DEPARTMENT OF REVENUE

South Dakota Property Tax Information Guide

2025

100th Legislative Session

SOUTH DAKOTA DEPARTMENT OF REVENUE

445 East Capitol Avenue

Pierre, SD 57501

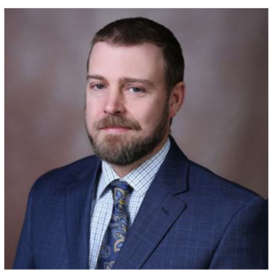
(605) 773-3311 • dor.sd.gov

Understanding Property Taxes

2025

South Dakota Department of Revenue

dor.sd.gov / sdproptax.info



Michael Houdyshell
Cabinet Secretary

Jason Evans
Deputy Secretary

Wendy Semmler
Director of Property Tax
605-773-4923
Wendy.Semmler@State.sd.us

Amber Jensen
Property Tax Specialist
605-773-6559
Amber.Jensen@state.us.sd

Robin Carlson
Property Tax Education Specialist
605-773-5820
Robin.Carlson@state.sd.us

All information contained in this handout is current as of 1/1/2025 updated information is available at dor.sd.gov

Table of Contents

South Dakota Property Tax System Basics ..... **Section 1**
Basic Formula 3
Property Tax 101 (Tax Fact) 4-6
How a Tax Bill is Created 7
Understanding Your Property Taxes (Tax Fact) 8-9
County Courthouse Roadmap 10
Timeline for Assessment, Taxation, and Budget Processes 11
Classification of Land ..... **Section 2**
Qualifying for Agricultural Status 12
Ag Land Productivity Formula (Tax Fact) 13-16
Owner-Occupied Classification (Tax Fact) 17-18
Wind & Solar ..... **Section 3**
Renewable Energy Facility (Tax Fact) 19-20
2024 Breakdown of Taxes Generated 21
Economic Development Incentives ..... **Section 4**
Discretionary Formula (Tax Fact) 22-24
Tax Increment Financing (TIF) Districts (Tax Fact) 25-28
Relief Programs ..... **Section 5**
Property Tax Relief Programs Overview 29-30
Summary of Relief Programs 31-33
Property Tax Exemptions ..... **Section 6**
Property Exempt from Taxation 34-35
Property Tax Statistics from DOR 2024 Annual Report ..... **Section 7**
Current Taxation Limitation & Caps 36
Taxable Valuation - Charts and Trends 37
Taxable Valuations by County – 2024 valuations for taxes payable in 2025 38
Who Paid & Where the Money Went 39

For more information on property taxes, please scan QR code or visit https://dor.sd.gov/ or https://sdproptax.info/

Budgets drive the level of taxation.

Need = Valuation X Levy

NEED: The funding schools, cities, counties, fire districts, townships, ambulance districts and other local units of government need to operate.

VALUATION: The assessed value of property [Owner Occupied, Agricultural, Non-Ag Other (Commercial)].

LEVY: The tax rate calculation applied to the **VALUATION** to meet the **NEED**.

Property Tax 101

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

The purpose of this document is to provide a general overview of how property taxes are established. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

July 2021

Overview

Property tax is an *ad valorem* tax on all real property (land and improvements) that has been deemed taxable by the South Dakota Legislature. *Ad valorem* means "according to value" which is done by imposing a tax rate (levy) to the value of each taxpayer's property. Property tax is the main source of revenue for local governments in South Dakota; ***the State does not collect or spend any property tax revenue***.

The property tax system in South Dakota consists of two parts: **assessment** and **taxation**.

- The County Director of Equalization (DOE) assesses the value of all real property. All real property is subject to property taxes unless specifically exempt per state law.
- The County Auditor manages the taxes requested by all taxing districts and calculates a tax levy for each.
- The County Treasurer is responsible for collecting all property taxes. Revenue from property taxes is used to fund many government services, including: schools, cities, fire districts, and county jails.

A **taxing district** is the entity with the authority to levy property taxes, including, cities, counties, townships, school districts, and special districts (fire, ambulance, water, road).

The Department of Revenue (DOR):

- Educates DOEs in making fair and equitable property assessments;
- Oversees the property tax limitation system;
- Determines the value of some public utilities, railroads, and airline companies;
- Administers alternative taxes for telecommunication companies, commercial wind farms, and rural electric associations; and
- Partners with the South Dakota Association of Assessing Officers to train and certify all DOEs in valuing property through mass appraisal for taxation purposes.

