



2021 South Dakota Legislature

House Bill 1085

HOUSE TAXATION ENGROSSED

Introduced by: **Representative Chaffee**

1 **An Act to redefine the criteria for classifying land as agricultural for tax purposes.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1.** That § 10-6-31.3 be AMENDED.

4 **10-6-31.3. Classification of agricultural land--Criteria.**

5 For tax purposes, land is agricultural land if ~~its~~the land's principal use is devoted
6 to the raising and harvesting of crops or timber or fruit trees, the rearing, feeding, and
7 management of farm livestock, poultry, fish, or nursery stock, the production of bees and
8 apiary products, or horticulture, all for intended profit. ~~Agricultural real estate~~land also
9 includes woodland, wasteland, and pasture land, but only if the land is held and operated
10 in conjunction with ~~agricultural real estate as defined~~land and ~~it is~~ under the same
11 ownership.

12 In addition, to be classified as agricultural land for tax purposes, the land shall meet
13 one of the following criteria:

14 (1) In three of the previous five years, ~~a~~an annual gross income of at least two
15 thousand five hundred dollars is derived from the pursuit of agriculture from the
16 ~~land that is at least ten percent of the taxable valuation of the bare land assessed~~
17 ~~as agricultural property, excluding any improvements. If there is a crop share~~
18 ~~arrangement or cash rent agreement, the gross income from the land of both the~~
19 ~~landlord and tenant shall be combined and used to meet this requirement.~~
20 ~~Alternatively, at least two thousand five hundred dollars of the owner's gross~~
21 ~~income is annually derived from the pursuit of agriculture, excluding transactions~~
22 between:

23 (a) An individual and anyone with whom the individual shares a residence;

24 (b) An individual and an entity in which the individual and anyone who shares
25 a residence with the individual have an aggregate ownership interest of
26 more than fifty percent; and

1 (c) Entities that are members of the same controlled group, as defined in § 10-
 2 45-20.3.

3 The owner shall produce to the director of equalization any writing that is requested
 4 by the director for the purpose of verifying that the requirement of this subdivision
 5 has been satisfied; or

6 (2) ~~The Subject to the board of county commissioners increasing the minimum acre~~
 7 ~~requirements, the land consists of not less than at least twenty acres of unplatted~~
 8 ~~land or is a part of a management unit of not less than eighty acres of unplatted~~
 9 ~~land. The same acreage specifications apply to platted land, excluding land platted~~
 10 ~~as a subdivision, which is in an unincorporated area. However, the board of county~~
 11 ~~commissioners may increase the minimum acre requirement up to one hundred~~
 12 ~~sixty acres. The board of county commissioners may not increase the minimum~~
 13 ~~acre requirements of this subdivision to an amount greater than one hundred sixty~~
 14 ~~acres.~~

15 For the purposes of this section, the term, management unit, means any two or
 16 more parcels of land, whether adjoining or not, under common ownership located within
 17 this state and managed and operated as a unit for one or more of the principal uses listed
 18 in this section. No parcel of land within a management unit may be more than twenty air
 19 miles from the nearest other parcel within the management unit. If requested by the
 20 director of equalization, the owner shall provide supporting documentation of the land
 21 contained in the management unit.

22 **Section 2.** That a NEW SECTION be added:

23 **10-6-31.10. Land prevented from classification as agricultural--Criteria.**

24 For tax purposes, land may not be classified as agricultural land and any
 25 agricultural land classification shall be removed if the land meets at least two of the
 26 following criteria:

27 (1) A public utility hookup for water, sewer, and electricity has been stubbed to the
 28 land;

29 (2) The land is given a zoning classification other than agricultural;

30 (3) The land is less than ten acres and does not adjoin any other land under common
 31 ownership; or

32 (4) The land is platted as a subdivision with three or more lots.

33 For purposes of this section, the term, subdivision, means the division of any tract
 34 or parcel of land into two or more lots, sites, or other division for the purpose, whether

1 immediate or future, of sale or building development and includes re-subdivision. The
2 term does not apply to the conveyance of a portion of any previously platted tract, parcel,
3 lot, or site if the conveyance does not cause the tract, parcel, lot, or site from which the
4 portion is severed to be in violation of any existing zoning ordinance or subdivision
5 regulation applying to the tract, parcel, lot, or site.