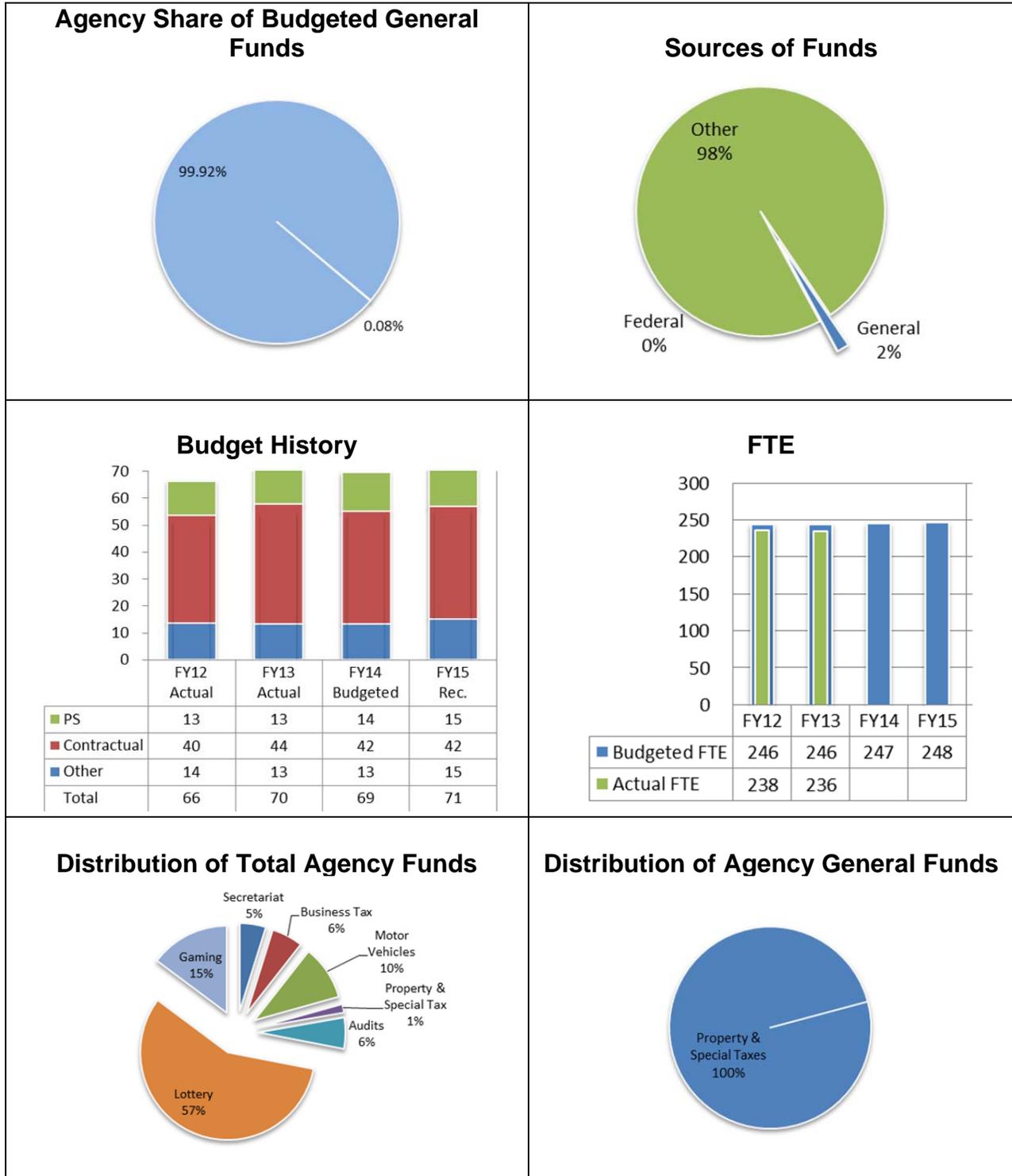


# FY15 Budget Briefing

# Department of Revenue

Information contained in this document is based on the Governor's original FY15 recommended budget.  
This document may not correspond with the FY15 budget adopted by the Legislature.



## Key Personnel

- Andy Gerlach, Secretary
- Joan Serfling, Administrative Services
- Deb Hillmer, Motor Vehicles
- Bruce Christensen, Audits
- Norm Lingle, Lottery
- David Wiest, Deputy Secretary
- Michael Houdyshell, Property & Special Taxes
- Doug Schinkel, Business Tax
- Larry Eliason, Gaming
- Andrew Fergel, Chief Legal

## Department Total

The mission of the Department of Revenue is to provide the revenue necessary for the support of state and local government programs through the fair and consistent application of the tax laws and through a comprehensive program of education that explains the responsibilities and rights of taxpayers; to operate the state lottery established in SDCL 42-7A in a secure, efficient, and profitable manner; to provide for the safety and well-being of consumers and the general public by regulating gaming and racing industries.

