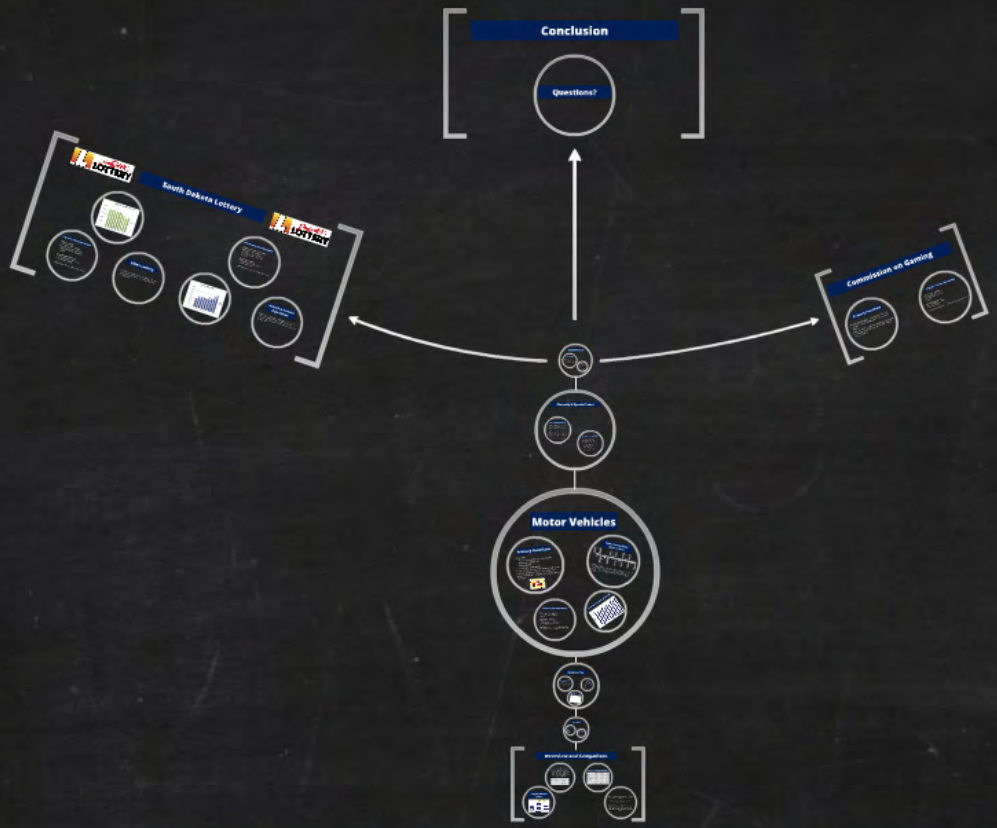


FY2015 Recommended Budget

Overview and Comparison

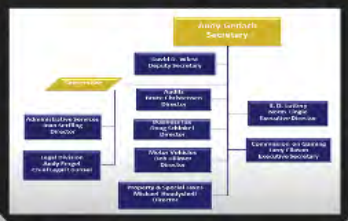
The Department of Revenue is responsible for the administration and collection of business taxes, motor fuel taxes, motor vehicle fees, special taxes, operation of the state lottery, and regulation of the gaming and racing industries in South Dakota.

FY2015 Recommended Budget:	
General Funds	$ 1,117,713
Other Funds	70,143,099
	$71,260,812
	FTE = 247.5

Comparison of FY2014 & FY2015

	Budgeted FY2014	Recommended FY2015	Increase
Personal Services	$ 14,443,178	$ 14,520,972	$77,794
Travel	793,649	793,649	-0-
Contractual Services	41,607,705	41,631,948	24,243
Supplies/Materials	2,703,658	4,503,658	1,800,000
Grants	9,175,000	9,175,000	-0-
Capital Assets	342,585	342,585	-0-
Other	293,000	293,000	-0-
TOTAL	$69,358,775	$71,260,812	$1,902,037
FTE	246.5	247.5	1.0

Organizational Chart



The FY2015 Recommended Budget for the Department of Revenue includes an increase of $1,902,037 over the FY2014 budget and 1.0 FTE.