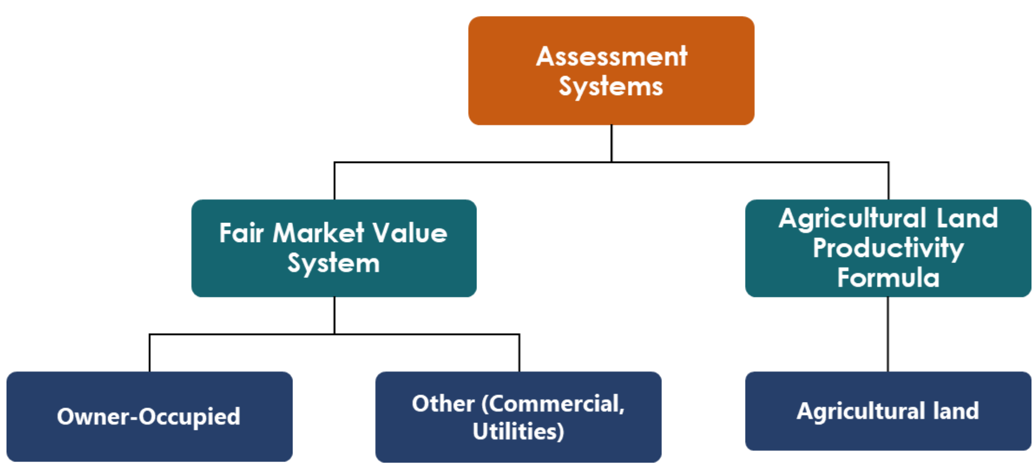
A **levy** is the tax rate needed to distribute the tax burden evenly amongst all property within a jurisdiction.

In South Dakota, it is represented by dollars per one thousand of taxable valuation.

Assessment

DOEs use two systems to determine assessed values:

- Agricultural land is valued using the *agricultural land productivity formula*. For more information, visit the Agricultural Land Productivity Formula tax fact.
- All other property, including an owner-occupied residence, is valued using the *fair market value system*.



Assessment (cont.)

The full and true (assessed) value of all property in the state is determined by the legal assessment date of November 1 prior to the assessment year and two years prior to when the taxes are due for the property.

Each DOE is required to assess all real property within the county at the full and true value. Assessment notices are sent to the property owner on or before March 1 of each year (SDCL 10-6-154).

The DOE considers three approaches to value in determining the fair market value of property:

> ***Example:***
>
> DOE assesses a home for the 2021 assessment year by determining the fair market value of the property on the legal assessment date of November 1, 2020. Taxes are payable in 2022.

- **Market approach**: reviews sales of similar properties to value the subject property
- **Cost approach**: determines what it would cost to build the property, deducting for depreciation, and adding in land value
- **Income approach**: reviews the stream of income or potential for income from the property to determine a value of the property

The most common approaches used are **market** and **cost.**

After the fair market value of the property has been determined, the DOR determines an equalization factor annually for agricultural and nonagricultural properties for each county. South Dakota laws require the property to be equalized to 85% for property tax purposes.

> The **equalization factor** is the multiplier that converts assessed value into taxable value.

- If the county is at 100% fair market value, the equalization factor is 0.85.
- If a county falls below the 85% rule, a factor above 1.0 may be applied.

For additional information about your property's assessment, contact your county director of equalization or county auditor. Contact information can be found on the DOR website:

- Directors of Equalization
- County Auditors

> ***Example of Equalization:***
>
> Full and True Value x .85 = Taxable Value
>
> $120,000 x .85 = $102,000
>
> **The taxable value is the value to which a tax levy is applied to calculate the property tax bill.**
>
> In this example, a home with a full and true value of $120,000 has a taxable value of $102,000.

Appeal Process

Assessment notices are sent to property owners annually on or before March 1st. When a property owner receives their assessment notice, it is their duty to review the notice to confirm the property is listed correctly. If the property is valued higher than a property owner thinks it should be, the owner should talk to the county DOE. The property owner may appeal if they still disagree with the assessed value of their property.

> A local board consists of the township board of supervisors or the governing board of a municipality, and a member of the school board.

- The first step in the appeal process is the local board of equalization. The taxpayer must appeal by mid-March.
  - ⇒ For property in a jurisdiction that has chosen to consolidate the local and county boards of equalization, the first step in the appeal process is to appeal to the consolidated board of equalization.
- If the property owner disagrees with the decision of the local board, they may appeal to the county board.
- If the property owner disagrees with the county or consolidated board's decision, they may appeal to the Office of Hearing Examiners (OHE).
- If the property owner disagrees with the decision of the OHE, they have the right to appeal to the circuit court.
  - ⇒ The property owner may also take their appeal directly from the county board of equalization to the circuit court, bypassing the OHE.