	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov Rec FY2015	Inc/Dec FY2015	% Change From FY2014
<b>Personal Services</b>						
Employee Salaries	9,825,958	9,705,734	11,076,639	11,138,639	62,000	0.6%
Employee Benefits	2,805,437	3,188,715	3,366,539	3,382,333	15,794	0.5%
<b>FTE</b>	237.6	235.5	246.5	247.5	1.0	0.4%
<b>Funding Types</b>						
General	784,799	809,960	857,104	857,104	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	11,846,596	12,084,489	13,586,074	13,663,868	77,794	0.6%
<b>Total PS</b>	12,631,396	12,894,449	14,443,178	14,520,972	77,794	0.5%
<b>Operating Expenses</b>						
Travel	657,092	727,434	793,649	793,649	0	0.0%
Contractual Services	39,933,353	44,437,419	41,607,705	41,631,948	24,243	0.1%
Supplies & Materials	2,388,991	2,425,541	2,703,658	4,503,658	1,800,000	66.6%
Grants and Subsidies	9,515,301	9,319,802	9,175,000	9,175,000	0	0.0%
Capital Outlay	858,608	437,352	342,585	342,585	0	0.0%
Other	188,920	251,657	293,000	293,000	0	0.0%
<b>Funding Types</b>						
General	163,677	259,643	260,119	260,609	490	0.2%
Federal	242,943	130,000	0	0	0	0.0%
Other	53,135,646	57,209,563	54,655,478	56,479,231	1,823,753	3.3%
<b>Total OE</b>	53,542,266	57,599,206	54,915,597	56,739,840	1,824,243	3.3%
<b>Totals</b>						
<b>Funding Types</b>						
General	948,476	1,069,603	1,117,223	1,117,713	490	0.0%
Federal	242,943	130,000	0	0	0	0.0%
Other	64,982,242	69,294,052	68,241,552	70,143,099	1,901,547	2.8%
<b>Total</b>	66,173,661	70,493,655	69,358,775	71,260,812	1,902,037	2.7%

## Department Object Detail

Item	Actual FY2012	Actual FY2013	Budgeted FY2014	Governor	Inc/Dec FY2014	% Change FY2014
				Rec FY2015		
<b>PERSONAL SERVICES</b>						
General	784,800	809,960	857,104	857,104	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	11,846,597	12,084,489	13,586,074	13,663,868	77,794	0.6%
Total Personal Services	12,631,397	12,894,449	14,443,178	14,520,972	77,794	0.5%
<b>FTE</b>	237.6	235.5	246.5	247.5	1.0	0.4%
<b>TRAVEL</b>						
General	28,711	28,938	32,303	32,303	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	628,381	698,496	761,346	761,346	0	0.0%
Total Travel	657,092	727,434	793,649	793,649	0	0.0%
<b>CONTRACTUAL SERVICES</b>						
General	90,808	204,175	179,169	179,659	490	0.3%
Federal	242,943	130,000	0	0	0	0.0%
Other Funds	39,599,602	44,103,245	41,428,536	41,452,289	23,753	0.1%
Total Contractual Services	39,933,353	44,437,420	41,607,705	41,631,948	24,243	0.1%
<b>SUPPLIES AND MATERIALS</b>						
General	34,367	22,915	43,187	43,187	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	2,354,624	2,402,626	2,660,471	4,460,471	1,800,000	67.7%
Total Supplies and Materials	2,388,991	2,425,541	2,703,658	4,503,658	1,800,000	66.6%
<b>GRANTS AND SUBSIDIES</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	9,515,301	9,319,802	9,175,000	9,175,000	0	0.0%
Total Grants and Subsidies	9,515,301	9,319,802	9,175,000	9,175,000	0	0.0%
<b>CAPITAL OUTLAY</b>						
General	9,791	3,615	5,460	5,460	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	848,817	433,738	337,125	337,125	0	0.0%
Total Capital Outlay	858,608	437,353	342,585	342,585	0	0.0%
<b>OTHER</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	188,920	251,657	293,000	293,000	0	0.0%
Total Other	188,920	251,657	293,000	293,000	0	0.0%
<b>TOTAL</b>						
<b>General</b>	<b>948,477</b>	<b>1,069,603</b>	<b>1,117,223</b>	<b>1,117,713</b>	<b>490</b>	<b>0.0%</b>
<b>Federal</b>	<b>242,943</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>64,982,242</b>	<b>69,294,053</b>	<b>68,241,552</b>	<b>70,143,099</b>	<b>1,901,547</b>	<b>2.8%</b>
<b>Total All Funds</b>	<b>66,173,662</b>	<b>70,493,656</b>	<b>69,358,775</b>	<b>71,260,812</b>	<b>1,902,037</b>	<b>2.7%</b>

**Major Expansions and Reductions**

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
<b>Bureau Billings</b>	490	-	23,753	24,243	-
<b>Attorney FTE</b>	-	-	77,794	77,794	1.0
<b>License Plate Issuance</b>	-	-	1,800,000	1,800,000	-
<b>Total</b>	490	-	1,901,547	1,902,037	1.0

**Bureau Billings** - Increase of \$490 from general funds and \$23,753 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

**Expansion of one additional FTE to be classified as an Attorney-** (Per DOR Budget Narrative) Increasingly the Department of Revenue has been involved in complex litigation involving sales, use and contractor's excise tax. Many of the cases the Department's legal staff handles involve substantial discovery where hundreds of thousands of dollars and at times millions of dollars are at stake for the state. These type of cases, whether audit cases or tax refund cases, take more lawyering time to get through discovery, hearing and appeal. In the past, many audit and refund cases were resolved at the administrative level. However, litigants today are more likely to appeal adverse administrative decisions all the way to the Supreme Court. Therefore, cases that were typically resolved in six to twelve months, are now resolved in twelve to twenty-four months and the amount of attorney time needed to see the cases through resolution has increased substantially. Also, the Department's legal staff has had additional work related to bankruptcy matters after audits and jeopardy assessments have been completed and liens have been filed for collection purposes.

In addition to the increased amount of legal work and attorney time that audit and refund cases take, the Department is in need of an additional attorney FTE to assist various Divisions in the Department with updating the administrative rules and state code in their areas by way of red tape review or to address emerging trends in the industries they regulate. Some of the Divisions in the Department of Revenue deal in specialized areas of the law where trends and industry standards have changed substantially in the last ten years. In order to address emerging trends and maintain a viable regulatory environment for certain industries some portions of the code need substantial amendment. An attorney is needed to assist in the code review and rewrite.

