



2023 South Dakota Legislature

Senate Bill 26

Introduced by: **Senators** Zikmund, Castleberry, Crabtree, Jack Kolbeck, and Nesiba and **Representatives** Ladner, Cammack, Derby, Koth, and Lesmeister at the request of the Study Committee on Property Tax Structure and Tax Burden

1 **An Act to transfer a property tax relief program, to change income requirements for**
 2 **certain property tax relief programs, and to index certain income schedules**
 3 **to inflation.**

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

5 **Section 1. That a NEW SECTION be added to title 10:**

6 Terms as used in this act mean:

- 7 (1) "Base year," for those heads of households who reached seventy years of age in
 8 or prior to 1994, the base year is 1994. For those heads of households who reach
 9 seventy years of age subsequent to 1994, the base year is the year in which they
 10 reach the age of seventy. In the case of a surviving spouse, the base year is the
 11 year that would have been the base year of the deceased spouse;
 12 (2) "Department," the Department of Revenue;
 13 (3) "Head of household," a married person, a single person, a widow or widower, or a
 14 divorced person;
 15 (4) "Household," the association of persons who live in the same dwelling, sharing its
 16 furnishings, facilities, and accommodations, but not including bona fide lessees,
 17 tenants, or roomers and boarders on contract;
 18 (5) "Secretary," the secretary of the Department of Revenue;
 19 (6) "Single-family dwelling," a house, condominium apartment, or manufactured home
 20 as defined in § 32-3-1 that is assessed and taxed as a separate unit, including the
 21 platted lot upon which the structure is situated or one acre, whichever is less, and
 22 the garage, whether attached or unattached;
 23 (7) "Surviving spouse," the spouse of a deceased head of household who has not
 24 remarried.

25 **Section 2. That a NEW SECTION be added to title 10:**

1 Any person making an application under the provisions of this chapter is entitled
2 to a prohibition on the collection of real property taxes upon the person's single-family
3 dwelling if the person has:

4 (1) Owned a single-family dwelling, in fee or by contract to purchase, for at least three
5 years, or has been a resident of South Dakota for at least five years;

6 (2) Resided for at least eight months of the previous calendar year in the single-family
7 dwelling;

8 (3) Established a base year;

9 (4) A household income, as defined in § 10-6A-1, of less than sixteen thousand dollars
10 if the household is a single-member household; and

11 (5) A household income, as defined in § 10-6A-1, of less than twenty thousand dollars
12 if the household is a multiple-member household.

13 Beginning on January 1, 2024, the household income listed in subdivisions (4) and
14 (5) of this section shall increase annually by the index factor. The index factor is the annual
15 percentage change in the consumer price index for urban wage earners and clerical
16 workers as computed by the Bureau of Labor Statistics of the United States Department
17 of Labor for the year before the year immediately preceding the year of adjustment or the
18 annual percentage change in federal social security payments for the preceding year,
19 whichever is greater.

20 **Section 3. That a NEW SECTION be added to title 10:**

21 To be eligible for the prohibition on the collection of real property taxes under this
22 chapter, a person must submit an application annually on or before April first to the county
23 treasurer in the county where the person's property is located. The application must be
24 made on forms prescribed by the secretary in rules promulgated pursuant to chapter 1-
25 26. The secretary shall make available to each county treasurer, forms for the property
26 tax program. Each county treasurer shall, upon request of an applicant, assist the
27 applicant in completing the forms.

28 **Section 4. That a NEW SECTION be added to title 10:**

29 An applicant for a prohibition on the collection of real property taxes under this
30 chapter must include such documentary evidence as the county treasurer deems
31 necessary to assure validity of the claim.

32 **Section 5. That a NEW SECTION be added to title 10:**

1 The county treasurer shall make the final determination whether an applicant
2 seeking a prohibition on the collection of real property taxes pursuant to this chapter is
3 qualified. A county treasurer shall maintain records showing the property taxes that have
4 been not collected under of this chapter.

5 **Section 6. That a NEW SECTION be added to title 10:**

6 Any person aggrieved by the denial in whole or in part of relief claimed under the
7 provisions of this chapter may, within thirty days after receiving notice of the denial by
8 the county treasurer, demand and shall receive a hearing, upon notice, before the
9 secretary on the question. The hearing shall be conducted and appeals allowed in the
10 manner specified in chapter 1-26.

