

# South Dakota



## Regulatory Oversight

### COMMERCIAL GAMING

**Governing Body:** The South Dakota Commission on Gaming was established under Chapter 42-07B of the South Dakota Codified Laws (SDCL) to regulate the limited slot machines and card games allowed by the state within the city of Deadwood. [S.D. Codified Laws § 42-7B-6](#). The licensing and regulation of the casinos which offer these games fall to the commission.

### TRIBAL GAMING

**Governing Body:** Nine tribes in South Dakota operate Class III gaming in the state pursuant to tribal-state gaming compacts.

Under the compacts, tribes must appoint a tribal gaming commission to supervise gaming activities, issue licenses, inspect premises where gaming is conducted and otherwise be responsible for enforcing compact provisions.

The state also serves a part in overseeing tribal gaming operations in the state, with some of the state's primary responsibilities being aiding in the licensing process and inspecting gaming machines.

In general, most tribes in South Dakota are authorized to operate between 250 and 500 gaming machines. However, through the extension of some compacts, some tribes may operate more gaming machines.

Tribal gaming compacts are up for review for every few years, with some earlier compacts being reviewed every two years, and the state's most recent compact being reviewed every 10 years.



## Licensing

### COMMERCIAL GAMING

**Operator:** Operator licenses are issued for a year and must be renewed by July of each year. [S.D. Codified Laws § 42-7B-22\(2\)](#). Operators may operate 30 limited table games or slot machines per retail license they possess. An operator is defined as any person who places slot machines in the person's own business. The license fee is \$1,000 and must be renewed annually for a fee of \$200.

A retail license is defined as any licensee who maintains gaming at the licensee's place of business within the City of Deadwood for use and operation by the public. This license is issued for a year and must be renewed annually. The license fee is \$250, and the renewal fee is \$100. There is no limit on the number of retail licenses an operator may hold.

**Supplier License:** Slot machine manufacturers must be licensed for an initial fee of \$1,000 and annually for \$250. The initial application fee for a slot machine manufacturer license is \$5,000.



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Route Operators must also be licensed in the state. A route operator is defined as “any person who, individually or jointly pursuant to an agreement whereby consideration is paid for the right to place slot machines or gaming tables, engages in the business of placing and operating slot machines or gaming tables within the City of Deadwood.” [S.D. Codified Laws §42-7B-4\(20A\)](#). Each route operator must hold a valid operator license. The application fee is \$1,000 and the license fee is \$1,000 with a fiscal year renewal fee of \$200.

## TRIBAL GAMING

**Operator:** Gaming operators must be licensed by a tribe’s gaming commission. The state must conduct a background investigation on applicants on behalf of the tribal gaming commission. The state must provide a written report to the state gaming commission within 30 days of receipt of the request.

For additional types of licenses, tribe and the state work together.



## Taxation & Tribal Revenue Sharing

### COMMERCIAL GAMING

**Gaming Tax Rate:** In total, South Dakota taxes casinos at nine percent of adjusted gross proceeds. This includes an eight percent gaming tax and an additional one percent tax for the general fund on a monthly basis.

**Tax Allocation:** The gaming tax is distributed by allocating 40 percent to the Tourism Promotion Fund, 10 percent to Lawrence County and the remaining 50 percent in the following manner: the first \$100,000 to the State Historical Preservation Grant and Loan Fund and up to \$30,000 can be distributed to the Department of Social Services for Gambling Addiction Treatment and Counseling Program grants. The next \$6.8m is to go to the City of Deadwood. Any remaining funds are to be disbursed as follows: 70% to the state general fund, 10% municipalities in Lawrence County (except Deadwood), 10% school districts in Lawrence County and 10% to Deadwood for deposit in historic restoration and preservation fund.

**Promotional Credits:** Free play value provided by an operator may not be included in the gross proceeds. Cash prizes deducted must be adjusted to not include an amount equal to 90 percent of the free play value provided by the operator.

**Withholding Tax on Gambling Winnings:** There is no state withholding tax.

### TRIBAL GAMING

**Revenue Share:** A majority of the tribes do not share any revenue with the state. However, in September 2016, the Flandreau Santee Sioux Tribe signed a new compact that will allow the tribe to offer more slot machines at their casino in exchange for payments to the state.

**State Use of Revenue:** Tribes in South Dakota do not give proceeds from gaming to the state.



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**Tribal Use of Revenue:** As per the tribal-state compacts, some tribes, at their discretion, may contribute money to be used to provide public services to counties/cities near their gaming operations.

