

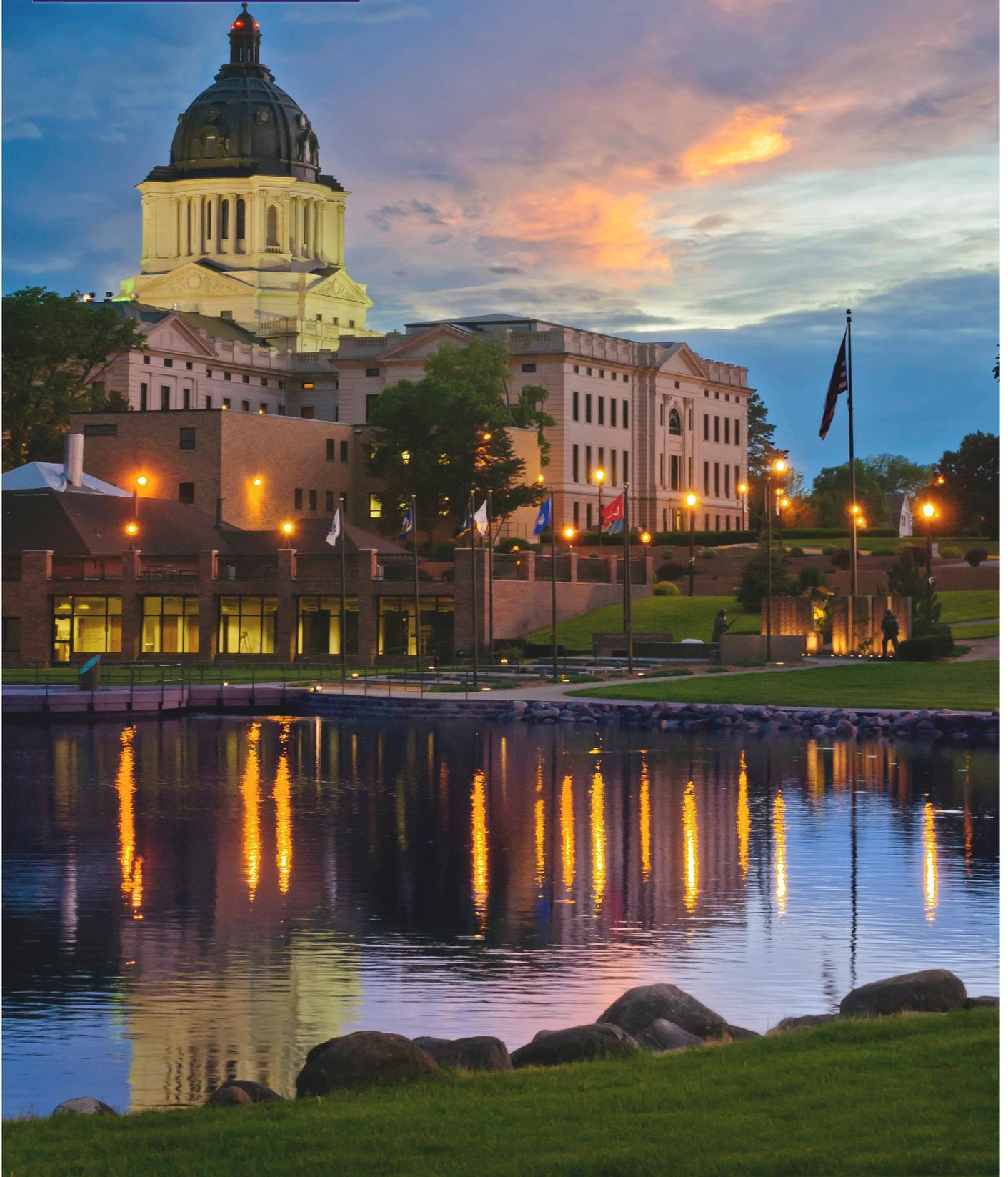
South Dakota

Department

of
Rev
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2016

Legislative Session Recap



What's Inside—

This special edition of the Department of Revenue's Newsletter will serve as your guide to all bills relating to the Department.