11 **Section 7. That a NEW SECTION be added to title 10:**

12 A person is not eligible for a refund of property taxes pursuant to chapter 10-18A
13 if the person receives property tax relief pursuant to this chapter.

14 **Section 8. That a NEW SECTION be added to title 10:**

15 Property taxes that the county is prohibited from collecting pursuant to this chapter
16 become a lien on the property for which the taxes are imposed. Interest at the Category
17 E rate as established in § 54-3-16 must be imposed on any taxes that are not paid
18 pursuant to this chapter. The county must file a copy of such lien with the register of
19 deeds. No property on which the county is prohibited from collecting property taxes
20 pursuant to this chapter may be transferred unless the property taxes and interest are
21 paid in full.

22 **Section 9. That a NEW SECTION be added to title 10:**

23 Property taxes that a county is prohibited from collecting pursuant to this chapter
24 may not be considered delinquent and the county may not publish the name of any person
25 whose property taxes are not paid pursuant to this chapter.

26 **Section 10. That a NEW SECTION be added to title 10:**

27 The property taxes and interest that are not collected pursuant to this chapter may
28 not exceed the value of the property upon which the taxes are imposed.

1 **Section 11. That a NEW SECTION be added to title 10:**

2 If any person, entity, or trust chooses to pay any property taxes that have not
 3 been collected pursuant to this chapter, the payments apply to the oldest property taxes
 4 and the interest thereon. If a person qualifies for a prohibition on the collection of real
 5 property taxes pursuant to this chapter, nothing in those sections may be construed to
 6 prohibit a county treasurer from accepting payment for the real property taxes from any
 7 person, entity, or trust that submits payment to a county treasurer.

8 **Section 12. That § 10-4-24.12 be AMENDED:**

9 **10-4-24.12.** The percentage tax reduction of real property taxes, as provided
 10 pursuant to § 10-4-24.11, due or paid on a single family dwelling for a single member
 11 household is according to the following schedule:

12 If household income	but not	The tax due reduction
13 is more than <u>at least</u> :	more <u>less</u> than	on current levy is:
14 \$ 0	\$14,000	100%
15 14,001 <u>14,000</u>	15,000	75%
16 15,001 <u>15,000</u>	17,000	50%
17 17,001 <u>17,000</u>	18,000	25%
18 over 18,000		0%

19 **Section 13. That § 10-4-24.13 be AMENDED:**

20 **10-4-24.13.** The percentage tax reduction of real property taxes, as provided
 21 pursuant to § 10-4-24.11, due or paid on a single family dwelling for a multiple member
 22 household is according to the following schedule:

24 If household income	but not	The tax due
25 is more than <u>at least</u>	more than <u>less than</u>	reduction on current
		levy is:
26 \$ 0	\$ 18,500	100%
27 18,501 <u>18,500</u>	19,500	75%
28 19,501 <u>19,500</u>	21,000	50%
29 21,001 <u>21,000</u>	22,000	25%

1 ~~over~~-22,000 0%

2 **Section 14. That chapter 10-4 be amended with a NEW SECTION:**

3 Beginning on January 1, 2024, each household income value listed in the schedules
4 in §§ 10-4-24.12 and 10-4-24.13 shall increase annually by the index factor. The index
5 factor is the annual percentage change in the consumer price index for urban wage earners
6 and clerical workers as computed by the Bureau of Labor Statistics of the United States
7 Department of Labor for the year before the year immediately preceding the year of
8 adjustment or the annual percentage change in federal social security payments for the
9 preceding year, whichever is greater.

10 **Section 15. That § 10-6B-6 be AMENDED:**

11 **10-6B-6.** The amount of reduction of real property taxes due for a single-member
12 household made pursuant to this chapter shall be according to the following schedule:

		The reduction of real	
If household income is		property taxes due	
at least:	but not more than <u>less</u>	shall be	
		<u>than</u>	
\$ 0	\$4,200 <u>\$14,000</u>	35% <u>100%</u>	
4,201 <u>14,000</u>	4,288 <u>15,000</u>	34% <u>75%</u>	
4,289 <u>15,000</u>	4,376 <u>17,000</u>	33% <u>50%</u>	
4,377 <u>17,000</u>	4,464 <u>18,000</u>	32% <u>25%</u>	
4,465 <u>18,000</u>	4,552	31% <u>0%</u>	
4,553	4,640	30%	
4,641	4,728	29%	
4,729	4,816	28%	
4,817	4,904	27%	
4,905	4,992	26%	
4,993	5,080	25%	
5,081	5,168	24%	
5,169	5,256	23%	

Underscores indicate new language.
Overstrokes indicate deleted language.

