



Phone: 605.773.3311
 445 East Capitol Ave.
 Pierre, SD 57501



Summer 2016 Department Newsletter

Inside This Issue...

- South Dakota sales tax increase goes into effect
- Municipal Tax changes
- Sturgis Rally vendor registration
- Educational Dates
- Off-road vehicle dealer licensing

Contact us

SD Department of Revenue
 445 E Capitol Avenue
 Pierre, SD 57501-3185

Website: <http://dor.sd.gov>

Phone: 1.605.773.3311

Taxpayer Assistance Center:
 1.800.829.9188

Motor Vehicles:
 1.605.773.3541

SD Lottery:
 1.605.773.5770

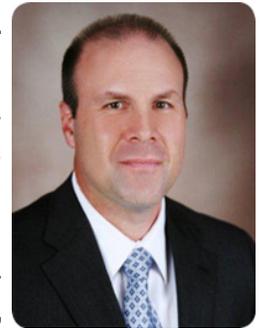
Gaming Commission:
 1.605.773.6050

Useful Links

- State of South Dakota home
- SD Cars-Customer Portal
- SD Cars-Business Portal
- South Dakota EPath

DEPARTMENT OF REVENUE Message from the Secretary

Greetings from the South Dakota Department of Revenue. We hope you are all gearing up for an exciting summer!



As the summer months begin, our staff is in the midst of many important tasks. After a very busy legislative session this winter, our staff is working hard to successfully incorporate 2016's new laws.

First and foremost, we have successfully implemented a new sales and use tax rate. This rate change went into effect June 1, but it required months of preparation. Our team has worked diligently to keep the public informed of the rate change, and we anticipate a seamless transition for those filing returns with the new rate. Please see Page 2 of this newsletter for more on this rate change.

While we begin the summer with the first permanent sales and use tax rate change in nearly 50 years, we are also preparing for upcoming events. The Sturgis Motorcycle Rally is always one of the premier events in the state, and our staff is already preparing for this year's edition. If you are interested in becoming a vendor at the Rally, please see Page 6 for information on obtaining your temporary sales tax license.

While the summer is full of fun events like the Sturgis Rally and the State Fair, it is also transient vendor season. We advise the public to be cautious when working with transient vendors. While most transient vendors are legitimate, DOR has steps on Page 5 that can help consumers avoid becoming a victim of scam.

Thank you very much for reading this edition of our newsletter. We hope you enjoy it!



Andy Gerlach

Professional
 Dependable
 Accountable

Visit the Department of Revenue on social media



South Dakota's sales and use tax rate increases

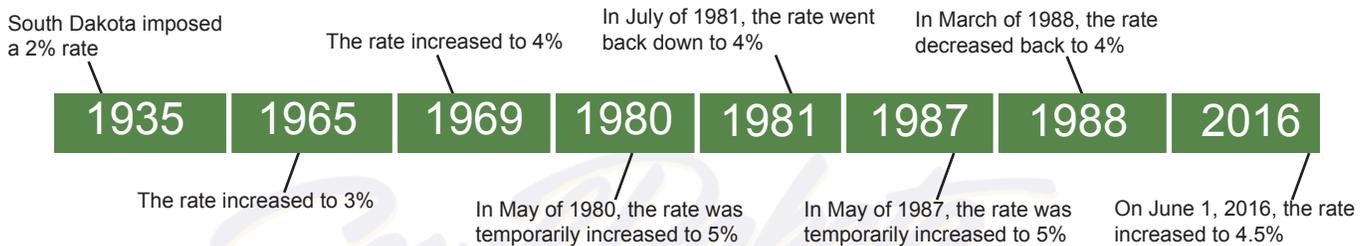


Beginning June 1, 2016, South Dakota's sales and use tax rate increased from 4.0 to 4.5%. This rate change applies to all transactions that are subject to the 4.0% sales or use tax rate.



Click the register for our updated rate charts!

South Dakota's sales and use tax rate history



Rate changes - When do they apply?

Check out the following guidelines to determine the proper tax rate to report for your business.

