

WINTER
2020

SOUTH DAKOTA
DEPARTMENT OF REVENUE
NEWSLETTER



Message From Secretary Jim Terwilliger

Greetings from the South Dakota Department of Revenue!

As we begin 2020, the Department of Revenue couldn't be more excited to look back on what the people and businesses of South Dakota have done, both in annual revenue and economic growth for the state. Page 2 features our 2019 Annual Reports that are packed full of information you may be interested in.

Agriculture plays an important role in our state economy. Make sure to stay up to date with pesticides and other related substances that may be tax exempt from your agricultural productions. See page 3 for more details.

As Internet access continues to be a consumer priority, tax laws proceed to keep up with the constant change of electronic commerce. Jump to page 4 to see the most recent changes to the state tax on Internet access.

In addition to electronic advancement, South Dakota Lottery is in the midst of implementing a new video lottery system within the upcoming year. This system adds new benefits for both retailers and players.

Don't forget to keep up on our recent lottery winners! Dakota Cash named a winner before 2019 ended. See Page 5 to hear his take on his earnings.

When it comes time to report sales and use tax, remember the Department of Revenue has useful resources and seminars for you to visit! Dates can be found on Page 6.

Never miss a deadline by following us on social media at South Dakota Department of Revenue or browse through our Upcoming Dates at dor.sd.gov/calendar to see deadline postings, department updates, seminars, closings and more.

As always, please contact our dedicated staff if we can provide any assistance to you. We hope you enjoy this edition of our newsletter!

Site Rebrand Kickoff

What can we do for you today? We begin 2020 with three months in to the launch of our rebranded website, and more features are in store.

We've began the process of converting our forms over to our new form solution to better accommodate the customer experience by implementing online submissions and e-signatures to complete your specific need.

Be on the lookout for an electronic payment option in the near future to seamlessly complete forms that require fees. Skip steps of printing, mailing, or delivering forms. With a click of a button, your electronic payment will be received in a safe and secure way.

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Follow Us On Social Media



Fiscal Year 2019 Annual Report Wrap-Up

Are you curious to see what the Department of Revenue was up to in 2019?

Read through the [Fiscal Year 2019 Annual Report](#) to find up-to-date state comparisons, tax revenue totals, lottery winners, and much more!

Please use your Google Chrome browser for optimal viewing.



Tax Increment Financing Report Now Online

Three, two, one read! Our third annual Tax Increment Financing (TIF) report was published early in 2020, holding information on TIF classifications, TIF districts, and a breakdown description of each active public improvement project. Click on each individual county to be directed to the given county's active projects.

Whether it be a local, industrial, economic development, or affordable housing TIF district, the individuals and businesses of South Dakota are investing to grow our economy and to make waves as the years progress.

The TIF report is broken down into active and dissolved TIFs. The graphs included in the report represent current projects that are in process and completed projects for the year.

[Click here to view the 2019 TIF Annual Report.](#)



Stay Up To Date With South Dakota's Agricultural Tax Exemptions

During the 2020 South Dakota Legislative Session, Senate Bill 125 was introduced to revise the list of substances exempt from taxation when used for agricultural purposes. Senate Bill 125 was not enacted, but the Department recognizes the importance of the topic and seeks to provide clarification regarding the tax policy.

Is bulk water used to apply pesticides for agriculture purposes exempt from sales tax?

Senate Bill 125 would have added "bulk water" to the list of tax-exempt substances listed in the [SDCL 10-45-16.1](#) and [10-46-17.5](#), but the addition of these words is unnecessary. Current law exempts the sale or purchase of pesticides and related substances from sales tax when purchased for agricultural purposes. The exemption of *related products* includes the sale or purchase of bulk water.

It continues to be the Department's position that bulk water or any other substance used with pesticides for agricultural purposes is exempt from taxation.

We appreciate the opportunity to discuss the sales tax exemption of bulk water and to clarify the department's position on this issue. We look forward to future opportunities to work together.

Questions on which products are tax exempt?

No need to search for your answers! Products and substances that are tax exempt when used in conjunction with the application of pesticides for agricultural purposes:

- **Adjuvants**
- **Surfactants**
- **Ammonium Sulfate**
- **Inoculants**
- **Drift Retardants**
- **Water Conditioners**
- **Seed Treatments**
- **Foam Markers**
- **Foam Dyes**
- **Bulk Water**



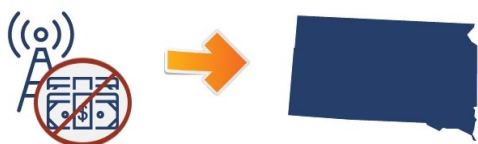
Are you Up to Date with the Internet Tax Freedom Act?

The Internet Tax Freedom Act of 1998 temporarily stopped states and local governments from imposing new taxes on Internet access and multiple or discriminatory taxes on electronic commerce.

The Act includes a grandfather clause, in which South Dakota is a part of, that allows states that already taxed Internet access to continue enforcing those taxes until June 30, 2020.

Beginning July 1, 2020, Internet access will no longer be subject to state and municipal sales tax.

