

Fall
2023

SOUTH DAKOTA
DEPARTMENT OF REVENUE
NEWSLETTER



A Message From Secretary Michael Houdyshell

Greetings from the South Dakota Department of Revenue! We have enjoyed the warm weather this fall as many are preparing for the holiday season.

One item to prepare for before January 1, 2024, are the municipal tax changes taking effect in three South Dakota communities. Find out where on Page 2.

The Motor Vehicle Division is excited to announce the launch of a new modernization project that is expected to go live in 2025. Page 3 provides more details on the new system.

Take a dive into convenience fees and exemption certificates on Page 4.

South Dakota Lottery saw a special individual win some really life changing prizes after entering a losing ticket in a second chance drawing. The South Dakota Lottery's Players Club always has plenty of

second chance opportunities. Read more about the winning story on Page 5.

We want to highlight the property tax relief programs that offer financial assistance to the elderly and disabled. These are valuable programs and we encourage anyone who qualifies to take advantage of them. Our staff, along with your county officials, are always available to answer questions on the programs. Find out more about these programs on Page 6.

Also within the pages of this newsletter are extras on due dates, deadlines and more! Be sure to follow us on social media to stay up to date with all the latest Department of Revenue news!

We hope you enjoy this edition of our fall newsletter. Always feel free to contact our dedicated staff for any questions or assistance you may need. What can we do for you today?

Municipal tax changes take effect in three SD communities

Three South Dakota communities made updates to their current municipal tax rate. This will be implemented January 1, 2024.

The municipal tax changes include:

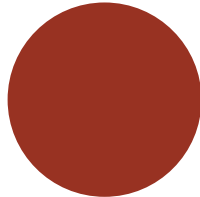
- Aurora, Hecla, and Lake City increased the 1 percent general sales and use tax rate to 2 percent.

South Dakota municipalities are able to implement new tax rates or change existing tax rates on January 1 or July 1 each year.

The South Dakota Department of Revenue has municipal tax information bulletins available which list all municipal sales and use tax rates statewide, along with information on

tribal sales, use and excise taxes.

To obtain a Municipal Tax Information bulletin, [download it on the Department of Revenue website](#) or contact the Department of Revenue at 1-800-829-9188.



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Search Your Local Tax Rate



Find your local tax rate with our easy to use [search tool!](#)

Tax Collections at the South Dakota State Fair

The 2023 South Dakota State Fair generated \$222,108.58 in tax collections.

During this year's State Fair, we saw a big jump in vendors with 607 booths rented to 322 different vendors. Fairgoers spent money on goods, services, and concessions during the five-day event – totaling over \$2.7 million in revenue.

South Dakota has seen consistent revenue from the State Fair over the last several years – even with the record-breaking heat. Thousands of South Dakotans got out to enjoy the state fair and all the fun family attractions that come with it.



Of the tax collected during the course of the South Dakota State Fair, \$113,541.78 was state sales tax, \$53,813.43 was Huron's municipal sales tax, \$15,777.19 was Huron's municipal gross receipts tax, and \$38,976.18 was state tourism tax.



Motor Vehicle Modernization Project

Project Overview

The Department of Revenue is excited to announce the launch of a new modernization project: *605Drive!* DOR is working with Fast Enterprise to replace the current motor vehicle system, SDCars. DOR is committed to providing the best possible experience using the new system. The vision for the project includes improved customer service, stakeholder education, enhanced online capabilities, and upgraded security. The new motor vehicle system is expected to go live in early 2025.