Funding reflects an increase of $490 in general funds and an increase of $1,901,547 in other funds.

The majority of the increase, $1,800,000, is in operating expenses, supplies and materials, for the 2016 license plate issue. The additional FTE, an attorney, represents an increase of $77,794 to personal services, and the increase of $24,243 to contractual services reflects changes in internal service rates billed by the bureaus.

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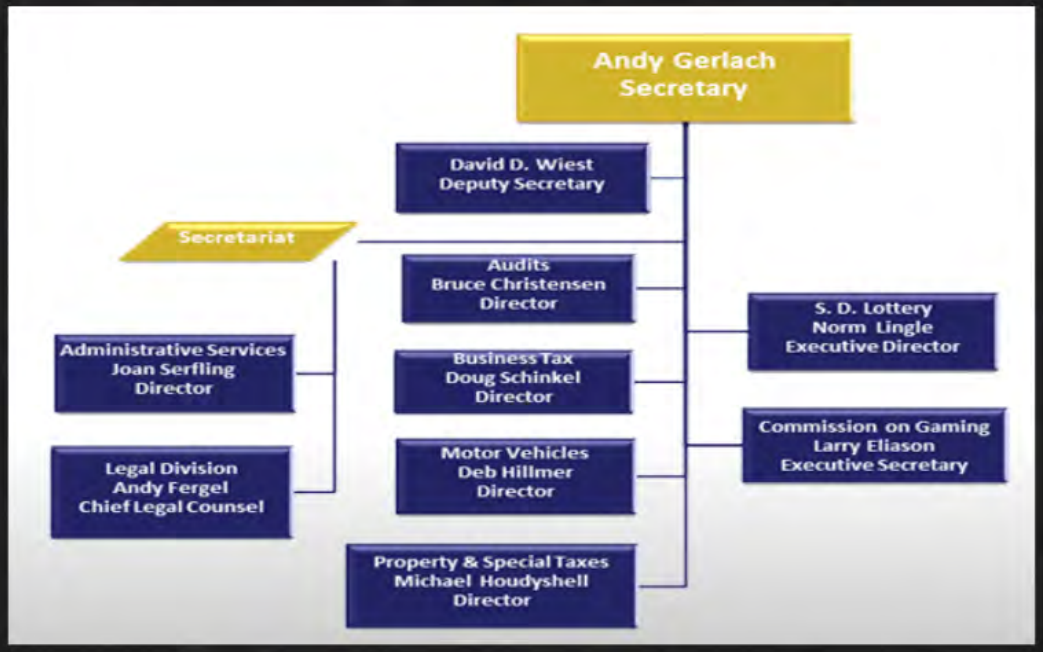

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Secretariat

Division Functions

- Establish Department policies
- Legal research, analysis, representation
- Investigate and prosecute violations of the criminal statutes of the revenue code
- Comprehensive taxpayer education and public information programs
- Coordination, direction and application of technology in support of eGovernment initiative
- Management of budget and finance functions and the State's Remittance Center

FY2015 Budget

Personal Services $1,904,453
Operating Expenses $1,526,118
Total FY2015 Budget $3,430,571
FTE 28.0

Recommended Increase:
Attorney FTE $77,794
Bureau Billing Increases $9,218
Total Increase $87,012

Fund Source: Other Funds – Sales and Use Tax Collection Fund & State Motor Vehicle Fund

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Business Tax

Primary Functions

- Ensure compliance with all applicable tax laws in South Dakota, and to promote sales tax equity on a national basis through simplification of sales tax laws and administration
- Administer municipal and special jurisdiction sales and use taxes, excise tax, prepaid wireless, and 911 emergency surcharge
- Process sales, use, and contractors' excise tax payments

