

APRIL 2012

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Upcoming Revenue Deadlines...

Business Tax

April 20	Paper returns & payments due for monthly filers
April 23	SD QUEST returns due
April 27	SD QUEST electronic payments due
April 30	Paper returns & payments due for quarterly filers.
May 21	Paper returns & payments due for monthly filers
May 23	SD QUEST returns due
May 30	SD QUEST electronic payments due
May 31	Paper returns & payments due for bimonthly filers
June 20	Paper returns & payments due for monthly filers
June 25	SD QUEST returns due
June 28	SD QUEST electronic payments due

Motor Vehicles

Vehicle Registration Dates

Date corresponds to the first letter of the owner's last name.

May	H, I, O
June	K, L

1st Quarter IFTA Returns

April 30th 2012

Motor Fuel returns

April return due May 31st
May return due July 2nd
June return due July 31st

Gaming

2012 Horse Racing Dates:

Fort Pierre: April 21-22, 28-29 and May 5-6

Aberdeen: May 12, 13, 19, 20, 28, 29.

Aberdeen will not run Saturday, May 27th.

DEPARTMENT OF REVENUE

Message from the Secretary

Welcome to the Department of Revenue's 2012 Legislative Session review and spring newsletter. As always, the Department looks forward to the legislative session. It affords us the opportunity to discuss public policy ideas in an open setting where everyone has a say in the matter. This year, with the help of our legislators and Governor Dennis Daugaard, we were able to enact legislation which will support our vision of providing customer-oriented, fair, and reliable revenue administration. Our goal is to ensure that South Dakota's sales tax rate remains low through the application of taxes to a broad range of goods and services while providing a reliable source of funding for state and local government. With this in mind, we strive to promote tax education and customer service to all South Dakotans.



The Department of Revenue was involved with 130 of the 470 bills heard by the 2012 Legislature. The Department also authored 9 agency bills of which 8 were signed into law. Highlights for the Department include passage of House Bill 1029 that will allow for publication of the Top 100 delinquent taxpayers while promoting compliance; House Bill 1003, which revises the limits on crop and noncropland land closer to actual productivity valuations; Senate Bill 17, which creates efficiencies through the use of technology by promoting the electronic filing of motor fuel taxes; and Senate Bill 174, which will help to fund the upgrade to the Next Generation 911 system in South Dakota through additional telecom surcharges.

In closing, I would like to thank our business and industry partners across South Dakota for providing feedback to the Department on how we can better administer our tax system, motor vehicle requirements, and gaming industries of South Dakota. Your insight is invaluable to us and the legislature as we work together to establish good public policy for all South Dakotans.



Andy Gerlach
Andy Gerlach

Professional
Dependable
Accountable

Contact Us...

SD Department of Revenue -
www.state.sd.us/drr/

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Pierre, SD 57501-3185
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Want to receive Division Updates via email?

Send your email address along with your tax license number to:
webman@state.sd.us

Taxpayer Assistance Center: 1-800-829-9188
Motor Vehicles: 1-605-773-3541
SD Lottery: 1-605-773-5770
Gaming Commission: 1-605-773-6050

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DEPARTMENT UPDATE

Legislative Update - 2012 Session

The 2012 South Dakota Legislature held hearings on over 500 bills and resolutions during the 33-day session that officially ended on March 19. The shortened session included discussions on tax exemptions, education and program funding, and the improving outlook for state revenues.

The Department of Revenue tracked over 120 bills during the 2012 Session affecting the Department. The following is a brief look at several bills that passed this session; each has an effective date of July 1, 2012.

Sales Tax Issues

House Bill 1029 allows the Department to publish a public record of the top 100 delinquent taxpayers in an attempt to encourage and solicit payment of tax due.

At least 90 days before a name is placed on the list, the Department will send written notification to the taxpayer that failure to resolve the delinquency will result in the publication of their name. This list will include sales, use & excise tax licenses that a lien has been filed against but will not include any accounts in administrative hearing or appeal or where a payment agreement has been officially established with the Department.

An exemption from sales and use taxes was granted for bedding identified as straw, corn stover, and bean straw that is used for agricultural purposes. Originally vetoed by the Governor, House Bill 1116 was passed into law with a successful veto override by both legislative houses on March 1.

South Dakota legislators also supported House Bill 1223 that exempts religious organizations from paying sales tax on a handling fee charged by a relief agency for the distribution of food. South Dakota sales tax laws do not exempt a handling fee unless the service is provided to an exempt entity. With the passage of this bill, the handling fee charged to religious organizations by approved relief agencies for the distribution of food provided through food giveaway programs will no longer be subject to sales tax. Approved relief agencies must be recognized as an exempt organization pursuant to SDCL 10-45-10.

Tobacco Changes

Governor Dugaard signed a bill during the 2012 Legislative Session which clearly defines establishments with roll-your-own cigarette machines as cigarette manufacturers for the purposes of SDCL Chapters 10-50, 10-50B, and 34-49. House Bill 1138 requires that cigarettes manufactured at a roll-your-own establishment are subject to the same tax as any other cigarette in South Dakota.

Property Tax Assessments

South Dakota continues to fine-tune the productivity method for valuing agricultural land with the signing of House Bill 1003. The bill proposed by the Ag Land Assessment Implementation and Oversight Advisory Task Force revises the 10% valuation increase/decrease cap that may be made to the total taxable value of cropland and noncropland. This legislation implements a tiered approach instead of the across-the-board cap to help move ag land to full productivity value. The tiers are structured to accelerate the full productivity phase-in based on the gap between the current valuation and full agricultural income value.

