Regulation

If an alcohol licensee is caught selling alcohol to a person under the age of 21, the Department penalizes the licensee with a fine or suspension. In fiscal year 2015, a total of \$89,425 in civil penalties was collected from businesses/alcohol licensees who made illegal sales to persons under the age of 21.

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

The Department receives information on underage sales from county clerks of court, and from city and county law enforcement officers when they conduct alcohol compliance checks. In fiscal year 2015, 15 cities and eight counties conducted compliance checks. The chart below indicates the number of compliance checks and the failure rate for the past five fiscal years.

Alcohol Compliance Checks: 2011 - 2015

<u>Fiscal Year</u>	<u>Number of Checks</u>	<u>Number of Illegal Sales</u>	<u>Failure Rates</u>
2011	980	110	11.2%
2012	1,003	112	11.2%
2013	946	86	9.1%
2014	799	68	8.5%
2015	1,001	114	11.4%
Total	4,729	490	10.4% (avg.)

Sales or Property Tax Refund Program

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

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

Sales and Property Tax Refunds: 2011 - 2015

<u>Fiscal Year</u>	<u>Applications Received</u>	<u>Applications Approved</u>	<u>Dollars Refunded</u>
2011	2,784	2,392	\$466,125
2012	2,380	2,205	\$440,140
2013	2,180	2,059	\$438,165
2014	2,095	1,973	\$426,371
2015	2,119	1,964	\$428,599
Total	11,558	10,593	\$2,199,400

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

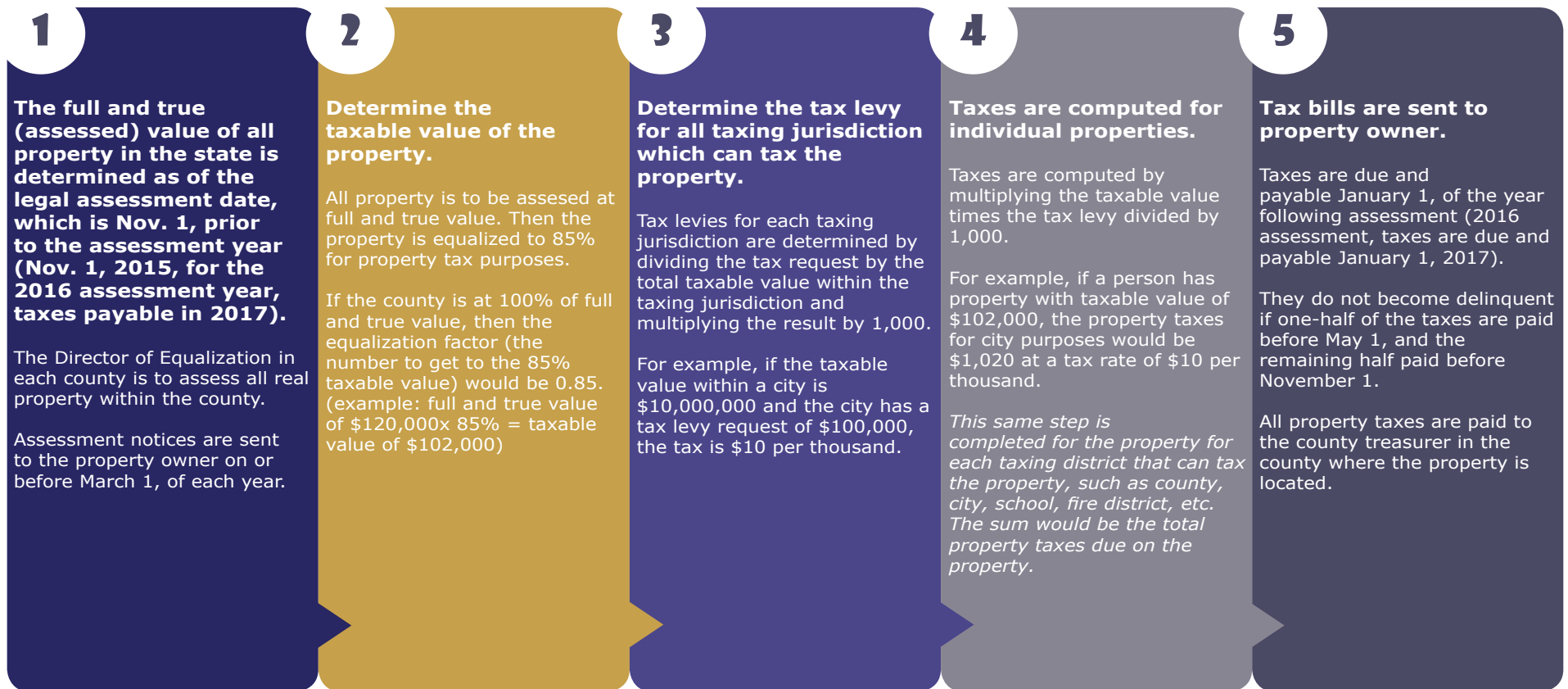
- *Alcohol – Alcohol license applications, legal age issues, and operating hours for selling alcohol.*
- *Cigarettes/Tobacco – Required forms, minimum pricing, and licenses by names.*
- *Bank Franchise – Filing returns and making payments.*
- *Other Special Taxes – coin-operated washer and dryer license applications, energy minerals Severance Tax And conservation Tax information, precious metals tax quarterly and annual returns, and much more.*

Property Taxes

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

Steps in the Determination of Property Taxes

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



Property Tax Payments

In 2015, South Dakota property owners paid more than \$1 billion to fund local governments and provide K-12 education for the state's children. The following two tables show the portion of the total taxes paid by each classification of property, and where the money collected is spent.