1. Reporting on an Accrual Basis? The sales and use tax rate in effect at the time of the sale applies to the sales. Sales made during May 2016 are subject to the tax rate in effect in May 2016 (4%). Sales made in June 2016 and after are subject to the new sales tax rate (4.5%). It does not matter when the actual payment for the sale is received.

2. Reporting on a Cash Basis? The sales and use tax rate in effect at the time the payment is received applies. A sale made in May 2016, but paid in June 2016 is subject to the new rate (4.5%).

Taking a contract bid?

See how the rate change affects you

The prime contractor's bid date determines the sales or use tax rate applicable to materials supplied by subcontractors.

Materials incorporated into construction projects that were bid or entered into *before* June 1, 2016, are subject to the 4% state plus applicable city, sales or use tax. Contract change orders follow the tax rates in effect when the prime contractor's contract was bid.

For a complete fact sheet on this exception, click [here](#).

? Frequently Asked Questions

You can view all of our FAQs regarding the rate change by clicking [here](#).

Q: Are municipal taxes affected by the state sales and use tax rate change?

A: No

Q: Will the sales and use tax rates for special jurisdiction increase?

A: Yes, the Tribal sales and use tax rate on Indian Country also increased to 4.5% on June 1.

Q: When should I have begun collecting the new rate?

A: June 1, 2016

Have more questions?

In addition to our website, you can contact the Department of Revenue toll free at (800) 829-9188 or by email at bustax@state.sd.us

Click here to learn more about Contractors' Excise Tax by viewing the latest version of our Contractors' Excise Tax Guide!

Click here to learn more about Sales Tax by viewing the latest version of our Sales Tax Guide!

Municipal tax changes to take effect July 1

Three South Dakota communities will implement a new municipal tax or update their current municipal tax rate beginning July 1.

The municipal tax changes taking effect include:

[Click here to view the tax rate histories for all of South Dakota's municipalities and Special Jurisdictions!](#)

- **Ramona, S.D.**, increasing its 1% general sales and use tax rate to 2 percent.

- **Hurley, S.D.**, eliminating its 1% municipal gross

receipts tax on lodging, eating establishments, and alcoholic beverages. It will continue its 2% general sales and use tax rate.

- **Sisseton, S.D.**, continuing its 1% municipal gross receipts tax rate that was set to expire on June 30, 2016 on lodging, eating establishments, and alcoholic beverages. This tax is in addition to their 2% general sales and use tax rate.

South Dakota municipalities are able to implement new tax rates or change existing tax rates on Jan. 1 or July 1 each year. The municipal tax changes listed above are in addition to the state sales and use tax increase that took effect June 1.

The South Dakota Department of Revenue has Municipal Tax information bulletins available listing all municipal sales and use tax rates statewide, along with information on tribal sales, use and excise taxes. Other specialty tax rate information is also available in the bulletin.

Updated bulletins are free of charge and available after Jan. 1 and July 1. To obtain a Municipal Tax Information bulletin, download it on the Department of Revenue website at http://dor.sd.gov/Taxes/Business_Taxes/Publications/Municipal_Tax.aspx or contact the Department of Revenue at 1-800-TAX-9188 (1-800-829-9188).

Oglala Sioux Tribe imposing tourism tax

The Oglala Sioux Tribe signed a new tax collection agreement effective June 1, 2016. Included in the agreement is the tourism tax.

The rate for the tourism tax collected in the Oglala special jurisdiction will be 1.5%; the filing code will be 411-5.

Timber harvesters eligible for sales tax exemption

Beginning July 1, 2016, timber harvesters will receive a sales tax exemption as an agricultural producer.

This year's state legislature passed House Bill 1120, which makes harvesting timber on land in South Dakota an agricultural purpose. With this change, timber harvesters can purchase dyed diesel fuel used in off-road equipment exempt from sales or use tax, the same as other agricultural producers.

The purchaser must present a properly completed exemption certificate to the seller.

You can find the exemption certificate online, which can be accessed by clicking [here](#).