Motor Vehicle and Motor Fuel Issues

Senate Bill 16 creates a final stage manufacturer dealer license to address those entities that complete new motor vehicle cab chassis with special mounted equipment. This specific license designation will allow these licensees currently registered as "used vehicle dealers" to change their license type to a license type that correctly identifies their motor vehicle dealer operation.

A new option of specialty plates was added to the current plates available with the passage of Senate Bill 113. This bill provides for special motor vehicle license plates for recipients of the 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. Applicants will pay an initial charge of \$10 for the special plate and the yearly license renewal fee.

Legislation passed in 2012 will require certain fuel tax returns and reports be filed electronically and certain fuel taxes be remitted by electronic transfer. The requirements set forth in Senate Bill 17 will be accomplished through a new process that allows the licensee to record their information and automatically populate their tax return. Returns shall be filed on or before the twenty-third day of the month following each tax return period and the tax shall be remitted on or before the second to the last day of the month following each tax return period.

Liquor License Changes

A law approved by the 2012 Legislature will allow certain alcoholic beverage licensees to charge a corkage fee for serving wine supplied by customers. Senate Bill 62 allows customers to bring wine into restaurants licensed to sell wine on-sale for consumption with a meal that was prepared and served by the licensee at a table on the licensed premises. The restaurant is allowed to charge a corkage fee for this service; this fee is subject to sales tax. In addition, this legislation allows for the customer to take from the licensed premises a securely resealed, partially consumed bottle of wine which was supplied by the customer or purchased by the customer on the licensed premises.

Gaming Changes

Senate Bill 19 falls in line with Governor Daugaard's initiative to streamline government regulation. This legislation allows the Commission on Gaming to promulgate rules to allow the executive secretary to administratively handle routine license renewals and transfers and to approve additional retail licenses to a person who currently holds one such license in good standing, subject to the approval of the commission at its next regular meeting. This change will allow the Commission to address actions in a timely manner without the delay of waiting for a quarterly commission meeting or the expense of conducting a special meeting. This legislation allows the commission and its staff to be more responsive to businesses in Deadwood but does not relax or lessen the licensure requirements. New licenses for businesses or key individuals would still be approved by the full commission before licenses are issued.

Other legislation impacting South Dakota gaming includes Senate Bill 108, which increases the bet limit for Deadwood gaming, as well as tribal casinos, from \$100 to \$1,000. In addition, Senate Bill 112 removes the current cap of 3 retail gaming licenses that can be held by any one person.

911 Emergency Surcharge

The Department of Revenue will provide return processing revenue collection for Senate Bill 174. This legislation allows South Dakota to upgrade 911 emergency services and provide for an updated collection and distribution system for the revenue. **Any business that sells prepaid wireless airtime cards and prepaid wireless minutes and plans will be responsible for collecting and remitting the 2% Prepaid Wireless 911 Emergency Surcharge on the gross receipts from retail sales delivered to customers in South Dakota.** This legislation goes into effect starting on July 1, 2012

All telecommunications service providers, wireless service providers, or Interconnected Voice over Internet Protocol service providers are responsible for collecting and remitting a surcharge of \$1.25 per service user line per month. All businesses that collect and remit the 911 Emergency Surcharges are required to register with the Department of Revenue even if you already have a sales tax license. **If you don't sell these products, you do not need to register.**

All surcharges will be remitted directly to the Department of Revenue on a monthly basis using our new electronic filing system SD EPath. Information on SD EPath will be provided as companies register.

An administrative fee of 2% of the total surcharge collected, or \$25, whichever amount is greater, may be retained each month as an allowance for the cost of collecting and remitting the 911 Emergency Surcharge.

The administrative fee cannot exceed the amount of surcharge collected. Sellers of prepaid wireless service may retain all surcharge collected on the prepaid wireless service for the months of July, August, and September of 2012. The prepaid wireless surcharge collected during these months must be reported, but not remitted.

Tourism Tax Rate

The Tourism Tax Rate remains at 1.5% through June 30, 2013

PROPERTY TAX

Web-Based Sales Ratio Program

There is now available a Web-based program which has all property transfers for each county in the State of South Dakota. This information comes from the 66 county Directors of Equalization. It shows legal description, selling price, assessed value, etc. This information is used to run statistics for equalization and level of assessments.

It can be found online at:

<https://apps.sd.gov/Applications/RV76SalesRatio/Login.aspx>

BUSINESS TAX

Sale of Portable Sheds and Buildings

The sale of portable sheds and buildings are subject to sales tax on the full selling price plus any delivery charges. This includes buildings, built in whole or part, that are to be moved to another location, such as utility sheds, tool sheds, or prewired utility buildings. Sales tax applies based on where these buildings are delivered.

This tax application does not apply to construction trailers, which are manufactured homes or motor vehicles, or sectional homes. For tax application to sectional homes, review the tax facts on Manufactured and Modular Homes, available on the Department's website at www.state.sd.us/drr.

SD QUEST quick tip!

When placing a call to one of our tax representatives, be sure you are using the correct license number. We've received many calls in the past in which individuals or businesses are using their former number.

An example of the newer shortened number is: **1234-5678-ST**. Having this information on hand will ensure that we can help you quickly and efficiently.



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PIERRE, SD 57501-3185

Hold your horses!

...well, I didn't mean literally....but while I have you here;

Did you know that you can file your taxes securely online with our SD QUEST tax filing system?



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- * Reduce filing errors
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Important News:

As of January 1, 2013, The Department of Revenue will be going green!

We will discontinue the print version of this newsletter and be converting to a strictly online version.
In order to not miss future publications, sign up for our mailing list at webman@state.sd.us.