**Withholding on Winnings:** A percentage of gaming winnings are not withheld for state tax purposes. However, federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click [here](#).



## Responsible Gaming

### COMMERCIAL GAMING

**Statutory Funding Requirement:** The gaming statute authorizes the commission to grant an amount not to exceed \$30,000 from the Gaming Commission fund to the Department of Social Services to fund gaming addiction treatment and counseling programs in the state.

**Self-exclusion:** South Dakota does not have a statutorily mandated self-exclusion policy.

**Alcohol use:** South Dakota's gaming statutes and regulations prohibit casinos from offering complimentary alcoholic beverages to patrons.

**Advertising Restrictions:** South Dakota does not have a statutorily mandated advertising restriction policy.

**On-Premise Display Requirement:** South Dakota does not have a statutorily mandated on-premise display requirement.

**Restrictions on Minors on the Gambling Premises:** Gambling participants in South Dakota must be 21 years of age or older.

### TRIBAL GAMING

**Statutory Funding Requirement:** The compacts do not require tribes to contribute to state programs to limit and aid problem gamblers.

**Self-exclusion:** The compacts do not require operators to offer a self-exclusion program for gaming patrons.

**Complimentary Alcoholic Drinks:** Some casinos in the state do not serve alcohol, while others allow patrons to use player rewards points to receive free and reduced alcoholic beverages.

**Advertising Restrictions:** The compacts do not set advertising restrictions.

**On-Premise Display Requirement:** The compacts do not set on-premise display requirements. Prevention of Underage Gambling: A person must be at least 21 years old to gamble in a tribal casino.

**Operation on Holidays:** Tribes may operate on holidays at their discretion.

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## Other Regulations

### COMMERCIAL GAMING

**Testing Requirements:** The SDCG must approve all equipment, machines, or devices used in gaming. The costs for testing can be passed through from the SDCG to licensees. The SDCG may use testing laboratories with International Organizations of Standardization certification and accreditation.

**AML Requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes in order to prevent money laundering activities and other financial crimes, including terrorism financing.

**Shipping Requirements:** Licensees must receive approval from the SDCG to ship slot machines and gaming equipment in the state. Additionally, licensees need to express approval to store slot machines anywhere outside of Deadwood.

**Credit offered to Patrons:** Casinos may not offer credit to patrons.

**Political Contributions:** No restrictions on political contributions from parties with gaming interests.

**Smoking Bans:** South Dakota gaming statutes and regulations do not prohibit smoking in gaming facilities.

**Cashless Gaming & Alternative Payments:** South Dakota gaming statutes and regulations do not prohibit specific payment types. Additionally, South Dakota does not accept cryptocurrency as a form of payment.

### TRIBAL GAMING

**Testing Requirements:** Gaming machines must be purchased, leased or acquired from a manufacturer or distributor licensed to sell, lease or distribute gaming devices in South Dakota. Gaming devices must be tested and approved by a gaming test laboratory.

**AML requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes in order to prevent money laundering activities and other financial crimes, including terrorism.

**Shipping Requirements:** Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

**Restrictions on Political Contributions:** There are no compact restrictions on political contributions from parties with gaming interests. Under federal law, tribes are considered “persons” and are subject to regulation by the Federal Election Commission when making federal contributions.

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## Sports Betting

**Authorized Operators:** Legislation enacted in March 2021 allows for casinos in the city of Deadwood to offer land-based sports wagering.

**Mobile/Online:** Casinos within the city of Deadwood can offer mobile wagering on their premises.

**Taxes and Fees:** Operators must pay a \$1,000 fee for an operator license. Licenses must be renewed on an annual basis on July 1 of each year for a fee of \$200. Companies providing the platform or other technology services for sports betting will be required to obtain a sports wagering services provider license. The application fee is \$5000, and the license fee is \$2000 with a fiscal year (July through June) renewal fee of \$2000.

Sports betting revenue is subject to the state's 9 percent gaming revenue tax.

**Amateur Restrictions:** An operator may not accept a bet on a high-school sporting event. Further, an operator may not accept bets on college games in which any team or athlete is from a university or college in South Dakota. Proposition bets on collegiate events is prohibited.

**Official Data Mandate & Integrity Fee:** An operator is not required to use official league data or to pay an integrity fee.