For more information, refer to: Appeal Process Guide for the Property Owner.

Taxation

All real property is subject to taxation unless specially exempt per state law.

Assessed Value of Property Established

- Each DOE assesses all real property within the county at the full and true value as of the legal assessment date on November 1st. Assessment notices are sent to the property owner on or before March 1st of each year.

Taxable Value Determined

- The property value is equalized to 85% for taxation purposes.

Taxing districts in South Dakota may include: cities, counties, townships, school districts, fire districts, and water districts.

Tax Rate Established

- Tax levies for each taxing jurisdiction are determined by dividing the tax request by the total taxable value within the taxing jurisdiction and multiplying the result by 1,000. The County Auditor determines the tax rate or tax levy for all taxing districts that have the authority to levy a property tax within their county.

Example of Tax Levy/Rate:

(REQUEST ÷ VALUE) x 1,000= TAX RATE OR LEVY

($100,000 ÷ $10,000,000) × 1,000 = $10 per thousand of value

Taxes Calculated

- Taxes are calculated for individual properties by multiplying the taxable value times the sum total of all applicable levies.

Example of Tax on Individual Properties:

VALUE × (TAX LEVY ÷ by 1,000) = TAXES

A property owner has a home valued at $150,000. Using a tax levy of $10 per thousand dollars of value, the taxes would be $1,500.

$150,000 x ($10 ÷ 1,000) = $1,500

Tax Bills Sent to Property Owners

- Taxes are due and payable January 1 of the year following assessment. SDCL 10-21-1.1 specifies what information must be included on the tax bill.

⇒ All property taxes are paid to the County Treasurer in the county where the property is located.

⇒ If you have an issue, contact your County Treasurer. Contact information for county treasurers can be found on the DOR website here.

Tax payments do not become delinquent if half of the bill is paid before May 1 and the remaining half is paid before November 1.

Property Tax Timeline

November 1	March 1	March-June	October 1	November-December	January 1
Legal assessment date for counties	Assessment notices mailed to taxpayers	Appeal process—taxpayers can appeal	Property tax requests from taxing districts due to County Auditor	Auditors calculate levies by Nov. 1 & DOR certifies the levies	Tax bills mailed; taxes due and payable*

*You are paying taxes on the property value established in the year prior.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188 (option 2)

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

South Dakota property taxes: Budget then tax, not tax then spend.

Property Tax Need

Local governments and **school districts** re-budget every year to determine the amount of property taxes needed to fund services, like public schools, roads, utilities, parks, and law enforcement.

Taxing agencies conduct public hearings, publish their budgets, and certify their budget request to the County Auditor.

Property Tax Valuations

County Assessor revalues and reassesses all real property annually, as well as applies property tax incentives and exemptions.

Local & County Boards of Equalization
- Hear appeals on property assessments.
- Finalize the assessed values for property taxation.

South Dakota Department of Revenue calculates the equalization factor for each county, which transforms assessed value into taxable value.

Local Tax Rates

The **County Auditor** calculates a tax rate for each taxing district by dividing property tax need by taxable valuation.

Your Property Tax Bill

The **County Treasurer** issues and collects the tax bills. The tax dollars are then distributed to the local governments to fund services.

Understanding Your Property Taxes

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

The purpose of this document is to provide a general overview of how property taxes are established. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

March 2022

WHY HAVE A PROPERTY TAX?

The property tax is an important part of any well-balanced revenue system for a community. Property taxes fund things such as schools, fire and police protection, streets, libraries, and other public benefits. The property tax allows these services to be funded in proportion to the amount of money individual properties are worth. The property tax is also a more stable source of money than sales taxes because it does not fluctuate when communities have recessions. In general, when your community spends more tax dollars on better schools, parks, streets, and other public benefits and services, your property values rise and you ultimately benefit.

The State of South Dakota does not collect or spend any property tax dollars.

HOW IS MY PROPERTY ASSESSED?

The assessor's office first reviews all the property to be assessed in your community and then values it. In reviewing your individual property, the assessor collects data about its characteristics, such as the amount of land you own, the location of your property, the number and size of improvements on your land, the physical characteristics of the improvements including number and type of rooms, the quality of construction of improvements, and so on. This information is used to estimate the market value of your property by comparing the sale prices of similar properties, estimating the cost to construct your property, and/or calculating the potential rental income your property could generate (if any).

