



2023 South Dakota Legislature

Senate Bill 24

Introduced by: The Senate Committee on Appropriations at the request of the Bureau of Finance and Management

1 **An Act to** revise property tax levies for school districts and to revise the state aid to general
2 and special education formulas.

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

4 **Section 1. That § 10-12-42 be AMENDED:**

5 **10-12-42.** For taxes payable in ~~2023~~ 2024 and each year thereafter, the levy for
6 the general fund of a school district shall be as follows:

7 (1) The maximum tax levy ~~shall be six~~ is five dollars and ~~thirty and eight-tenths~~ ninety-
8 eight and nine-tenths cents per thousand dollars of taxable valuation subject to
9 the limitations on agricultural property as provided in subdivision (2) of this section
10 and owner-occupied property as provided in subdivision (3) of this section;

11 (2) The maximum tax levy on agricultural property for the school district ~~shall be~~ is one
12 dollar and ~~thirty six and two-tenths~~ twenty-nine and three-tenths cents per
13 thousand dollars of taxable valuation. If the district's levies are less than the
14 maximum levies as stated in this section, the levies shall maintain the same
15 proportion to each other as represented in the mathematical relationship at the
16 maximum levies; and

17 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in
18 § 10-13-40 for the school district ~~shall be three~~ is two dollars and ~~four and eight-~~
19 ~~tenths~~ eighty-nine and four-tenths cents per thousand dollars of taxable valuation.
20 If the district's levies are less than the maximum levies as stated in this section,
21 the levies shall maintain the same proportion to each other as represented in the
22 mathematical relationship at the maximum levies.

23 All levies in this section shall be imposed on valuations where the median level of
24 assessment represents eighty-five percent of market value as determined by the
25 Department of Revenue. These valuations shall be used for all school funding purposes. If
26 the district has imposed an excess levy pursuant to § 10-12-43, the levies shall maintain

1 the same proportion to each other as represented in the mathematical relationship at the
 2 maximum levies in this section. The school district may elect to tax at less than the
 3 maximum amounts set forth in this section.

4 **Section 2. That § 13-13-10.1 be AMENDED:**

5 **13-13-10.1.** The education funding terms and procedures referenced in this
 6 chapter are defined as follows:

7 (1) Nonresident students who are in the care and custody of the Department of Social
 8 Services, the Unified Judicial System, the Department of Corrections, or other state
 9 agencies and are attending a public school may be included in the fall enrollment
 10 of the receiving district when enrolled in the receiving district;

11 (2) "Fall enrollment," is calculated as follows:

12 (a) Determine the number of kindergarten through twelfth grade students
 13 enrolled in all schools operated by the school district on the last Friday of
 14 September of the current school year, and add to that number the product
 15 of 0.10 multiplied by the number of children who participated in the prior
 16 school year in high school interscholastic activities sanctioned or sponsored
 17 by the South Dakota High School Activities Association, as permitted by
 18 § 13-36-7, while receiving alternative instruction pursuant to § 13-27-3;

19 (b) Subtract the number of students for whom the district receives tuition
 20 except for:

21 (i) Nonresident students who are in the care and custody of a state
 22 agency and are attending a public school district; and

23 (ii) Students who are being provided an education pursuant to § 13-28-
 24 11;

25 (c) Add the number of students for whom the district pays tuition.

26 When computing state aid to education for a school district pursuant to § 13-13-73, the
 27 secretary of the Department of Education shall use the school district's fall
 28 enrollment;

29 (3) "Target teacher ratio factor," is:

30 (a) For school districts with a fall enrollment of two hundred or less, the target
 31 teacher ratio factor is 12;

32 (b) For districts with a fall enrollment of greater than two hundred, but less
 33 than six hundred, the target teacher ratio factor is calculated as follows:

34 (i) Multiplying the fall enrollment by .00750;