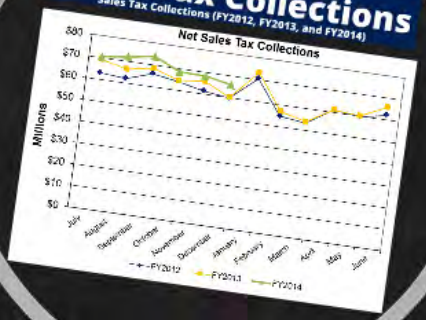
FY 2015 Budget

Personal Services $3,242,552
Operating Expenses $869,791
Total FY2015 Budget $4,112,343
FTE 57.5

Recommended Increase:
Bureau Billing Increases $3,245
Total Increase $3,245

Fund Source: Other Funds – Sales and Use Tax Collection Fund

Sales Tax Collections



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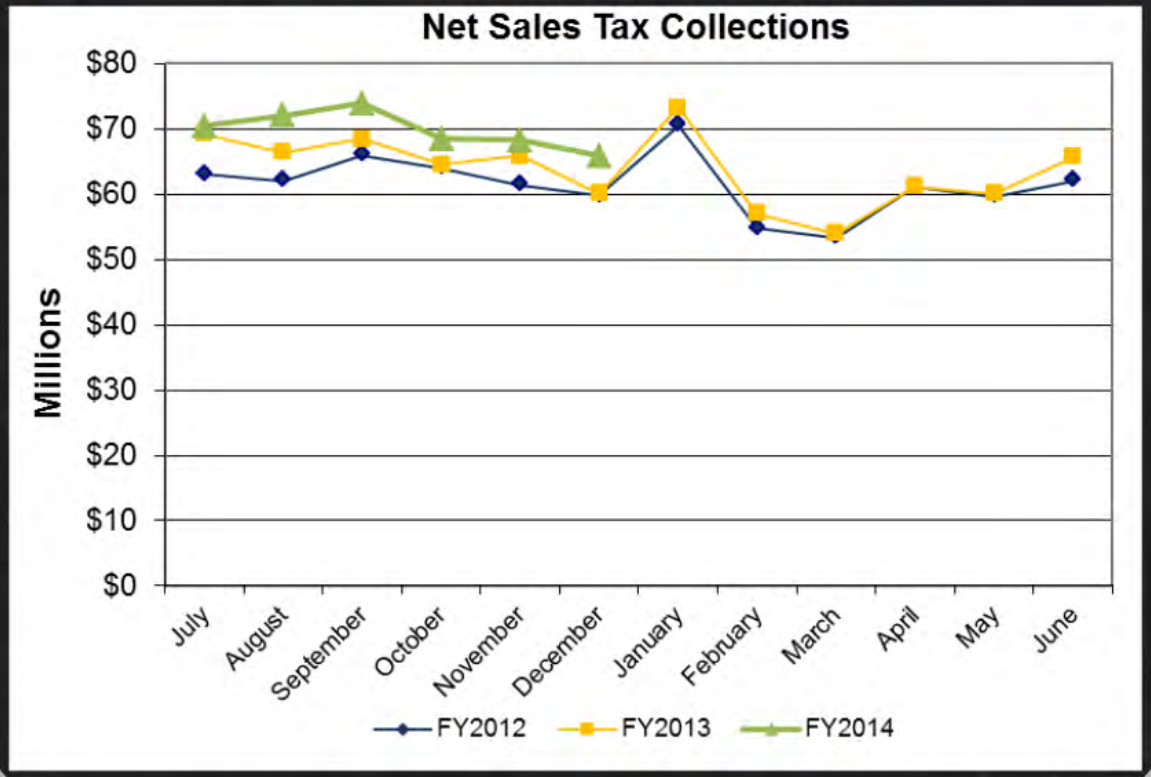
Sales Tax Collections

Sales Tax Collections (FY2012, FY2013, and FY2014)



Motor Vehicles

Primary Functions

- Administer:
  - motor vehicle licensing requirements
  - titling and registration
  - license plates
  - motor fuel tax programs
- Ensure motor fuels and 3% motor vehicle excise taxes are properly assessed and collected
- Ensure that motor vehicle dealers are properly licensed

New License Plate Issue in 2016

Funding:
License Plate Revolving fund – is the state's 2.5% portion of the Annual licensing fee. (SDCL 32-11-4.1) This fund also includes the collections for personalized plates, duplicate plates and special permits and fees. FY2013 collections were $2.9 M. These monies are dedicated for the manufacturing and distribution of license plates and renewal decals. Any cash in excess of a balance necessary for these purposes is transferred to the Local Government Highway and Bridge fund for distribution back to the local governments.

