



BEHIND THE BAR

SD Licensed Beverage Dealers & Gaming Association Newsletter

THE CHOICE AND THE VOICE FOR BEVERAGE ALCOHOL RETAILERS & VIDEO LOTTERY OPERATIONS IN SOUTH DAKOTA

MARCH 2026

2026 Legislative Update

The 101st Session of the South Dakota Legislature came to close last week with Veto Day on March 30.

Last week, the South Dakota Legislature approved the state budget totaling \$7.5 billion. This is approximately \$172.2 million more than last year's budget and includes \$3.1 billion in federal dollars. Legislators worked hard to ensure that required obligations were funded, especially finding some increases for education, state employees, and health care providers. South Dakota's fiscal year begins July 1.

Notable funding items in the budget include:

- Education, state employees, and health care providers (often referred to as the "Big 3") will receive a 1.4% increase.
- Some funding cut last year to Temporary Assistance for Needy Families (TANF) was restored, including \$427,000 in state funding and an additional \$427,000 in federal funds.
- \$600,000 was approved to reimburse schools for lunches provided to reduced-price meal students across the state.

- Due to the new restriction banning the purchase of soft drinks with Supplemental Nutrition Assistance Program (SNAP) benefits, the state will add two full-time employees to administer the program. This will cost \$165,300 in state funds and \$55,100 in federal funds. Governor Rhoden's team worked to kill this bill, but ultimately it was very strongly supported in both Chambers.

There were two property tax bills of note.

Senate Bill 96 allows counties to adopt a half-percent sales tax that must be used specifically to reduce property taxes on owner-occupied homes. If adopted, all revenue generated must go toward this property tax relief and cannot be used for other expenses. This was Governor Rhoden's bill.

Supporters argue this provides meaningful property tax relief for areas of the state that want or need it while keeping the decision at the local level to add the tax.

Opponents argued the policy could benefit more populated areas the most, since rural counties may not generate enough revenue for it to make a significant impact on property taxes. Another concern raised was that renters and individuals who cannot afford homes would still pay the higher sales tax on everyday purchases but would not receive the property tax reduction since they do not own homes.

The second bill, SB 245, would dedicate revenue from the state sales tax when it returns from 4.2% to 4.5% to a homeowner property tax reduction fund. The fund would be used to reduce property taxes.

As with SB 96, there was significant discussion about whether this is the best use of tax revenue. Legislators also noted that property tax concerns are not uniform across the state and tend to be concentrated in certain areas and among certain property owners.

Bills of Interest to SDLBD:

House Bill 1201 - "to authorize the use of bingo games, lotteries, and pull-tab devices by booster clubs." This bill allows booster clubs to legally conduct bingo games and lotteries, and to operate mechanical pull-tab devices under South Dakota's charitable gaming laws. The bill requires that proceeds benefit the organization (not individuals), limits bingo prizes to \$2,000 per play, restricts compensation, and requires advance notice to local governments. It also permits eligible nonprofits to place limited pull-tab machines in licensed establishments, with all proceeds going to the organization. The bill was signed by the Governor to become law on February 26.

House Bill 1056 - "to require that the Department of Social Services submit a federal waiver request to exclude soft drinks from the Supplemental Nutrition Assistance Program." This bill requires the SD Department of Social Services to seek a federal waiver to prohibit the purchase of soft drinks with SNAP benefits. If approved by the U.S. Department of Agriculture, soft drinks (defined as nonalcoholic beverages containing natural or artificial sweeteners, with certain milk and approved juice exceptions) would no longer qualify as eligible SNAP items in SD. The bill was passed by both chambers and is awaiting the Governor's approval.

House Bill 1236 - "to establish civil liability for furnishing alcohol to an obviously intoxicated person." We opposed this bill, which establishes civil liability for license holders who furnish alcohol to a person who is obviously intoxicated, and prohibits selling or serving alcohol to an obviously intoxicated person, which remains a Class 1 misdemeanor. The bill failed in the House Judiciary Committee.

Senate Bill 186 - "to authorize the shipment of distilled spirits directly to consumers, and to provide a penalty therefor." We also opposed this bill, which creates a new licensing system that allows in-state and out-of-state distilleries to ship distilled spirits directly to SD consumers, provided they obtain a direct shipper license, verify that purchasers are 21 or older, and comply with reporting and tax requirements. It limits shipments to 12 liters per consumer per year and 60,000 liters per distillery annually, requires delivery through licensed carriers with adult signature verification, and imposes civil penalties for violations. The bill also mandates quarterly reporting, electronic tax remittance, and grants the Department of Revenue authority to audit, enforce compliance, and regulate the program. The bill failed in the Senate Commerce & Energy Committee.

Senate Bill 226 - "to increase a limit on video lottery gaming, and to deposit moneys into a new fund." We supported this proposed bill, which increases the maximum wager allowed on a video lottery machine to \$5 per game and maintains the required minimum 80% payback rate. It creates a new Residential Tax Reduction Fund to provide property tax relief for owner-occupied single-family homes. Any state video lottery revenue exceeding \$165 million annually will be deposited into this new fund rather than the general fund. This bill also failed in the Senate Commerce & Energy Committee.



Annual Legislative Hog Roast

Our annual Legislative Hog Roast at Red Rossa in Pierre was a fantastic opportunity to connect with legislators and discuss priorities for our industry. Thank you to everyone who joined us — we welcome all members to attend, and hope to make next year's event even bigger!

Education- Rserving classes available!

SD Licensed Beverage Dealers & Gaming Association is excited to announce a new educational partnership with **Rserving®**, Professional Server Certification Corporation!

Rserving® is the easiest, most affordable, and highest quality method of obtaining your certification. Rserving® (Responsible Serving®) offers food and alcohol certification/compliance training for bars, restaurants, liquor stores, and C-stores. Upon completing the course, you will receive your official wallet card or certificate. Rserving® is rated A+ by the BBB.

This opportunity is a more affordable and immediate way to receive high-quality alcohol certification. Alcohol training courses start at only \$8.95, and there are employer discounts if you need training for more than one employee.

The other great thing about this new partnership is that there are so many online interactive compliance training courses available to custom-fit your establishment's needs. These classes include:

- **Responsible Serving of Alcohol**
- **Off-Premise Responsible Serving of Alcohol**
- **Responsible Serving of Tobacco**
- **SD Food Safety for Managers Training**
- **SD Food Managers Recertification**
- **Food Safety for Handlers**
- **Table Service/Hospitality Course**
- **Bartender Mixology**
- **Advanced Wine Knowledge**
- **Liquor Knowledge**

Go to <https://sdliquortraining.com> or check out our website under the "Education" tab to find out more information!

Contact Us!

Please feel free to reach out to the association at anytime if there is something we can do for you at info@sdliquor.com

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