



Winter 2026

**SOUTH DAKOTA
DEPARTMENT OF REVENUE
NEWSLETTER**



Message From Secretary Mike Houdyshell

Greetings from the South Dakota Department of Revenue!

As we begin 2026, the Department of Revenue is pleased to reflect on the accomplishments of the past fiscal year and share updates and resources with South Dakota residents, businesses, and partners. Our mission remains to provide fair, efficient, and reliable revenue administration.

In this edition of our newsletter, you will find highlights of our work and helpful guidance on a variety of topics. Page 2 features our Fiscal Year 2025 Annual Reports.

Page 3 highlights the City of Clark's new 1% Municipal Gross Receipts Tax, an important change for both residents and businesses in the community. We are also sharing an announcement from the South Dakota Lottery about the Millionaire for Life draw game that will be coming to South Dakota, offering players an exciting new opportunity.

Contractors should pay special attention to Page 4 which features an article which provides guidance to

ensure that construction-related use tax obligations are properly addressed. This information also helps taxpayers understand their responsibilities and avoid unnecessary complications.

Effective communication can make a big difference in the audit process. On page 5, we share tips for clear, timely interaction with auditors, helping both taxpayers and department staff ensure a smoother experience.

Mail delays are becoming more common. On page 6 we have included tips to help you avoid last-minute headaches by mailing documents early or filing online. You'll also find details on property tax relief programs for qualifying residents. Planning ahead and using these resources can make managing your tax obligations easier and stress-free.

We hope you find this newsletter informative and useful. Our team at the Department of Revenue is always ready to assist with questions or concerns, and we encourage you to reach out whenever you need support.

Online Resources



Department of Revenue Annual Reports

Every year, the Department of Revenue gathers data and reports from each of our six divisions, as well as from other areas within the department, to provide a comprehensive and transparent overview of the previous fiscal year. This process allows us to accurately reflect our accomplishments, track progress, and openly share results with the public, ensuring that residents, businesses, and partners have a clear understanding of the South Dakota Department of Revenue.

[Access the 2025 Annual Report online](#)

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

Tax Return	Due Date
January	02/20/2026
February	03/20/2026
March	04/20/2026
April	05/20/2026



Historical Title & Registration Statistics Available Online

Did you know the Motor Vehicle Division provides historical title and registration statistics annually?

The data includes county and statewide breakdowns of vehicle registrations by vehicle type, as well as the number of electric vehicles registered in South Dakota. The data is available by county and statewide totals.

[View the 2025 Statistical Report](#)

Tax Increment Financing (TIF) Annual Report Also Available!

[Download the 2025 TIF Report.](#)



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.

February – C/D/E

March – F/G/J

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

City of Clark Implements New 1% Municipal Gross Receipts Tax

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

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.

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CONTACT US

SD Department of Revenue

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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: 605-578-3074

Dream Big! Millionaire for Life Game Coming to South Dakota

South Dakota Lottery players will have a chance to win the prize of a lifetime through the new Millionaire for Life game.

Millionaire for Life offers a unique grand prize of \$1 million a year for life and a second prize of \$100,000 a year for life. The new draw game will be available for purchase at South Dakota Lottery retailers beginning Sunday, Feb 22, 2026.

"The Millionaire for Life game will be a great enhancement to our portfolio and will generate entertainment for our players and retail partners," Executive Director Norm Lingle said. "With improved odds, we also believe that Millionaire for Life will give our players even more potential for a life-changing win."

The top prize of \$1 million a year for life and the second prize of \$100,000 a year for life will be awarded as annual payments, guaranteed for at least 20 years. Players will also have the option of choosing a one-time cash option of \$18 million for the top prize and \$2.2 million for the second prize.

The odds of players having this winning decision are even greater with Millionaire for Life. The grand prize odds of 1 in 22.9 million are significantly better than top prize odds in other national draw games. The overall game odds are 1 in 8.46.

Millionaire for Life will cost \$5 per play, and drawings will be held every night. With the introduction of Millionaire for Life, Lucky for Life sales will end after the Saturday, Feb. 21 draw.

In addition to giving players the opportunity at a life-changing prize, Millionaire for Life will also provide aid to the State of South Dakota. The state's General Fund, which supports K-12 schools, state universities and technical institutes, receives 70 percent of net revenue from lotto games such as Millionaire for Life. The state's Capital Construction Fund receives the remaining 30 percent. This supports the Water and Environment Fund, the Ethanol Fuel Fund and the State Highway Fund.

Along with South Dakota, Millionaire for Life will be available for purchase in twenty-eight other states and the District of Columbia.



Use Tax: The Construction Cost You Might Be Overlooking

If you're in the construction business in South Dakota, you're probably familiar with Contractor's Excise Tax. But one piece that is often overlooked is **use tax**—and it's important to understand how it fits into your day-to-day operations.

So what exactly is use tax?

It's the tax you owe on materials, supplies, equipment, or services used in a project when South Dakota sales tax wasn't charged at the time of purchase. That includes items purchased out-of-state or items supplied by your customer. It also applies to taxable services, especially those purchased from out-of-state providers.

When are contractors responsible for use tax?