Other areas that have demanded more lawyer time and will continue to demand more lawyer time in the future are special jurisdiction issues concerning tax collection agreements with the various tribes located within the exterior boundaries of South Dakota and the state's ability to tax nonmembers in Indian Country as new rules have been adopted by the United States Department of the Interior.

**Expansion for new license plate issue-** Additional other fund expenditure authority of \$1,800,000 for the FY15 costs associated with the 2016 new license plate issue. Approximately 1.4 million sets of plates will be produced at \$4.00 per set, with a total reissue cost of \$5,600,000. The department estimates that 1/3 of reissue costs will occur in FY15.

**Governor's Proposed Salary Policy – BFM Pool**

For FY15, the Governor recommends the state employee compensation plan be distributed from a pool in the BFM. Therefore, individual agency budgets do not reflect the changes for the compensation plan.

	<u>General</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
Across the Board Increase and Market Adjustments	\$23,086	\$0	\$402,789	\$425,875
Health Insurance	\$19,452	\$0	\$326,519	\$345,971
Movement Toward Job Worth (PACE)	\$7,940	\$0	\$105,494	\$113,434
Pay for Performance (Career Band Families)	\$0	\$0	\$111,619	\$111,619
Targeted Compensation Adjustments	\$0	\$0	\$0	\$0
Total of all Components	\$50,478	\$0	\$946,421	\$996,899

- Recommended FY15 - 3.0% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board/Market; 18.6% Health Insurance; Targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs.
- FY14 – 3.5% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board; 3.5%-4% Market Adjustment for Career Banding; 14.7% Health Insurance
- FY13 – 2.5% PACE; up to 7.0% Market Adjustment for Career Banding; 3% Across-the-Board; 3.3% Health Insurance.
- FY12 – 0% PACE; 0% Across-the-Board; 0% Health Insurance. One-time payment to permanent, non-probationary state employees equaling 5%, 3.4%, or 1.7% of the individual's annual salary depending on their longevity. (No increase to base in FY12.)
- FY11 – 0% PACE; 0% Across-the-Board; 6.3% Health Insurance
- FY10 – 0% PACE; 0% Across-the-Board; 0% Health Insurance

## SECRETARIAT

To provide the revenue necessary for the support of state and local government programs through the fair and consistent application of the tax laws and through a comprehensive program of education that explains the responsibilities and rights of the taxpayers; to establish and implement policy decisions that affect the management of the department; to ensure the department's fiscal responsibility by utilizing all appropriate monies in an efficient and accountable manner; to account for and distribute revenues according to SDCL; to maximize automated systems, while minimizing administrative costs; to provide research and technology assistance, and collection services to the department; to provide legal assistance to the department; and to actively investigate and prosecute violations of the criminal statutes of the revenue code.

	<u>Actual</u> <u>FY2012</u>	<u>Actual</u> <u>FY2013</u>	<u>Budgeted</u> <u>FY2014</u>	<u>Gov Rec</u> <u>FY2015</u>	<u>Inc/Dec</u> <u>FY2015</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	1,242,733	1,141,964	1,415,644	1,477,644	62,000	4.4%
Employee Benefits	332,229	375,281	411,015	426,809	15,794	3.8%
<b>FTE</b>	25.9	24.2	27.0	28.0	1.0	3.7%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,574,962	1,517,245	1,826,659	1,904,453	77,794	4.3%
<b>Total PS</b>	1,574,962	1,517,245	1,826,659	1,904,453	77,794	4.3%
<b>Operating Expenses</b>						
Travel	30,222	43,485	47,675	47,675	0	0.0%
Contractual Services	1,018,725	1,213,146	1,363,875	1,373,093	9,218	0.7%
Supplies & Materials	66,139	70,121	90,650	90,650	0	0.0%
Capital Outlay	143,909	97,997	14,700	14,700	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,258,995	1,424,749	1,516,900	1,526,118	9,218	0.6%
<b>Total OE</b>	1,258,995	1,424,749	1,516,900	1,526,118	9,218	0.6%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	2,833,957	2,941,994	3,343,559	3,430,571	87,012	2.6%
<b>Total</b>	2,833,957	2,941,994	3,343,559	3,430,571	87,012	2.6%

## Budget Notes

**Bureau Billings** - Increase of \$9,218 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

**Expansion of one additional FTE to be classified as an Attorney-** (Per DOR Budget Narrative) Increasingly the Department of Revenue has been involved in complex litigation involving sales, use and contractor's excise tax. Many of the cases the Department's legal staff handles involve substantial discovery where hundreds of thousands of dollars and at times millions of dollars are at stake for the state. These type of cases, whether audit cases or tax refund cases, take more lawyering time to get through discovery, hearing and appeal. In the past, many audit and refund cases were resolved at the administrative level. However, litigants today are more likely to appeal adverse administrative decisions all the way to the Supreme Court. Therefore, cases that were typically resolved in six to twelve months, are now resolved in twelve to twenty-four months and the amount of attorney time needed to see the cases through resolution has increased substantially. Also, the Department's legal staff has had additional work related to bankruptcy matters after audits and jeopardy assessments have been completed and liens have been filed for collection purposes.

In addition to the increased amount of legal work and attorney time that audit and refund cases take, the Department is in need of an additional attorney FTE to assist various Divisions in the Department with updating the administrative rules and state code in their areas by way of red tape review or to address emerging trends in the industries they regulate. Some of the Divisions in the Department of Revenue deal in specialized areas of the law where trends and industry standards have changed substantially in the last ten years. In order to address emerging trends and maintain a viable regulatory environment for certain industries some portions of the code need substantial amendment. An attorney is needed to assist in the code review and rewrite.