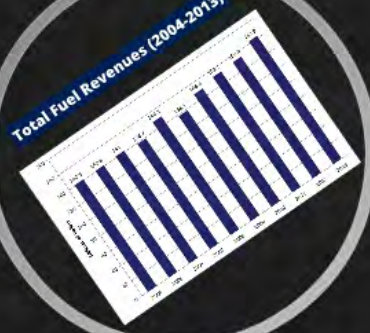
FY2015 Recommended Budget

Personal Services $2,126,662
Operating Expenses $5,060,196
Total FY2014 Budget $7,186,858
FTE 46.0

Recommended Increases:
Bureau Billing Increases $4,305
2016 License Plate Issue $1,800,000
Total Increase $1,804,305

Fund Source: Other Funds – State Motor Vehicle Fund and License Plate Revolving Fund

Total Fuel Revenues (2004-2013)



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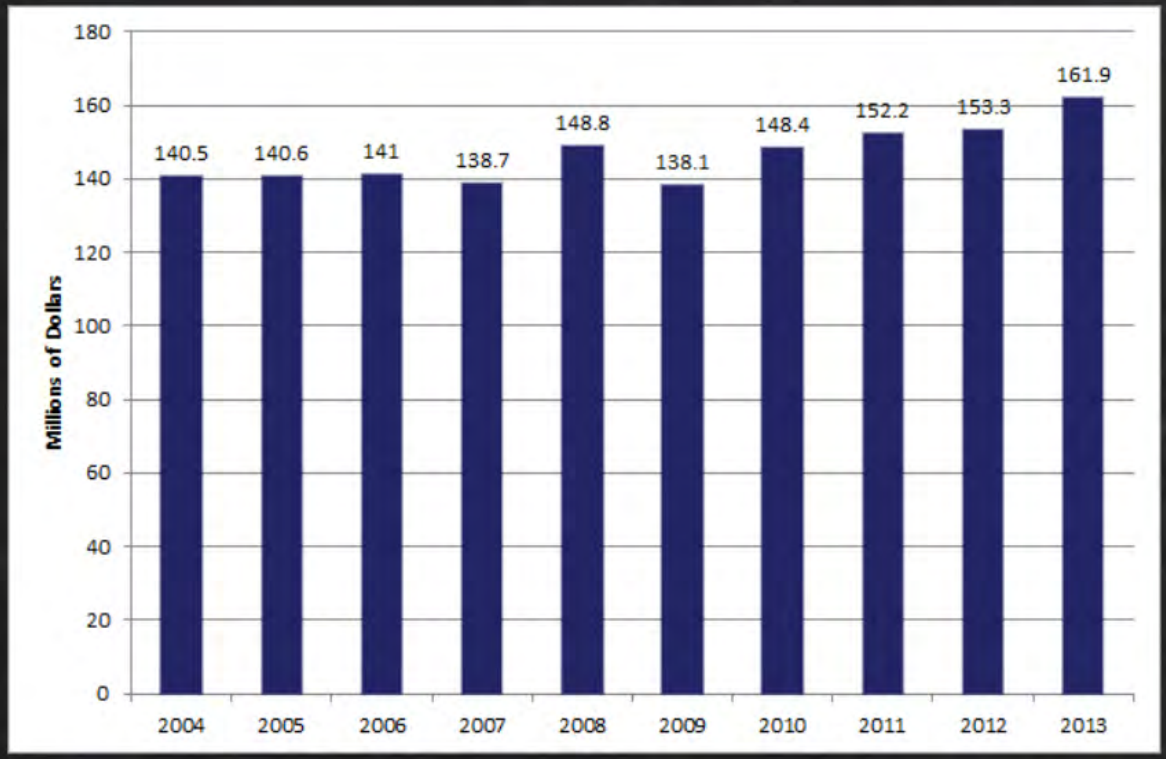

