Greetings from the South Dakota Department of Revenue! I hope you had a great holiday season and start to 2018.

The Department of Revenue’s staff is off to a busy start this new year as the 2018 Legislative Session is in full swing. We are often one of the most active state agencies during legislative session providing advice and analysis to legislators.

One of 2016’s most prominent bills signed into law remains in the spotlight, as the United States Supreme Court has agreed to hear our case on remote seller litigation. The litigation, which was a result of 2016’s Senate Bill 106, could be a major stepping stone in protecting our main street businesses by ensuring tax fairness throughout the nation. We thank all of our partners who have joined this effort, and we look forward to the U.S. Supreme Court’s decision. (Page 2)

While we await the court’s decision, it’s important that all of us do our part maintaining tax fairness in this evolving economy. Many South Dakotans completed their holiday shopping online, and it’s important to remember that use tax may be due on those purchases. The department recently launched an online use tax payment feature which allows South Dakotans to file and pay the tax in minutes, and we ask you to please see Page 2 to determine if your online purchases may be subject to use tax.

Our Lottery division has had a memorable start to the new year. Lottery celebrated South Dakota’s first big winner of the new Lucky For Life game as well as a pair of historic lotto jackpot runs (Page 3). Lottery is also exploring its options in providing the latest technology to its video lottery players. Please see Page 5 to learn more about potential updates to our video lottery terminals as we look forward to continuing this process with our partners.

Unfortunately, the new year has also included some bad news. The Department of Revenue and Attorney General’s Office have been made aware of a potential motor vehicle scam. Your security is a priority to us, and we ask you to read the article on Page 4 about the potential scam so you can be prepared.

Thank you for reading our Winter 2018 newsletter. I hope you enjoy!
U.S. Supreme Court to hear remote seller taxation case

The State of South Dakota continues to be at the national forefront in remote seller taxation to begin 2018.

On January 12, the United States Supreme Court granted the state’s petition to hear the State of South Dakota v. Wayfair, Overstock and Newegg case.

The litigation, which was the result of 2016’s Senate Bill 106, could overrule the physical-presence requirement which currently prevents the State from requiring out-of-state retailers to collect and remit taxes for sales made within South Dakota.

“The South Dakota Department of Revenue applauds the U.S. Supreme Court’s decision to grant our petition to hear the South Dakota v. Wayfair, Inc. case,” the Department of Revenue said in a statement. “This is another important hurdle crossed in the State’s continuing effort to ensure tax fairness throughout the nation while protecting our main street businesses.”

Please see below for the potential next steps in litigation

February 26, 2018
The state’s brief to the U.S. Supreme Court must be filed.

One Week Before Oral Argument
The state’s reply brief will be due.

Oral Argument
The U.S. Supreme Court hears the oral argument.

Decision
The U.S. Supreme Court decides the case.

30 Days After the State’s Brief
After the state files its brief, the respondents have 30 days to file their brief.

For more information on 2016’s Senate Bill 106, including litigation updates, click here.

Use tax could be due on your online purchases

Did you do your holiday shopping online? If so, you may owe use tax on your purchases.

South Dakotans owe use tax if they did not pay sales tax when making a purchase. Use tax is also due if the sales tax paid to another state was lower than what would have been paid in South Dakota—in this case the difference in the two amounts is how much use tax is owed.

According to the South Dakota Bureau of Finance and Management, an estimated nearly $50 million in use tax goes unreported in South Dakota each year. Like sales tax, the revenues generated from the state use tax go to the state’s general fund, which supports South Dakota’s K-12 schools, state universities, technical institutes and more. Municipal use tax revenues go to city governments, which help fund local needs.

The Department of Revenue offers an online option for South Dakotans to file and pay use tax with a credit card or ACH debit transaction. This feature requires no account registration and can be accessed by visiting http://dor.sd.gov then clicking the online use tax payment button under e-services.

Are your online purchases subject to use tax?

Click here to file and pay your use tax online.
Lottery has exciting start to 2018

Fort Pierre resident Bill Rose rang in the new year by becoming South Dakota’s first big winner of the Lucky For Life lotto game.

Rose claimed the game’s second highest prize of $390,000—he also had the option of receiving $25,000 a year for the rest of his life. Rose purchased his winning ticket at Lynn’s Dakotamart in Fort Pierre, earning a prize with odds of 1-1,813,028. Lynn’s Dakotamart will receive $500 for selling the winning ticket.

Lucky For Life is a relatively new game in South Dakota, as sales throughout the state began June 5, 2017. The new game caught Rose’s attention immediately, and his increased play over time paid off in a big way.

“I had been playing it off and on, but I started playing it more frequently, lately. I have been buying tickets every week,” Rose said. “The game appealed to me because you have a bit better of a chance of winning than some of the other games.”

Lottery’s fast start to the new year didn’t end with the state’s first big Lucky For Life winner as both the Powerball and Mega Millions jackpots climbed to rare heights.

For the first time ever, both the Mega Millions and Powerball jackpots eclipsed $400 million simultaneously. The Powerball tally reached $550 million before being won in the January 6 drawing. This marked the sixth largest Powerball jackpot and the eighth largest total in U.S. lottery history.

The Mega Millions jackpot climbed to $445 million, which was the fourth largest jackpot in the game’s history. The history-making prize was won in the January 5 drawing.

Reminder: Seasonal businesses require licensing

As the weather gets colder, opportunities for seasonal work arise.

Are you using your idle Bobcat to remove snow for your other businesses this winter?
If so, you should be collecting and remitting state and city sales tax on your fees. Some businesses pick up seasonal work to fill in the gaps from regular sales. If you are a contractor who normally reports excise taxes, you can report the state sales tax on Line 6 and the city sales tax in the city/special jurisdiction section of your excise tax return.