Update Motor Vehicle Contact Information

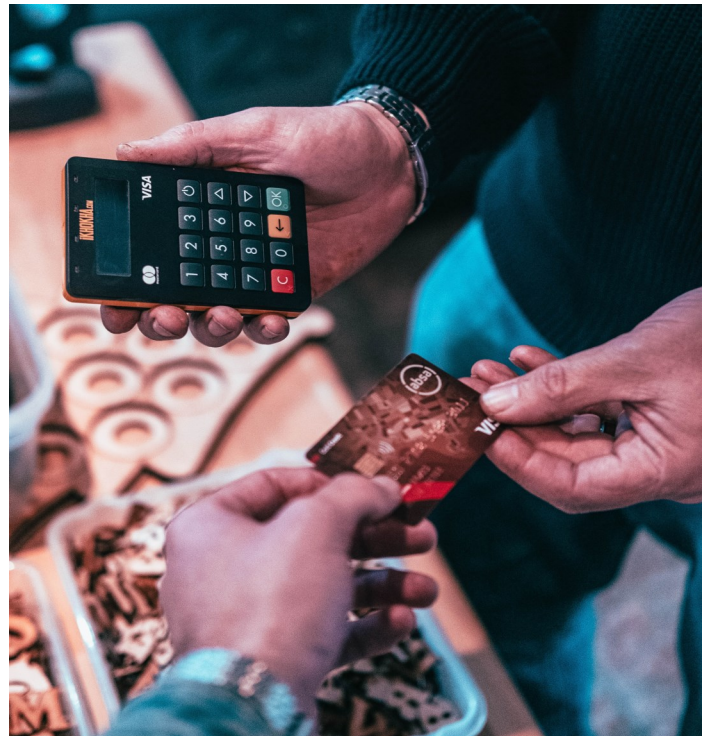
The *605Drive* project has only just begun but DOR needs your help! The new system will affect federal, state, and local governments, motor vehicle owners, auto associations, and auto-related businesses. With so many people and businesses impacted by the project, DOR needs your help confirming up-to-date contact information for all vehicle owners. Updated contact information ensures that DOR can contact you for such things as questions about or issues with motor vehicle applications and reminders for vehicle registration renewals. Use the online customer portal on [SDCars](#) to update your information, including address, email, and phone number. Contact information can also be updated at one of the DMV Now Kiosks around the state. Visit <https://sddmynowkiosk.com/> to find a location near you!

Convenience Fees

A convenience fee or credit card fee charged by retailers or restaurants is to recoup the cost of the customer using a credit card. As a reminder these fees are part of the retailer's gross receipts and are subject to sales tax.

Another helpful tip is to make sure credit card fees are not included in the tax line. For instance, an agent had a company including the fee so it looked like there was about 11% tax charged, but it was sales tax plus the credit card fee. In doing so, they were not charging sales tax on the fee and they owed \$7,000.

Businesses must charge sales tax on credit card fees.



Issuing Exemption Certificates

Businesses are advised that an exemption certificate should be given to vendors for products or services they are purchasing that will be resold to an end consumer. **But what should a business do if the product or service is something they will be using?**

Businesses have two options, they can advise the vendor to charge them sales tax on that single transaction or the business can remit use tax on the purchase. If sales tax is not paid and use tax is not remitted on those items purchased with an exemption certificate and it is found in an audit, a 50% penalty could be applied to those errors (SDCL 10-45-61).

Audits: Did you know?

If you are contacted for an audit or are in the process of an audit, and you realize that additional tax may be due, you can make a prepayment towards the audit.

Why do this? The prepayment will stop interest from continuing to accrue on those errors! You may still owe interest for the time prior to when your payment was made. Consult with the auditor on how to make the payment.



Due Dates

Tax Return	Due Date
November	12/20/2023
December	01/20/2024
January	02/20/2024
February	03/20/2024

Motor Vehicle Registration Dates

Vehicle registration renewal due dates are 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/I

**April and December are non-renewal months*



SD Lottery Second Chance

Barbara Wipf of Sioux Falls is one of four finalists in the inaugural NASCAR Powerball Playoff. Wipf and finalists from Mississippi, New Mexico and Indiana won a VIP trip for two to NASCAR Championship Weekend™ at Phoenix Raceway, Nov. 3-5, and entry into the \$1 million drawing.

Wipf and her husband Keith have both been avid NASCAR fans for more than 25 years, which makes her trip to Phoenix a bucket list experience.

"We have never been to a live NASCAR race," Wipf said. "We're looking forward to this. I think it will be a lot of fun. However this plays out, I think (the trip) will be the highlight of the whole thing."

Of course, Wipf's trip to The Valley will entail much more than cheering on her favorite driver Brad Keselowski. With a 1 in 4 chance of winning \$1 million, Wipf can't help but think about the dream of returning to South Dakota with the ultimate prize.