1	5,257	5,344	22%
2	5,345	5,432	21%
3	5,433	5,520	19%
4	5,521	5,608	18%
5	5,609	5,669	17%
6	5,670	5,757	16%
7	over 5,758		No reduction

8 **Section 16. That § 10-6B-7 be AMENDED:**

9 **10-6B-7.** The amount of reduction of real property taxes due for a
 10 multiple-member household made pursuant to this chapter is according to the following
 11 schedule:

12			The reduction of real
13	If household income is		property taxes due
14	at least:	but not more <u>less</u>	shall be
15		than	
16	\$ 0	\$5,640 <u>18,500</u>	55% <u>100%</u>
17	5,641 <u>18,500</u>	5,758 <u>19,500</u>	53% <u>75%</u>
18	5,759 <u>19,500</u>	5,876 <u>21,000</u>	51% <u>50%</u>
19	5,877 <u>21,000</u>	5,994 <u>22,000</u>	49% <u>25%</u>
20	5,995 <u>22,000</u>	6,112	47% <u>0%</u>
21	6,113	6,230	45%
22	6,231	6,348	43%
23	6,349	6,466	41%
24	6,467	6,584	39%
25	6,585	6,702	37%
26	6,703	6,820	35%
27	6,821	6,938	33%
28	6,939	7,056	31%
29	7,057	7,174	29%

Underscores indicate new language.
 Overstrikes indicate deleted language.

1	7,175	7,292	27%
2	7,293	7,410	25%
3	7,411	7,528	24%
4	7,529	7,646	23%
5	7,647	7,764	22%
6	over 7,765		No reduction

7 **Section 17. That chapter 10-6B be amended with a NEW SECTION:**

8 Beginning on January 1, 2024, each household income value listed in the schedules
9 in §§ 10-6B-6 and 10-6B-7 shall increase annually by the index factor. The index factor is
10 the annual percentage change in the consumer price index for urban wage earners and
11 clerical workers as computed by the Bureau of Labor Statistics of the United States
12 Department of Labor for the year before the year immediately preceding the year of
13 adjustment or the annual percentage change in federal social security payments for the
14 preceding year, whichever is greater.

15 **Section 18. That § 43-31-31 be REPEALED:**

16 Terms as used in this act mean:

- 17 (1) ~~"Base year," for those heads of households who reached seventy years of age in~~
18 ~~or prior to 1994, the base year is 1994. For those heads of households who will~~
19 ~~reach seventy years of age subsequent to 1994, the base year is the year in which~~
20 ~~they will reach the age of seventy. In the case of a surviving spouse, the base year~~
21 ~~is the year which would have been the base year of the deceased spouse;~~
- 22 (2) ~~"Department," the Department of Revenue;~~
- 23 (3) ~~"Head of household," a married person, a single person, a widow or widower, or a~~
24 ~~divorced person;~~
- 25 (4) ~~"Household," the association of persons who live in the same dwelling, sharing its~~
26 ~~furnishings, facilities, and accommodations, but not including bona fide lessees,~~
27 ~~tenants, or roomers and boarders on contract;~~
- 28 (5) ~~"Secretary," the secretary of the Department of Revenue;~~
- 29 (6) ~~"Single family dwelling," a house, condominium apartment, or manufactured home~~
30 ~~as defined in § 32-3-1 which is assessed and taxed as a separate unit including the~~
31 ~~platted lot upon which the structure is situated or one acre, whichever is less, and~~
32 ~~the garage, whether attached or unattached;~~

1 ~~(7) "Surviving spouse," the spouse of a deceased head of household who has not~~
2 ~~remarried.~~

3 **Section 19. That § 43-31-32 be REPEALED:**

4 ~~Any person making an application under the provisions of §§ 43-31-31 to 43-31-~~
5 ~~41, inclusive, is entitled to a prohibition on the collection of real property taxes upon the~~
6 ~~person's single family dwelling if the following conditions are met:~~

7 ~~(1) Has owned a single family dwelling, in fee or by contract to purchase, for at least~~
8 ~~three years, or has been a resident of South Dakota for at least five years;~~

9 ~~(2) Has resided for at least eight months of the previous calendar year in the~~
10 ~~single family dwelling;~~

