

## 2025 South Dakota Legislature

**Senate Bill 121****AMENDMENT 121A  
FOR THE INTRODUCED BILL**

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

1 **An Act to reduce maximum values for certain property taxes levied on owner-**  
 2 **occupied single-family dwellings, and to ~~increase the rates for certain gross~~**  
 3 **~~receipts taxes and use taxes~~ repeal certain sales tax exemptions.**

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

5 **Section 1.** It is the intention of the Legislature that the proceeds from the elimination of tax  
 6 exemptions under section 3 of this Act, be used to supplant all unrealized property tax revenue  
 7 resulting from the reduction of the mill levy applied to owner-occupied single-family dwellings  
 8 under section 2 of this Act, for school district general funds.

9 It is the intention of the Legislature that the reduction of the mill levy under section 2 of this  
 10 Act for owner-occupied single-family dwellings does not affect the mill levies for the other  
 11 classifications of real property, and does not adversely affect the total amount of moneys  
 12 available to school districts through the school district funding formula for school district  
 13 general funds.

14 **Section 2. That § 10-12-42 be AMENDED:**

15 **10-12-42.** For taxes payable in ~~2025~~ 2026, and each year thereafter, the levy for  
 16 the general fund of a school district is as follows:

- 17 (1) The maximum ~~tax~~ mill levy is five dollars and fifty-four and four-tenths cents per  
 18 thousand dollars of taxable valuation, subject to the limitations on agricultural  
 19 property as provided in subdivision (2) ~~of this section~~ and owner-occupied property  
 20 as provided in subdivision (3) ~~of this section~~;
- 21 (2) The maximum ~~tax~~ mill levy on agricultural property for the school district is one  
 22 dollar and nineteen and seven-tenths cents per thousand dollars of taxable  
 23 valuation. If the district's mill levies are less than the maximum levies as stated in

1 this section, the levies must maintain the same proportion to each other as  
2 represented in the mathematical relationship at the maximum mill levies; and

3 (3) The maximum ~~tax~~ mill levy for an owner-occupied single-family dwelling pursuant  
4 to § 10-13-40 for the school district is two dollars ~~and sixty-seven and nine-tenths~~  
5 ~~cents~~ per thousand dollars of taxable valuation.

6 If ~~the~~ a district's levies are less than the maximum levies as stated in this section,  
7 the levies must maintain the same proportion to each other as represented in the  
8 mathematical relationship ~~at~~ of the maximum mill levies.

9 All levies in this section must be imposed on valuations where the median level of  
10 assessment represents eighty-five percent of market value as determined by the  
11 Department of Revenue. These valuations must be used for all school funding purposes.  
12 If the district has imposed an excess levy pursuant to § 10-12-43, the levies must  
13 maintain the same proportion to each other as represented in the mathematical  
14 relationship at the maximum levies in this section. The school district may elect to tax at  
15 less than the maximum amounts set forth in this section.

16 **Section 3. That § 10-45-12.1 be AMENDED:**

17 **10-45-12.1.** The following services enumerated in the Standard Industrial  
18 Classification Manual, 1987, as prepared by the Statistical Policy Division of the Office of  
19 Management and Budget, Office of the President are exempt from the provisions of this  
20 chapter: ~~health~~

21 (1) Health services (major group 80); ~~educational~~

22 (2) Educational services (major group 82) except schools and educational services not  
23 elsewhere classified (industry no. 8299); ~~social~~

24 (3) Social services (major group 83); ~~agricultural~~

25 (4) Agricultural services (major group 07) except veterinarian services (group no.  
26 074), ~~and~~ animal specialty services, ~~except~~ veterinary (industry no. 0752); ~~forestry~~

27 (5) Forestry services (group no. 085); ~~radio and television broadcasting (group no.~~  
28 ~~483); railroad~~

29 (6) Railroad transportation (major group 40); ~~local~~

30 (7) Local and suburban passenger transportation (group no. 411) except limousine  
31 services; ~~school~~

32 (8) School buses (group no. 415); ~~trucking~~

33 (9) Trucking and courier services, ~~except~~ air (group no. 421) ~~except and~~ collection and  
34 disposal of solid waste; ~~farm~~