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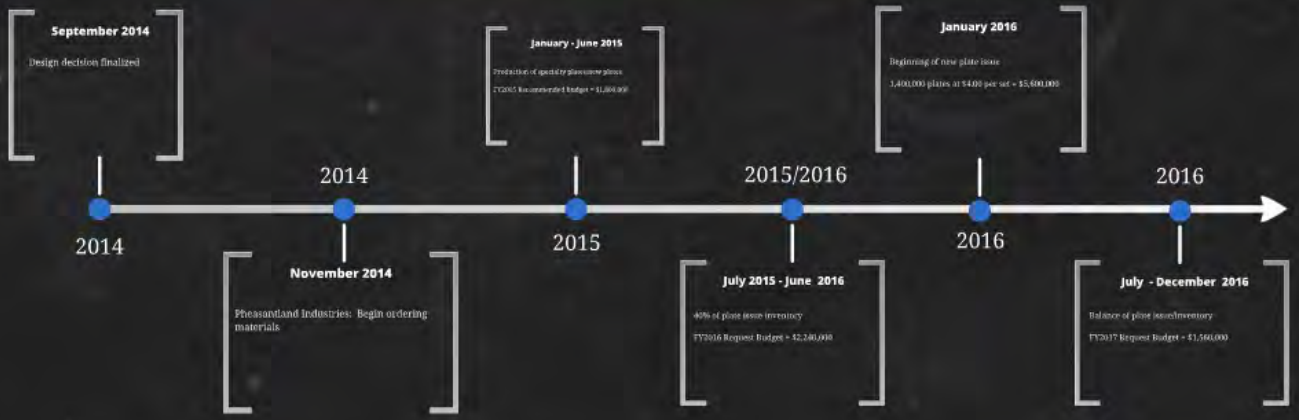

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September 2014

Design decision finalized

November 2014

Pheasantland Industries: Begin ordering materials

January - June 2015

Production of specialty plates/new plates

FY2015 Recommended Budget = $1,800,000

July 2015 - June 2016

40% of plate issue inventory

FY2016 Request Budget = $2,240,000

July - December 2016

Balance of plate issue/inventory

FY2017 Request Budget = $1,560,000

January 2016

Beginning of new plate issue

1,400,000 plates at $4.00 per set = $5,600,000

Property & Special Taxes

Primary Functions

- Responsible for overseeing the property tax assessment and tax laws of South Dakota
- Assist local government units in making property tax assessments that are fair in compliance with the law
- Responsible for licensing and collecting a multitude of state taxes to include:
  - Bank franchise
  - Cigarette
  - Beer, Wine, and Distilled Spirits
  - Mineral Taxes
- Responsible for the property tax refund program for the elderly and disabled.
- (Property tax assessments and collections are the primary source of funding school systems, counties, municipalities and other local government units)

FY2015 Recommended Budget

Personal Services $857,104
Operating Expenses $260,609
Total FY2015 Budget $1,117,713
FTE 14.0

Recommended Increase:
Bureau Billing Increases $490
Total Increase $490

Fund Source: General Funds

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Operating Expenses $260,609
Total FY2015 Budget $1,117,713
FTE 14.0

Recommended Increase:
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Total Increase $490

Fund Source: General Funds

Audit Division

Primary Functions

- Conduct audits of sales, use, contractors' excise, motor fuel, and severance taxes to ensure compliance
- Provide on-site taxpayer education as part of the audit function
- (The Audit Division completed 2,199 audits in FY2013, with audit assessments of $17.6 million and collections of $18.3 million.)