Do you have an entrepreneur at home?
Having a side job teaches kids responsibility and provides them with good life experience. Kids who provide a neighborhood service learn valuable lessons about handling money and running a business. Teach your kids the tax side of business by getting them a sales tax license. Services such as snow shoveling, car detailing, house cleaning, and lawn mowing are all subject to sales tax.

If your student spends the days running a small business, then a sales tax license is probably in order. Minors cannot hold a license of their own, but you can apply for one to help them remit the tax due by going to www.sd.gov/taxapp. It’s easy, it’s free, and it’s the law.

Even if your regular business transactions are exempt, any merchandise you have available for sale to customers is likely subject to sales tax. If you add a service or product to your business offering, be sure to call us toll free at 1-800-829-9188, email us at bustax@state.sd.us, or visit any one of our seven locations to find out how it is taxed.

We want your opinion!

We are always looking to add to our education program, and we want your help!

Please take a couple of minutes to complete our survey on industry-specific tax seminars and training. Click here to access this three-question survey.

Thank you for your help!

To access the annual report, click here. Please note the file is most effective when opened in Google Chrome.
Effective immediately crane and rigging service providers may have to change how they are assessing tax on their services. The use of a crane or a rigging service is subject to tax based on the job they perform.

- **Sales Tax**: the crane or rigging service moves or places equipment or materials.
- **Contractor’s Excise Tax**: the crane or rigging service places and attaches equipment or materials to real property.

This rescinds the information previously provided in the Contractor’s Excise Tax Guide. Due to the change, you may need to apply for a sales tax license online at [www.sd.gov/taxapp](http://www.sd.gov/taxapp). Please call 1-800-829-9188 or your local office to speak with an agent if you have any questions.

### Business Tax division launches live chat feature

The South Dakota Department of Revenue’s customers now have a new way to receive assistance from the state’s tax experts.

The Department of Revenue’s business tax division recently launched a live chat option, which allows customers to quickly receive answers to their questions. The live chat feature is available on all business tax related webpages as well as the state’s online tax filing and payment website, EPath.

“The Department of Revenue’s top priority is ensuring customer-oriented, fair and reliable tax administration,” said DOR Secretary Andy Gerlach. “Our live chat feature will provide our partners with another convenient option to seek assistance from our dedicated staff.”

The Department of Revenue’s business tax division administers sales, use, municipal, contractor’s excise and tourism taxes along with the 911 surcharge.

### 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
- **April**: H/I/O
- **May**: K/L
- **June**: M/N
- **July**: P/Q/R
- **August**: S
- **September**: T/U/V/W/X/Y/Z
- **November**: T/U/V/W/X/Y/Z
- **December**: T/U/V/W/X/Y/Z

April and December are non-renewal months.

### Potential Scam

The South Dakota Attorney General and Department of Revenue warn consumers to be aware of a fictitious auto transport company by the name of Quay Shipping that claims to be located in Pierre.

The scam website initially posted was www.quayshipping.com. This webpage has been shut down, but a new website is now showing up at www.quayshippingltd.com.

DOR’s motor vehicle division has received inquiries regarding the legitimacy of several vehicle titles displayed by this website. The department urges consumers to take caution when reviewing titles associated with this website. If you have questions regarding the legitimacy of a South Dakota vehicle title, contact the motor vehicle division by phone at 605-773-3541.

If you have fallen victim to this scam, please contact the Consumer Protection Division in your state.
Exempt entity, tribal plates get new look

The South Dakota Department of Revenue’s motor vehicle division will reissue its exempt entity and tribal license plates in 2018.

Exempt entity plate holders can renew their annual vehicle registrations to receive the new plates. The exempt entity plate reissue will be the first of its kind since 2007.

Exempt entity plates are generally designated for vehicles owned by federal, state, tribal, county and municipal governments, but are also used for public schools, non-profits, mass-transit vehicles and fire departments.

The tribal license plates are also being reissued in 2018, but the reissue does not include the Cheyenne River Sioux tribal plate and all tribal veteran plates that were released July 1, 2017.

The tribal license plates are available to all South Dakotans, and may be obtained via your local county treasurer’s office, online at http://mysdcars.sd.gov or at any self-service terminal located around the state.

Commission on Gaming to hold special meeting

The South Dakota Commission on Gaming will hold a special hearing Friday, February 16.

The special meeting will begin at 9 a.m. MST in the City Commission Chambers in Deadwood City Hall.

The meeting agenda, notice of public hearing, and minutes will all be posted on the Commission on Gaming’s webpage, which can be accessed by clicking here.

Lottery Commission begins video lottery terminal discussion

At its December 14 commission meeting, the South Dakota Lottery Commission began to discuss the future of video lottery terminals in South Dakota.

During this discussion, Lottery presented industry trends, terminal performance, the history of video lottery and more. The Lottery also welcomed members of the industry who expressed their opinions on what the future holds for both new and old video lottery terminals.

If you would like to listen to this discussion, click here to access the meeting audio. The discussion on video lottery terminals begins at the 48-minute mark of the audio. You can also access the Lottery’s presentation slides by clicking here.

While no decisions were made during this discussion, it was an important first step in determining the future of our video lottery terminals. The Lottery will continue to partner with industry members on this topic.

The Lottery’s next step will be to meet with operators on an individual basis to discuss any potential change in policy.

Want more information on where video lottery funds go?

Click here to view Lottery’s FY17 Annual Report

Department of Revenue Educational Calendar

The Department of Revenue’s 2018 educational seminars are right around the corner!

Join us for any of our free seminars in the coming months. Please see our upcoming schedule below.

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To view our full schedule, request a presentation, or register for a seminar, click here.