In this issue, you will find recaps for each bill signed into law this legislative session, as well as how this important session will affect you.

Find a Bill—

Simply click on the bill that you're looking for to go directly to its page.

HB 1007	HB 1120	SB 2
HB 1050	HB 1121	SB 3
HB 1051	HB 1137	SB 52
HB 1057	HB 1150	SB 53
HB 1066	HB 1164	SB 59
HB 1071	HB 1177	SB 66
HB 1081	HB 1179	SB 73
HB 1083	HB 1182	SB 85
HB 1091	HB 1188	SB 90
HB 1092	HB 1204	SB 93
HB 1095	HB 1210	SB 102
HB 1098	HB 1213	SB 106
HB 1113	HB 1214	SB 112

Helpful Links—

Department of Revenue Home
<http://dor.sd.gov>

SD Legislature Home
<http://legis.sd.gov>

State of South Dakota home
<http://sd.gov>

South Dakota State News
<http://news.sd.gov>

DEPARTMENT OF REVENUE

Message from the Secretary

Greetings! As we continue the spring months, we are excited to have completed a successful 2016 Legislative Session.

As usual, the Department of Revenue was one of South Dakota's most active Executive Branch agencies during the 2016 session with involvement in 83 of the 418 proposed bills. Of those 83 bills, 45 were signed into law by Governor Dennis Daugaard.

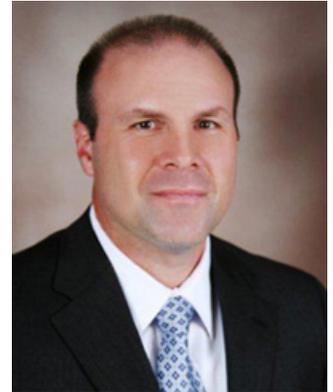
Many of these bills will be very impactful to all South Dakotans. One of these important bills is House Bill 1182, which will raise our state sales and use tax rate from 4 percent to 4.5 percent. This bill will generate an estimated \$107.4 million dollars to be used to increase teacher salaries, fund K-12 education initiatives, and provide property tax relief.

While the Department of Revenue provided analysis on bills such as HB 1182, the conclusion of Legislative session is just the beginning of our duties. We will now move to an equally important task, which is ensuring that your transition into these new laws will be smooth.

For many of the bills signed into law, adjustments will need to be made by the Department to ensure that our taxpayers enjoy the same convenience as before. Our staff is working diligently on items such as electronic and paper returns to ensure that there are no hurdles for taxpayers once these new laws are implemented.

Another important aspect in implementing these new laws is keeping the public informed. We have worked to do this through a variety of means, including this special edition of the Department of Revenue Newsletter. Inside, you will find a variety of bills that relate to the Department and how they will affect you.

This newsletter is one of many means in which we will keep contact with our constituents. We will also be sending letters with details of the upcoming state sales and use tax rate changes. As always, please contact any of our offices with questions, as we look to provide you, our customers, with the best service possible.



Andy Gerlach
Andy Gerlach

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Questions?—

Contact us toll free at 1-800-829-9188, visit us online at <http://dor.sd.gov>, or visit one of our offices located around the state.

2016 House Bills—

HB1182—Raises South Dakota's Sales and Use Tax Rate from **4 percent to 4.5 percent** effective June 1, 2016. This bill results in South Dakota's first sales tax increase since 1987 when the rate was increased to 5 percent for a short period of time.

The New Tax Rate applies to the following:

- The sale, lease, or rental of tangible personal property, products transferred electronically, and services
- Excise tax on the purchase of farm machinery
- The amusement devise tax

Where do the funds go?

- 63 percent of the funds generated by HB1182 will go toward increasing teacher salaries
- 34 percent will go toward property tax relief
- 3 percent will be used to increase the salaries of instructors at postsecondary technical institutes.

When will the property tax relief go into effect? These changes will affect any property taxes you pay in 2017.

Will there be changes in filing? No, businesses will file with the same frequency as before. The new rate will be reported on sales after June 1, 2016.