FY2015 Recommended Budget

Personal Services $3,565,150
Operating Expenses $563,446
Total FY2014 Budget $4,128,596
FTE 55.0

Recommended Budget:
Bureau Billing Increase $1,184
Total Increase $1,184

Fund Source: Other Funds – Sales and Use Tax Collection Fund & State Motor Vehicle Fund

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FTE 55.0

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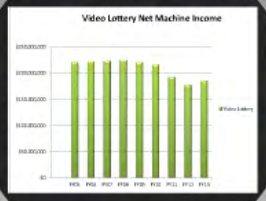
Fund Source: Other Funds – Sales and Use Tax Collection Fund & State Motor Vehicle Fund

South Dakota Lottery



FY2015 Recommended Budget

INSTANT & ON-LINE OPERATIONS
Personnel Services $1,284,355
Operating Expenses $36,900,011
Total FY2014 Budget $38,184,566
FTE 21.0

Recommended Budget:
Bureau Billing Increases $3,129
Total Increase $3,129

Fund Source: Other Funds - Instant and On-line

FY2015 Recommended Budget

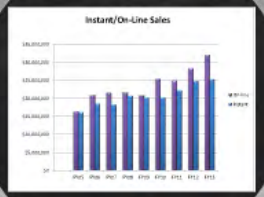
VIDEO LOTTERY
Personal Services $593,890
Operating Expenses $1,954,319
Total FY2014 Budget $2,548,209
FTE 10.0

Recommended Increase:
Bureau Billing Increase $1,962
Total Increase $1,962

Fund Source: Other Funds - Video Lottery

Video Lottery

The Division of Video Lottery establishes policy for and provides direction on operations of the South Dakota Lottery.



Instant & On-Line Operations

Operation of 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.

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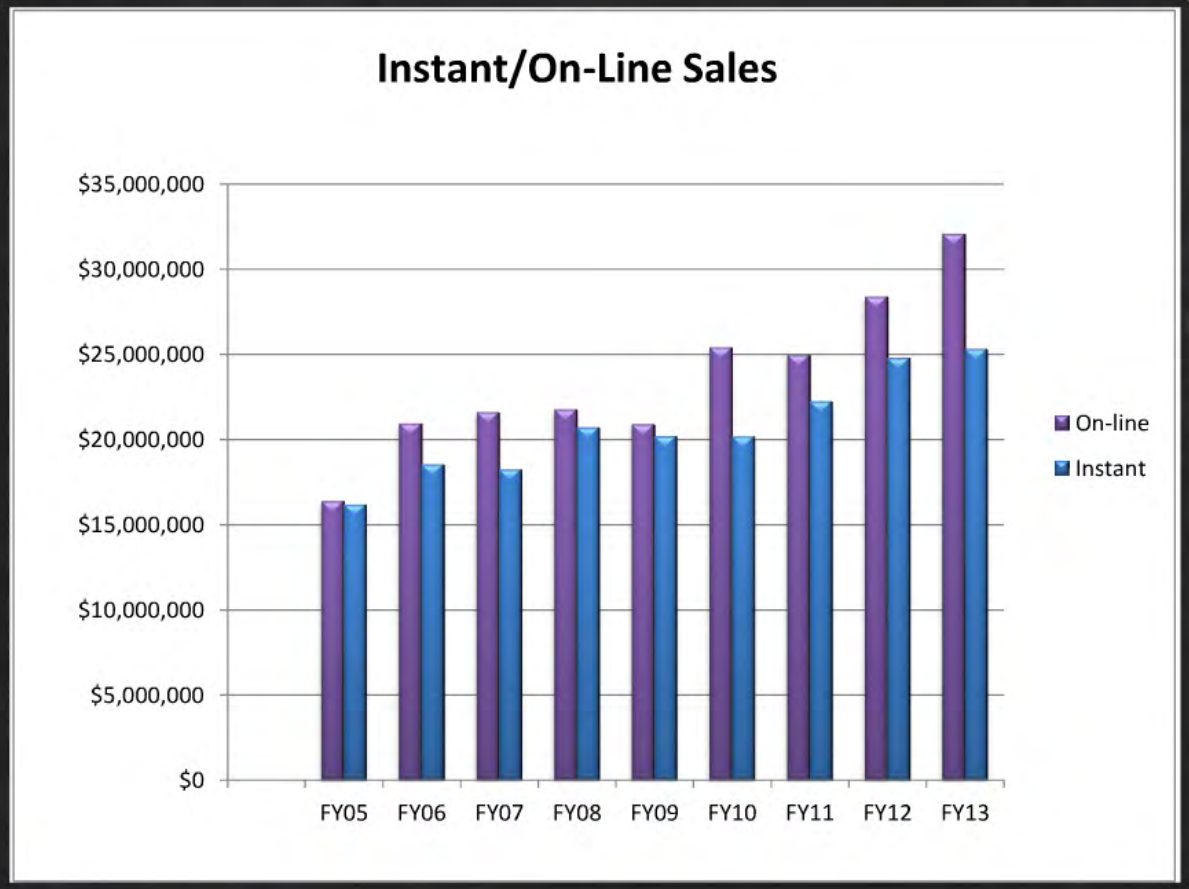
Instant/On-Line Sales
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
On-line
Instant