Property Taxes: Who Pays

Year Taxes Are Payable	Agricultural*	% of Total	Owner - Occupied	% of Total	Commercial	% of Total	Utilities	% of Total	Special Assessments	% of Total	TOTAL
2006	202,173,330	25.17	309,831,254	38.58	252,523,983	31.44	27,191,751	3.39	11,422,093	1.42	803,142,410
2007	211,381,559	24.93	330,332,434	38.96	267,236,569	31.52	25,266,119	2.98	13,675,583	1.61	847,892,264
2008	219,709,028	24.87	348,147,127	39.41	277,552,244	31.42	22,957,006	2.60	15,057,152	1.70	883,422,556
2009	231,587,046	24.81	368,765,290	39.51	292,805,927	31.37	23,025,217	2.47	17,091,242	1.83	933,274,722
2010	239,627,362	24.50	388,867,662	39.76	307,499,562	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	1.83	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	1.83	1,071,356,971
2014	286,177,332	25.45	444,727,084	39.55	346,978,590	30.86	27,320,189	2.43	19,323,088	1.72	1,124,526,283
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

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

Property Taxes: Where the Money Goes

For Taxes Payable In	County	% of Total	Municipalities	% of Total	Schools	% of Total	Townships	% of Total	Special Assessments	% of Total	TOTAL
2006	201,763,441	25.12	102,625,076	12.78	475,005,462	59.14	12,326,339	1.53	11,422,093	1.42	803,142,410
2007	215,590,027	25.43	109,964,079	12.97	495,863,786	58.48	12,798,789	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	18,819,753	1.82	1,031,533,239
2013	296,987,309	27.72	145,762,092	13.61	589,839,803	55.06	18,999,061	1.77	19,768,706	1.85	1,071,356,971
2014	301,699,432	26.83	149,893,710	13.33	635,031,575	56.47	18,578,477	1.65	19,323,088	1.72	1,124,526,282
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

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.

Note: On May 1, 2015, Shannon County was renamed Oglala Lakota County.

Taxable Valuations: 2015 Taxes Payable 2016

County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation	County	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation
AURORA	627,997,228	44,199,087	28,685,589	700,881,904	HYDE	489,045,394	23,190,314	25,892,758	538,128,466
BEADLE	1,227,521,693	474,047,251	353,537,639	2,055,106,583	JACKSON	217,203,037	20,254,357	19,827,181	257,284,575
BENNETT	163,013,808	21,501,849	10,921,470	195,437,127	JERAULD	415,665,962	35,296,275	36,062,539	487,024,776
BON HOMME	529,977,569	106,009,573	49,898,722	685,885,864	JONES	262,187,787	14,708,316	15,995,207	292,891,310
BROOKINGS	879,112,885	998,442,175	804,562,370	2,682,117,430	KINGSBURY	885,934,038	127,159,951	97,414,581	1,110,508,570
BROWN	1,482,590,258	1,336,606,432	818,445,310	3,637,642,000	LAKE	681,314,145	414,470,485	260,100,674	1,355,885,304
BRULE	620,874,834	112,933,211	78,746,453	812,554,498	LAWRENCE	56,000,026	1,154,531,708	1,031,910,469	2,242,442,203
BUFFALO	155,540,257	1,501,685	1,243,282	158,285,224	LINCOLN	677,773,434	2,925,768,965	1,124,753,695	4,728,296,094
BUTTE	218,871,093	331,401,445	159,825,916	710,098,454	LYMAN	610,586,222	52,739,925	48,578,954	711,905,101
CAMPBELL	370,631,589	29,107,209	24,280,385	424,019,183	MARSHALL	647,749,275	127,248,352	106,280,756	881,278,383
CHARLES MIX	864,003,095	161,213,588	113,619,032	1,138,835,715	MC COOK	710,525,645	136,176,243	65,376,397	912,078,285
CLARK	808,205,454	48,243,227	94,534,817	950,983,498	MC PHERSON	606,399,700	39,924,451	32,941,920	679,266,071
CLAY	534,478,893	302,354,799	208,740,734	1,045,574,426	MEADE	562,963,846	1,061,506,134	431,149,471	2,055,619,451
CODINGTON	623,210,885	1,081,374,710	643,244,365	2,347,829,960	MELLETTE	183,620,939	9,896,102	6,643,458	200,160,499
CORSON	265,860,015	13,203,968	40,144,240	319,208,223	MINER	595,305,842	29,860,912	59,574,509	684,741,263
CUSTER	123,946,430	447,695,760	328,451,403	900,093,593	MINNEHAHA	871,753,631	6,769,578,933	4,712,422,363	12,353,754,927
DAVISON	448,313,820	617,657,365	428,690,283	1,494,661,468	MOODY	723,149,273	158,394,946	45,276,033	926,820,252
DAY	738,859,514	146,655,172	193,240,240	1,078,754,926	OGLALA LAKOTA	32,683,540	2,160,810	3,093,449	37,937,799
DEUEL	618,703,747	121,721,977	90,024,874	830,450,598	PENNINGTON	313,554,290	4,378,888,686	3,164,725,779	7,857,168,755
DEWEY	226,920,789	16,360,087	21,134,785	264,415,661	PERKINS	476,170,683	40,078,652	28,924,790	545,174,125
DOUGLAS	453,842,635	52,255,132	26,826,517	532,924,284	POTTER	636,618,174	51,599,137	39,322,695	727,540,006
EDMUNDS	868,215,812	120,681,904	116,087,501	1,104,985,217	ROBERTS	630,511,366	133,930,483	90,598,206	855,040,055
FALL RIVER	128,531,250	207,106,380	204,586,492	540,224,122	SANBORN	496,009,485	38,666,629	23,439,424	558,115,538
FAULK	799,333,228	32,197,311	18,848,823	850,379,362	SPINK	1,522,081,472	111,524,637	108,514,901	1,742,121,010
GRANT	604,442,071	191,059,248	203,871,981	999,373,300	STANLEY	264,594,450	137,581,020	97,737,233	499,912,703
GREGORY	392,392,857	65,828,452	37,340,330	495,561,639	SULLY	804,522,919	46,557,984	69,730,378	920,811,281
HAAKON	417,312,489	30,909,379	27,323,038	475,544,906	TODD	134,151,808	12,959,589	13,098,209	160,209,606
HAMLIN	593,516,515	178,149,374	114,442,697	886,108,586	TRIPP	760,090,610	100,076,481	54,123,376	914,290,467
HAND	1,099,533,767	73,389,462	47,260,384	1,220,183,613	TURNER	780,023,205	271,426,620	122,588,059	1,174,037,884
HANSON	429,854,252	82,249,291	40,260,113	552,363,656	UNION	648,374,397	792,897,722	350,733,851	1,792,005,970
HARDING	208,145,178	21,223,686	56,341,095	285,709,959	WALWORTH	430,951,716	136,400,546	106,381,742	673,734,004
HUGHES	368,566,738	686,523,321	379,172,054	1,434,262,113	YANKTON	561,185,852	771,461,597	438,187,679	1,770,835,128
HUTCHINSON	902,944,340	149,990,953	114,903,120	1,167,838,413	ZIEBACH	196,873,013	3,263,087	6,965,680	207,101,780