- 1 (ii) Adding 10.50 to the product of subsection (b)(1);
- 2 (c) For districts with a fall enrollment of six hundred or greater, the target
- 3 teacher ratio factor is 15.
- 4 The fall enrollment used for the determination of the target teacher ratio for a school
- 5 district may not include any students residing in a residential treatment facility
- 6 when the education program is operated by the school district;
- 7 (4) "English learner (EL) adjustment," is calculated by multiplying 0.25 times the
- 8 number of kindergarten through twelfth grade students who, in the prior school
- 9 year, scored below level four on the state-administered language proficiency
- 10 assessment as required in the state's consolidated state application pursuant to
- 11 § 1111(b)(2)(G) of the Every Student Succeeds Act of 2015. For the 2021-2022
- 12 calculation only, the EL adjustment is calculated by multiplying 0.25 times the
- 13 number of kindergarten through twelfth grade students who scored below level
- 14 four on the state-administered language proficiency assessment in school year
- 15 2019-2020 or 2020-2021, whichever is greater;
- 16 (5) "Index factor," is the annual percentage change in the consumer price index for
- 17 urban wage earners and clerical workers as computed by the Bureau of Labor
- 18 Statistics of the United States Department of Labor for the year before the year
- 19 immediately preceding the year of adjustment or three percent, whichever is less;
- 20 (6) "Target teacher salary," for the school fiscal year beginning July 1, ~~2022~~ 2023, is
- 21 ~~\$55,756.31~~ \$58,544.13. Each school fiscal year thereafter, the target teacher
- 22 salary is the previous fiscal year's target teacher salary increased by the index
- 23 factor;
- 24 (7) "Target teacher benefits," is the target teacher salary multiplied by twenty-nine
- 25 percent;
- 26 (8) "Target teacher compensation," is the sum of the target teacher salary and the
- 27 target teacher benefits;
- 28 (9) "Overhead rate," is thirty-eight and seventy-eight hundredths percent.
- 29 Beginning in school fiscal year 2018, the overhead rate shall be adjusted to take into
- 30 account the sum of the amounts that districts exceed the other revenue base
- 31 amount;
- 32 (10) "Local need," is calculated as follows:
- 33 (a) Divide the fall enrollment by the target teacher ratio factor;
- 34 (b) If applicable, divide English Learner (EL) adjustment pursuant to subdivision
- 35 (4) by the target teacher ratio factor;

- 1 (c) Add the results of subsections (a) and (b);
- 2 (d) Multiply the result of subsection (c) by the target teacher compensation;
- 3 (e) Multiply the product of subsection (d) by the overhead rate;
- 4 (f) Add the products of subsections (d) and (e);
- 5 (g) When calculating local need at the statewide level, include the amounts set
- 6 aside for costs related to technology in schools and statewide student
- 7 assessments; and
- 8 (h) When calculating local need at the statewide level, include the amounts set
- 9 aside for sparse school district benefits, calculated pursuant to §§ 13-13-
- 10 78 and 13-13-79;
- 11 (11) "Alternative per student need," is calculated as follows:
- 12 (a) Add the total need for each school district for school fiscal year 2016,
- 13 including the small school adjustment and the English learner adjustment,
- 14 to the lesser of the amount of funds apportioned to each school district in
- 15 the year preceding the most recently completed school fiscal year or school
- 16 fiscal year 2015 pursuant to §§ 13-13-4, 23A-27-25, 10-33-24, 10-36-10,
- 17 11-7-73, 10-35-21, and 10-43-77; and
- 18 (b) Divide the result of (a) by the September 2015 fall enrollment, excluding
- 19 any adjustments based on prior year student counts;
- 20 (12) "Alternative local need," is the alternative per student need multiplied by the fall
- 21 enrollment, excluding any adjustments based on prior year student counts;
- 22 (13) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
- 23 applying the levies established pursuant to § 10-12-42. Beginning on July 1, 2017,
- 24 local effort will include the amount of funds apportioned to each school district in
- 25 the year preceding the most recently completed school fiscal year pursuant to
- 26 §§ 10-33-24, 10-35-21 as provided by subdivision (15), 10-36-10, 10-43-77, 11-
- 27 7-73, 13-13-4, and 23A-27-25 and that exceeds the other revenue base amount;
- 28 (14) "Other revenue base amount," for school districts not utilizing the alternative local
- 29 need calculation is the amount of funds apportioned to each school district pursuant
- 30 to §§ 10-33-24, 10-35-21 as provided by subdivision (15), 10-36-10, 10-43-77,
- 31 11-7-73, 13-13-4, and 23A-27-25, calculated as follows:
- 32 (a) Beginning on July 1, 2017, equals the greatest of the amounts of the funds
- 33 apportioned to each school district pursuant to §§ 10-33-24, 10-35-21 as
- 34 provided by subdivision (15), 10-36-10, 10-43-77, 11-7-73, 13-13-4, and
- 35 23A-27-25 for school fiscal years 2013, 2014, and 2015;