2016 horse racing schedule concludes

South Dakota's 2016 horse racing season came to a conclusion with a series of races in Aberdeen over Memorial Day weekend, giving the state a total of 69 races this year. Fort Pierre and Aberdeen featured 32 and 37 races respectively over the spring months, spanning over four weekends and nine days of races.

The Fort Pierre races featured fewer horses available due to a quarantine of infected horses at Fonner Park in Grand Island, Neb., but the two weekends created a handle of \$90,508 (2015's handle was \$122,012).

In Aberdeen, the total handle was \$171,718, which was an increase of 2015's handle of \$129,329.

Instant win option planned for Dakota Cash

South Dakota's in-state lotto game could soon be offering a new option that's familiar to scratch ticket players – a chance to win instantly. Work is underway to add the EZ Match option to the South Dakota Lottery's Dakota Cash game. For an additional \$1 per play, players can add the option to their Dakota Cash ticket either as a Quick Pick or by using a play slip.

When EZ Match is added, five numbers are randomly generated below the regular Dakota Cash numbers on the same ticket. If any of the EZ Match numbers match any of the Dakota Cash numbers (regardless of order), the player will instantly win the prize amount printed next to the EZ Match numbers. The instant win prizes will range from \$1 to \$100 and can be claimed at the lottery retailer as soon as they're won.

Use our tax match application to find any municipal tax rate!



Why is the assessed value of my property increasing?

Many property owners across South Dakota have seen the assessed value of their properties increase (sometimes significantly) over the past two years. While annual adjustments are typical and necessary to maintain fair and equitable assessments, some property owners are questioning why the increases are occurring. Many counties have been working on reappraisals of all non-agricultural properties within the county. Ideally, reappraisal is a continual process and leads to gradual adjustments to assessed values. The reality, though, is that some counties in the state had not been reappraised for many years. As a result, some property owners may experience large assessment increases as counties attempt to get property values up to market value as required by state law. Along with reappraisal, the repeal of a state law in 2014, the so-called "150

percent rule," has brought increased property assessments to many counties. The 150 percent rule stated that any property that sold for more than 150 percent of its assessed value could not be used in the assessment process. Because of this rule many communities eventually had very few sales of property that could be used by the director of equalization to determine the market value in a given area. The rule was repealed effective July 1, 2014, meaning 2015 was the first full-year where sales that were previously excluded from the assessment process had to be considered by the director of equalization when assessing properties. This has led to higher 2016 assessments for many property owners in the state. Although property assessments have been increasing for many property owners, this does not mean that

property taxes will increase at a similar rate as state law prohibits rapid property tax increases. The property tax limitation system, which has been in place since 1997, eases the impact on the tax bill when property assessments increase because local governments are limited in how much property taxes can be levied. For all taxing districts, except schools, the limit is what the district collected the previous year plus 3 percent or inflation, whichever is less. An additional percentage increase is also allowed for any new construction (growth) within the taxing district. If taxing districts need more tax revenue than what can be generated under the limitation, an "opt out" must be passed which is subject to referral by the voters.

[Click here to see other property tax laws and regulations](#)

SD Lottery launching new website



SOUTH DAKOTA LOTTERY

The Lottery has some definite goals in mind for their new website, including easier navigation, less text and more graphics, and a better representation of who the South Dakota Lottery is and what they have to offer. The new website is currently being redesigned as a joint project between the Lottery, the

Bureau of Information and Telecommunications (BIT), and Lawrence & Schiller, the Lottery's advertising agency. Among those initial pages will be information on games, winners, beneficiary awareness, responsible gambling, the Lottery Commission, Lottery news, and access to the South Dakota Lottery Players Club microsite for second chance drawings. Phase 1 of the new lottery website is scheduled to go live on Aug. 8. For progress reports, visit the South Dakota Lottery at <http://lottery.sd.gov/> or follow us on [Facebook](#) and [Twitter](#).

Have industry specific questions about taxes?

Visit our Tax Facts library for information on a wide-variety of topics! [Click here to get started.](#)

Have your registration stickers in minutes by using South Dakota's Self-Service Terminals

Self-Service terminals provide South Dakota vehicle owners with an efficient way to renew their registrations.