	Ag Real Valuation	Owner-Occupied Valuation	Other Valuation	Total Valuation
State Totals	36,680,840,164	28,433,974,512	18,717,602,470	83,832,417,146

Taxable Valuations by Category: 2006-2015

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 2006 to 2015.

<u>For Taxes Payable in</u>	<u>Agricultural*</u>	<u>% of Total</u>	<u>Owner-Occupied</u>	<u>% of Total</u>	<u>Commercial</u>	<u>% of Total</u>	<u>Utilities</u>	<u>% of Total</u>	<u>TOTAL**</u>
2006	15,097,290,060	34.80	16,954,988,100	39.08	10,238,689,250	23.60	1,093,714,459	2.52	43,384,681,869
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

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

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

Property Tax Reduction Fund

During the Legislative Assembly 2015, House Bill 1050 was enacted which repealed the Property Tax Reduction Fund (SDCL § 10-45C-14) and created the general revenue replacement fund.

Productivity Valuation

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

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

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

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

Property Taxes

Limits on Property Taxes

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

State Aid to Education Payments

Agricultural and owner-occupied property owners benefit from the funding for education provided by the state. The state provides extra revenue for K-12 education that would otherwise have to be paid by these property owners. The benefit is provided to the taxpayer through a tax rate reduction for the school general fund levy. The school general fund levy rates for taxes payable in 2016 are set statewide as follows:

Ag	\$1.568/\$1,000 of value
Owner-Occupied	\$4.075/\$1,000 of value
Other	\$8.727/\$1,000 of value

Property Tax Caps

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

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

Combined Effect of Tax Caps and State Aid Payments

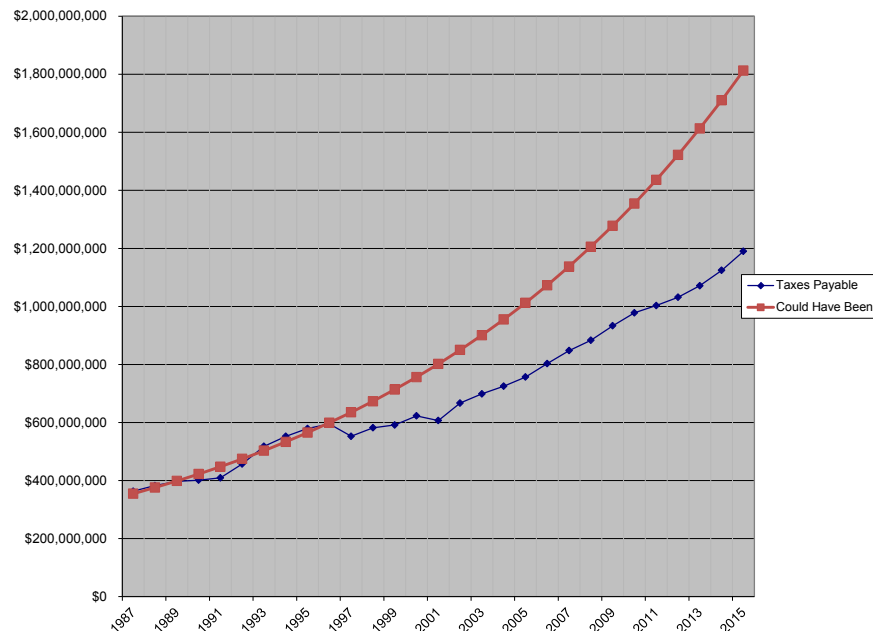
Historically, property taxes had increased at a rate of about 6% per year since 1947. Property tax caps and state aid to education payments have significantly slowed this increase. If the historical rate of property tax growth had continued through the 1990's, current property owners would be paying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

Effective Property Tax Rates

The following table shows the effective tax rate for owner-occupied, agricultural, and commercial property in 25 South Dakota jurisdictions payable in 2015. The “Other” category includes commercial property, utility property, and residential property not occupied by the owner. The effective tax rate is the percentage of a property’s market value that will be paid in taxes. For example, if the effective tax rate is 2%, and the market value of the property is \$150,000, then the taxes will be about \$3,000 per year. The “Agricultural” effective tax rate is for the agricultural property in the township around the cities on the list.

