



Spring  
2021



SOUTH DAKOTA  
DEPARTMENT OF REVENUE  
NEWSLETTER



### Message From Secretary Jim Terwilliger

Greetings from the South Dakota Department of Revenue!

Our team has a variety of exciting news to announce, including a new Property Tax Director, a refund program for the elderly and disabled, and the implementation of debit cards being accepted now at our Lottery validation centers. All of this can be found on Page 2.

With spring underway and the summer months just around the corner, our team at the Department of Revenue is working diligently to implement new laws passed during the 2021 Legislative Session.

Many bills were signed into law and we have provided guidance on a few of them on Pages 3-4 and Page 6.

In addition to laws changing, the capabilities of technology continues to sky rocket to new levels with

new features. On Page 4, we've provided information regarding the video lottery system migration and fun facts related to the increase of online form submissions we have seen over the last year.

Are you an owner of a club? We want to make sure you are properly informed on what taxes your club should be adhering to. Page 5 breaks down what you should be aware of.

A number of municipalities around the state are implementing new tax changes beginning on July 1, 2021. Find out if your municipality is one of them on Page 6.

Although we don't have enough pages to fit all the things we are working on here at the department, please contact our dedicated staff if we can provide any assistance to you. We hope you enjoy this edition of our newsletter!

## DOR Welcomes New Property Tax Division Director

We are pleased to announce that Wendy Semmler has been named the new director of our Property Tax Division.

Wendy began her new role this April. She has been with the Department of Revenue for 14 years, most recently serving as our Property Tax Program Manager.

"I am beyond thrilled," Semmler said. "After almost 15 years, I have developed what can only be called a deep passion for the work and the division itself. I look forward to expanding my influence on the property tax system, its stakeholders, and the taxpayers of South Dakota."



## Sales and Property Tax Refund for Senior & Disabled Citizens

If you are at least 66 years old or disabled, you may qualify for an annual refund on your sales or property taxes.

Applications for the Sales or Property Tax Refund Program are now being accepted until July 1, 2021.

Qualifications:

- Have incomes of less than \$12,880.00 for a single-member household (only one individual in the household) or less than \$17,420.00 for a multiple-member household
- Be a South Dakota resident during all of 2020
- Be 65 years of age on or before January 1, 2020 or disabled anytime during 2020

To be eligible for the property tax refund on their home, individuals must meet the sales tax requirements above, along with the following qualifications:

- Owned the house they are currently living in for at least 3 years
- Owned their house for fewer than 3 years, but have been a South Dakota resident for 5 years or more

[For more information on the program or to access the application, click here.](#)

## Lottery Accepting Debit Cards at Validation Centers

The South Dakota Lottery's validation centers now accept debit cards!

Players may now purchase their favorite instant or lotto products with the swipe of their card. Please note that the maximum purchase at validation centers is \$600.

With the use of debit cards, players should note that checks are no longer accepted at validation centers. The South Dakota Lottery has validation centers in Pierre, Sioux Falls and Rapid City.

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## CONTACT US

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**Taxpayer Assistance Center:** 1-800-829-9188

**Motor Vehicles:** 605-773-3541

**SD Lottery:** 605-773-5770

**Gaming Commission:** 605-773-6050

## Unable To Find Your Favorite Distilled Spirits? Look No Further Than Your Local Off-Sales Liquor Store

According to the American Distilling Institute there are over 3,300 distilleries in the world. As you may know, not all of the products produced by all of those distilleries are currently being distributed in South Dakota.

Beginning July 2021, Senate Bill 109 allows South Dakota consumers the opportunity to purchase distilled spirits from their favorite distillery, even if the distilled spirits are not currently being distributed in this state.

The process is as follows:

- A customer over the age of 21 visits their local off-sale liquor store and places an order for the product that they wish to acquire that is not currently distributed in South Dakota.
- The off-sale liquor store collects the total amount due from the customer, including all applicable alcohol excise tax, sales tax, and shipping and handling.
- The off-sale liquor store orders the distilled spirits through a licensed wholesaler.
- The licensed wholesaler contacts the applicable distillery and arranges for the product to be delivered directly to the licensed off-sale liquor store.
- The consumer picks the product up at the off-sale liquor store.

Consumers are limited to three cases of distilled spirits per calendar year and may not resell the product.

Senate Bill 109 does not allow distilled spirits to be shipped directly to the doorstep of South Dakota consumers but may allow more consumer choice while maintaining the integrity of the current system of alcohol distribution in the state.

### Extra! Extra! Read All About It

Here at the Department of Revenue, we provide a wide variety of resources specific to your needs. See all of our tax facts by accessing the page [here](#).



## Shipping Cigars To Become Legal On January 1, 2022

Current law prohibits tobacco products, including cigars, from being shipped directly to consumers in the state. That's about to change. Beginning January 1, 2022, South Dakota consumers will have the ability to order cigars from licensed in-state or out-of-state cigar sellers and have the cigars delivered directly to them.

House Bill 1098 constructs a new chapter of state law that creates a cigar shipper license, authorizes adults over 21 years of age to make remote purchases of cigars, authorizes cigars to be shipped directly to consumers in South Dakota, taxes the cigars under the current tobacco excise tax scheme, requires age verification at the point of sale and delivery, and includes penalties for violations.

It is important to note that this bill authorizes direct to consumer shipping for cigars only. Cigarettes and other tobacco products must still be purchased in person at a retail location in South Dakota.

## Own An Electric Vehicle?

In the 2021 legislative session, House Bill 1053 was passed, imposing a \$50 fee on electric vehicles, going into effect on July 1, 2021.