Other areas that have demanded more lawyer time and will continue to demand more lawyer time in the future are special jurisdiction issues concerning tax collection agreements with the various tribes located within the exterior boundaries of South Dakota and the state's ability to tax nonmembers in Indian Country as new rules have been adopted by the United States Department of the Interior.

1.0 FTE - Attorney

Salary \$62,000

Benefits \$15,794

TOTAL \$77,794

## BUSINESS TAX

The mission of the Business Tax Division is to process sales, use, and contractors' excise tax payments; to ensure compliance with sales and use tax and contractor's excise tax laws through the efficient utilization of personnel; to administer municipal and special jurisdiction sales and use taxes, along with municipal excise tax enacted pursuant to SDCL 10-52; to maintain an efficient and reconcilable sales and excise tax accounts receivable system; to administer the construction refund programs; and to promote sales tax equity on a national basis through simplification of sales tax laws and administration.

	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov Rec FY2015	Inc/Dec FY2015	% Change From FY2014
<b>Personal Services</b>						
Employee Salaries	2,326,589	2,255,771	2,475,677	2,475,677	0	0.0%
Employee Benefits	662,133	714,458	766,875	766,875	0	0.0%
<b>FTE</b>	56.1	55.0	57.5	57.5	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	2,988,722	2,970,230	3,242,552	3,242,552	0	0.0%
<b>Total PS</b>	2,988,722	2,970,230	3,242,552	3,242,552	0	0.0%
<b>Operating Expenses</b>						
Travel	70,691	90,240	112,925	112,925	0	0.0%
Contractual Services	285,155	313,167	293,051	296,296	3,245	1.1%
Supplies & Materials	386,825	329,753	442,570	442,570	0	0.0%
Capital Outlay	120,683	140,894	18,000	18,000	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	863,354	874,054	866,546	869,791	3,245	0.4%
<b>Total OE</b>	863,354	874,054	866,546	869,791	3,245	0.4%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	3,852,076	3,844,284	4,109,098	4,112,343	3,245	0.1%
<b>Total</b>	3,852,076	3,844,284	4,109,098	4,112,343	3,245	0.1%

## Budget Notes

**Bureau Billings** - Increase of \$3,245 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Other Agency Collections (1)	14,485,360	25,334,389	25,000,000	25,000,000
Collections:				
State Sales Tax	753,608,112	785,867,460	810,000,000	845,000,000
Streamlined Sales Tax Collections (2)	1,640,529	1,878,172	2,000,000	2,200,000
Excise Tax	82,991,355	84,466,868	89,500,000	94,800,000
Telecom Excise Tax	12,895,257	13,491,578	13,750,000	14,500,000
City/Reservation Taxes	311,849,826	327,692,787	336,000,000	336,000,000
<b>Total</b>	<b>1,177,470,439</b>	<b>1,238,731,254</b>	<b>1,276,250,000</b>	<b>1,317,500,000</b>

(1) FY2013 was the first year the Department collected the 911 Surcharge and 911 Prepaid for the Department of Public Safety.

(2) Revenues from Streamlined voluntary sellers deposited into the tax relief fund.

<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Cities/Tribes with Sales/Use Tax	260	261	262	263
Total Active Licenses	80,130	81,047	82,000	83,000
Delinquent/Out-of-Balance Notices	148,136	153,337	150,000	149,000
Licensee Reviews *	521	189	200	250
Balance of Active Accounts Receivable (July 1)	\$5,071,237	\$5,417,568	\$5,600,000	\$5,700,000
Total Paper Returns Processed	366,028	349,350	330,000	320,000
Electronic Returns	147,518	160,678	180,000	190,000
Violations	33,439	32,776	32,000	31,000
800 Phone Bank Calls	35558	39,135	40000	40,000

\* Licensee reviews are an informational meeting between a Revenue Agent and a licensee during which the agents explain business and transactions. The review is not an official audit of the business. Businesses are targeted for review if they wo

**10-1-44. Establishment of sales and use tax collection fund.** There shall be established within the state treasury the sales and use tax collection fund for the purpose of administering the sales, use, municipal non-ad valorem, and contractors' excise taxes. Charges for the administration and collection of taxes collected pursuant to chapter 10-52 shall be deposited into the sales and use tax collection fund. In addition, the secretary of the Department of Revenue shall, on a monthly basis, deposit revenue collected as a result of taxes imposed in chapters 10-45, 10-46, and 10-58 in the sales and use tax collection fund. The total amount deposited in the sales and use tax collection fund may not exceed the amount budgeted for such purposes. All money in the fund created by this section shall be budgeted and expended in accordance with the provisions of Title 4 on warrants drawn by the state auditor on vouchers approved by the secretary of the Department of Revenue.

At the end of each fiscal year any cash balance left in the sales and use tax collection fund shall be transferred to the general fund.

**Source:** SL 1994, ch 95, § 1; SL 2003, ch 272 (Ex. Ord. 03-1), § 82; SL 2011, ch 1 (Ex. Ord. 11-1), § 161, eff. Apr. 12, 2011.