City	Agricultural Effective Tax Rate	Owner-Occupied Effective Tax Rate	Other Effective Tax Rate	City	Agricultural Effective Tax Rate	Owner-Occupied Effective Tax Rate	Other Effective Tax Rate
Aberdeen	1.11	1.70	2.13	Mobridge	1.13	1.99	2.53
Belle Fourche	1.05	1.90	2.32	Pierre	0.96	1.46	1.88
Brandon	1.08	1.60	2.02	Rapid City	1.22	1.43	1.86
Brookings	1.16	1.51	1.97	Redfield	0.79	2.42	2.95
Canton	0.84	1.87	2.28	Sioux Falls	0.95	1.47	1.94
Chamberlain	0.81	1.77	2.19	Sisseton	0.92	2.25	2.66
Dell Rapids	1.07	1.69	2.11	Sturgis	0.99	1.82	2.24
Flandreau	0.94	1.98	2.39	Vermillion	1.14	1.83	2.35
Hot Springs	1.16	1.85	2.27	Watertown	0.88	1.29	1.71
Huron	1.01	1.87	2.28	Webster	0.85	1.69	2.11
Madison	0.92	1.79	2.24	Winner	0.90	1.64	2.05
Milbank	1.01	1.57	1.99	Yankton	0.99	1.39	1.81
Mitchell	1.06	1.65	2.07	Statewide	0.85	1.48	1.87

Historical Growth of Property Taxes vs. Actual Growth



Motor Vehicles

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

Total Fuel Tax Revenues

Many fuel types, including gasoline, diesel, ethyl alcohol, methyl alcohol, aviation fuel, jet fuel, and liquid petroleum gas (LPG), fall into the fuel tax category. In fiscal year 2015, total fuel tax revenues amounted to \$169,843,878. 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

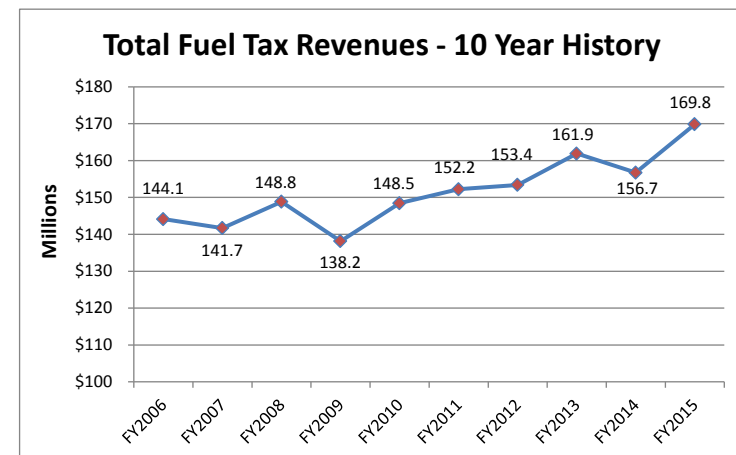
Liquid Petroleum Gasoline - \$0.20

Compressed Natural Gas - \$0.10

Biodiesel and Biodiesel Blends - \$0.20

(fuel taxes are per gallon)

Total Fuel Revenues (2006-2015)



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 FY2015, \$80,355,337 in motor vehicle excise tax was collected and transferred to the Department of Transportation.

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

Title and Registration Revenues

Senate Bill 1

South Dakota's Highway Funding Bill went into effect April 1. In it, license plate fees for most noncommercial vehicles increased by 20% and the excise tax for motor vehicles went from 3 to 4%.

On July 1, the license fees for noncommercial vehicle with a gross weight of over 20,000 pounds increased from 60% of the commercial rate to 70%.

	<u>FY2014</u>	<u>FY2015</u>	<u>Percent Change</u>
License Plate Fees - State's Share*	\$4,296,682	\$4,651,685	8.26%
License Plate Fees - Counties', Cities', Townships' Share	\$48,086,189	\$51,993,325	8.13%
Snowmobile License Fees	\$126,801	\$133,546	5.32%
Boat License Fees	\$1,372,200	\$1,457,233	6.20%
Temporary Special Permits	\$74,678	\$70,926	-5.02%
Mobile Home Plates	\$5,520	\$6,285	13.86%
Dealer Fees	\$237,885	\$233,633	-1.79%
Duplicate Plates, Replacement Plates	\$240,791	\$261,936	8.78%
Title and Penalty Fees	\$2,501,863	\$2,635,148	5.33%
Trailer ID Fees	\$73,328	\$72,846	-0.66%
Motorcycle Safety Education Fees	\$594,202	\$634,319	6.75%
Mobile Home Registration Fees - State's Share	\$100,587	\$108,004	7.37%
Motor Vehicle 4% Excise Tax **	\$75,237,234	\$80,355,337	6.80%
Snowmobile 3% Excise Tax	\$348,627	\$314,317	-9.84%
Register of Deeds Fees	\$192,281	\$198,060	3.01%
DENR - Solid Waste Fees	\$1,232,260	\$1,288,316	4.55%
DPS - Highway Patrol Fees	\$1,317,461	\$1,378,198	4.61%
Total Receipts	\$136,038,588	\$145,793,114	7.17%

*State Motor Vehicle Fund, License Plate Special Revenue Fund

** The motor vehicle excise tax was increased from 3 % to 4 % on April 1, 2015.

Motor Vehicles

Several renewal options are available for South Dakotans for motor vehicle registration. In addition to the regular options of renewing in person at the County Treasurer's Office or by mail through the County, the Division of Motor Vehicles offers electronic vehicle registration renewals through the online customer portal and through self-service terminals located throughout the state.

[MySDCars.sd.gov](http://mysdcars.sd.gov)

The customer portal at <http://mysdcars.sd.gov> is available any time, day or night.

We continue to expand services available through the customer portal.

Currently those services include:

- Renewing annual vehicle registrations
- Selecting method for registration renewal reminder notice
- Completing a vehicle Report of Sale or print a Seller's Permit
- Reviewing your customer record and vehicle ownership
- Updating your address and contact information
- Ordering license plates

[Self-Service Terminals](#)

Another registration renewal option is to utilize a motor vehicle registration self-service terminal (SST). The 24-hour SST is a fully automated motor vehicle registration renewal station that dispenses license renewal tags and registration cards. Vehicle owners from any county can use a terminal at any location with the proper identification.