- 1        (10) Farm product warehousing and storage (industry no. 4221); ~~establishments~~
- 2        (11) Establishments primarily engaged in transportation on rivers and canals (group no.
- 3                444); ~~establishments~~
- 4        (12) Establishments primarily engaged in air transportation, certified carriers (group no.
- 5                451); ~~establishments~~
- 6        (13) Establishments primarily engaged in air transportation, noncertified carriers (group
- 7                no. 452) except chartered flights (industry no. 4522) and airplane, helicopter,
- 8                balloon, dirigible, and blimp rides for amusement or sightseeing; ~~pipe-lines~~
- 9        (14) Pipelines, except natural gas (major group 46); ~~arrangement~~
- 10       (15) Arrangement of passenger transportation (group no. 472); ~~arrangement~~
- 11       (16) Arrangement of transportation of freight and cargo (group no. 473); ~~rental~~
- 12       (17) Rental of railroad cars (group no. 474); ~~water~~
- 13       (18) Water supply (industry no. 4941); ~~sewerage~~
- 14       (19) Sewerage systems (industry no. 4952); ~~security~~
- 15       (20) Security brokers, dealers and flotation companies (group no. 621); ~~commodity~~
- 16       (21) Commodity contracts brokers and dealers (group no. 622); ~~credit~~
- 17       (22) Credit counseling services provided by individual and family social services
- 18                (industry no. 8322); ~~construction~~
- 19       (23) Construction services (division C) except industry no. 1752 and locksmiths and
- 20                locksmith shops; ~~consumer~~
- 21       (24) Consumer credit reporting agencies, mercantile reporting agencies, and
- 22                adjustment and collection agencies (group no. 732), if the debt was incurred
- 23                out-of-state and the client does not reside within the state. ~~The following are also~~
- 24                ~~specifically exempt from the provisions of this chapter: financial~~
- 25       (25) Financial services of institutions subject to tax under chapter 10-43 including loan
- 26                origination fees, late payment charges, nonsufficient fund check charges, stop
- 27                payment charges, safe deposit box rent, exchange charges, commission on
- 28                travelers checks, charges for administration of trusts, interest charges, and points
- 29                charged on loans; ~~commissions~~
- 30       (26) Commissions earned or service fees paid by an insurance company to an agent or
- 31                representative for the sale of a policy; ~~services~~
- 32       (27) Services of brokers and agents licensed under Title 47; ~~the~~
- 33       (28) The sale of trading stamps; ~~rentals~~
- 34       (29) Rentals of motor vehicles as defined by § 32-5-1 leased under a single contract for
- 35                more than twenty-eight days; ~~advertising services; services~~

- 1        ~~(30) Services~~ provided by any corporation to another corporation which is centrally  
 2            assessed having identical ownership and services provided by any corporation to a  
 3            wholly owned subsidiary which is centrally assessed; ~~continuing~~  
 4        ~~(31) Continuing~~ education programs; ~~tutoring~~  
 5        ~~(32) Tutoring~~; ~~vocational~~  
 6        ~~(33) Vocational~~ counseling, except rehabilitation counseling; and ~~motion~~  
 7        ~~(34) Motion~~ picture rentals to a commercially operated theater primarily engaged in the  
 8            exhibition of motion pictures.

9        **Section 4. That § 13-13-71 be AMENDED:**

10            **13-13-71.** If local effort increases on a statewide aggregate basis by a greater  
 11            percentage than local need on a statewide aggregate basis from any one year to the next,  
 12            for the following year each of the mill levies specified in ~~subdivision 13-13-10.1(13)~~ shall  
 13            § 10-12-42 must be reduced proportionally so that the percentage increase in local effort  
 14            on a statewide aggregate basis equals the percentage increase in need on a statewide  
 15            aggregate basis.

16        **Section 5. That § 13-13-72 be AMENDED:**

17            **13-13-72.** ~~It is the policy of the Legislature that~~ In 2026 and each year thereafter,  
 18            the appropriation for state aid to education must ~~increase on an annual basis~~ by the  
 19            percentage increase in local need on an aggregate statewide basis so that the relative  
 20            proportion of local need paid by local effort and state aid ~~shall remain~~ remains constant.  
 21            ~~For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local~~  
 22            ~~effort and state aid shall be adjusted annually to maintain the proportion between state~~  
 23            ~~aid and local property taxes and to reflect adjustments in local effort due to the~~  
 24            ~~implementation of the other revenue base amount as defined in § 13-13-10.1.~~

25        **Section 6. That § 13-13-72.1 be AMENDED:**

26            **13-13-72.1.** ~~Any adjustments~~ In 2026 and each year thereafter, any adjustment  
 27            in the maximum mill levies specified in § 10-12-42 made pursuant to §§ 13-13-71 and  
 28            ~~13-13-72 shall be based on maintaining~~ must maintain the relationship between statewide  
 29            local effort as a percentage of statewide local need in the fiscal year succeeding the fiscal  
 30            year in which the adjustment is made. ~~For school fiscal years 2017 to 2022, inclusive, the~~  
 31            ~~proportion of local need paid by local effort and state aid shall be adjusted annually to~~

1 ~~reflect adjustments in local effort due to the implementation of the other revenue base~~  
2 ~~amount as defined in § 13-13-10.1. However, if~~ If the maximum mill levies specified in  
3 § 10-12-42 are not adjusted to maintain this relationship, the target teacher salary, as  
4 defined in § 13-13-10.1 ~~shall be,~~ is reduced to maintain the relationship between  
5 statewide local effort as a percentage of statewide local need.  
6