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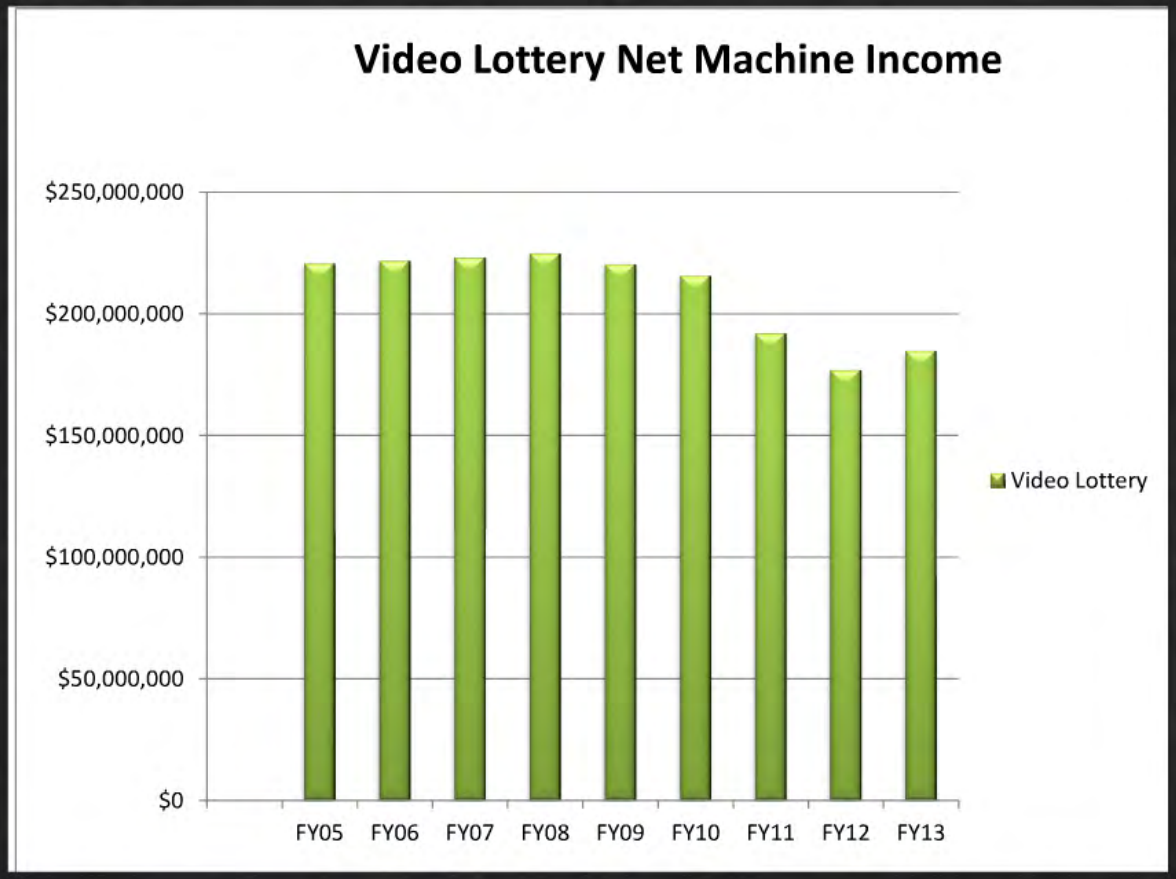
Video Lottery Net Machine Income
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
Video Lottery

