

Summer  
2021

SOUTH DAKOTA  
DEPARTMENT OF REVENUE  
NEWSLETTER



### Message From Secretary Jim Terwilliger

Greetings from the South Dakota Department of Revenue!

Although the weather is finally cooling down from the summer months, the Department is full steam ahead on many projects.

This edition will cover topics ranging from the expansion of new tax types payable by ACH Credit, new motor vehicle kiosk features, and much more. Find the full list of what's inside on Page 2.

What an exciting time to be a part of DOR. Businesses are thriving in our booming state. Visit Page 3 for more information on the year we had out at the 2021 Sturgis Motorcycle Rally.

We continue to highlight our online options to keep our customers out of lines. South Dakota Lottery announced the arrival of their new vending machines located around the state. Individuals now have the

option to play their favorite instant and lotto products without waiting in line. More on this story found on Page 4.

The property tax division is excited to announce new resources available on our website. Learn more on Pages 5-6. Curious on what agricultural products are exempt from sales tax? Find out on Page 7.

Last but not least, we are looking for your help. In our continuous effort to reach your needs, we would like your input! Page 8 holds a list of our upcoming tax seminars, as well as a survey that helps us learn what educational seminars you've participated in and what you would like to see more of.

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

## Tax Types Expanded for ACH Credits

Looking to pay via ACH Credit? Introducing additional tax types now available to pay through this method.

Tax Type Codes include:

- **030SD** (Bank Franchise)
- **041SD** (Sales, Use, or Contractor's Excise Tax)
- **049SD** (911 Emergency Surcharge)
- **050SD** (Motor Fuel Taxes)
- **060SD** (Alcohol)
- **072SD** (Cigarette/Tobacco Products Tax)
- **080SD** (Severance Tax)

Please [print this document](#) and give a copy to your bank when making a payment by ACH Credit.

## INSIDE

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Help Us Help You

## CONTACT US

**SD Department of Revenue**

445 E Capitol Avenue, Pierre, SD 57501

**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

## A New Look, More Locations, and Added Functionality

Visit one of our DMV Now Kiosks, located across the state! All you need is two minutes, a debit or credit card, and a South Dakota ID to:

- Change address or update contact information
- Renew a driver license,
- Renew a vehicle's registration,
- Report the sale of a vehicle, and
- Print a seller's permit.

To find a location near you, visit [www.sddmvnowkiosk.com](http://www.sddmvnowkiosk.com).



## Scan



## Pay



## Print!

2021

# Sturgis Motorcycle Rally

## COLLECTIONS

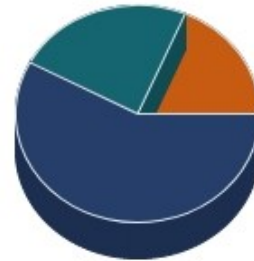
\$1.79 MILLION



34%

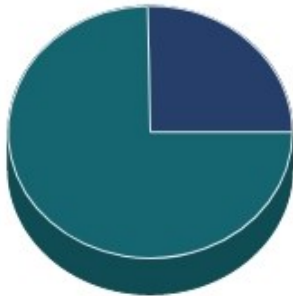
Above 2020

## BY TAX TYPE



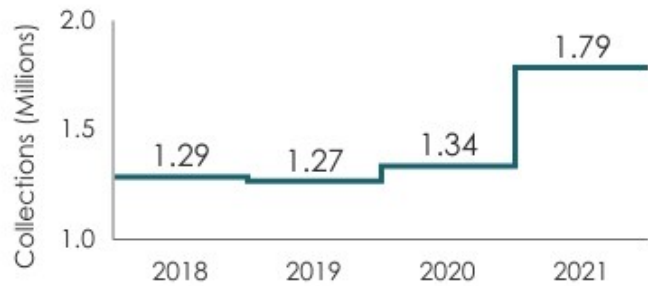
- State Sales Tax (57.9%) \$1,038,561
- Municipal Tax (23.5%) \$422,484
- Tourism Tax (18.6%) \$334,661