## MOTOR VEHICLES

The mission of the Division of Motor Vehicles is to ensure that motor fuel, special fuel, interstate fuel, and 3% excise tax are properly assessed and collected in accordance with Chapters 10-47B, 32-5B and 32-3A; to ensure that proper motor vehicle and boat ownership documents are submitted on a timely basis so ownership transfer and title issuance can be accomplished pursuant to Chapter 32-3 and 32-3A; to ensure dealers are licensed and operating in accordance with 32-6B, 6C, 6D, 6E 32-7A and 32-7B; to ensure that all prorate, commercial, and noncommercial vehicles are properly licensed and that all license fees have been remitted properly pursuant to 32-3, 32-5, 32-9, and 32-10; to assure proper collection of the 3% excise tax on all vehicles titled and registered in this state; to maintain proper records of collection and refund of tax on applications; to process all boat and motor vehicle registrations and certificates of title within five days of receipt; to maintain proper records through the automation of the system; to ensure prompt service on inquiries from the general public, law enforcement, financial institutions, and other government agencies; to provide for inspections of all motor vehicle, motorcycle, trailer, mobile home, boat and snowmobile dealers licensed in South Dakota; to detect any violations of South Dakota Code that apply to dealers and to affect lawful compliance with dealer laws and regulations; to approve or deny the issuance of dealer licenses to initial applicants; to ensure the collection of motor fuel taxes and commercial licensing fees in accordance with South Dakota laws; to collect and disburse taxes and fees in accordance with the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA); to collect Unified Carrier Registration (UCR) fees and distribute to members of UCR; to collect petroleum release compensation (tank inspection) fees; to issue ethanol production payments; and to issue refunds or grant an exemption from the 3% motor vehicle excise tax to tribal members who reside on land controlled by their tribe, track and account for dollars collected for the tribes based upon tribal agreements.

	<u>Actual</u> <u>FY2012</u>	<u>Actual</u> <u>FY2013</u>	<u>Budgeted</u> <u>FY2014</u>	<u>Gov Rec</u> <u>FY2015</u>	<u>Inc/Dec</u> <u>FY2015</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	1,499,411	1,432,265	1,565,587	1,565,587	0	0.0%
Employee Benefits	486,024	553,256	561,075	561,075	0	0.0%
<b>FTE</b>	45.5	44.7	46.0	46.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,985,435	1,985,520	2,126,662	2,126,662	0	0.0%
<b>Total PS</b>	1,985,435	1,985,520	2,126,662	2,126,662	0	0.0%
<b>Operating Expenses</b>						
Travel	29,406	26,130	43,650	43,650	0	0.0%
Contractual Services	1,590,409	1,751,267	1,855,783	1,860,088	4,305	0.2%
Supplies & Materials	1,164,424	1,113,363	1,304,399	3,104,399	1,800,000	138.0%
Capital Outlay	68,369	22,694	52,059	52,059	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	242,943	130,000	0	0	0	0.0%
Other	2,609,665	2,783,454	3,255,891	5,060,196	1,804,305	55.4%
<b>Total OE</b>	2,852,608	2,913,454	3,255,891	5,060,196	1,804,305	55.4%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	242,943	130,000	0	0	0	0.0%
Other	4,595,100	4,768,974	5,382,553	7,186,858	1,804,305	33.5%
<b>Total</b>	4,838,043	4,898,974	5,382,553	7,186,858	1,804,305	33.5%

## Budget Notes

**Expansion for new license plate issue-** Additional other fund expenditure authority of \$1,800,000 for the FY15 costs associated with the 2016 new license plate issue. Approximately 1.4 million sets of plates will be produced at \$4.00 per set, with a total reissue cost of \$5,600,000. The department estimates that 1/3 of reissue costs will occur in FY15.

**Bureau Billings** - Increase of \$4,305 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Collections:				
Motor Vehicle Fees	115,511,832	122,597,802	130,000,000	130,000,000
Motor Vehicle Commercial Fees	18,971,110	17,962,871	19,000,000	19,000,000
Motor Fuel Taxes	153,388,242	161,903,333	155,000,000	155,000,000
<b>Total</b>	<b>287,871,184</b>	<b>302,464,006</b>	<b>304,000,000</b>	<b>304,000,000</b>
<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Certificates of Title Issued/Processing (D:	382,782/6	389,283/6.5	392,000/8	394,000/5
Personal/Dealer License Plates Renewed	19,820/3,350	21,021/3,313	22,000/3,350	24,000/3,400
Vehicles Registered - Total	1,081,516	1,402,128	1,500,000	1,500,000
Internet/Self-Service Terminal	50,192/7,192	67,152/29,494	70,000/30,000	75,000/35,000
Licensed Vehicle Dealers	1,286	1,233	1,200	1,200
IFTA Licenses	3,008	2,995	3,000	3,000
Suppliers/Out-of-State Suppliers	73	74	75	75
Importer & Exporter/Blender	348/144	309/144	310/145	310/145
Highway Contractors/Marketers	608/1,297	599/1,000	600/1,000	600/1,000
Power Units Prorated Under IRP	9,180	9,765	9,700	9,700
Prorate Trailer ID Plates Issued	1,386	1,782	1,800	1,800
Commercial Tonnage Stickers Sold	34,496	39,504	39,000	39,000
30-Day Commercial Permits Sold	3,109	3,198	3,200	3,200
Harvest Permits Sold	1,084	789	800	800
Biodiesel Producers	3	1	1	1
Ethanol Producers	17	17	17	17
Ethanol Brokers	11	10	10	10

## PROPERTY AND SPECIAL TAXES

The mission of the Division of Property and Special Taxes is to provide supervision and guidance on all matters pertaining to the issuance of licenses, stamps, and permits, and the collection and disposition of alcohol and malt beverage taxes, cigarette excise tax, franchise tax, estate/estate tax, mineral tax, severance tax, alcohol beverage brand registration fees, coin-operated washer-dryer permit fees, trading stamps, conservation tax, amusement machine registration fees, gaming license fee and tax; to provide guidance and information to all eligible persons throughout the state who may qualify under the provisions of the Sales Tax Refund (10-45A) or Property Tax Refund (10-18A) for the elderly and disabled; and to audit claims and issue proper tax refund payments to those qualifying within the time prescribed by law.