11 ~~(3) Has established a base year;~~

12 ~~(4) Has a household income as defined in § 10-6A-1 of less than sixteen thousand~~
13 ~~dollars if the household is a single member household; and~~

14 ~~(5) Has a household income as defined in § 10-6A-1 of less than twenty thousand~~
15 ~~dollars if the household is a multiple member household.~~

16 **Section 20. That § 43-31-33 be REPEALED:**

17 ~~Applications for a prohibition on the collections of real property taxes under §§ 43-~~
18 ~~31-31 to 43-31-41, inclusive, shall be made annually on or before April first on forms~~
19 ~~prescribed by the secretary of revenue. Forms shall be made available to county treasurers~~
20 ~~who shall, upon request of an applicant, assist the applicant in completing the forms.~~

21 **Section 21. That § 43-31-34 be REPEALED:**

22 ~~Application for a prohibition on the collection of real property taxes shall include~~
23 ~~such documentary evidence as the county treasurer deems necessary to assure validity~~
24 ~~of the claim.~~

25 **Section 22. That § 43-31-35 be REPEALED:**

26 ~~The county treasurer shall make the final determination whether an applicant~~
27 ~~seeking a prohibition on the collection of real property taxes pursuant to §§ 43-31-31 to~~
28 ~~43-31-41, inclusive, is qualified. A county treasurer shall maintain records showing the~~
29 ~~property taxes that have been not collected under of §§ 43-31-31 to 43-31-41, inclusive.~~

1 **Section 23. That § 43-31-36 be REPEALED:**

2 ~~Any person aggrieved by the denial in whole or in part of relief claimed under the~~
3 ~~provisions of §§ 43-31-31 to 43-31-41, inclusive, may, within thirty days after receiving~~
4 ~~notice of such denial by the county treasurer, demand and shall receive a hearing, upon~~
5 ~~notice, before the secretary on the question. The hearing shall be conducted and appeals~~
6 ~~allowed in the manner specified in chapter 1-26.~~

7 **Section 24. That § 43-31-37 be REPEALED:**

8 ~~No person is eligible for a refund of property taxes pursuant to chapter 10-18A if~~
9 ~~such person receives property tax relief pursuant to §§ 43-31-31 to 43-31-41, inclusive.~~

10 **Section 25. That § 43-31-38 be REPEALED:**

11 ~~Property taxes which the county is prohibited from collecting pursuant to §§ 43-~~
12 ~~31-31 to 43-31-41, inclusive, shall become a lien on the property for which such taxes are~~
13 ~~imposed. Interest at the Category E rate as established in § 54-3-16 shall be imposed on~~
14 ~~any taxes which are not paid pursuant to §§ 43-31-31 to 43-31-41, inclusive. The county~~
15 ~~shall file a copy of such lien with the register of deeds. No property on which the county~~
16 ~~is prohibited from collecting property taxes pursuant to §§ 43-31-31 to 43-31-41,~~
17 ~~inclusive, may be transferred unless the property taxes and interest are paid in full.~~

18 **Section 26. That § 43-31-39 be REPEALED:**

19 ~~Property taxes which a county is prohibited from collecting pursuant to §§ 43-31-~~
20 ~~31 to 43-31-41, inclusive, may not be considered delinquent and the county may not~~
21 ~~publish the name of any person whose property taxes are not paid pursuant to §§ 43-31-~~
22 ~~31 to 43-31-41, inclusive.~~

23 **Section 27. That § 43-31-40 be REPEALED:**

24 ~~The property taxes and interest that are not collected pursuant to §§ 43-31-31 to~~
25 ~~43-31-41, inclusive, may not exceed the value of the property upon which the taxes are~~
26 ~~imposed.~~

27 **Section 28. That § 43-31-41 be REPEALED:**

1 ~~If any person, entity, or trust chooses to pay any property taxes which have not~~
2 ~~been collected pursuant to §§ 43-31-31 to 43-31-41, inclusive, such payments shall apply~~
3 ~~to the oldest property taxes and the interest thereon. If a person qualifies for a prohibition~~
4 ~~on the collection of real property taxes pursuant to §§ 43-31-31 to 43-31-41, inclusive,~~
5 ~~nothing in those sections may be construed to prohibit a county treasurer from accepting~~
6 ~~payment for the real property taxes from any person, entity, or trust that submits payment~~
7 ~~to a county treasurer.~~