## BY REGION

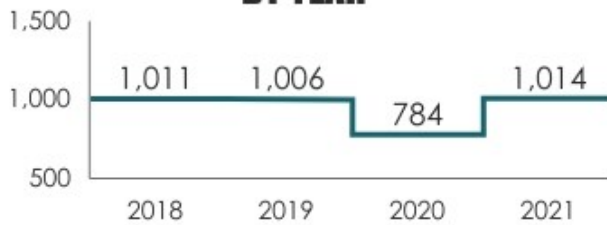


- Northern Hills \$1,341,688
- Southern Hills \$454,019

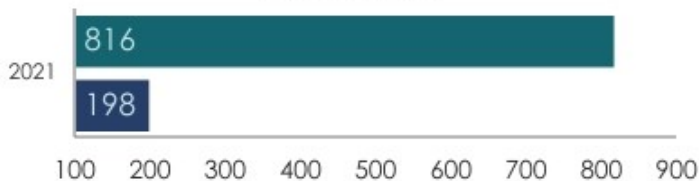
## BY YEAR



## BY YEAR



## BY REGION



## VENDORS

1,014



29%

ABOVE 2020

## Lottery Vending Machines Now Available

South Dakota Lottery players can now skip the line, thanks to the introduction of vending machines!

The vending machines, which launched in the spring, allow players to purchase their favorite instant and lotto products. Players can also scan their tickets to see if they have a winning ticket.

To use the vending machines, all you have to do is scan your state-issued identification card, insert money and select your product.

To date, the Lottery has installed nearly 50 vending machines at retail locations throughout the state! For locations, tutorials and more, visit <https://lottery.sd.gov/vendingmachine/default.aspx>.



### Due Dates

Tax Return	Due Date
<b>August</b>	09/20/2021
<b>September</b>	10/20/2021
<b>October</b>	11/22/2021

### 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.

**September** – S

**November** – T/U/V/W/X/Y/Z

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

## When Is A Cake Not Just A Cake?



Recently, a bakery that specializes in making and selling cakes reached out to the Department with questions on what tax rates they should be charging. Through this conversation, we learned the bakery was charging the 4.5%

state tax rate, their local 2% general city tax rate, and their local 1% Municipal Gross Receipts Tax (MRGT) on all their cake sales, regardless of how or where the customer received the cake.

When questioning the taxability of bakery items, it is important to answer these questions:

1. Is the product meant for immediate consumption?
2. How and where does the customer receive the product?

As is stated in the [Prepared Food Tax Fact](#):

“Breads, buns, whole pies or cakes sold for home consumption are not considered for immediate consumption, therefore not subject to the MGRT. Cakes, such as wedding cakes or special occasion cakes that are delivered is catering and subject to MGRT.”

Therefore, when a customer purchases and picks up the cake at the bakery to take home and eat, the correct sales tax rate is the 4.5% state tax rate plus the general city tax if the bakery is located inside the city limits.

When the bakery delivers the cake to the customer, this represents catering and immediate consumption. Therefore, the correct sales tax rate is 4.5% state tax rate plus the general city tax and 1% MGRT if the bakery is located inside the city limits.

South Dakota’s sales tax rules for cakes can be as multi-layered as these delicious treats. Just as the Agent advised the bakery during their conversation, the key concepts that determine the overall sales tax rate are immediate consumption and location. Focusing on the answers to those two questions will provide a solid basis in determining the correct tax rate for cakes.



## New Legislation brings Requirement Changes to the Riparian Buffer Strip Property Tax Program

Under Senate Bill 66, which Gov. Dennis Daugaard signed into law in 2017, eligible riparian buffer strips can receive a reduction in the assessed value. Only land within 120 feet of a listed lake, river or stream may be classified as a riparian buffer strip and grazing is prohibited from May 1 through Sept. 20.

As of July 1, 2021, landowners approved for the riparian buffer strip program may receive an increased reduction in property value. The original reduction of 40% is now up to 50% reduction in property value of the eligible riparian buffer strip. In addition, there is no longer an annual application. Once approved, the new assessed value of the eligible property will be approved for 10 years or until the property changes use. Lastly, land impacted by center pivot irrigation can now be harvested or mowed starting June 25.

Applicants may view a web map to help determine which waters qualify under the program. The interactive map can be accessed [here](#).

Applications must be submitted to the director of equalization in the county where the property is located. To learn more about the property tax incentive or access the application, visit the [Department of Revenue's website here](#). We would like to remind landowners that to be eligible for the 2022 assessment for taxes payable in 2023, applications for the riparian buffer strip property tax incentive must be submitted by October 15, 2021.

### 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](#).



Follow us on social media @SDRevenue

## NEW Property Tax Publications

The Property Tax Division has been busy adding new publications to continue to provide resources to the citizens of South Dakota. Below, you will find a variety of new guides now listed on our website under the County Auditors page. Turn to page 6 to locate an additional resource regarding how to become classified as agricultural land.

### Imposition of a Tax Levy

Any taxing district that did not levy a property tax for their general fund in the previous year is able to impose a new tax base. The taxing district can set any dollar amount for the new base, as long as the amount remains within statute levy limits for that district type.