To exercise general supervision over the administration of the property assessment and tax laws of the state and all assessing officers in the performance of their duties. Provide documental assessment to sales ratios as indications of the level of assessment in each county for use in equalizing assessments, distribution of state aid to education and determination of county compliance with assessment standards. Provide technical assistance and guidance in the assessment of all classes of property and assist agricultural land evaluation using modern detailed soil surveys. Determine the market value of the companies required to be centrally assessed, calculate gross receipts and taxes payable.

	<u>Actual</u> <u>FY2012</u>	<u>Actual</u> <u>FY2013</u>	<u>Budgeted</u> <u>FY2014</u>	<u>Gov Rec</u> <u>FY2015</u>	<u>Inc/Dec</u> <u>FY2015</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	616,766	618,120	663,426	663,426	0	0.0%
Employee Benefits	168,034	191,840	193,678	193,678	0	0.0%
<b>FTE</b>	13.7	13.7	14.0	14.0	0.0	0.0%
<b>Funding Types</b>						
General	784,799	809,960	857,104	857,104	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0.0%
<b>Total PS</b>	784,799	809,960	857,104	857,104	0	0.0%
<b>Operating Expenses</b>						
Travel	28,711	28,938	32,303	32,303	0	0.0%
Contractual Services	90,808	204,175	179,169	179,659	490	0.3%
Supplies & Materials	34,367	22,915	43,187	43,187	0	0.0%
Capital Outlay	9,791	3,615	5,460	5,460	0	0.0%
<b>Funding Types</b>						
General	163,677	259,643	260,119	260,609	490	0.2%
Federal	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0.0%
<b>Total OE</b>	163,677	259,643	260,119	260,609	490	0.2%
<b>Totals</b>						
<b>Funding Types</b>						
General	948,476	1,069,603	1,117,223	1,117,713	490	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0.0%
<b>Total</b>	948,476	1,069,603	1,117,223	1,117,713	490	0.0%

## Budget Notes

**Bureau Billings** - Increase of \$490 from general funds due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Collections: Special Taxes - State Funds	124,862,218	97,296,016	100,000,000	100,000,000
Special Taxes - Local Governments	25,448,945	28,523,035	29,000,000	29,000,000
<b>Total</b>	<b>150,311,163</b>	<b>125,819,051</b>	<b>129,000,000</b>	<b>129,000,000</b>

<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Tax Refund Applications Received	2,380	2,180	2,095	2,050
Applications Refunded/Amount Refunded	2,205/\$440,140	2,059/\$438,165	2,000/\$400,000	1,950/\$390,000
Bank Franchise Returns/Qtr Reports Filed	634/529	680/558	700/580	700/580
Cigarette Wholesaler and Distributor Licenses	79	79	80	80
Cigarette Retailers Registered	2,216	2,185	2,200	2,200
Cigarette Stamps	35,280,735	35,586,810	35,588,000	35,590,000
Other Tobacco Products Reports Filed	797	851	910	910
Retail Compliance Checks/Cigarette Seizures	872/103	800/391	850/350	850/350
Liquor and Beer Licenses	5,254	5,351	5,400	5,450
Levies Approved	3,900	4,000	4,000	4,000
Tax Increment Finance Districts	143	165	175	175
Assessors Certified/Attendance at Annual School	168/143	170/127	170/134	170/134
Centrally Assessed Companies	142	145	145	145
Property Transfers Analyzed	38,264	44,350	45,000	45,000

## AUDITS

The mission of the Audit Division is to conduct audits of sales/use, contractor's excise, motor fuel, interstate fuel, prorate, franchise, severance, and estate/estate taxes to ensure compliance and increase revenues; and to provide on-site taxpayer education as a component of the audit function.

	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov Rec FY2015	Inc/Dec FY2015	% Change From FY2014
<b>Personal Services</b>						
Employee Salaries	2,385,628	2,469,278	2,782,130	2,782,130	0	0.0%
Employee Benefits	656,208	768,391	783,020	783,020	0	0.0%
<b>FTE</b>	53.9	54.6	55.0	55.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	3,041,837	3,237,669	3,565,150	3,565,150	0	0.0%
<b>Total PS</b>	3,041,837	3,237,669	3,565,150	3,565,150	0	0.0%
<b>Operating Expenses</b>						
Travel	302,656	329,139	324,671	324,671	0	0.0%
Contractual Services	153,151	157,439	183,625	184,809	1,184	0.6%
Supplies & Materials	23,476	20,244	28,236	28,236	0	0.0%
Capital Outlay	53,728	51,130	25,730	25,730	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	533,010	557,952	562,262	563,446	1,184	0.2%
<b>Total OE</b>	533,010	557,952	562,262	563,446	1,184	0.2%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	3,574,847	3,795,621	4,127,412	4,128,596	1,184	0.0%
<b>Total</b>	3,574,847	3,795,621	4,127,412	4,128,596	1,184	0.0%

## Budget Notes

**Bureau Billings** - Increase of \$1,184 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

PERFORMANCE INDICATORS	Actual FY 2012	Actual FY 2013	Estimated FY 2014	Estimated FY 2015
Assessments/Audits:				
Sales & Use/Excise Audits	1,672	1,927	1,935	1,950
Sales & Use/Excise Assessment	\$20,919,967	\$17,521,488	\$21,250,000	\$21,750,000
IFTA, Motor Fuel, Prorate Audts	235	272	286	300
IFTA, Motor Fuel, Prorate Assessment	\$192,329	\$57,568	\$325,000	\$350,000
Total Audits	1,907	2,199	2,221	2,250
Total Assessment	\$21,112,296	\$17,579,056	\$21,575,000	\$22,100,000

## INSTANT AND ON-LINE OPERATIONS - INFORMATIONAL

The mission of Instant and On-line Operations is to operate the state lottery established in SDCL 42-7A in a secure and efficient manner in order to maximize revenue to the state through the sale of instant and on-line lottery games.