Self-service terminals are currently operating in the following 10 locations:

- Aberdeen–Kessler's Store, 615 6th Ave. SE
- Brookings–Hy-Vee Food Store, 790 22nd Ave. S.
- Mitchell–County Fair Food Store, 1305 W. Havens Ave.
- Pierre–Dept of Revenue Office*, Anderson Building at 445 East Capitol Ave.
- Rapid City–Pennington County Administration Bldg., 130 Kansas City Street Suite 250
- Rapid City–Rushmore Mall,* 2200 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 SSTs identified by (*) are subject to business operating hours.

Motor Vehicle Registrations/Titles: FY2011 to FY2015

	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Vehicle Registrations (County)	1,392,547	1,221,443	1,402,125	1,258,147	1,341,668
Titles	320,863	332,985	332,035	339,579	350,922
Vehicle Registration Renewals completed online	57,216	50,192	67,157	63,152	71,163
Vehicle Registration Renewals completed by Self Service Terminal (SST)	531	7,192	29,492	44,087	63,580

Commercial Carrier Programs

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

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

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

Commercial registration fees (licensing fees) are levied on intrastate and interstate motor carriers doing business in the state. The amount of the fee for interstate registration is determined by the percentage of miles the carrier travels in all the states. Registration fee revenues during fiscal 2015 were \$17,723,944. 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 FY2015, there were 1,300 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.

Audits

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

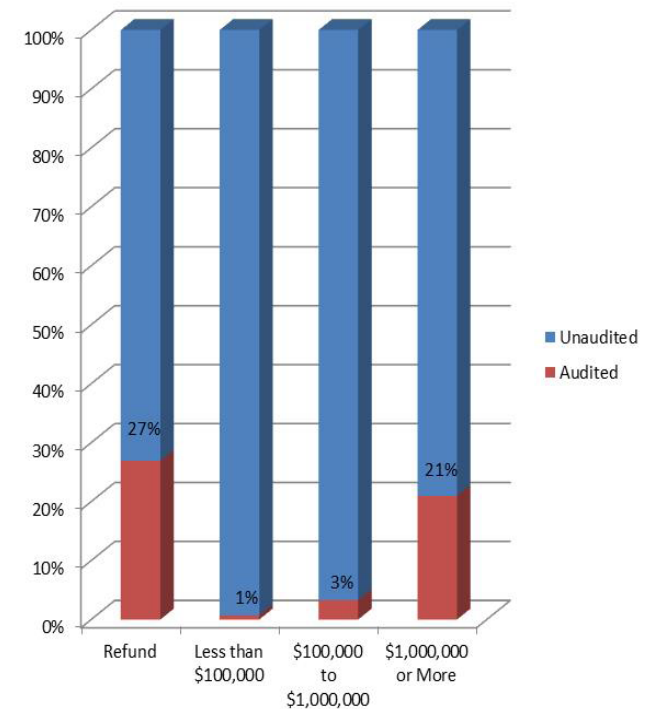
The Audit Division conducts audits for the following taxes administered by the department:

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

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

In fiscal year 2015 the sales, use and contractors' excise tax licenses were divided into five categories based on gross sales. The graph to the right shows the percentage of total licenses in each category, and the percentage of total audits completed for each category.

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



Audits Mission

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

Audits and Assessments

	<u>FY 2013</u>		<u>FY 2014</u>		<u>FY 2015</u>	
		Assessments		Assessments		Assessments
Sales, Use and Contractor's Excise Tax	1,926	\$17,509,132.91	1,840	\$20,528,532.00	1,969	\$14,084,716.71
Fuel Taxes, Prorate (IRP) and IFTA	272	\$57,567.66	267	\$398,371.92	256	-\$128,550.43
Limited Scope Audits	1	\$12,355.26	13	\$23,062.37	47	\$308,670.06
TOTAL	2,199	\$17,579,055.83	2,120	\$20,949,966.29	2,272	\$14,264,836.34

Legal Counsel

The Legal Division is comprised of a Chief Legal Counsel, four full-time attorneys, three full-time Special Agents dedicated to the Investigative Services Bureau (ISB) and one legal secretary. In addition to providing routine legal counsel to the Department, the legal staff worked on 389 new cases during FY2015. The ISB special agents examined 211 individuals and businesses, of which 28 were investigated for tax and motor vehicle crimes. During FY2015 there were two Supreme Court decisions which affected the Department.

Court Summaries

Deadwood Stage Run v. South Dakota Department of Revenue, 2014 S.D. 90, 857 N.W.2d 606.

The South Dakota Supreme Court affirmed the circuit court's entry of summary judgment in the Department's favor; holding that the Department had correctly determined the tax incremental base for Tax Incremental District Number 8 in the City of Deadwood.

First Gold, Inc. v. South Dakota Department of Revenue and Regulation; 2014 S.D. 91, 857 N.W.2d 601.

Three Deadwood casinos jointly brought a declaratory judgment action in circuit court seeking a ruling that their "free play" promotional programs were not subject to gaming tax under SDCL chapter 42-7B. The circuit court found that the establishments should have been remitting gaming tax for the value of the free play. The South Dakota Supreme Court reversed the decision of the circuit court holding that the value of free play should not be included in the calculation of the gaming tax and that any awards or payouts resulting from free play provide nothing to deduct in the calculation of the gaming tax.

Administrative Services

Administrative Services provides support services to the department in the areas of budget and finance and the operation of the Remittance Center by processing printed returns for the department along with providing lockbox services to a number of state agencies and programs. Administrative Services personnel develop and coordinate internal and external training and education opportunities, are responsible for printed and electronic public relation efforts, and assist in the coordination, direction and application of technology to promote efficiencies in the department and to promote the State's eGovernment initiative. The department's Remittance Center in Sioux Falls processed over \$600 million in payments in fiscal year 2015. Other agencies for which the Remittance Center collects revenues include Agriculture; Game, Fish and Parks; Social Services; Health; Environment and Natural Resources; Human Services; Unified Judicial System; Legislative Audits; and Retirement.