Just visit one of our many locations throughout the state, along with a credit card with your valid South Dakota driver's license or South Dakota identification card.



Self-Service Terminals (SST)—locations as follows:

Aberdeen	Kessler's	615 6th Ave. SE
Brookings	Hy-Vee Food Store	790 22nd Ave. S.
Mitchell	County Fair Food Store	1305 W. Havens Ave.
Pierre	Department of Revenue	445 E. Capitol Ave.
Rapid City	Penn. County Administration Building Rushmore Mall	130 Kansas City St. 2200 N. Maple Ave.
Sioux Falls	Hy-Vee Food Store Get-N-Go	4101 S. Louise Ave. 5400 E. Arrowhead Ave.
Watertown	Hy-Vee Food Store	1320 9th Ave. SE
Yankton	Hy-Vee Food Store	2100 Broadway Ave

Visa, Mastercard and Discover cards are all accepted payment methods. Vehicle owners may renew within 90 days of registration deadline and up to a 12 months after.



Transient Vendors are back in South Dakota for another season

Most of the transient vendors who visit our state are legitimate. Some are not.

Here are three simple steps to keep in mind if you are considering hiring a transient vendor to do repairs for construction, asphaltting or roofing services, or if you're thinking about buying household cleaners, rugs, food, housewares, or magazine subscriptions from an out-of-state vendor:



Step 1: Ask

- For a price quote in advance, in writing.
- If they have a permanent address and phone number. If the information is local, do not assume they are local. Some transient vendors have business cards printed with a local mailing service or motel address number.
- About the product, warranties, and guarantees.
- To see their current South Dakota tax license. **THEY MUST HAVE ONE TO DO BUSINESS IN OUR STATE!**

Step 2: Verify

- Get a list of local references and check them before making a decision.
- Get something in writing with the company's name, address and phone number.
- Find out if they have workman's compensation and general liability insurance. If they do not, YOU could be liable for accidents that occur on your property.
- Be careful about paying for work in advance and do not pay more than originally quoted unless you have given written approval for the additional work or cost.

Step 3: Ask

- If you have doubts about the vendor or think you are a victim of scam, contact the Attorney General's Consumer Protection Office by phone at 1-800-3000-1986 or by email at consumerhelp@state.sd.us.
- You can also contact local law enforcement. Be prepared to give as much information about the vendor, including the name of the company and salesperson, company address, company telephone number and the license plate number of the vehicle the vendor was driving.

All sellers must provide you with a contract or receipt at the time of sale showing the date, 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.

Upcoming Education Dates

June 14 --Sioux Falls

Basic Tax Seminar- Sales Tax, 9 a.m. to 12, noon.
An Exercise in Bookkeeping, 1 to 4 p.m.
Both classes will take place at the Sioux Falls Department of Revenue office at 300 S. Sycamore Ave, Suite 102

July 13--Aberdeen

ND/SD Border Seminar - Sales Tax, 9 a.m. to 12, noon.
ND/SD Border Seminar - Construction Contractors, 1 to 4 p.m..
Both classes will take place at the Aberdeen Department of Revenue office at 14 S. Main Street Suite 1-C

July 19--Mitchell

Basic Tax Seminar- Sales Tax, 9 a.m. to 12, noon.
Basic Tax Seminar- Contractors' Excise Tax 1 to 4 p.m.
Both classes will take place at Dakota Wesleyan University in the Knox Conference Room.

September 22--Aberdeen

Basic Tax Seminar- Sales Tax, 9 a.m. to 12, noon.
Basic Tax Seminar- Contractors' Excise Tax 1 to 4 p.m.
Both classes will take place at the Aberdeen Department of Revenue office at 14 S. Main Street Suite 1-C

To enroll or see a full listing of seminars, click the [Education](#) tab on <http://dor.sd.gov>

DOR reminds retailers to be aware of contraband products



Click above for a list of licensed tobacco distributors and

Do you sell cigarettes or other tobacco products such as cigars, chewing tobacco, or snuff? As a reminder, state law requires retailers to purchase tobacco products only from distributors and wholesalers licensed by the State of South Dakota. This ensures the appropriate tobacco taxes are paid.