- 1 (b) Beginning on July 1, 2018, multiply eighty percent times subsection (a);
- 2 (c) Beginning on July 1, 2019, multiply sixty percent times subsection (a);
- 3 (d) Beginning on July 1, 2020, multiply forty percent times subsection (a);
- 4 (e) Beginning on July 1, 2021, multiply twenty percent times subsection (a);
- 5 and
- 6 (f) Beginning on July 1, 2022, is zero;

7 For school districts utilizing the alternative local need calculation, the other revenue base
 8 amount is zero until such time the school district chooses to no longer utilize the
 9 alternative local need calculation. At that time, the other revenue base amount is
 10 calculated as defined above.

11 For a school district created or reorganized after July 1, 2016, the other revenue base
 12 amount is the sum of the other revenue base amount for each district before
 13 reorganization, and the new school district may not utilize the alternative local
 14 need calculation.

15 In the case of the dissolution and annexation of a district, the other revenue base amount
 16 of the dissolved school district will be prorated based on the total number of
 17 students in the fall enrollment as defined in subdivision (2) who attend each district
 18 to which area of the dissolved district were annexed to in the first year of
 19 reorganization. The amount apportioned for each district will be added to the
 20 annexed districts' other revenue base;

21 (15) "Wind energy tax revenue," any wind energy tax revenue apportioned to school
 22 districts pursuant to § 10-35-21 from a wind farm producing power for the first
 23 time before July 1, 2016, shall be considered local effort pursuant to subdivision
 24 (13) and other revenue base amount pursuant to subdivision (14). However, any
 25 wind energy tax revenue apportioned to a school district from a wind farm
 26 producing power for the first time after June 30, 2016, one hundred percent shall
 27 be retained by the school district to which the tax revenue is apportioned for the
 28 first five years of producing power, eighty percent for the sixth year, sixty percent
 29 for the seventh year, forty percent for the eighth year, twenty percent for the ninth
 30 year, and zero percent thereafter. If a wind farm begins producing power for the
 31 first time between October first and December thirty-first in a calendar year, any
 32 revenues generated for that time period must be retained by the school district
 33 and that time period may not be counted against the first five-year period;

34 (16) "Per student equivalent," for funding calculations that are determined on a per
 35 student basis, the per student equivalent is calculated as follows:

- 1 (a) Multiply the target teacher compensation times the sum of one plus the
 2 overhead rate; and
 3 (b) Divide subsection (a) by 15;
- 4 (17) "Monthly cash balance," the total amount of money for each month in the school
 5 district's general fund, calculated by adding all deposits made during the month to
 6 the beginning cash balance and deducting all disbursements or payments made
 7 during the month;
- 8 (18) "General fund base percentage," is determined as follows:
- 9 (a) Forty percent for a school district with a fall enrollment as defined in
 10 subdivision (2) of two hundred or less;
- 11 (b) Thirty percent for a school district with fall enrollment as defined in
 12 subdivision (2) of more than two hundred but less than six hundred; and
- 13 (c) Twenty-five percent for a school district with fall enrollment as defined in
 14 subdivision (2) greater than or equal to six hundred.
- 15 When determining the general fund base percentage, the secretary of the
 16 Department of Education shall use the lesser of the school district's fall enrollment
 17 as defined in subdivision (2) for the current school year or the school district's fall
 18 enrollment from the previous two years; and
- 19 (19) "Allowable general fund cash balance," the general fund base percentage multiplied
 20 by the district's general fund expenditures in the previous school year.