Fiscal Year 2015 - Remittance Center

	<u>Dollars</u>	<u>Number of Documents</u>
<i>Processed For Revenue</i>	\$410,689,824	293,725
<i>Processed For Other Agencies</i>	\$197,629,662	46,289
<i>Totals</i>	\$608,319,486	340,014

South Dakota Lottery

The South Dakota Lottery markets instant tickets and lotto games and regulates, maintains and markets video lottery to raise revenue for state programs and projects. Since its inception in 1987, the Lottery has distributed over \$2.47 billion in revenue.

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

Sales and Revenue

Total fiscal year 2015 Lottery revenue generated for state funds was more than \$112 million. These revenues come from three main sources, as evidenced in the chart below.

FY2015 Lottery Sales and Revenue*

	<u>Sales</u>	<u>Prizes</u>	<u>Commission</u>	<u>Revenue Distributed</u>
Instant Tickets	\$25,839,734	\$16,929,551	\$1,453,501	\$5,649,130
Lotto Tickets	25,340,133	12,814,156	1,358,225	7,577,367
Video Lottery **	641,668,506	442,538,510	99,564,998	98,847,722
			Total:	\$112,074,219

*Unaudited

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

Instant Tickets

The Lottery launched 25 new instant ticket games during fiscal year 2015. Prices for instant tickets ranged from \$1 to \$20, and prizes ranged from \$1 to \$400,000 as well as merchandise prizes.

At the close of fiscal year 2015, there were 620 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 2015 instant ticket sales were up 1.3% from the previous year and revenues were up 5.3%. Revenue from the sale of instant tickets is distributed to the General Fund.

Lotto Tickets

South Dakota currently offers five lotto games. Powerball, Mega Millions, Wild Card 2, and Hot Lotto are multi-state games. Dakota Cash is played only in South Dakota. The multi-state MONOPOLY Millionaires' Club lotto game was introduced in the state during fiscal year 2015, but the game was discontinued in December 2014 due to lower than expected ticket sales nationwide.

At the end of fiscal year 2015, there were 608 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 decrease of 11.3%; transfers were down 15.0% from fiscal year 2014. The first \$1.4 million of revenue from the sale of lotto tickets is distributed to the General Fund, and the balance is distributed to the Capital Construction Fund.

Video Lottery

The Lottery regulates, 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 8.7% in fiscal year 2015. The average number of active video lottery machines during fiscal year 2015 was 8,928 and the average number of licensed establishments was 1,372. The revenue from video lottery is calculated on net machine income, which is cash-in (sales) minus cash-out (prizes). Net machine income is divided between the state and machine operators on a 50/50 split. One-half of one percent (0.5%) of the state's share is retained by the Lottery for administration.

Revenue from video lottery net machine income during fiscal year 2015 was distributed to the Property Tax Reduction Fund. With legislation passed during the 2015 South Dakota Legislature eliminating the Property Tax Reduction Fund, beginning July 1, 2015, video lottery revenue will go into the General Fund.

FY2015 Lottery Revenue Distribution

	<u>General Fund</u>	<u>Capital Construction Fund</u>	<u>Property Tax Reduction Fund</u>	<u>Dept. of Social Services**</u>
Instant Tickets*	\$5,649,130			
Lotto Tickets*	1,400,000	\$6,177,367		
Video Lottery	3,824,712		\$94,744,636	\$188,374
Video Lottery License Fees	90,000			
Totals:	\$10,963,842	\$6,177,367	\$94,744,636	\$188,374

*Unaudited

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

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

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, administering Indian gaming compacts, and pari-mutuel wagering.

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

In fiscal year 2015, total gaming action was \$1,149,608,286, up 4.21% from the previous year. At the close of the fiscal year, there were 3,270 licensed gaming devices, 131 retail locations and approximately 1,367 licensed gaming employees.

FY2015 Recap of Commission Fund

Revenues

FY15 Device Tax	\$6,540,000.00
Gross Revenue Tax	8,993,841.25
City Slot Tax	295,352.24
Application Fees	74,735.00
License Fees	95,005.00
Interest	17,922.62
Device Testing Fees	13,418.94
Penalties on Disciplinary Action	26,078.00
Fund Total	\$16,056,353.05

Distributions

Administrative Expenses	\$1,138,340.20
Expenses reimbursed by Applicants/Licensees	169,740.00
Capital Equipment	6,615.00
Lawrence County (Per 42-7B-48)	804,547.21
Other Municipalities (Per 42-7B-48.1)	284,937.86
School Districts (Per 42-7B-48.1)	284,937.86
SD Tourism (Per 42-7B-48)	3,218,188.86
State General Fund (Per 42-7B-48.1)	1,994,564.99
State General Fund (Per 42-7B-28.1)	1,005,684.04
State Historical Preservation (Per 42-7B-48)	100,000.00
Department of Human Services (per 42-7B-48.3)	13,000.00
City of Deadwood (Per 42-7B-48, 48.1)	7,098,056.95
Total Distributions from Fund:	\$16,118,612.97