Accurate appraisals require constant searching for and accumulation of significant facts to analyze in order to estimate the fair market value of your property.

WHAT IS MARKET VALUE?

For residential and commercial properties, the market value of your property is the price most people would pay for it in its present condition. The assessor must estimate the market value of every property in your taxing jurisdiction, no matter how big or small.

To estimate the market value of any nonagricultural property, the assessor must first know what similar properties are selling for, what it would cost to replace it, how much it takes to operate and keep it in repair, what rent it may earn, and many other financial considerations affecting its value, such as the current rate of interest charged for borrowing money to buy or build properties like yours.

For agricultural properties, the market value is the agricultural income value as determined by the Productivity Formula. For more information, please see the Ag Land Productivity Tax Fact.

WHAT IS AN ASSESSMENT?

State law requires that all property be assessed at its fair market value. Each year, the assessor reviews your property for changes and then revalues the property depending on current market conditions.

The assessment notice is sent out in March. The 2022 assessment notice will be used to calculate the property taxes to be paid in 2023.

If you want more information on how your property assessment was determined, you should contact your county Director of Equalization.

WHY DO ASSESSED VALUES AND MARKET VALUES CHANGE FROM YEAR TO YEAR?

As market values change, in general so do assessed values. Market values change because the property has physically changed or because market conditions have changed. For example, if you were to add a garage to your home, the market value and the assessed value may increase. If you add new siding, the market value and the assessed value of your home also may increase. However, if your property is in poor repair, the market value and assessed value may decrease over time.

In many areas, market conditions have led to increases in market values and assessed values without any changes to the property. In estimating the value of your property, the assessor reflects the conditions that are occurring in the marketplace.

HOW DOES MY ASSESSED VALUE AFFECT MY TAX RATE AND MY TAXES?

The assessor's office does not determine the total amount of taxes collected in your community, the tax rate, or your taxes. The assessor's primary responsibility is to find the fair market value of your property, so that you pay only your fair share of taxes.

The amount of tax you pay is determined by multiplying your tax rate by your property's taxable value. Your tax rate is determined by the tax requests submitted by all your taxing authorities—city, county, school districts, and others. These taxing districts determine how much tax is needed to provide all the services you enjoy. The county auditor calculates the tax rate needed to spread the tax request burden fairly and equitably amongst all property within each district.

State law limits the amount of property taxes that all local governments, except schools, can collect from their property owners. These local governments are limited to the amount of property taxes they collected last year, plus an increase for inflation and for new construction.

WHAT CAN I DO ABOUT MY ASSESSED VALUE AND MY PROPERTY TAXES?

If you believe the assessor has overestimated or underestimated the value of your property, you should contact the assessor's office and discuss the matter. Many offices have formal and informal procedures to appeal the assessed value on your property. Staff can answer your questions about how the office estimated the value of your property and explain how to appeal your assessed value. Many assessors encourage property owners to contact the assessor's office because the assessor's office relies on property owners for information. You can help by providing accurate information!

If you think your taxes are too high, you should make your opinion known to the your local taxing authorities—city council, county commission, school board—during their budgeting process. You can also inquire at the county courthouse about property tax relief programs and whether you qualify for them.

For more information about property taxes, please visit the Property Tax 101 Tax Fact.

Property Tax Road Map in the County Courthouse

Each office in the Courthouse plays a distinct role in the property tax cycle.

1 - Register of Deeds (ROD)

1 - Anytime a property is sold or transferred, the deed to the property must be filed with the Register of Deeds office. A Certificate of Real Estate Value form must be completed and submitted with every deed.

2 – Director of Equalization (DOE)

2a - The DOE receives the Certificate of Real Estate Value form from the ROD and verifies the details about the transfer. What type of property was it? Was it sold on the open market? Who is the new owner? What was the selling price? All of these details are important to update ownership information and for analyzing the market.

2b - The DOE office classifies and determines an assessment value on all real property in the county each year. Assessment Notices are annually mailed to property owners by March 1.

2c – Once Assessment Notices are mailed, the DOE cannot change any values unless ordered to do so through the appeal process. Final valuation reports are submitted to the Department of Revenue (DOR) for verification at the end of May.

3 - Auditor

3a –The Auditor receives the certified valuations from the DOE and adds public utility valuations, setting the final total taxable valuation for each taxing district. This is the value that will be used for levy calculation.

