Fall 2025

SOUTH DAKOTA DEPARTMENT OF REVENUE

NEWSLETTER

Message From Secretary Mike Houdyshell

Greetings from the South Dakota Department of Revenue! We have enjoyed the beautiful fall weather and are excited to share the latest edition of the newsletter with you. This issue is filled with helpful updates and information to carry with you into the holidays and the new year, including key changes and reminders that may affect you or your business.

On page 2, you'll find important details about the municipal tax changes taking effect in January, along with information on the free tax seminars offered by the Department. These seminars are a great opportunity to stay informed and get your questions answered by our knowledgeable staff.

As July 2026 approaches, we want to help you prepare for the transition to e-titles. On page 3, you will find updates on the Owner-Occupied Property Tax Relief deadline and the latest progress on the 605Drive Electronic Title Project.

Page 4 highlights the South Dakota Lottery's participation in the 2025 Gift Responsibly Campaign, an annual effort to promote safe and responsible gifting during the holiday season.

On page 5, we explain how use tax now applies to stored materials in South Dakota and what that means for individuals and businesses. This information can help you plan ahead and avoid surprises when filing your taxes.

Beginning January 1, 2026, motor fuel transporters will have a new mechanism for reporting diverted fuel loads. Learn more about this change and why accurate reporting is essential on page 6.

If you have ever questioned whether an audit inquiry is legitimate, page 7 offers guidance on recognizing official communications from the Department versus potential scams. It also includes a reminder that private ownership or possession of slot machines is strictly prohibited under South Dakota law.

Throughout this newsletter, you'll find helpful reminders on deadlines, due dates, and additional resources. Be sure to follow us on social media to stay informed about the latest Department of Revenue news and updates.

We hope you enjoy our newsletter. As always, please feel free to reach out to our dedicated staff with any questions or for assistance. We are here to help you every step of the way.

Search Your Local Tax Rate

Find your local tax rate with our easy to use search tool!

INSIDE

CONTACT US

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Website: https://dor.sd.gov
Phone: 605-773-3311
Taxpayer Assistance Center: 1-800-829-9188
Motor Vehicles: 605-773-3541
SD Lottery: 605-773-5770
Gaming Commission: 605-773-6050

Municipal Taxes Changes in January

City of Clark to Implement New 1% Municipal Gross Receipts Tax Starting January 1, 2026.

Effective January 1, 2026, the City of Clark will implement a 1% municipal gross receipts tax. This new tax will apply to lodging accommodations, eating establishments, alcoholic beverage sales, and admissions.

Under South Dakota Codified Law 10-52-9, municipalities are authorized to establish or adjust municipal tax rates on either January 1 or July 1 each year.

To assist businesses and residents in understanding these changes, the South Dakota Department of Revenue provides Municipal Tax Information Bulletins. These bulletins include a comprehensive list of all municipal sales and use tax rates across the state, as well as details on tribal sales, use, and excise taxes.

Updated bulletins are available free of charge beginning January 1. They can be downloaded from the Department of Revenue's website at https://dor.sd.gov/businesses/taxes/municipal-tax/#taxpdfs, or requested by calling the Department at 1-800-829-9188.

Free Tax Seminars!

Did you know that all our seminars are free of charge? They cover topics such as exemptions, licensing, filing, and more! You may also request one of our tax experts to present at your event!

Upcoming Tax Seminars

Date	Topic	Location
December 2	Basic Sales Tax	Virtual
December 4	Basic Contractor's Excise Tax	Virtual
March 3	Basic Sales Tax	Virtual
March 5	Basic Contractor's Excise Tax	Virtual
June 2	Basic Sales Tax	Virtual
June 4	Basic Contractor's Excise Tax	Virtual

To learn more about our tax seminars or sign up, click here.

Property Tax Relief Deadline for Owner-Occupied Status Approaching

Homeowners and contractors have until March 15 to apply for property tax relief through the owner-occupied program. This deadline is important for anyone wishing to ensure their property receives the correct tax classification for the upcoming tax year.

The Department of Revenue advises property owners to check their county tax notices to ensure their property is classified as owner-occupied.

Taxpayers who have recently purchased a home or built a new residence need to apply for this classification. Homeowners can submit their application through their local county director of equalization, or they may choose to complete and submit the electronic form provided by the Department of Revenue at: https://sddor.seamlessdocs.com/f/3001.

