

2024 South Dakota Legislature

House Bill 1181**AMENDMENT 1181C
FOR THE INTRODUCED BILL**

1 **An Act to increase the number of years the discretionary formula may be applied to**
2 **a structure, and to allow for the individual application of the discretionary**
3 **formula for a structure.**

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

5 **Section 1. That § 10-6-137 be AMENDED:**

6 **10-6-137.** Any structure classified pursuant to this section, must, following
7 construction, be valued for taxation purposes in the usual manner. The board of county
8 commissioners of the county in which the structure is located, may adopt a formula for
9 assessed value to be used for tax purposes. Except as otherwise provided in § 10-6-137.1,
10 the formula may include, for any or all of the ~~five~~ ten tax years following construction, all,
11 any portion, or none of the assessed value for tax purposes. Any formula adopted must
12 be equally applied to specifically classified properties within a tax increment finance
13 district.

14 The board of county commissioners of the county in which the structure is located
15 may, if requested by the owner of the structure, fully assess the structure without
16 application of the formula. In waiving the formula for the structure of one owner, the
17 board of county commissioners is not prohibited from applying the formula for subsequent
18 new structures. The assessed value during any of the ~~five~~ ten years may not be less than
19 the assessed value of the property in the year preceding the first year of the tax years
20 following construction.

21 Any structure that is partially constructed on the assessment date may be valued
22 for tax purposes, pursuant to this section, and the value may not be less than the assessed
23 value of the property in the year preceding the beginning of construction. The period that
24 the property is valued for tax purposes under this section may include the years when the
25 property is partially constructed.

1 Following the ~~five-year~~ ten-year period under this section, the property must be
2 assessed at the same percentage as all other property for tax purposes, except as
3 otherwise provided in § 10-6-137.1 or section 3 of this Act.

4 Any of the following types of real property may be specifically classified for the
5 purpose of taxation pursuant to this section:

- 6 (1) Any new industrial or commercial structure, or any addition, renovation, or
7 reconstruction to an existing structure, ~~located within a designated urban renewal~~
8 ~~area as defined in § 11-8-4,~~ located within a designated urban renewal area as
9 defined in § 11-8-4, if the new structure, addition, renovation, or reconstruction
10 has a full and true value of thirty thousand dollars or more;
- 11 (2) Any new industrial structure, including a power generation facility, or an addition
12 to an existing structure, if the new structure or addition has a full and true value
13 of thirty thousand dollars or more;
- 14 (3) Any new nonresidential agricultural structure, or any addition to an existing
15 structure, if the new structure or addition has a full and true value of ten thousand
16 dollars or more;
- 17 (4) Any new commercial structure, or any addition to an existing structure, except a
18 commercial residential structure as described in subdivision (5), if the new
19 structure or addition has a full and true value of thirty thousand dollars or more;
- 20 (5) Any new commercial residential structure, or addition to an existing structure,
21 containing four or more units, if the new structure or addition has a full and true
22 value of thirty thousand dollars or more;
- 23 (6) Any new affordable housing structure containing four or more units, with a monthly
24 rental rate of the units at or below the annually calculated rent for the state's sixty
25 percent area median income being used by the South Dakota Housing Development
26 Authority for a minimum of ten years following the date of first occupancy, if the
27 structure has a full and true value of thirty thousand dollars or more;
- 28 (7) Any new residential structure, or addition to or renovation of an existing structure,
29 located within a redevelopment neighborhood established pursuant to § 10-6-141,
30 if the new structure, addition, or renovation has a full and true value of five
31 thousand dollars or more. The structure must be located in an area defined and
32 designated as a redevelopment neighborhood based on conditions provided in
33 § 11-7-2 or 11-7-3; or

- 1 (8) Any commercial, industrial, or nonresidential agricultural property that increases
- 2 more than ten thousand dollars in full and true value, as a result of ~~demolition,~~
- 3 reconstruction, or renovation of the structure.

4 **Section 2. That § 10-6-137.1 be AMENDED:**

5 **10-6-137.1.** For any real property specifically classified under subdivisions 10-6-
 6 137(5), (6), and (7), or for any real property approved by the board of county
 7 commissioners pursuant to section 3 of this Act, the formula adopted by the board of
 8 county commissioners must include:

- 9 (1) No more than twenty-five percent of the increased assessed value in the first or
- 10 second year following the completion of construction;
- 11 (2) No more than fifty percent of the increased assessed value in the third or fourth
- 12 year following the completion of construction;
- 13 (3) No more than seventy-five percent of the increased assessed value in the fifth or
- 14 sixth year following the completion of construction; and
- 15 (4) One hundred percent of the increased assessed value in the seventh year following
- 16 the completion of construction and each year thereafter.

17 During construction, the assessed value of the property may not exceed the
 18 assessed value of the property in the year preceding the beginning of construction.

19 The percentages stated in this section are limited to that portion of the assessed
 20 value that exceeds the property's assessed value in the year preceding the start of
 21 construction.

22 Any real property receiving the benefit of a discretionary formula prior to July 1,
 23 2022, must continue to be assessed and taxed in the manner provided for in any county
 24 or municipal resolution adopted pursuant to this chapter and in effect prior to July 1, 2022,
 25 and must continue to be subject to the provisions of §§ 10-12-44, 11-9-20, and 13-13-
 26 20.4.

27
 28 **~~Section 3. That a NEW SECTION be added to chapter 10-6:~~**

29 ~~The board of county commissioners may, by a two thirds vote of the board of county~~
 30 ~~commissioners, adopt the formula provided by § 10-6-137.1, for any individual structure that~~
 31 ~~meets the criteria of any class provided under subdivisions 10-6-137(1) to (6), inclusive, if:~~

- 1 ~~(1) The structure is in a blighted area, as defined by § 11-8-3;~~
2 ~~(2) The structure is determined by the board of county commissioners to be abandoned or~~
3 ~~vacant for at least three years; or~~
4 ~~(3) The ownership of the structure has changed during the period the structure has been~~
5 ~~assessed for taxation purposes under § 10-6-137.1.~~

6 **Section 3. That § 10-6-138 be AMENDED:**

7 **10-6-138.** If the board of county commissioners has not adopted a formula
8 pursuant to § 10-6-137~~, or~~ 10-6-137.1, or section 3 of this Act, the governing board of a
9 municipality in which the structures or property are located, or within three miles of the
10 corporate limits of the municipality, may adopt a formula for assessed value pursuant to
11 § 10-6-137~~, or~~ 10-6-137.1, or section 3 of this Act.

12 In the case of residential structures described in ~~§ subdivisions~~ 10-6-137(5), (6),
13 and (7), the governing board of a municipality may adopt a formula that differs from any
14 formula adopted by the board of county commissioners, provided the formula complies
15 with § 10-6-137.1.