



2025 South Dakota Legislature

Senate Bill 207

Introduced by: **Senator Peterson (Sue)**

1 **An Act to freeze property tax revenues and assessments for two years.**

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

3 **Section 1. That § 10-13-35 be AMENDED:**

4 **10-13-35.** ~~This section does not apply to school districts. For taxes payable in~~
 5 ~~1997, and each year thereafter, the~~ The total amount of revenue payable from taxes on
 6 real property within a taxing district, ~~excluding the levy pursuant to § 10-13-36,~~ may not
 7 increase ~~no more than the lesser of three percent or the index factor, as defined in § 10-~~
 8 ~~13-38;~~

9 (1) For taxes payable in 2026 and 2027, over the amount of revenue payable from
 10 taxes on real property in the preceding year, ~~excluding the amount of taxes levied~~
 11 ~~pursuant to § 10-13-36;~~ or

12 (2) For taxes payable in 2028 and each year thereafter, more than the lesser of three
 13 percent or the index factor, as defined in § 10-13-38, over the amount of revenue
 14 payable from taxes on real property in the preceding year, excluding the amount
 15 of taxes levied pursuant to § 10-13-36.

16 ~~After applying the index factor, a~~ A taxing district may increase the revenue
 17 payable from taxes on real property above the limitations provided by ~~this section~~
 18 subdivisions (1) and (2) by the percentage increase of value resulting from any
 19 improvements or change in use of real property, annexation, minor boundary changes,
 20 and any adjustments in taxation of property separately classified and subject to statutory
 21 adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-
 22 6-113, only if assessed the same as property of equal value.

23 ~~A taxing district may increase the revenue it receives from taxes on real property~~
 24 ~~above the limit provided by this section for taxes levied to pay the principal, interest, and~~
 25 ~~redemption charges on any bonds issued after January 1, 1997, which are subject to~~
 26 ~~referendum, scheduled payment increases on bonds and for a levy directed by the order~~

1 ~~of a court for the purpose of paying a judgment against such taxing district. Any taxing~~
 2 ~~district created after the effective date of this section is exempt from the limitation~~
 3 ~~provided by this section for a period of two years immediately following its creation.~~

4 **Section 2. That § 10-13-35.3 be AMENDED:**

5 **10-13-35.3.** Any county or municipality may decrease the total amount of revenue
 6 payable from taxes on real property below the maximum limit allowed by § 10-13-35 in
 7 any year. The decrease may not affect the amount of revenue payable that may be raised
 8 in accordance with ~~§§~~ § 10-13-35.4 and ~~10-13-35.5.~~

9 **Section 3. That § 13-16-7 be AMENDED:**

10 **13-16-7.** The school board of any school district of this state may at the board's
 11 discretion authorize an annual levy of a tax not to exceed three dollars per thousand
 12 dollars of taxable valuation on the taxable valuation of the district for the capital outlay
 13 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,
 14 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health
 15 and Educational Facilities Authority. Taxes collected pursuant to the levy may be
 16 irrevocably pledged by the school board to the payment of principal of and interest on
 17 installment purchase contracts or capital outlay certificates entered into or issued pursuant
 18 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the
 19 Health and Educational Facilities Authority and, so long as any capital outlay certificates
 20 are outstanding, or any installment agreement payments, lease-purchase agreements, or
 21 other arrangements are unpaid, the school board of any district may be compelled by
 22 mandamus or other appropriate remedy to levy an annual tax sufficient to pay principal
 23 and interest thereon, but not to exceed the three dollars per thousand dollars of taxable
 24 valuation in any year authorized to be levied hereby.

25 ~~The total amount of revenue payable from the levy provided in this section may~~
 26 ~~not increase annually by more than the lesser of three percent or the index factor, as~~
 27 ~~defined in § 10-13-38, over the maximum amount of revenue that could have been~~
 28 ~~generated from the taxes payable in 2016. Starting with taxes payable in 2021, the~~
 29 ~~The~~ total amount of revenue payable from the levy provided in this section may not increase
 30 annually by more than three percent;

31 (1) For taxes payable in 2026 and 2027, over the amount of revenue that ~~could have~~
 32 ~~been~~ was raised in the prior year; or

1 (2) For taxes payable in 2028 and each year thereafter, by more than three percent
 2 over the amount of revenue that was raised in the prior year.

3 ~~After applying three percent, a~~ A school district may increase the revenue payable
 4 from taxes on real property above the limitations provided by ~~this section~~ subdivisions (1)
 5 or (2) by the percentage increase of value resulting from any improvements or change in
 6 use of real property, annexation, minor boundary changes, and any adjustments in
 7 taxation of real property separately classified and subject to statutory adjustments and
 8 reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if
 9 assessed the same as property of equal value. ~~A school district may increase the revenue~~
 10 ~~the district receives from taxes on real property above the limit provided by this section~~
 11 ~~for taxes levied to pay the principal, interest, and redemption charges on any bonds issued~~
 12 ~~after January 1, 2009, which are subject to referendum, scheduled payment increases on~~
 13 ~~bonds and for a levy directed by the order of a court for the purpose of paying a judgment~~
 14 ~~against the school district. Any school district created or reorganized after January 1,~~
 15 ~~2016, is exempt from the limitation provided by this section for a period of two years~~
 16 ~~immediately following the district's creation.~~

17 ~~In no year may the annual tax levy provided in this section exceed three dollars~~
 18 ~~per thousand dollars of taxable valuation of the school district for the current year.~~

19 **Section 4. That § 10-13-35.5 be REPEALED.**

20 ~~The county or municipality may increase the total amount of revenue payable from~~
 21 ~~taxes on real property in any year up to the maximum amount calculated in accordance~~
 22 ~~with § 10-13-35.4 utilizing any unused index factor from the prior three years. However,~~
 23 ~~such an amount may not exceed the prior three year index factor total or ten percent,~~
 24 ~~whichever is less.~~

25 **Section 5.** For purposes of the annual assessment required by § 10-6-105, the assessed
 26 value of real property for taxes payable in 2026 and 2027 may not increase over the assessed
 27 value of the property for taxes payable in 2025, unless there has been a change in the use or
 28 classification of the property, or to account for an addition or expansion of the property.