



## SOUTH DAKOTA DEPARTMENT OF REVENUE

445 East Capitol Avenue • Pierre, SD 57501  
(605) 773-3311 • dor.sd.gov

August 9, 2021

Directors of Equalization

Re: Soil Tables Project --- Status

Dear Directors of Equalization:

The Department of Revenue (DOR) has been working on the new soil tables project. The DOR recently told all Directors of Equalization (DOEs) that the new soil tables project will not be ready for implementation in the 2022 assessment year.

The DOR would like to take this opportunity to update all DOEs on the status of the project. Some background information and a timeline are useful to explain the status of the project.

A soil table is a table where every soil in the county is listed and rated. The rating for every soil is determined by comparing a particular soil to the best soil in the county. The best soil in the county is rated at 1.00, with lesser soils rated in comparison to the best soil. The ratings are used in the ag productivity valuation system to assess every parcel in the county. South Dakota has used soil tables to assess agricultural land for approximately 40 years.

Soil tables are based on soil surveys that have been completed by the Natural Resources Conservation Service (NRCS). Current soil tables are based on soil surveys that may have been completed in the 1970's, 1980's, or 1990's. The most current soil survey is the NRCS Web Soil Survey which can be found online.

Before 2016, there were discussions regarding the creation of new soil tables, using the newest NRCS Web Soil Survey data. Those discussions drove the current new soil tables project as follows:

1. 2016: The Legislature appropriated funds to the DOR to contract with South Dakota State University (SDSU) "to update the data used in the soil tables." 2016 House Bill 1007.
2. 2016 – 2018: SDSU conducted research regarding new soil tables, studying the NRCS Web Soil Survey and other data.
3. 2016-2018: SDSU made presentations to the Agricultural Land Assessment Implementation and Oversight Advisory Task Force (Ag Land Task Force) on the status of the research.

4. 2019: The Legislature directed the DOR and SDSU to “study the impact of changes to the methodology of rating soils for purposes of assessing agricultural land” by conducting a pilot study of several counties. 2019 Senate Bill 4. The pilot study data was reported to the Ag Land Task Force in late 2019.
5. 2019-2020: SDSU continued to work on the soil tables project, including preparing a first preliminary draft of soil tables for every county.
6. 2019-2020: DOR Property Tax Specialist Russ Hansen worked closely with SDSU on the new soil tables project. Mr. Hansen had extensive ag land valuation and computer experience, which is very helpful on the new soil tables project.
7. 2020: DOR received first preliminary draft soil tables from SDSU in the first part of the year.
8. 2020: DOR Property Tax Specialist Russ Hansen left the DOR in July 2020.
9. 2020: The first preliminary draft soil tables were sent to all DOEs for DOE review to find errors or anomalies. DOEs were to report errors and anomalies back to the DOR.
10. 2020: DOR hired Kathy Goetsch as a Property Tax Specialist to replace Russ Hansen, starting in September 2020.
11. 2020: SDSU worked on second preliminary draft soil tables for several counties.
12. 2021: DOR Property Tax Division Director Lesley Coyle left the DOR in March 2021. From 2019-2021, Director Coyle was very involved in the new soil tables project.
13. 2021: DOR received second preliminary draft soil tables for several counties from SDSU in the first part of the year.
14. 2021: Wendy Semmler was hired as the new DOR Property Tax Division Director in April 2021.
15. 2021: DOR sent second preliminary draft soil tables to several DOEs for DOE review in the first part of 2021.
16. 2021: DOR notified all DOEs in May 2021 that the new preliminary draft soil tables will not be used for the assessment of agricultural land in 2022.
17. 2021: DOR continues to work on the soil tables project.

With this background in mind, it is important to understand several DOR challenges to the implementation of new soil tables in South Dakota. There are three specific areas causing delay:

- A. Implementing a new soil table for all 66 South Dakota counties is a major project that is very complex. Hundreds of soils need to be reviewed, multiple data sets need to be

studied, and review and testing of soil tables must all occur before going forward. The DOR continues to review the preliminary draft soil tables and to work through questions that have arisen with SDSU. The DOR will not go forward with new soil tables until we are confident that new soil tables are correct.

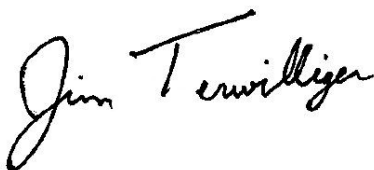
- B. The DOR has experienced key staff turnover that has slowed implementation. Losing Property Tax Division Director Lesley Coyle and Property Tax Specialist Russ Hansen, the two individuals that were the leaders of the DOR's soil tables project implementation team, set the project back. While new Property Tax Division Director Wendy Semmler and Property Tax Specialist Kathy Goetsch are very capable, neither had been closely involved in the soil tables project. It has taken time for these individuals to get up to speed.
- C. Valuable DOR time has been redirected from working on the soil tables project to dealing with public misinformation. In May 2021, a DOE shared the first preliminary draft soil table for their county with the public. When the DOR sent the first preliminary draft soil tables to the DOEs, the DOR was seeking assistance from the DOEs to help identify errors or anomalies that need to be addressed. When the DOE shared a first preliminary draft soil table with the public (which was not close to final), it only operated to cause angst with the public based on tentative data. The result is that the DOR had to spend valuable time explaining that the first preliminary draft soil table was not final. A second preliminary draft soil table was sent to the county in mid-2021, which did correct some errors that were present in the first draft. Even the second preliminary draft is not final. The DOR needs to focus its limited resources on the soil tables for the 66 counties.

The DOR continues to work with SDSU on the soil tables project, and again because they are not finalized, the new preliminary soil tables will not be used by the DOEs to assess property in 2022.

Please understand that the DOR is frustrated that we are not further along with this project than anticipated. Unfortunately, we have had some setbacks and have a great deal more work to do before new soil tables can be implemented.

We are working diligently to roll out new soil tables, but it needs to be done right and the data needs to be accurate. The DOR continues to need the assistance of the DOEs to identify errors and anomalies in preliminary draft soil tables as we all continue to work on this important project. At the present time, however, we simply are not ready to roll out the soil tables.

Sincerely,

A handwritten signature in black ink that reads "Jim Terwilliger". The signature is written in a cursive, flowing style.

Jim Terwilliger  
Secretary

Cc: County Commissioners