As a contractor, you are considered the consumer of the materials used in realty improvement projects, whether you purchased them or not. That means you are responsible for paying use tax on any untaxed materials you install. This includes everything from lumber and concrete to roofing, fixtures, and equipment rentals.

Even if the property owner provides you with materials, if there's no clear proof that sales tax was paid, you are responsible for reporting use tax.

Use tax also applies to services when they are taxable in South Dakota. For example, if you hire someone to fabricate custom parts or perform design or repair services and they don't charge South Dakota tax, **you must remit use tax** on the value of that service.

Key Things to Keep in Mind:

- **Double-check out-of-state purchases.** Compare the tax you paid to South Dakota's rate. If you picked up materials from a supplier outside South Dakota and they charged less than 4.2% sales tax (or none at all), you owe **the difference** in use tax.
- **Don't forget local taxes:** Many South Dakota cities have their own municipal tax; you'll need to factor those in, too.
- **Owner supplied materials:** It's easy to assume that if you didn't buy it, it's not your responsibility. But, if your customer supplies materials and doesn't have documentation that tax was paid, you are responsible for the use tax.
- **Don't assume exemptions apply.** Even when working on jobs for exempt entities, contractors are responsible for the use tax on materials they install.
- **Services:** Always check the taxability of services you outsource.

The best way to stay compliant is to keep clear documentation. Track your purchases, double-check invoices, and make sure you can show whether sales tax was paid.

For more detailed information about use tax and when exemptions apply, check out the South Dakota Department of Revenue's [Contractor's Excise Tax Guide](#). It covers not only use tax but also other tax issues that can impact your business, from reporting requirements to licensing.

Still have questions? If you ever find yourself unsure, whether it's about a purchase, exemption, or a city tax, don't hesitate to reach out to our Business Tax Division at (800) 829-9188.



Tax Audits – Why Good Communication Matters

The South Dakota Department of Revenue conducts audits to make sure tax laws are followed and that all taxpayers are treated fairly. A smooth audit depends on timely responses and clear communication between taxpayers and auditors. Here's why timely and clear communications matter:

1. Helps the Audit Finish Faster

When taxpayers respond on time and provide the requested records, audits can be completed quicker. Delays or no response can slow the audit for months and may lead to added stress, interest, or potential legal issues.

2. Protect Your Rights and Lower Risk

Providing records on time allows auditors to review all deductions, exemptions, and credits. If you do not respond, estimates may be used, which could increase the amount of tax you owe.

3. Supports Fair and Accurate Results

Audits follow Generally Accepted Auditing Standards (GAAS) and state law to ensure fairness. Open communication helps auditors apply these rules correctly and reduces confusion or disagreements later.

4. Prevents Penalties and Escalation

If a taxpayer stops responding, auditors must follow formal steps. This can include issuing an Agreement to Produce Records or closing the audit with a Certificate of Assessment based on estimates. Staying engaged can help avoid higher taxes, penalties, and interest.

Responding to and working with the auditor helps protect your business, leads to more accurate results, protects your rights, and keeps the process moving smoothly.



Free Tax Seminars!

All our seminars are free of charge and cover topics such as exemptions, licensing, filing, and more! You may also request one of our tax experts to present at your event!

To learn more about our tax seminars or to register, visit our [Tax Education page](#).



**Basic Sales Tax Seminar -
ONLINE**



2:00 PM – 4:30 PM |
Tuesday, March 03, 2026



**Basic Contractor's Excise Tax
Seminar - ONLINE**



2:00 PM – 4:30 PM |
Thursday, March 05, 2026

USPS Postmark Delays—Plan Ahead

Recent changes at the U.S. Postal Service mean mail may not be postmarked on the same day it is dropped off. In some cases, mail can be postmarked several days later.

To avoid missing deadlines:

- Mail items at least one week before the deadline, or
- File online for faster processing.

Submitting early or electronically helps prevent delays and ensures your materials are received on time.

To check out all of our online services visit: <https://dor.sd.gov/online-services/>.



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.

DOR advises property owners to check their county tax notices to ensure their property is classified as owner-occupied.

Qualifying taxpayers who have purchased or built a home may apply through their local county director of equalization or submit electronically for this classification using DOR's form at <https://sddor.seamlessdocs.com/f/3001>.

Contractors may 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>.

Those with questions are encouraged to contact their local county director of equalization or call the Department of Revenue's Property Tax Division at 605-773-3311.



Freeze on Assessment Program for Seniors and Disabled Homeowners

On July 1, 2022, state law expanded guidelines for the Freeze on Assessment Program, which helps many elderly and disable South Dakotans living on fixed income manage their property tax obligations.

This program freezes the assessed value of a qualifying homeowner's property for tax purposes. Even if the market value of the home increases, property taxes are calculated based on the previous (lower) assess value.

Property includes the house, garage, and the lot on which it sits, or one acre, whichever is less.

To qualify, individuals must meet specific income limits and other eligibility requirements. For full details, visit our brochure for [Freeze on Assessments: Dwellings of Disable and Senior Citizens](#).

Important Reminder:

- Applications must be submitted annually to the county treasurer where the property is located.
- The Deadline to apply is **April 1** each year.
- Applications are available starting in January at the county courthouse or online at: <https://sddor.seamlessdocs.com/f/pt38>.

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