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

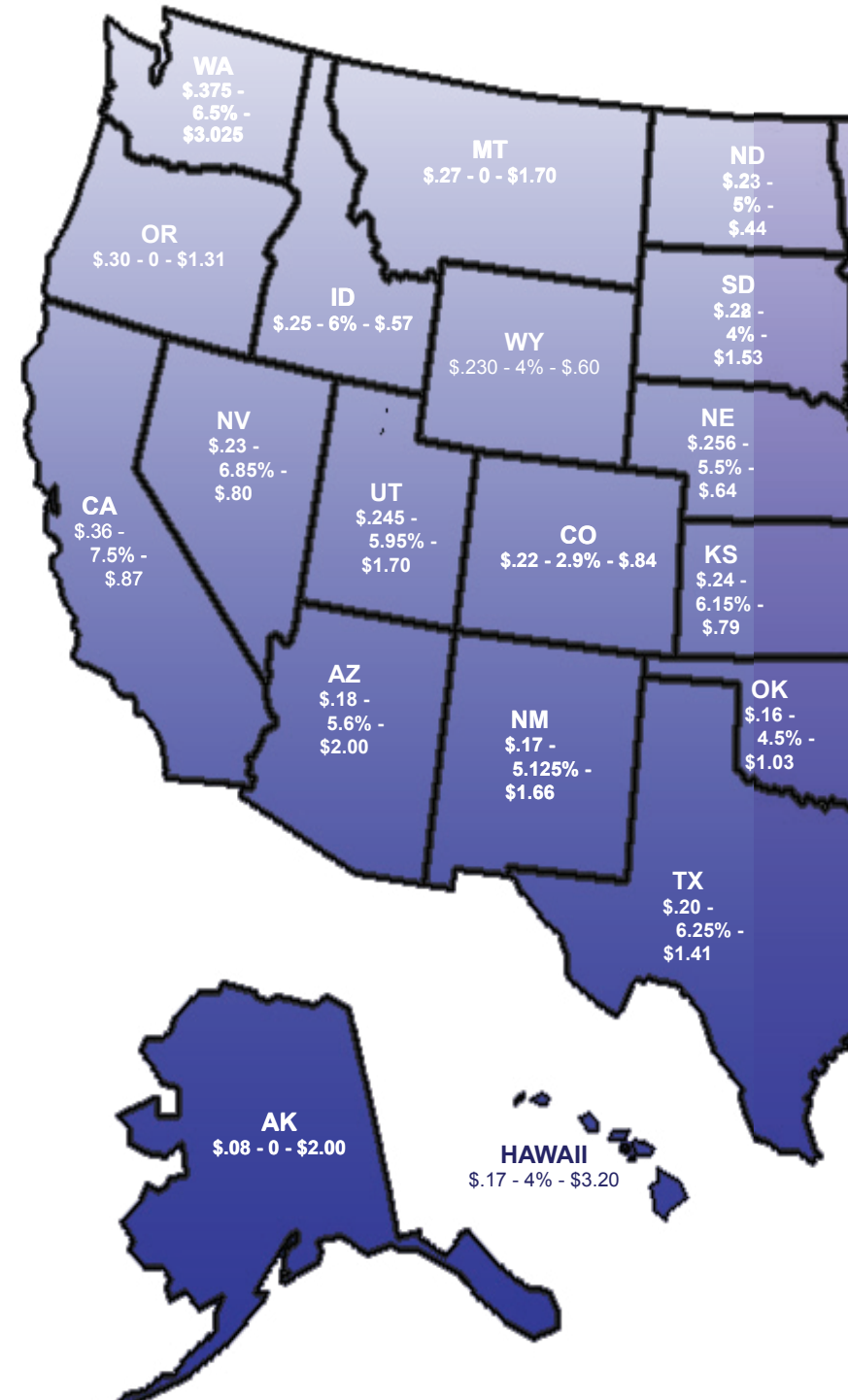
FY2015 Recap of Racing Funds

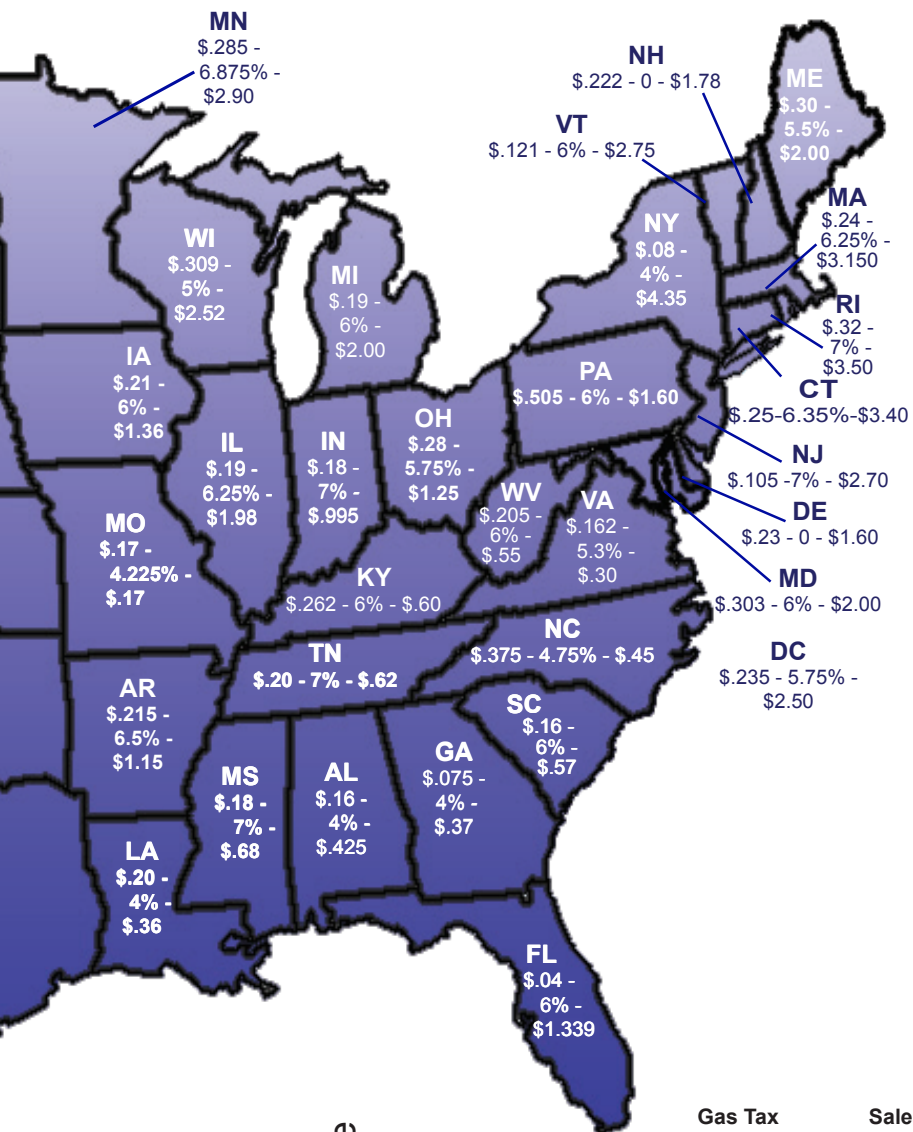
	Special Fund	Revolving Fund	Bred Fund	Totals
Beginning Cash Balance (07/01/15)	\$11,718	\$231,933	\$86,730	\$330,381
<u>Revenues:</u>				
Horse Revenue	37,708	133,908	66,485	238,101
Greyhound Revenue	11,407	61,345	23,891	96,644
Interest	0	3,412	1,442	4,854
Transfer from Agency Fund	(102,513)	83,699	18,815	0
License & Fines - Horse	47,500			47,500
License & Fines - Dog	3,610			3,610
Total Revenues:	\$9,430	\$514,297	\$197,363	\$721,090
<u>Distributions:</u>				
Aberdeen Horse Racing Track				
SD Bred Point Money			24,000	24,000
Purse Supplements, Racing Operations and Advertising & Promotion		162,000		162,000
Jockey Bonus		4,000		4,000
SD Bred Stakes Money			38,500	38,500
Ft. Pierre Horse Racing Track				
SD Bred Point Money			24,000	24,000
Purse Supplements, Racing Operations and Advertising & Promotion		162,000		162,000
Jockey Bonus		2,000		2,000
SD Bred Stakes Money			38,500	38,500
Total Track Disbursements:	\$ -	\$332,000	\$125,000	\$457,000
Ending Cash Balance (6/30/15)	\$9,430	\$182,297	\$72,363	\$264,090

