Greetings from the South Dakota Department of Revenue! I hope you are enjoying your summer months.

This summer has been very exciting for the South Dakota Department of Revenue, thanks in large part to the United States Supreme Court’s recent decision on our 2016 remote seller law. The June 21 decision was monumental for the State of South Dakota, our municipalities, and Main Street businesses throughout the nation.

As always, the South Dakota Department of Revenue will be a resource for both in-state and out-of-state businesses of all sizes as we prepare to implement the law. We understand the remote seller law could create some adjustments for businesses, and we will strive to provide the business community with all of the resources necessary for a smooth implementation. For more information on this historic decision, please see Page 2.

We are also pleased to provide the Department of Revenue’s inaugural Tax Increment Financing annual report (Page 3). Tax Increment Financing (TIF) is an important tool that may be used by your local community to encourage economic growth. Inside this report, you can find statewide totals for all active TIFs, an update on recent legislation that affects TIFs, and a comprehensive look at the TIFs in your community.

In August, we will set our sights towards events such as the Sturgis Motorcycle Rally and South Dakota State Fair where we will continue to partner with local governments and vendors to ensure these events run smoothly.

I hope you enjoy this edition of our newsletter, and I wish you the very best!

Go online with our e-services!

State of South Dakota
SD News
Apply for a SD Tax License
Report Tax Fraud

Follow us on Social Media!
Remote Seller Law Update: 
What the U.S. Supreme Court’s decision means to you

The United States Supreme Court issued a decision June 21, 2018, which permits South Dakota to collect sales tax from remote sellers. The South Dakota Department of Revenue is committed to keeping an open dialogue with the business community as we implement this decision.

While the U.S. Supreme Court ruled in South Dakota’s favor, the South Dakota Department of Revenue is currently unable to enforce 2016’s remote seller law due to the State Circuit Court’s injunction that is still in place. The U.S. Supreme Court’s decision set aside the South Dakota Supreme Court’s decision and the case has returned to the South Dakota court system for further legal proceedings. It is expected the injunction will soon be lifted, requiring sellers meeting certain thresholds of sales or transactions into South Dakota to get a sales tax license.

Any business with a physical presence in South Dakota is currently and will continue to be required to be licensed for sales tax collection.

The 2016 remote seller law requires any business without a physical presence in South Dakota to obtain a South Dakota sales tax license and pay applicable sales tax if the business meets one or both of the following criteria in the previous or current calendar year:

1. The business has gross sales into South Dakota exceeding $100,000; or
2. The business has 200 or more separate transactions into South Dakota.

Gross sales or transactions include the sale of tangible personal property, any products transferred electronically, or services.

Visit the Department of Revenue’s dedicated webpage, http://sd.gov/remoteseller, for updates on upcoming litigation, the implementation process, and more. The webpage also includes content specifically for in-state, businesses, out-of-state business, and consumers.

Next Steps in Litigation

• **July 23:** The U.S. Supreme Court returned the case back to the South Dakota Supreme Court.

• **Early August:** The South Dakota Supreme Court sends the case back to the Circuit Court.

• **August to September:** The Circuit Court may dissolve the injunction and/or conduct further proceedings.

Want more information on the previous steps in litigation?

You can learn more about the previous steps in this litigation by clicking here.

Want the latest on SD v. Wayfair?

Subscribe to receive email updates at dor.sd.gov/RemoteSeller

Frequently Asked Questions

Q: **Who is a remote seller?**

A: A remote seller is a business without a physical presence in South Dakota.

Q: **What is the Streamlined Sales Tax Project?**

A: The Streamlined Sales Tax Project provides businesses of all sizes the ability to simultaneously obtain a license, file and pay sales tax with the program’s 24-member states.

To learn more about the Streamlined Sales Tax Project, click here.

Q: **I am a South Dakota business and a remote seller. Do I need to obtain a sales tax license in other states?**

A: Each state’s remote seller taxation laws are different. If you sell products or services to be used in other states, you may be required to pay sales tax in that state. You can access more information on other states’ laws and contact information by using our state-by-state directory.

We also encourage you to visit the Streamlined Sales Tax website to view collection requirements from the 24-member states. You can also register for tax collection through the Streamlined Sales Tax Project.
With many transient vendors beginning to sell products and services in South Dakota, the Department of Revenue advises customers to ensure vendors are reputable before doing business with them.

Out-of-state vendors often travel to South Dakota to sell items like fruit, seafood, meat packages, paintings, magazine subscriptions, rugs, T-shirts, sunglasses, household cleaners, furniture, stuffed animals and asphaltling and roofing services.

**Taking these precautions can help ensure your safety as a consumer:**

- Question the salesperson about the product, warranties, guarantees, etc.

**Did you know?**

Tax Increment Financing has been authorized in South Dakota since 1976.

There are now four classifications of TIFs: Local, Industrial, Economic Development, and Affordable Housing.

- Get the company’s name, address and phone number in writing.
- Ask to see their current South Dakota tax license. State law requires everyone selling products or services to have a current South Dakota sales or contractor’s excise tax license. To verify if the license is valid, call the department’s toll-free helpline at 800-829-9188.

All sellers must provide you with a contract or receipt at the time of sale showing the date, the merchant’s name and address and a statement informing you of your right to cancel the contract within three days. After proper cancellation, the seller has 10 days to refund your money.