After the imposition has been fully implemented, the base amount can be increased annually by CPI and growth.

For more information regarding the procedure to impose a tax levy, [please click here](#).

### County Road & Bridge Levy

The board of county commissioners may pass a levy specifically for road and bridge purposes. The funds for this levy can be used towards maintaining, repairing, constructing, and reconstructing roads and bridges within the county. The County Road & Bridge levy will be in addition to any other levies that are currently being levied at the county level.

For more information regarding county roads and bridges, [please click here](#).

### Township Capital Improvement Levy

A board of an organized township has the authority to impose a levy specifically for road and bridge purposes. The revenue generated from this levy can go towards the constructing, reconstructing, repairing, and maintaining of secondary roads, bridges, and culverts within the township.

For more information regarding township capital improvements, [please click here](#).

# QUALIFYING FOR AGRICULTURAL STATUS

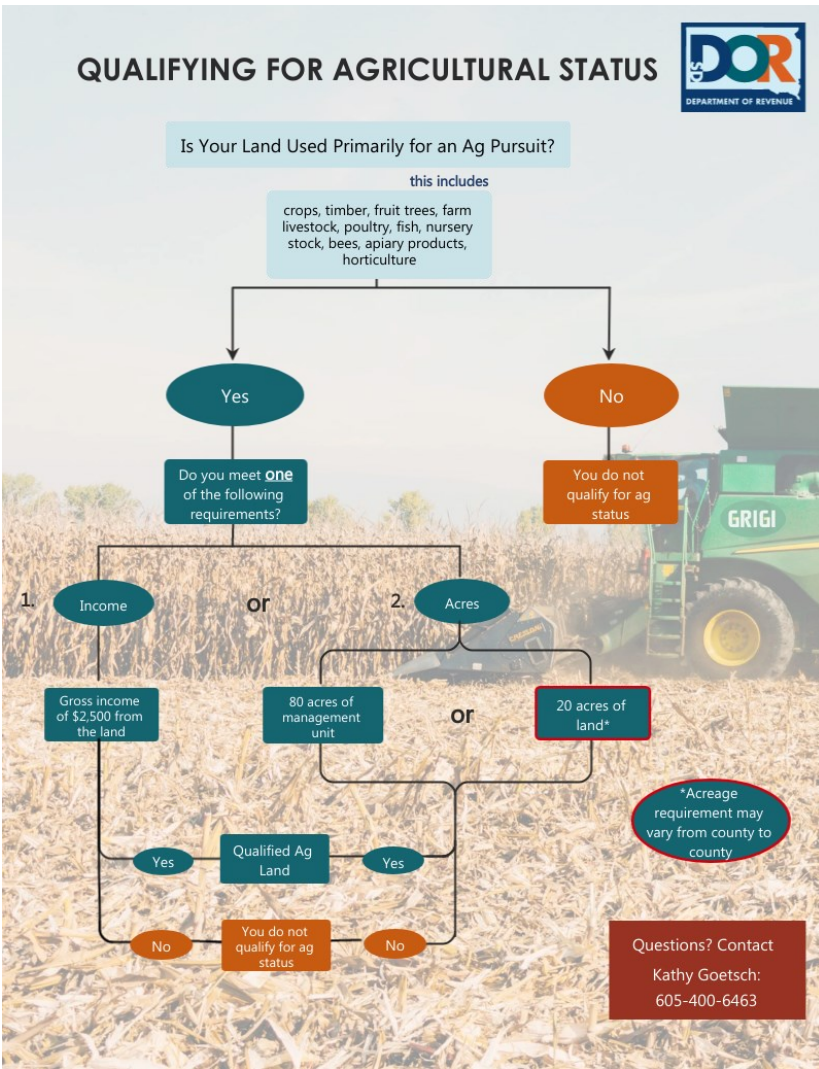


## Does The Land You Own Qualify For Agricultural Status?

For land to be classified as agricultural, it must meet the following criteria:

- The primary and main use of the land must be devoted to agricultural pursuits, such as the harvesting of crops or the raising of livestock.
- The land must also meet either an acreage requirement or a minimum income.
- A county's acreage requirement can range from 20 acres to 160 acres
- If the land does not meet the acreage criteria, then a minimum gross income of at least \$2,500 must be shown to have come from an agricultural pursuit in three of the previous five years.

To better understand the requirements, please review the ag land classification flowchart shown to the right.