"It will be life changing. We'll make some changes now, and some changes for the future," Wipf said. "A family trip with our two sons, daughters-in-law, and grandkids would be pretty awesome to come out of that too. That's our plan."

Wipf's journey began throughout the course of the summer months when she entered a non-winning ticket into the NASCAR Powerball Playoff. Wipf and nine other winners from the South Dakota Lottery's Players Club were entered into a nationwide drawing to determine 16 semi-finalists. The 16 semi-finalists were randomly selected from the national pool to compete in a series of elimination drawings that mirror the elimination rounds of the NASCAR Playoffs, with cash prizes awarded to all 16 semi-finalists based on their elimination position.

As the elimination rounds continued, Wipf's anticipation only grew. After the South Dakota Lottery alerted her that she was a finalist, she couldn't wait to share the news.

"I kind of screamed and then I realized 'Oh my gosh I'm in the house by myself. This is not good. I have to tell somebody this!'" Wipf said. "My husband was



out mowing the yard, and he heard me screaming in the yard."

While Wipf met the good news with jubilation, she has had time to let the experience sink in. She noted that the nature of the promotion played a part in the excitement.

"I try to maintain composure with this along the way. It's amazing, and it's been a rollercoaster," Wipf said. "I always look forward to your calls telling me if we were eliminated or if we were still in it to win it. That's been our little catchphrase since we started this, so hopefully, we do."

Wipf was also excited to represent South Dakota on the national stage. She noted that she and her husband planned to wear South Dakota branded clothing, so the national audience knows where they're from.

While this year's NASCAR Powerball Playoff is winding down, the South Dakota Lottery's Players Club still has plenty of second chance opportunities for its members. As someone whose non-winning ticket proved to be an ultimate winner, Wipf left a piece of advice for her fellow players.

"Keep playing, take the time to enter your tickets," Wipf said. "We don't say losers. Your non-winning tickets, enter them. Because it only takes one."

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Available Property Tax Relief Programs



Did you know there are several relief programs in South Dakota that offer financial assistance to the elderly and disabled?

Homestead Exemption

These programs delay the payment of property taxes for individuals over the age of 70. The delinquent taxes become a lien on the property and must be paid along with the interest before the property can be transferred or sold. One program is available to those with a homesteads are valued at less than \$170,000. A second offers a lower interest rate program, with income limits. Learn more about the eligibility requirements in our [Homestead Exemption Program Brochure \(PDF\)](#).

Disabled Veteran Exemption

This program exempts up to \$150,000 of the assessed value for a property owned and occupied by a disabled veteran or un-remarried surviving spouse. The veteran must be rated and permanently and totally disabled as a result of a service-connected disability. Learn more about this program and application requirements in our [Disabled Veteran Property Tax Exemption Brochure \(PDF\)](#).

Property Tax Exemption for Paralegic Veterans

This program exempts a property owned and occupied by a paralegic veteran from all property taxes. Once approved, the exemption remains until the property is transferred or sold. Learn more about the program and application process in our [Property Tax Exemption for Paralegic Veterans Brochure \(PDF\)](#).

Property Tax Reduction for Paraplegics

This program reduces property taxes on a graduated scale based on income for property owned and occupied by a paraplegic individual with the loss of both lower extremities. An annual application is required. Property is defined as the house, a garage and the lot upon which it sits or one acre, whichever is less. Learn more about the program and the income limits in our [Property Tax Reduction for Paraplegics Brochure \(PDF\)](#).

Assessment Freeze for Disabled and Senior Citizens

This program prevents the assessed value of the homeowner's property from increasing in value, for tax purposes. Eligibility requirements include age or disability status, ownership, residency, income, and valuation limits. Property is defined as the house, a garage and the lot upon which it sits or one acre, whichever is less. Learn more in our [Freeze on Assessments: Dwellings of Disabled and Senior Citizens Brochure \(PDF\)](#).

Upcoming Tax Seminar



Virtual Highway Contractor Fuel Tax License seminar

9:00 AM – 11:00 AM | Thursday, February 08, 2024



CONTACT US

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SD Lottery: 605-773-5770

Gaming Commission: 605-773-6050