If you have doubts about the vendor or think you may have been the victim of a scam, contact the Attorney General’s Consumer Protection Office at 800-300-1986 or by email at consumerhelp@state.sd.us.

For more information on transient vendors, contact the South Dakota Department of Revenue’s toll-free helpline at 800-829-9188, press “1” for the business tax division.

**To learn more about transient vendors in South Dakota, click here.**

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**DOR publishes Tax Increment Financing annual report**

Our inaugural Tax Increment Financing (TIF) annual report is now available online!

TIFs are a tool used by municipalities and counties to redevelop areas or grow a local economy by offsetting the cost of public infrastructure improvements. TIFs can be useful in attracting private investments and businesses, which translate into more jobs and a growing tax base.

While TIFs have existed in South Dakota for four decades, the 2017 annual report is the first comprehensive report of all TIF districts in the state.

The report contains the classifications for TIF districts as authorized by state law, a TIF district summary and a breakdown of each of the 190 active TIF districts throughout South Dakota.

**Click here to view the report.**
Tis the Season…for Summer Construction

It’s that time of the year again – construction season is in full swing! If you are a contractor, don’t get too caught up in the busy season that you forget to get licensed and/or file your excise tax returns.

Who needs a contractor’s excise license?

Any person entering into a contract for construction services enumerated in Division C of the Standard Industrial Classification Manual of 1987 must have a South Dakota contractor’s excise tax license. You must be licensed before starting work in South Dakota and must have a license for each business location (not each construction site) in the state.

All contractors must be licensed regardless of the amount of the amount of tax due. A person who is not primarily in the business of making realty improvements but who regularly employs people who repair, maintain or make realty improvements to his/her property is not a prime contractor, and is not liable for the contractor’s excise tax.

How to Apply

Applications for a state tax license may be submitted through our online application. If you do not have access to the Internet, stop by any of our local offices to complete your application or call 1-800-829-9188. There is no fee for a sales or contractor’s excise tax license. You will receive a license card once the license is approved.

Operating Without a License

Anyone operating a taxable business in South Dakota without a tax license is guilty of a Class I misdemeanor. The penalty, if convicted, is up to $1,000 and/or one year in jail. Any person continuing to operate a business after receiving notification from the Department that a license is required could be found guilty of a Class VI felony. If convicted, the fine is up to $2,000 and/or two years in the state penitentiary.

If you know of an in-state or out-of-state business operating without a license, please notify the Department. Report a possible unlicensed business by calling (800) 829.9188 or by email, or by visiting http://dor.sd.gov/.

Dates and deadlines

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Motor Vehicle Registration Dates

License plates are issued based on the first letter of your last name which then correlates to a particular month.

January– A/B
February– C/D/E
March– F/G/J
May– H/I/O
June– K/L
July– M/N
August– P/Q/R
September– S
November– T/U/V/W/X/Y/Z

Want more DOR dates and deadlines? Click here

Bring good fun to your mobile devices!

Did you know that you can now bring the South Dakota Lottery to your mobile devices?

The Lottery recently launched its mobile app, which allows users to access information about lotto jackpots, promotions, an interactive retailer map, a ticket scanner and more from Android and Apple devices. The app also allows members of the Lottery’s Players Club to enter exclusive second chance drawings by simply scanning qualifying non-winning tickets.

“As we continue to strive to be a sustainable source of revenue for the State of South Dakota, we look to provide our players with responsible and exciting means of playing,” Lottery Executive Director Norm Lingle said. “We hope the mobile app provides our players with a new method of enjoying our exciting lotto, instant ticket and video lottery games.”

Since its inception in 1987, the South Dakota Lottery has distributed more than $2.69 billion benefiting the state’s K-12 schools, state universities and other beneficiaries that help improve the quality of life in South Dakota.

The South Dakota Lottery reminds all of its players to play responsibly. It only takes one ticket to win.
New specialty license plates now available!

The South Dakota Department of Revenue is now offering new personalized rear only, woman veteran, and original historical motorcycle specialty license plate options to qualifying applicants.

The personalized rear only plate is available for vehicles with an annual mileage less than 7,500 miles that are not used for general or commercial use as authorized by 2018’s House Bill 1116. Applicants must pay a $25 special plate fee, a $5 mailing fee, and annual vehicle registration fees. Personalized plate messages are subject to the department’s personalized plate policy.

A woman veteran plate is available to any female veteran owner of a motor vehicle or motorcycle who has a valid South Dakota driver’s license or identification card per 2018’s Senate Bill 97. Applicants must sign an affidavit stating that she is an honorably discharged veteran who has served on active duty in the U.S. armed forces.

Residents may apply for these license plates at their local county treasurer’s office or online at https://mysdcars.sd.gov during their renewal period.

Did You Know?
There are currently 142 different South Dakota license plates.

Order yours today at http://MYsdcars.sd.gov

WHERE THE MONEY GOES

State Sales and Use Tax

- State Sales and Use Tax Revenues
  - 100% of state sales and use tax goes to the State’s General Fund.

General Fund Distribution
- Nearly half of the state general fund supports local K-12 schools, state universities, and technical institutes. This also supports programs operated by the State of South Dakota.

Municipal Sales and Use Tax

- Municipal Sales and Use Tax Revenues
  - 100% of municipal sales and use tax goes back to local governments.

Public Safety
- Local governments use those funds for entities such as police and fire departments.

SD Department of Revenue Summer 2018 Newsletter