	<u>Actual</u> <u>FY2012</u>	<u>Actual</u> <u>FY2013</u>	<u>Budgeted</u> <u>FY2014</u>	<u>Gov Rec</u> <u>FY2015</u>	<u>Inc/Dec</u> <u>FY2015</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	809,530	799,027	994,937	994,937	0	0.0%
Employee Benefits	230,381	264,948	289,618	289,618	0	0.0%
<b>FTE</b>	19.5	19.7	21.0	21.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,039,911	1,063,975	1,284,555	1,284,555	0	0.0%
<b>Total PS</b>	1,039,911	1,063,975	1,284,555	1,284,555	0	0.0%
<b>Operating Expenses</b>						
Travel	117,533	127,069	146,684	146,684	0	0.0%
Contractual Services	35,458,573	39,361,927	35,902,198	35,905,327	3,129	0.0%
Supplies & Materials	672,163	830,360	729,000	729,000	0	0.0%
Capital Outlay	26,487	26,415	40,000	40,000	0	0.0%
Other	69,803	77,178	79,000	79,000	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	36,344,559	40,422,948	36,896,882	36,900,011	3,129	0.0%
<b>Total OE</b>	36,344,559	40,422,948	36,896,882	36,900,011	3,129	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	37,384,469	41,486,922	38,181,437	38,184,566	3,129	0.0%
<b>Total</b>	37,384,469	41,486,922	38,181,437	38,184,566	3,129	0.0%

### Budget Notes

**Bureau Billings** - Increase of \$3,129 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Instant Proceeds--General Fund	6,209,332	6,200,976	6,510,000	6,830,000
On-Line Proceeds--General Fund	1,400,000	1,400,000	1,400,000	1,400,000
On-Line Proceeds--Capital Construction Fund	7,771,896	8,505,577	8,840,000	9,190,000
<b>Total</b>	15,381,228	16,106,553	16,750,000	17,420,000

<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Instant Games Introduced	32	28	34	38
On-Line Games Offered	5	5	5	5
Licensed Lottery Retailers--On-Line	591	597	603	610
Licensed Lottery Retailers--Instant Only	12	12	12	12
Prizes Paid to Players	29,005,058	32,168,256	33,596,575	35,089,411
Retailer Commissions Paid	2,875,367	3,100,496	3,238,162	3,543,427
Instant Games Total Sales	24,772,392	25,189,318	26,448,784	27,771,122
On-Line Games Total Sales	28,365,084	32,039,740	33,321,330	34,654,828
Total Sales	53,137,476	57,229,058	59,770,114	62,425,950

## VIDEO LOTTERY

The mission of Video Lottery is to operate video lottery with the utmost security, integrity, and efficiency in maximizing revenues to the state.

	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov Rec FY2015	Inc/Dec FY2015	% Change From FY2014
<b>Personal Services</b>						
Employee Salaries	338,076	375,343	454,829	454,829	0	0.0%
Employee Benefits	108,352	130,941	139,061	139,061	0	0.0%
<b>FTE</b>	9.3	9.8	10.0	10.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	446,427	506,285	593,890	593,890	0	0.0%
<b>Total PS</b>	446,427	506,285	593,890	593,890	0	0.0%
<b>Operating Expenses</b>						
Travel	8,777	10,490	15,618	15,618	0	0.0%
Contractual Services	1,016,435	1,084,490	1,513,123	1,515,085	1,962	0.1%
Supplies & Materials	16,747	11,407	29,616	29,616	0	0.0%
Capital Outlay	432,078	12,869	180,000	180,000	0	0.0%
Other	119,117	174,139	214,000	214,000	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,593,154	1,293,394	1,952,357	1,954,319	1,962	0.1%
<b>Total OE</b>	1,593,154	1,293,394	1,952,357	1,954,319	1,962	0.1%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	2,039,582	1,799,678	2,546,247	2,548,209	1,962	0.1%
<b>Total</b>	2,039,582	1,799,678	2,546,247	2,548,209	1,962	0.1%

## Budget Notes

**Bureau Billings** - Increase of \$1,962 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
License Fees to VL Operating Fund	1,406,000	1,328,850	1,320,000	1,300,000
Additional MFG. License Fee--General Fund	225,000	135,000	105,000	105,000
Video Lottery Proceeds--PTRF	87,282,783	91,409,517	93,050,000	94,900,000
Video Lottery Proceeds--VL Operating Fund	881,644	923,328	940,000	960,000
Miscellaneous Revenue	88,862	68,756	100,000	100,000
<b>Total</b>	<b>89,884,289</b>	<b>93,865,451</b>	<b>95,515,000</b>	<b>97,365,000</b>

<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Machines Placed (12-Month Avg.)	9,128	9,126	9,150	9,150
Licensed Establishments (12-Month Avg.)	1,459	1,421	1,420	1,420
Licensed Operators	138	132	132	132
Licensed Distributors	10	8	8	8
Licensed Manufacturers	8	7	7	7

## COMMISSION ON GAMING – INFORMATIONAL

The mission of Commission on Gaming is to regulate the gaming and racing industries within the state of South Dakota; to promulgate rules; to enforce such rules and statutes; and, to collect and distribute funds derived from these industries.