Contractors may also be eligible for this classification. The program allows contractors to qualify for up to four single-family dwellings. If you are a contractor, please complete the form located at: https://sddor.seamlessdocs.com/f/3002.

Anyone who has questions about the application process, eligibility, or classification requirements is encouraged to reach out for assistance. Property owners may contact their local county director of equalization or call the Department of Revenue's Property Tax Division at 605-773-3311 for further information and support.

605Drive - Electronic Title Project

Beginning July 1, 2026, South Dakota will move to a fully electronic vehicle title system, a change established by Senate Bill 131 during the 2025 Legislative Session. As part of this transition, the state will no longer automatically print and mail paper titles. Instead, vehicle owners will be able to securely view, download, and manage their titles online through their my605Drive accounts, offering a more convenient and efficient way to handle vehicle ownership records.

The new electronic system will introduce several important improvements, including:

- The ability to electronically submit title applications, lien notifications, and all associated documents
- Faster, more accurate, and more efficient processing of vehicle title transfers
- Convenient, 24/7 online access to vehicle title information and ownership records
- Reduced reliance on paper documents, helping decrease delays related to printing and mailing

While the official launch date is July 1, 2026, some steps in the transition will begin sooner. The Department of Revenue plans to stop automatically printing and issuing paper titles in early 2026 as it prepares for the full rollout. Vehicle owners who still prefer a physical title, however, will not lose that option—paper titles will remain available upon request both before and after the new system goes live.

The Department of Revenue is actively developing the new system to ensure a smooth, reliable, and user-friendly experience. As the launch date approaches, the department will provide additional information, guidance, and updates to help vehicle owners, dealers, and other stakeholders prepare for the transition.

2025 State Fair Tax Collections

- **180,916 visitors** passed through the gates, setting the stage for another successful State Fair.
- **$3.2 million** was spent by fairgoers on goods, services, and concessions.
- The Fair generated **over $265,000** in tax revenue.

South Dakota Lottery Joins 2025 Gift Responsibly Campaign

This holiday season, the South Dakota Lottery reminds citizens that scratch tickets are not appropriate gifts for children.

The South Dakota Lottery announced its commitment as a participant of the 2025 Gift Responsibly Campaign, joining lotteries and community organizations across North America and around the world to raise awareness about the risks of underage lottery use. The campaign is organized by the National Council on Problem Gambling (NCPG) and supported by the North American Association of State and Provincial Lotteries (NASPL).

Research shows that early exposure to or participation in gambling during childhood is highly correlated with the development of a gambling problem later in life. Gambling exposure during childhood can occur through lottery products, such as lottery tickets or scratch tickets. Often, these items are given to a child by an adult who is unaware of the associated risks.

"The South Dakota Lottery prides itself as a viable source of entertainment and revenue for the state, and we also remind our players to play responsibly,"

Executive Director Norm Lingle said. "Initiatives like the gift responsibly campaign are important to us, and we look forward to our continued participation."

Throughout November and December, the South Dakota Lottery will promote responsible gambling by sharing educational resources and facts via social media, its website, retailer training and more.

"Youth gambling is a growing risk that too often goes overlooked. The Gift Responsibly Campaign plays a vital role in helping families and communities understand the importance of keeping lottery products out of kids' hands," said Derek Longmeier, President of NCPG's Board of Directors. "We're grateful to the South Dakota Lottery for joining this effort and working to expand education and awareness to protect young people from gambling-related harm."

The Gift Responsibly campaign is just a part of the South Dakota Lottery's year-round efforts to promote responsible play. The Lottery provides responsible gambling resources on each of its products, including the toll-free problem gambling helpline.

The Lottery also reminds players to "Keep the Fun Good" through a dedicated webpage, regular social media messages, and an award-winning advertising campaign. The South Dakota Lottery has also received certification for its responsible gambling efforts through the NCPG and NASPL.

For more information on these resources, visit https://lottery.sd.gov/responsible-play/.

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.

November— T/U/V/W/X/Y/Z

January — A/B

February – C/D/E

March – F/G/J

**April, October, and December are non-renewal months*

Sales Tax, Use Tax, and Contractor's Excise Tax Returns Due Dates

Tax Return	Due Date
November	12/22/2025
December	01/20/2026

Materials Stored in South Dakota

Use Tax Applies to Materials Stored in South Dakota

A recent South Dakota Supreme Court decision has important implications for contractors and businesses storing materials in the state.