FAQs [Click here to view our growing list of frequently asked questions on the sales and use tax increase.](#)

Changing your cash registers? [Click here to see updated Tax Rate Charts](#)

Construction Bids? Pursuant to SDCL 10-45-2.2, the tax increase does not apply to materials incorporated in construction work pursuant to contracts bid or entered into before the effective date of the tax increase. The exception also applies to any change orders on projects that were originally awarded prior to June 1, 2016. [Click here to access our Construction Materials Bid Exception Form.](#)

Sales Tax Calculator

See how much the new rate affects your everyday purchases. (This only includes South Dakota state Sales and Use Tax).

Purchase Price through May 31,2016

Sales Tax Due

Purchase Price beginning June 1, 2016

Sales Tax Due

When does the bill go into effect? June 1, 2016

[Click here for more information](#)

HB1007— Provides a special appropriation for the Department of Revenue to contract with South Dakota State University for the research of soil productivity. This research will help the Department determine agricultural land production capacity.

When does the bill go into effect? Due to an emergency clause, this bill is already in effect.

[Click here for more information](#)

HB1050— Repeals certain mini-storage tax refund provisions. The provisions are repealed because the statute of limitations for requesting a refund claim has expired.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1051— Outlaws the intentional use, possession, purchase, programming, installation, design and manufacturing of automatic sales suppression devices known as zappers. The use of these programs will be a Class 5 felony. These programs have been found in businesses such as restaurants, grocery stores, and gas stations. Across the country, a growing number of retailers are using these programs to under report sales, which reduces taxes paid. South Dakota joins more than 20 states in the country that are cracking down on the use of zappers.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1057—The bill gives the South Dakota Commission on Gaming the authority to promulgate rules for variations of craps and roulette. The Commission currently has this authority for variations of poker and blackjack.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1066—Mandates that a public body provides a two day notice prior to holding a meeting open to the public.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1071—Requires that the director of equalization meets with county commissioners during the first meeting in April.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB 1081— Changes the income eligibility requirements for property and sales tax refunds for the elderly and disabled. These refunds are based on the household incomes of those eligible, for a full listing of rates click the link below.

When does this bill go into effect? Due to an emergency clause, this bill is already in effect.

[Click here for more information](#)

HB1083 — Makes off-road vehicles (such as ATVs) subject to motor vehicle excise tax (4 percent) rather than state sales and use tax (4.5 percent). This also requires that these vehicles are sold by licensed dealers. The excise tax funds go to the State's general fund.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB 1091— Legalizes the use of ride-sharing companies. The bill establishes requirements regarding insurance for the vehicles used by these companies, and it exempts the drivers and vehicles used to provide these rides from certain commercial licensing requirements. These network companies will be responsible for administering background checks and providing insurance.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1092—Removes the requirement of food sales in order to sell alcohol on a sidewalk or walkway adjacent to the licensed alcohol establishment (if authorized by local ordinance).

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB 1095— Changes the length of time an individual has to transfer a motor vehicle title into his or her name from 30 days to 45 days after a private sale. Sellers permits will also be valid for 45 days after a vehicle transaction.

When does this bill go into effect? July 1, 2016

Where can I get a sellers permit? [Visit our customer portal at MySDCars.](#)

[Click here for more information](#)

HB1098— Revises the motor vehicle excise tax exemption value on vehicles more than 11-years-old from \$2,200 to \$2,500.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1113— Adds a motor vehicle excise tax exemption for the transfer of a motor vehicle that is donated to a non-profit organization (501 (c) (3)) located in South Dakota. The non-profit organization must sell the vehicle within 45 days in order to receive the exemption.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1120— Revises the definition of agricultural purposes to include harvesting of timber on land within the state of South Dakota. Companies harvesting timber may purchase dyed diesel fuel to be used in off-road vehicles exempt from sales and use tax.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1121— Allows licensed South Dakota motor vehicle dealers to cross county lines to sell vehicles, display, or auction a vehicle 20-years-old or older without an additional license or permit.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1137— Revises the distribution of registration fees from non-commercial gross weight vehicles. Motor vehicle registrations fees from these vehicles will be dispersed at as follows:

- 67% County Road and Bridge Fund
- 23% Townships
- 5.5% Cities
- 2.5% License Plate Production Fund
- 1.75% Division of Motor Vehicles Administration Fund
- 0.25% to County Treasurers

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1150— Increases the property tax exemption available to local industrial development corporations. This bill allows for \$750,000 of real property owned by these corporations to be exempt from property taxation.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1164— Allows special interest vehicles to display only a rear license plate. This new plate will be designed and will require an additional annual \$25 fee along with regular registration fees. These vehicles may not be driven more than 6,000 miles per year.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1177— Provides an alternative tax methodology for companies that produce solar energy.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1179— Changes the motor vehicle excise tax exemption value for boats 11 years or older from \$2,200 to \$2,500.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1188— Allows for a school bus to be used for hire without the requirement of a commercial license. The South Dakota Highway Patrol must approve for the bus to be used for this.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1204— Provides a sales tax exemption for certain non-profit corporations created for the purpose of fire protection.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

HB1210— Allows all municipalities to provide a license to sell alcohol at a municipal auditorium or convention hall.
When does this bill go into effect? Due to an emergency clause, this bill is already in effect.
[Click here for more information](#)

HB1213— Creates new frontiers program to support innovative research by South Dakota companies. Authorizes the board of economic development to provide tax incentives for these companies.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

HB1214— Regulates potential conflicts of interests for authority board or commission members of governmental bodies.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

2016 Senate Bills—

SB 2—Changes the distribution of alcoholic beverage tax funds. Under the new law the funds will be split among the following:

- 25 percent is split among the municipalities
- 25 percent is split among the counties
- 50 percent is retained by the State.

When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 3— Revises the criteria for determining if a property is classified as agricultural land for property tax purposes.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 52— Revises South Dakota's statute of limitations regarding the bank franchise tax.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 53— Revises certain provisions regarding the bank franchise tax.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 59— Revises certain provisions regarding the special annual county road levy.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 66— Allows the owner of a vehicle who is a parent or legal guardian of a child with a substantial physical disability to apply for special handicap plate. Previously, the child was required to be the owner of the vehicle.
When does this bill go into effect? July 1, 2016
[Click here for more information](#)

SB 73— Amends the law to state that boards holding teleconference meetings includes communications by the internet.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

SB 85—Clarifies that motorcycles are only required to display one license plate. These plates will maintain the same dimensions as the motorcycle plates currently used.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

SB 90— Allows public meetings to be recorded by using either audio or video technology. These meetings may be recorded by anyone, as long as the recording process is not disruptive.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

SB 93— Moves the application deadline for homestead exemptions from May 1 to April 1. It also changes the “base year” to the year the applicant will turn 70. This clarifies that you do not need to be 70 at the time of application, but rather must turn 70 sometime during the year of application.

The bill clarifies that the county treasurer does not need to reject tax payments made by a party other than the property owner who is receiving the homestead exemption (e.g. the mortgage holder).

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

SB 102— Permits malt beverage or wine licenses and special event alcoholic beverage licenses to be issued at certain facilities and locations on state college campuses.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

SB 106— Requires remote sellers with no physical location in South Dakota to remit sales tax and follow all procedures of the law, as if they have a presence in the state, if they meet one or both of these criteria in the previous calendar year or the current calendar year.

- 1) Their gross revenue of sales of tangible property, products transferred electronically, or services delivered into South Dakota exceeds \$100,000;
- 2) They have 200 or more separate transactions of tangible property, products transferred electronically, or services delivered into South Dakota.

When does this bill go into effect? May 1, 2016

[Click here for more information](#)

SB 112— Revises certain provisions concerning the amendment of a TIF project plan.

When does this bill go into effect? July 1, 2016

[Click here for more information](#)

Still have questions?

You might find the answers your looking for at one of the Department of Revenue’s Tax seminars!

- We currently have seminars scheduled in Watertown, Yankton, Chamberlain, Rapid City, Sioux Falls, and Aberdeen
- All courses are free of charge
- Seminars offer assistance in sales, use, and contractors’ excise tax
- You can request an industry-specific seminar
- Seminars provide updates on new tax legislation

[To view our full calendar and register for a course, click here!](#)