	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov Rec FY2015	Inc/Dec FY2015	% Change From FY2014
<b>Personal Services</b>						
Employee Salaries	607,225	613,966	724,409	724,409	0	0.0%
Employee Benefits	162,077	189,600	222,197	222,197	0	0.0%
<b>FTE</b>	13.5	13.9	16.0	16.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	769,303	803,566	946,606	946,606	0	0.0%
<b>Total PS</b>	769,303	803,566	946,606	946,606	0	0.0%
<b>Operating Expenses</b>						
Travel	69,097	71,944	70,123	70,123	0	0.0%
Contractual Services	320,098	351,809	316,881	317,591	710	0.2%
Supplies & Materials	24,850	27,378	36,000	36,000	0	0.0%
Grants and Subsidies	9,515,301	9,319,802	9,175,000	9,175,000	0	0.0%
Capital Outlay	3,564	81,739	6,636	6,636	0	0.0%
Other	0	340	0	0	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	9,932,909	9,853,013	9,604,640	9,605,350	710	0.0%
<b>Total OE</b>	9,932,909	9,853,013	9,604,640	9,605,350	710	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	10,702,212	10,656,579	10,551,246	10,551,956	710	0.0%
<b>Total</b>	10,702,212	10,656,579	10,551,246	10,551,956	710	0.0%

### Budget Notes

**Bureau Billings** - Increase of \$710 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

<b>REVENUES</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
<b>Gaming Fund:</b>				
Device Fee	7,334,000	7,288,000	6,680,000	6,700,000
Gross Revenue Tax	9,181,798	9,305,309	9,200,000	9,200,000
City Slot Tax	266,818	257,648	276,500	276,500
Application Fee	105,915	69,600	80,000	80,000
License Fee	128,455	130,000	120,000	120,000
Device Testing Fee	29,895	30,444	12,000	12,000
Penalties	14,750	6,050	6,000	6,000
Interest	67,390	45,807	50,000	50,000
<b>Racing Revenues:</b>				
<b>Dogs:</b>				
Commission	23,339	18,113	13,500	13,500
Licenses and Fines	3,560	3,660	3,500	3,500
Revolving Fund	78,219	70,999	53,000	53,000
Bred Fund	37,059	31,334	23,500	23,500
<b>Horses:</b>				
Commission	37,780	47,766	36,000	36,000
Licenses and Fines	48,545	51,210	38,400	38,400
Revolving Fund	292,228	221,336	166,000	166,000
Bred Fund	106,757	92,036	69,000	69,000
Interest	14,709	13,473	10,000	10,000
<b>Total</b>	<b>17,771,217</b>	<b>17,682,785</b>	<b>16,837,400</b>	<b>16,857,400</b>

<b>PERFORMANCE INDICATORS</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Estimated FY 2014</b>	<b>Estimated FY 2015</b>
Licenses Issued:				
Manufacturers/Distributors	14	15	16	16
Operators/Retailers	29/188	20/149	20/155	20/155
Support/Key Employees	1,450	1,445	1,450	1,450
Device Licenses	3,667	3,644	3,340	3,340
Gaming Distributions	\$ 15,804,536	\$ 15,732,720	\$ 15,475,000	\$ 15,475,000

## Other Fund Balances

Company and Fund Name	Blue Book Page			60-Month Average	Lowest Monthly Cash Balance in Past Five Years	
		FY2012	FY2013	Cash Balance	Amount	Month
Company 3033 - Property Tax Reduction Fund	71	\$ 63,626,269	\$ 63,626,269	\$ 52,419,627	\$ 63,578,663	December 2010
Company 3037 - South Dakota Gaming Commission Fund	72	\$ 897,880	\$ 938,491	\$ 1,909,985	\$ 642,859	January 2012
Company 3038 - Tax Relief Fund	74	\$ 2,412,436	\$ 188,428	\$ 2,097,988	\$ 188,428	June 2013
Company 3076 - License Plate Revolving Fund	76	\$ 42,842	\$ 35,521	\$ 1,552,930	\$ 28,187	June 2011
Company 3076 - Sales and Use Tax Collection Fund	77	\$ -	\$ -	\$ 140,712	\$ (811,253)	August 2012
Company 3078 - Cigarette Stamp Purchasing Fund	78	\$ 41,793	\$ 38,008	\$ 28,044	\$ 1,976	April 2011
Company 3078 - Ethanol Fuel Fund	79	\$ 100,000	\$ 100,000	\$ 983,910	\$ 100,000	June 2009
Company 3078 - Wind Energy Tax Fund	80	\$ -	\$ -	\$ 432,923	\$ (0)	April 2009
Company 3177 - State Motor Vehicle Fund - Revenue	81	\$ 1,954,845	\$ 2,329,621	\$ 2,204,401	\$ (54,006)	September 2008
Company 3185 - South Dakota-Bred Racing Fund	82	\$ 72,700	\$ 95,068	\$ 122,609	\$ 38,558	April 2012
Company 3185 - Special Racing Revolving Fund	83	\$ 349,412	\$ 252,213	\$ 334,498	\$ 88,449	April 2010
Company 6516 - Lottery Operating Fund	84	\$ 6,075,992	\$ 6,182,457	\$ 10,413,539	\$ 3,488,422	June 2009
Company 6516 - Video Lottery Operating Fund	85	\$ 2,622,173	\$ 3,221,572	\$ 3,370,450	\$ 1,655,755	June 2010
Company 8000 - Agency Fund	86	\$ 119,481,493	\$ 119,413,254	N/A	N/A	N/A

Refer to the *Supplemental Information* Section for more information on these and other funds.

## Interagency Billings

Below are the sources of funds this agency used in FY13 to pay for services provided by central governmental bureaus (Bureau of Finance and Management, Bureau of Information and Telecommunications, Bureau of Administration, and the Bureau of Human Resources).

FY13 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	38,214.45		1,495,773.91	1,533,988.36
Bureau of Finance and Management	6,773.99		175,876.79	182,650.78
Bureau of Human Resources	2,783.89		106,064.41	108,848.30
Bureau of Information and Telecommunications	23,916.10		1,569,703.82	1,593,619.92
<i>Total Bureau Billings</i>	71,688	-	3,347,419	3,419,107