The Department of Revenue has agents who periodically do retail tobacco checks throughout the state. Any cigarettes or other tobacco products found in this state that were purchased from anywhere other than a licensed distributor or licensed wholesaler, and that have not had the proper tax paid, are declared to be contraband and may be seized and destroyed. In addition, you may be subject to civil and criminal penalties.

Please contact our office if you have any questions related to selling cigarettes and other tobacco products.

Dates and deadlines

Return Type	Due Date
May	
Monthly-Paper	06/20/2016
Custom-Paper	06/30/2016
EPath	06/23/2016
June	
Monthly-Paper	07/20/2016
Custom-Paper	08/01/2016
EPath	07/25/2016
July	
Monthly-Paper	08/22/2016
Custom-Paper	08/31/2016
EPath	08/23/2016
August	
Monthly-Paper	09/20/2016
Custom-Paper	09/30/2016
EPath	09/23/2016
September	
Monthly-Paper	10/20/2016
Custom-Paper	10/31/2016
EPath	10/24/2016

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

DOR accepting applications for Sturgis vendors



Vendors doing business at the 2016 Sturgis Rally will need a 2016 South Dakota Sales Tax License for each vendor space before opening for business in South Dakota.

How vendors can apply:

- Electronically submit an application at <http://sd.gov/sturgisapp>. The deadline for electronic applications is July 22.
- Fax application to 1-605-394-6076. The deadline to fax applications is July 22.
- Mail the application to our Rapid City office before the July 15 mailing deadline.

If vendors apply before July 1, 2016, the Department of Revenue can mail the

license card and packet to the vendor.

If vendors apply after July 1, Vendors will need to pick up the license card and packet after arriving in Sturgis. The Department of Revenue's temporary office in Sturgis opens August 2, 2016 at 1 p.m. MDT. For a listing of office hours, visit <http://sd.gov/rally>. If vendors need to pick up a packet before August 2, visit the Department of Revenue office in Rapid City.

Vendors will also need to apply for a South Dakota Temporary Manufacturer, Customizer, or Dealer Permit if selling or displaying any type of vehicle. These applications can be found at the Department's website.

For more information, please contact the South Dakota Department of Revenue.

Selling off-road vehicles?

Here's how recent legislation affects you

Beginning July 1, 2016, the sale of off-road vehicles will no longer be subject to South Dakota sales and use tax.

Sales of off-road vehicles will instead be subject to the 4% motor vehicle excise tax and will be paid at the county treasurer's office.

Businesses selling off-road vehicles are required to become a licensed motorcycle/off-road vehicle dealer.



Some Key Points

- You are licensed to sell off-road vehicles if:
 - o You currently have a motorcycle dealer's license.

o You currently have a motor vehicle dealer's license.

- If you do not have a motorcycle or motor vehicle dealer's license:
 - o You will need to fill out an application to become a licensed motorcycle/off-road vehicle dealer.
 - o The application must be submitted to your county treasurer's office.
 - o The license must be issued prior to selling an off-road vehicle on or after July 1, 2016.
- You will be required to abide by all requirements of the dealer's license:
 1. Bond and liability insurance.
 2. Franchise agreements of new makes of off-road vehicles offered for sale.
 3. Zoning requirements.
 4. Place of business requirements.
 5. Computer with internet and printing capabilities.

6. Record keeping.

- Off-road vehicles need to have the title transferred and motor vehicle excise tax paid on all transactions within 45 days of purchase.
 - o Licensing of off-road vehicles for road use is optional; to do so complete the [Four Wheel, All Terrain Vehicle Affidavit form](#).
- If sales tax is collected in error after July 1, the customer will be sent back to the dealership for a refund and will be required to pay the excise tax at the time of titling the vehicle.
- Examples of off-road vehicles include, but are not limited to: dirt bikes, ATVs, UTVs, mini-trucks, etc.

If you have any questions please contact one of our Dealer Licensing Agents.