50 State Comparison

At just \$1,886, South Dakota had the seventh lowest per capita state tax burden in 2014, 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.

Rank	State	Per Capita State Tax Burdens
1	Dist. of Columbia	\$9,679
2	North Dakota	\$8,282
3	Vermont	\$4,725
4	Alaska	\$4,604
5	Connecticut	\$4,431
6	Hawaii	\$4,249
7	Minnesota	\$4,238
8	New York	\$3,898
9	Wyoming	\$3,876
10	Massachusetts	\$3,741
11	California	\$3,558
12	Delaware	\$3,393
13	New Jersey	\$3,321
14	Maryland	\$3,168
15	Illinois	\$3,042
16	Arkansas	\$3,013
17	West Virginia	\$2,908
18	Maine	\$2,893
19	Wisconsin	\$2,850
20	Rhode Island	\$2,811
21	New Mexico	\$2,760
22	Washington	\$2,754
23	Pennsylvania	\$2,674
24	Iowa	\$2,662
25	Montana	\$2,593
26	Nebraska	\$2,592
27	Indiana	\$2,554
28	Mississippi	\$2,530
29	Kansas	\$2,526
30	Kentucky	\$2,516
31	Nevada	\$2,516
32	Michigan	\$2,503
33	Oregon	\$2,439
34	North Carolina	\$2,353
35	Oklahoma	\$2,347
36	Ohio	\$2,331
37	Virginia	\$2,276
38	Idaho	\$2,247
39	Colorado	\$2,195
40	Utah	\$2,145
41	Louisiana	\$2,085
42	Texas	\$2,050
43	Arizona	\$1,944
44	Alabama	\$1,917
45	South Dakota	\$1,886
46	Missouri	\$1,854
47	South Carolina	\$1,849
48	Georgia	\$1,845
49	Tennessee	\$1,803
50	Florida	\$1,779
51	New Hampshire	\$1,720





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

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

Top Ten Highest Gasoline Tax Rates

Pennsylvania	\$0.505
North Carolina	\$0.375
Washington	\$0.375
California	\$0.360
Rhode Island	\$0.320
Wisconsin	\$0.309
Maryland	\$0.303
Maine	\$0.300
Oregon	\$0.300
Minnesota	\$0.285

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	6.875%
Nevada	6.850%
Arkansas	6.500%
Washington	6.500%

Top Ten Highest Cigarette Tax Rates

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

Comparing the Region

	<u>Gas Tax</u> (cts. per gallon)	<u>Sales Tax</u> (%)	<u>Highest Individual</u> <u>Income Tax Rate (%)</u>	<u>Cigarette Tax</u> (per package)
South Dakota	\$0.280	4.000%	0.00%	\$1.53
Iowa	\$0.210	6.000%	8.98%	\$1.36
Minnesota	\$0.285	6.875%	9.85%	\$2.83
Montana	\$0.270	0.000%	6.90%	\$1.70
Nebraska	\$0.256	5.500%	6.84%	\$0.64
North Dakota	\$0.230	5.000%	3.22%	\$0.44
Wyoming	\$0.230	4.000%	0.00%	\$0.60

Department Resources

Main Offices

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

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

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

S.D. Commission on Gaming - 445 East Capitol Avenue, Pierre, SD 57501, ph. 605.773.6050

Field Offices

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

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

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

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

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

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

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

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

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

Toll-Free Phone Center

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

Department Website

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

Find us on:



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

The *South Dakota Department of Revenue 2015 Annual Report* is written and designed to make information accessible to the general reader. Two hundred fifty copies of this document were printed at a cost of \$4.60 per document.



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