

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2022 South Dakota Legislature

FISCAL NOTE 2022-FN1039A

HB1039 – An Act to provide for the assessment of certain agricultural land as noncropland.

The bill would allow agricultural land to be categorized as noncropland, regardless of its soil rating, if the elevation of the land is greater than 1,950 feet above sea level, and:

- It has been seeded to perennial vegetation for at least twenty years, and used for animal grazing or left unharvested; or
- Is native grassland.

The bill has no fiscal impact on the State General Fund. The net fiscal impact to the counties, municipalities, and school districts is \$0. However, there would be a shift in the tax burden. The bill would reduce the projected tax dollars levied on noncropland by an amount up to \$12,533,781. This estimate assumes the adoption rate is 100 percent of eligible noncropland in the first year of implementation. The tax burden would be shifted onto agricultural cropland, owner-occupied, and all other property not otherwise classified.

The analysis for this fiscal note applies various levies on a county-by-county basis. At the county level, agricultural land data is categorized by soil rating. County records do not track what ground has been seeded to perennial vegetation or any land usage over the past twenty years. Given limited datasets for tracking land usage, this note utilizes South Dakota state and county data reported in the 2017 Census of Agriculture, National Agricultural Statistics Service, U.S. Department of Agriculture. While this federal report does include the number of cropland/noncropland acres by county, it does not differentiate between taxable acres, state parks and trust land. Holding all else constant, the projected acres of cropland changing to noncropland in effect from the bill is calculated by taking the percentage of cropland/noncropland acres by actual usage and subtracting the percentage of cropland/noncropland acres classified by soil rating. These amounts are multiplied by the average assessed dollars per acre, using the agricultural productivity system, in order to derive the tax burden shift in each county.

APPROVED BY: /s/ Reed Holwegner
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