The fee will be funneled into the State Highway Fund for the construction and repair of South Dakota roads and bridges. South Dakota road and bridge funding is largely done through the Motor Fuel Excise Tax, which electric vehicles do not currently contribute to.

The fee is intended to offset use of the roads by electric vehicles and will only apply to fully electric vehicles. It is to be paid annually at the time of registration.



## Motor Vehicle Dealer Information Available Beginning July 1, 2021

In an effort to provide more transparency to the South Dakota Dealer Licensing system, the legislature passed Senate Bill 82. This bill requires the Department of Revenue to list dealer information on its website for the public to view free of charge. This will include:

- Dealership Name
- Physical Address
- Mailing Address
- Telephone Number
- Dealer License Number
- Type of Dealer License

Dealer information will be published on July 1, 2021, on the DOR website. We hope this will assist vehicle owners in researching dealerships and buying with confidence.

## South Dakota Lottery Completes Video Lottery System Migration

April 1, 2021 marked the beginning of a new era for the SD Lottery and its partners in the video lottery industry.

April was the official conclusion of the SD Lottery's video lottery system migration. The new system means members of the video lottery industry now have the latest technology and a robust communications system to further enhance their business operations.

The new system offers a wide array of benefits to both the Lottery team and video lottery operators and establishments throughout the state. The center of these benefits is a new site controller, which handles a multitude of communications protocols. Thanks to this real-time communication, the Lottery anticipates a drastic decrease of non-reporting terminals.

The new system also aids in combating the growing threat of fraudulent tickets. With this new technology available at establishments throughout the state, staff can immediately verify the legitimacy of tickets when a player claims a prize.

The new system also allows operators to access valuable reporting and business intelligence tools, which will be housed in the new Operator Portal.

The SD Lottery completed the system migration in partnership with Scientific Games. For more information on the system migration, visit <https://lottery.sd.gov/retailer/VLConversion.aspx>.

## Due Dates

Tax Return	Due Date
April	05/20/2021
May	06/21/2021
June	07/20/2021
July	08/20/2021

## 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.

**May** – H/I/O

**June** – K/L

**July** – M/N

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

## DOR Presents Did You Know?

18,877 online forms were submitted electronically to the Department of Revenue in 2020



## Club Owners: Are You Paying Taxes Correctly?

Many South Dakota outdoor enthusiasts are members of gun clubs. These clubs are classified under sport and recreation clubs which restrict facility use to club members and their guests. In South Dakota, membership sports or recreation clubs are required to have a sales tax license.

Products and services, including memberships, sold by a club, are subject to state and city tax. Shooting or archery range memberships and fees are subject to state, city, and tourism tax. Tax applies based on the location of the club. Clubs with multiple locations are taxed to where the member receives their membership information.

League fees and entry fees for tournaments are exempt from sales and tourism tax. Use tax applies to products and services purchased for use by the club when the applicable sales tax is not collected.

Examples of items subject to use tax: clay pigeons and ammunition (not being sold), food/beverages provided to staff or contestants at no charge, promotional items, equipment (not sold to customer), and signs/posters.

Examples of other membership sport and recreation clubs include, but not limited to, the following:



## Municipal Tax Changes

Beginning July 1, 2021, four South Dakota communities will implement a new municipal tax rate.

The municipal tax changes taking effect include:

- **Oelrichs, S.D.**, increasing its 0 percent general sales and use tax rate to 2 percent.
- **Dante, S.D.**, increasing its 1 percent general sales and use tax rate to 2 percent.
- **Howard, S.D.**, imposing a 1 percent municipal gross receipts tax rate on lodging, eating establishments, alcoholic beverages, and ticket sales or admissions to places of amusement, athletic and cultural events. This tax is in addition to its 2 percent general sales and use tax rate.
- **Freeman, S.D.**, imposing a 1 percent municipal gross receipts tax rate on lodging, eating establishments, alcoholic beverages, and ticket sales or admissions to places of amusement, athletic and cultural events. This tax is in addition to its 2 percent general sales and use tax rate.

### Wondering What Your Tax Rates Are? Look Up Your Rates With



#### Sales Tax Rate Lookup

## Upcoming Tax Seminars

Date	Topic	Location
June 8	Basic Sales Tax	Virtual
June 10	Basic Contractor's Excise Tax	Virtual
Sept 14	Basic Sales Tax	Virtual
Sept 16	Basic Contractor's Excise Tax	Virtual

[All seminars are free to attend. To register, request a presentation, or view a complete schedule, click here.](#)

## Repealed: Registration and Decal Requirements On Coin-Operated Amusement Devices

Since 1985, owners and operators of coin-operated amusement devices such as pool tables, dart boards, arcade games, and jukeboxes have been required to register those devices with the Department of Revenue. Additionally, they have had to purchase a decal to be affixed to the machine as proof of registration. The registration was in lieu of any municipal tax due on the gross receipts received from operation of the machine. During the 2021 legislative session, the Legislature clarified the definition of amusement device and repealed the registration and decal requirements. The law will become effective July 1, 2021.

Under the new law, a mechanical or electronic amusement device is any **coin or bill operated**:

- Pool table
- Foosball table
- Air hockey table
- Arcade game
- Shooting gallery game
- Dart board
- Pinball machine
- Jukebox

The gross receipts received from the operation of these machines are now subject to only the 4.5% special amusement excise tax that is reported on a sales tax return. They are exempt from any municipal tax. The gross receipts received from the operation of amusement machines that are not included in the definition above do not qualify as amusement devices under the new law and are subject to 4.5% state sales tax plus any applicable municipal tax.