Contact About DOR Upcom

INDIVIDUALS BUSINESSSES GOVERNMENT FORMS / RESOURCES

### FORMS / RESOURCES

- Business Forms
- Government Forms
- Individual Forms
- Master Form List
- Publications
- Statistics

## Introducing A New Way To Search

Here at the Department of Revenue, we work to continuously improve our online resources in order to best serve the citizens of South Dakota. Most recently, we have added a new dropdown feature on our dor.sd.gov website. Now, individual's have the opportunity to reach any of our forms or resources by the click of a button. This includes:

- Forms
  - Business Forms
  - Government Forms
  - Individual Forms
  - Master Forms List
- Publications
  - Annual Reports
  - Guides
  - Newsletters
  - Sales Tax Rate Charts
  - Tax Facts
- Statistics



## Agricultural Product Exemptions

Did you know that certain products, but not all products, used exclusively for agricultural purposes can be purchased exempt from sales tax?

Examples of tax-exempt agricultural products:

- Commercial fertilizers, either liquid or solid, 500 pounds or more in a single sale.
- Pesticides, including any product or substance used with the pesticide or the application process.
- Seed legumes, seed grasses, and seed grains, including seed for CRP land. Twenty-five pounds or more in a single sale.
- Live cattle, buffalo, sheep, goats, swine, poultry, ostriches, emus, rheas, and domesticated fur-bearing animals used as breeding or product stock.
- Feeds and feed supplements for livestock such as hay, bonemeal, salt, and vitamins.
- Bedding for livestock. This only includes straw, corn stover, and bean straw.
- Swine and cattle semen for breeding purposes.
- Repair parts for agricultural machinery and equipment used for agriculture purposes.
- Fuel used to power irrigation pumps and electric motors powering irrigation pumps.

Examples of items used on the farm that are subject to sales tax:

- Fencing,
- Farm machinery such as tractors, cultivators, and combines,
- Attachment units such as combine headers, clean sweep systems, and seed monitors,
- Animal Medicines, and
- Irrigation Equipment

Before a seller can exempt a sale, they must obtain a properly completed exemption certificate from the purchaser. The purchaser is responsible for assuring that the goods and services purchased exempt are of a type covered by the Exemption Certificate.

An Exemption Certificate may be issued for a single purchase or as a blanket certificate if the purchaser is making recurring purchases from the same seller for the same reason. If the purchaser doesn't provide the seller with a properly completed Exemption Certificate, the seller must collect sales tax. Exemption Certificates must be retained in records for three years.

Tax facts available at [dor.sd.gov](http://dor.sd.gov):

- [Exemption Certificate](#)
- [Agricultural Products](#)

## Lottery Launches Double Play

The summer months have provided SD Lottery players with new ways to win, courtesy of exciting new game changes.

On July 19, Lucky for Life gave players even more chances to win, holding drawings every night. Prior to the change, Lucky for Life drawings were held each Monday and Thursday.

Lucky for Life, which offers players a top prize of \$1,000 a day for life, debuted in South Dakota on June 5, 2017. Since sales began, South Dakota has been home to one top prize winner, as well as six second prize winners of \$25,000 a year for life!



Powerball also gave players new ways to win through the addition of a Monday draw and the Double Play feature. The Double Play feature gives players another chance to match their Powerball numbers in a separate drawing with a top cash prize of \$10 million.

Double Play will be available for an additional \$1 per play. Through the change, Powerball now has drawings each Monday, Wednesday, and Saturday night.

For more information on the Double Play feature, visit <https://lottery.sd.gov/doubleplay/>.



## Help Us, Help You!

The South Dakota Department of Revenue is actively working to build stronger relationships with our stakeholders. It is our intention to offer a more consistent educational experience for you and we need your input. Please take a few minutes to answer eight questions using the survey link provided. All information received is anonymous. The Department appreciates your feedback. Thank you!

[Take Survey Here](#)

## Know Your Craft, Home Brewers

Individuals are allowed to produce 200 gallons or less for personal, family or similar use of:

- Malt beverages,
- Cider, or
- Wine

Home brewers are not required to get an alcohol license and are exempt from any taxes or fee imposed under the [alcoholic beverage laws](#) of South Dakota. Products produced by home brewers may not be manufactured or stored in a public place or place of business unless the business holds a retail on premise manufacturer license.

For more information regarding home brewers, [visit our website here](#).

## Upcoming Tax Seminars

Date	Topic	Location
Oct 14	Basic Sales Tax	Virtual
Dec 7	Basic Sales Tax	Virtual
Dec 9	Basic Contractor's Excise Tax	Virtual

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

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



[Sales Tax Rate Lookup](#)