[To learn more about the Act, click here.](#)



Townhall Meetings Get Underway as the New Video Lottery System Emerges

It's an exciting time for South Dakota's video lottery industry, as the Lottery and Scientific Games are partnering to implement a new video lottery system. Coming off the heels of a record-setting year in video lottery sales, the new system will provide a wide-array of benefits.

Improved communication will be a key component of the conversion thanks to new site controllers. Retailers and operators will be able to enjoy real-time communications, which should reduce communication issues that are related to non-reporting terminals (NRTs), and have access to robust reporting and business intelligence tools.

These site controllers will combat fraudulent tickets with a real-time validation process, ensuring greater security for establishments and their employees.

The system conversion is an important process for all members of the industry, which is why the Lottery has hosted townhall meetings to keep our partners informed as well as gather feedback. A pair of townhall meetings have already occurred, which featured a presentation that not only explained the benefits of the new system, but also the logistics of the conversion.

More townhall meetings will be announced in the near future, but if you want additional information now, please visit the Lottery's new webpage. This webpage is dedicated to providing the latest information on the system as well as valuable resources to make the transition as seamless as possible.



Due Dates

Tax Return	Due Date
February	3/20/2020
March	4/20/2020
April	5/20/2020

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.

March– F/G/J

April– *non-renewal month

May– H/I/O

How Many Licenses Plates are Available: 143



Thanks to the December 28, 2019 Dakota Cash drawing, Kent Waldner will get a late Christmas gift in the form of a new home.

The Carpenter resident closed 2019 in exciting fashion by claiming the \$453,996 Dakota Cash jackpot. Waldner purchased his winning ticket at Carlson's Northside Service, located at 320 Dakota North in Huron.

Waldner's big win marked the fourth-largest jackpot in Dakota Cash history, and he has very specific plans for his prize.

"I'm going to buy a house," Waldner said. "I live in a 100-year-old house that is falling apart. I won't have to worry about anything. I will walk into a warm home. I'm going to have a better place to live. It's great."

While the drawing took place on December 28, Waldner was unaware of his win until December 31. He learned of his win while routinely scanning his tickets at Carlson's Northside Service. What seemed like just another ordinary day became a memorable

one, as he and one of the business's owners soon had reason to celebrate.

"I was at Carlson's, and I had no idea. I don't look at the numbers until I turn (his tickets) in. If I win something, great," Waldner said. "(The store owner) was elated. She jumped up and down and gave me so many hugs."

Waldner noted that he usually purchases Dakota Cash, Mega Millions and Powerball tickets each week at Carlson's Northside Service—a tradition he plans to continue. He also left a bit of advice for his fellow players looking for their big win.

"Enjoy your winnings and keep playing. The only way you're going to win is by playing," Waldner said.

The Dakota Cash game is exclusive to South Dakota with drawings each Wednesday and Saturday. For more information on the game, visit <https://lottery.sd.gov/games/lottogames/dakotacash>.

Must be 18 years or older to play. Please play responsibly.

DOR is Here for All Your Sales and Use Tax Questions

When reporting sales and use tax, do you ever wonder, "Am I doing this right?" or "Should this be done differently?" You may even have a reporting situation occur that you did not even consider to be an error. Relax. You are not alone. Based on our experience, the following is a breakdown of the most common errors for sales tax and use tax found during audits.

Common Sales Tax Errors

1. Under-reporting of sales tax due to poor record keeping
2. Exempting sales to taxable customers such as churches and 501[c]3 entities
3. Municipal tax and Municipal Gross Receipts Tax (MGRT) reporting errors
4. Not having valid exemption certificates on file
5. Sales tax charged on construction services subject to excise tax

Common Use Tax Errors

1. Not remitting use tax on untaxed goods and services purchased/used
2. Not remitting use tax on items taken from inventory and used personally or in your own business
3. Not remitting use tax on owner furnished materials (OFM)
4. Not remitting use tax on equipment brought in from out of state
5. Use tax overpaid in error on purchases of services subject to excise tax
6. Not retaining invoices for purchases made on a credit card

Simply stated, sales tax is a tax on the sale of goods and services or on the receipt of sales. As its counterpart, use tax is applied when state and municipal sales tax have not been paid on products and services that are used, stored, or consumed in South Dakota. Use tax also applies to purchases made outside of South Dakota, including purchases made online, but used within the state. Remember the Department of Revenue is here to assist you with your questions. We hold free Tax Seminars throughout the months in various locations.

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

Upcoming Tax Seminars

Date	Topic	Location
March 3	Basic Sales Tax	Sioux Falls
March 3	An Exercise in Sales Tax Bookkeeping	Sioux Falls
March 10	Basic Contractor's Excise Tax	Sioux Falls
March 10	An Exercise in Excise Bookkeeping	Sioux Falls
March 19	Basic Sales Tax	Watertown
March 19	Basic Contractor's Excise Tax	Watertown
April 23	Basic Sales Tax	Aberdeen
April 23	Basic Contractor's Excise Tax	Aberdeen
April 30	Basic Sales Tax	Rapid City
April 30	Basic Contractor's Excise Tax	Rapid City