21 **Section 3. That § 13-37-16 be AMENDED:**

22 **13-37-16.** For taxes payable in ~~2023~~ 2024, and each year thereafter, the school
 23 board shall levy no more than one dollar and ~~fifty-nine and nine-tenths~~ fifty-five and three-
 24 tenths cents per thousand dollars of taxable valuation, as a special levy in addition to all
 25 other levies authorized by law for the amount so determined to be necessary, and the levy
 26 shall be spread against all of the taxable property of the district. The proceeds derived
 27 from the levy shall constitute a school district special education fund of the district for the
 28 payment of costs for the special education of all children in need of special education or
 29 special education and related services who reside within the district pursuant to the
 30 provisions of §§ 13-37-8.4 to 13-37-8.10, inclusive. The levy in this section shall be based
 31 on valuations such that the median level of assessment represents eighty-five percent of
 32 market value as determined by the Department of Revenue. The total amount of taxes
 33 that would be generated at the levy pursuant to this section shall be considered local
 34 effort. Money in the special education fund may be expended for the purchase or lease of

1 any assistive technology that is directly related to special education and specified in a
 2 student's individualized education plan. This section does not apply to real property
 3 improvements.

4 **Section 4. That § 13-37-35.1 be AMENDED:**

5 **13-37-35.1.** Terms used in chapter 13-37 mean:

- 6 (1) "Level one disability," a mild disability;
 7 (2) "Level two disability," cognitive disability or emotional disorder;
 8 (3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-
 9 blindness, orthopedic impairment, or traumatic brain injury;
 10 (4) "Level four disability," autism;
 11 (5) "Level five disability," multiple disabilities;
 12 (5A) "Level six disability," prolonged assistance;
 13 (6) "Index factor," is the annual percentage change in the consumer price index for
 14 urban wage earners and clerical workers as computed by the Bureau of Labor
 15 Statistics of the United States Department of Labor for the year before the year
 16 immediately preceding the year of adjustment or three percent, whichever is less;
 17 (7) "Local effort," shall be calculated for taxes payable in ~~2023~~ 2024 and thereafter
 18 using a special education levy of one dollar and ~~thirty nine and nine tenths~~ thirty-
 19 five and three-tenths cents per one thousand dollars of valuation;
 20 (8) "Allocation for a student with a level one disability," for the school fiscal year
 21 beginning July 1, ~~2022~~ 2023, is ~~\$6,532.00~~ \$6,858.60. For each school year
 22 thereafter, the allocation for a student with a level one disability shall be the
 23 previous fiscal year's allocation for such child increased by the index factor;
 24 (9) "Allocation for a student with a level two disability," for the school fiscal year
 25 beginning July 1, ~~2022~~ 2023, is ~~\$15,411.00~~ \$16,181.55. For each school year
 26 thereafter, the allocation for a student with a level two disability shall be the
 27 previous fiscal year's allocation for such child increased by the index factor;
 28 (10) "Allocation for a student with a level three disability," for the school fiscal year
 29 beginning July 1, ~~2022~~ 2023, is ~~\$19,682.00~~ \$20,666.10. For each school year
 30 thereafter, the allocation for a student with a level three disability shall be the
 31 previous fiscal year's allocation for such child increased by the index factor;
 32 (11) "Allocation for a student with a level four disability," for the school fiscal year
 33 beginning July 1, ~~2022~~ 2023, is ~~\$15,981.00~~ \$16,780.05. For each school year

