

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2023 South Dakota Legislature

FISCAL NOTE 2023-FN1043A

HB 1043, An Act to make an exemption from certain property taxation for owner-occupied single-family dwellings.

This bill would exempt the first \$100,000 of the full and true value of each owner-occupied single-family dwelling, as classified pursuant to § 10-13-39, from the school district levy that is imposed annually pursuant to § 10-12-29. County and municipal property taxes would be unaffected by this bill. The maximum benefit a property taxpayer could receive is \$289.40, which is the maximum mill levy times \$100,000 of full and true value.

Mobile homes are included in this exemption as owner-occupied single-family dwellings. Mobile homes are excluded from the K-12 State Aid to Education formula, which could decrease school district local effort by \$2,257,189 annually. Currently, the following school districts: Agar-Blunt-Onida, Custer, Edmunds Central, Elk Mountain, Hill City, Hoven, and Lead-Deadwood finance K-12 through local effort. This bill could decrease these school district's local effort by \$1,732,583 annually.

This bill is estimated to reduce owner-occupied valuations for assessment year 2024, payable in 2025 by \$21.0 billion. The total fiscal impact of the bill could be \$61,022,627 in foregone local effort property tax revenue for education with school districts receiving \$3,989,772 less in property tax revenue. Based on the current law, the state would be responsible for the remaining \$57,032,855.

Data from 30 South Dakota counties contributed to this analysis. The data indicates 36.3% of owner-occupied assessed valuation would be exempt by this bill.

APPROVED BY: /s/ Reed Holwegner

DATE: 2/15/2023

Director, Legislative Research Council