A past South Dakota Circuit Court decision in the *PPM Technical Services* case allowed a contractor to delay paying use tax until materials were used in a South Dakota project. Simply storing materials in a yard or warehouse did not trigger tax liability in that case.

The Department applied that Circuit Court decision to all contractors and businesses.

However, the South Dakota Supreme Court's ruling in *Ellingson Drainage, Inc. v. South Dakota Department of Revenue* clarified that under South Dakota law, use tax applies to previously untaxed materials not only when used in a project, but also when the materials are stored in the state.

As a result, all contractors and businesses that purchase materials out of state and bring them into South Dakota must now pay use tax as soon as the materials are stored in South Dakota.

Why This Matters

- **Immediate Tax Liability**: Use tax is now due upon storage, not when put to "use" during a project.
- **Audit Risk**: Businesses relying on the previous interpretation may face assessments or penalties.
- **Tax Parity**: The ruling ensures fairness between in-state and out-of-state purchases.

Contractors and businesses should review their purchasing and storage practices to ensure compliance with the updated interpretation of South Dakota's use tax law.

Motor Fuel Diversion Reporting Requirement in South Dakota

Effective January 1, 2026, businesses that transport motor fuel or special fuel within South Dakota are subject to specific documentation and reporting requirements under state law. One key obligation is the filing of a diversion report when fuel is delivered to a location other than what is listed on the original bill of lading.

Who Must Comply?

Any person or business transporting motor fuel or special fuel on South Dakota's public highways must comply with this requirement. This includes transporters, importers/exporters, and any entity involved in the movement of fuel in quantities exceeding 4,200 gallons.

What is a Diversion?

A diversion occurs when a shipment of fuel is delivered to a destination different from the one originally listed on the bill of lading issued by the terminal or bulk plant operator.

Reporting Requirements

According to South Dakota Codified Law 10-47B-46, the transporter must provide the following documents to the recipient of the fuel (e.g., bulk plant operator, wholesale distributor, retail dealer, or end consumer):

- A copy of the bill of lading or drop load ticket accompanying the shipment.
- Any diversion tickets issued for the delivered fuel.

These documents ensure transparency and proper tax tracking for fuel deliveries within the state.

Why It Matters

Failure to provide accurate diversion documentation may result in penalties, license issues, or tax discrepancies. Proper reporting helps maintain the integrity of South Dakota's fuel tax system and supports infrastructure funding across the state.

Have Additional Questions?

For more information or assistance with diversion reporting, contact our motor fuel team at (605)367-5899 or sdmotorfuel@state.sd.us.

Is Your Audit Inquiry Valid or a Scam?

Scams are becoming more common these days, so it's important to know how to spot a legitimate tax or audit notice. Receiving an official audit notice from the Department of Revenue (DOR) is nothing to worry about—but notices from other sources could be a red flag. Use these tips to protect yourself:

- **Watch for the official mail:** The DOR will first send a Notice of Intent to Audit by mail. This letter will include your correct license number registered with the DOR and will arrive in an envelope displaying the proper DOR logo (as shown on page 1).
- **Verify in-person visits:** If someone contacts you in person, always ask to see their ID. Every DOR employee carries a state-issued photo ID.
- **Beware of outside parties:** Do not trust anyone who claims to collect taxes or assist with audits on behalf of the DOR. According to SDCL 10-52-4, municipal taxes are administered exclusively by the DOR.
- **When in doubt, call:** You can always verify the legitimacy of a DOR employee by calling our 1-800 number: 1-800-829-9188.
- **Report suspicious activity:** If you suspect that an inquiry is a scam, report it to the South Dakota Attorney General's Office here: https://atg.sd.gov/complaintform.aspx.

Following these tips will help ensure you respond only to legitimate DOR communications and protect yourself from scams.

Did you know?

That the private ownership or possession of slot machines is strictly prohibited under South Dakota law.

Under South Dakota Codified Law (SDCL) 22-25-13, any slot machine that is not licensed and approved by the Commission is considered illegal contraband. Possession of such machines is a Class 1 misdemeanor, and violators may face criminal charges, fines, and forfeiture of the machines. The only exception to this law is for antique slot machines. According to SDCL 22-25-14.1, a machine is considered an antique if it is 25 years old or older and was not used for gambling purposes while in the owner's possession.

RESOURCE: Be sure to check out any of the 107 Tax Facts! These are put out by the department and break things down in a simple, helpful way so you can stay informed and confident about your taxes.