- 1 thereafter, the allocation for a student with a level four disability shall be the
2 previous fiscal year's allocation for such child increased by the index factor;
- 3 (12) "Allocation for a student with a level five disability," for the school fiscal year
4 beginning July 1, ~~2022~~ 2023, is ~~\$34,293.00~~ \$36,007.65. For each school year
5 thereafter, the allocation for a student with a level five disability shall be the
6 previous fiscal year's allocation for such child increased by the index factor;
- 7 (12A) "Allocation for a student with a level six disability," for the school fiscal year
8 beginning July 1, ~~2022~~ 2023, is ~~\$9,066.00~~ \$9,519.30. For each school year
9 thereafter, the allocation for a student with a level six disability shall be the
10 previous fiscal year's allocation for such child increased by the index factor;
- 11 (13) "Child count," is the number of students in need of special education or special
12 education and related services according to criteria set forth in rules promulgated
13 pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education
14 in accordance with rules promulgated pursuant to § 13-37-1.1;
- 15 (14) "Fall enrollment," the number of kindergarten through twelfth grade students
16 enrolled in all schools operated by the school district on the last Friday of
17 September of the previous school year minus the number of students for whom
18 the district receives tuition, except any nonresident student who is in the care and
19 custody of a state agency and is attending a public school and any student for
20 whom tuition is being paid pursuant to § 13-28-42.1, plus the number of students
21 for whom the district pays tuition;
- 22 (15) "Nonpublic school," a sectarian organization or entity which is accredited by the
23 secretary of education for the purpose of instructing children of compulsory school
24 age. This definition excludes any school that receives a majority of its revenues
25 from public funds;
- 26 (16) "Nonpublic fall enrollment," the number of children under age eighteen, who are
27 approved for alternative instruction pursuant to § 13-27-2 on the last Friday of
28 September of the previous school year plus:
- 29 (a) For nonpublic schools located within the boundaries of a public school district
30 with a fall enrollment of six hundred or more on the last Friday of September
31 of the previous school year, the number of kindergarten through twelfth
32 grade students enrolled on the last Friday of September of the previous
33 regular school year in all nonpublic schools located within the boundaries of
34 the public school district;

- 1 (b) For nonpublic schools located within the boundaries of a public school district
2 with a fall enrollment of less than six hundred on the last Friday of
3 September of the previous school year, the number of resident kindergarten
4 through twelfth grade students enrolled on the last Friday of September of
5 the previous school year in all nonpublic schools located within the State of
6 South Dakota;
- 7 (17) "Special education fall enrollment," fall enrollment plus nonpublic fall enrollment;
- 8 (18) "Local need," an amount to be determined as follows:
- 9 (a) Multiply the special education fall enrollment by 0.1072 and multiply the
10 result by the allocation for a student with a level one disability;
- 11 (b) Multiply the number of students having a level two disability as reported on
12 the child count for the previous school fiscal year by the allocation for a
13 student with a level two disability;
- 14 (c) Multiply the number of students having a level three disability as reported on
15 the child count for the previous school fiscal year by the allocation for a
16 student with a level three disability;
- 17 (d) Multiply the number of students having a level four disability as reported on
18 the child count for the previous school fiscal year by the allocation for a
19 student with a level four disability;
- 20 (e) Multiply the number of students having a level five disability as reported on
21 the child count for the previous school fiscal year by the allocation for a
22 student with a level five disability;
- 23 (f) Multiply the number of students having a level six disability as reported on
24 the child count for the previous school fiscal year by the allocation for a
25 student with a level six disability;
- 26 (g) When calculating local need at the statewide level, include the amount set
27 aside for extraordinary costs defined in § 13-37-40;
- 28 (h) When calculating local need at the statewide level, include the amount set
29 aside for the South Dakota School for the Blind and Visually Impaired;
- 30 (i) Sum the results of (a) to (h), inclusive;
- 31 (19) "Effort factor," the school district's special education tax levy in dollars per thousand
32 divided by ~~\$1.399~~ \$1.353. The maximum effort factor is 1.0.