Commission on Gaming

Primary Functions

- Responsible for the promulgation of rules and regulations governing limited betting in South Dakota.
- Regulates the states gaming and racing industries and collects and distributes funds derived from these industries.

FY2015 Recommended Budget

Personal Services $946,606
Operating Expenses $ 9,605,350
Total FY2015 Budget $10,551,956
FTE 16.0

Recommended Increase:
Bureau Billing Increases $710
Total Increase $710

Fund Source: Other Funds – South Dakota Gaming Commission Fund

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Total FY2015 Budget $10,551,956
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Fund Source: Other Funds – South Dakota Gaming Commission Fund

Conclusion

Questions?

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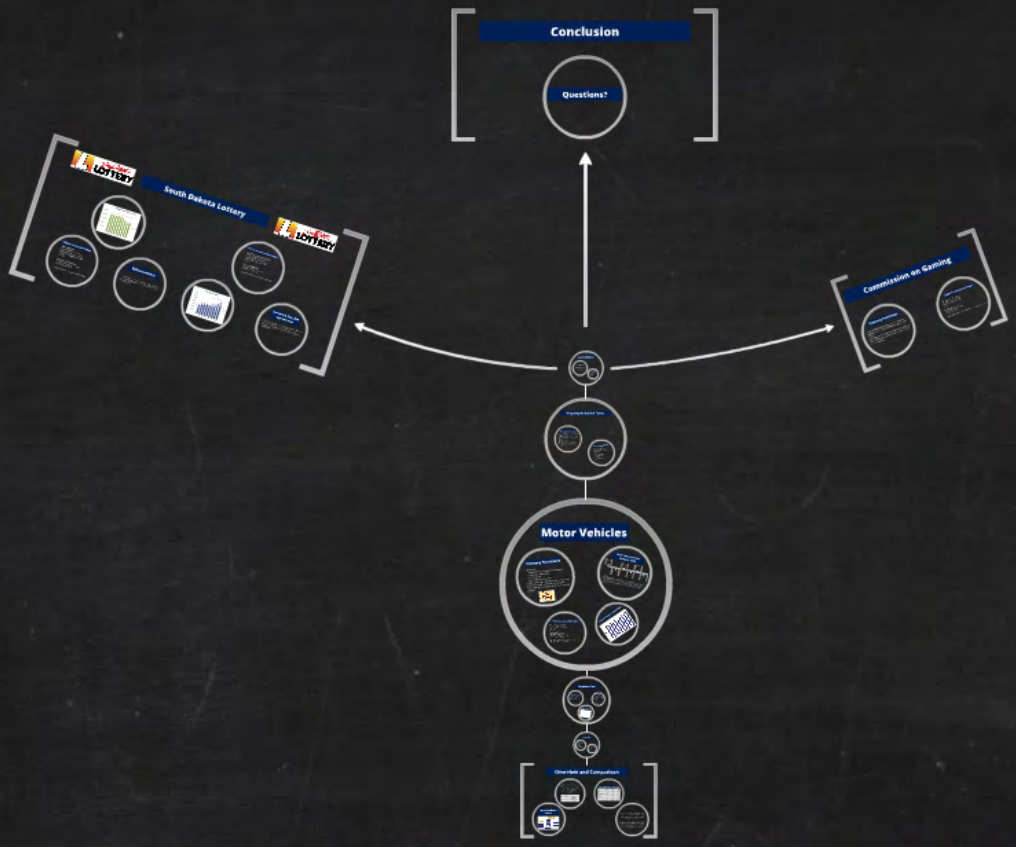

FY2015 Recommended Budget