3b – The Auditor receives the budget requests from every taxing district in the county and calculates a tax rate (or levy) for each. This levy will be applied to all property within the district, which guarantees fair taxation and ensures that the taxing district will get the tax dollars they need to fund necessary services.

4 - Treasurer

4 – Once all levies are finalized, the Treasurer will run tax bills for every taxable property in the county. A tax bill will show each individual levy that the property is subject to, which taxing district is imposing that levy, and the amount of dollars that will be allocated to that district. Tax bills are sent out in January each year.

Property Taxes:

A Timeline for Assessment, Taxation, and Budget Process

For the purposes of understanding this chart:

- (AS) denotes Assessment procedures
- (TX) denotes Taxation procedures
- Budgetary Procedures:
  - (SC) is School Budget Process, (CO) is County Budget Process, (TO) means Township Budget Process, and (MU) means Municipality Budget Process

Nov 2024

11/1 (AS) Legal Assessment Date for 2025 (Payable 2026) (SDCL 10-6-105)

11/1 (TX) County auditor shall provide levies for taxes payable in 2025 to DOR (SDCL 10-13-43)

Dec 2025

12/1 (TX) DOR shall approve all tax levies (SDCL 10-13-43)

(TX) Once approved, county auditor charges county treasurer with collection of tax list for Pay 2025 (SDCL 10-17-9)

Jan 2025

1/1 (TX) 24 pay 25 taxes due & payable (SDCL 10-21-4)

(TX) County treasurer sends written tax bill to each taxpayer (SDCL 10-21-1.1)

March 2025

3/1 (AS) Mail Assessment Notices for 2025 assessment year (Pay 2026) (SDCL 10-6-154)

1st Tuesday (TO) Township Annual Meeting - determine tax levies for taxes payable in 2026 (SDCL 8-3-1)

3rd Monday (AS) Local Board of Equalization meets (SDCL 10-11-13)

April 2025

2nd Tuesday (AS) County or Consolidated Board of Equalization meets (SDCL 10-11-25 or 10-11-71)

4/30 (TX) Delinquency date for first half of property taxes (SDCL 10-21-23)

May 2025

3rd Monday (AS) DOE shall submit valuation reports to DOR for 2025 assessment year. (SDCL 10-11-41)

3rd Friday (AS) Last day to appeal to Office of Hearing Examiners (SDCL 10-11-42)

July 2025

7/1 (AS) DOR provides Ag Productivity Formula data to counties for 2026 assessment year (SDCL 10-6-131)

7/15 (TX) Deadline to opt out of tax limitation for taxes payable in 2026 (SDCL 10-13-36)

Between 7/15 – 7/30 (CO) Commission prepares 2026 provisional budget (SDCL 7-21-5)

August 2025

8/1 (SC) Board holds 2026 budget hearing before this date (SDCL 13-11-2)

4th Monday (AS) DOR certifies 2025 valuations and public utility information to county auditor (SDCL 10-11-51)

Sept 2025

1st regular meeting in September (MU) Council must introduce the annual appropriation for 2026 (SDCL 9-21-2)

Oct 2025

10/1 (CO) Pass resolution adopting 2026 annual budget (SDCL 7-21-12)

10/1 (SC) Approve 2026 budget (SDCL 13-11-2)

10/1 (TX) All tax requests for payable 2026 from all taxing entities shall be certified to county auditor (SDCL 10-12-7)

10/31 (TX) Delinquency date for second half of property taxes (SDCL 10-21-23)

Nov 2025

11/1 (AS) Legal Assessment Date for 2026 (Payable 2027) (SDCL 10-6-105)

11/1 (TX) County auditor shall provide levies for taxes payable in 2026 to DOR (SDCL 10-13-43)

Dec 2025

12/1 (TX) DOR shall approve all tax levies (SDCL 10-13-43)

(TX) Once approved, county auditor charges county treasurer with collection of tax list for Pay 2026 (SDCL 10-17-9)

Jan 2026

1/1 (TX) 25 pay 26 taxes due & payable (SDCL 10-21-4)

(TX) County treasurer sends written tax bill to each taxpayer (SDCL 10-21-1.1)

QUALIFYING FOR AGRICULTURAL STATUS

DEPARTMENT OF REVENUE

Is Your Land Used Primarily for an Ag Pursuit?

this includes

crops, timber, fruit trees, farm livestock, poultry, fish, nursery stock, bees, apiary products, horticulture

Yes

Do you meet **one** of the following requirements?

1. Income

Gross income of $2,500 from the land

or

2. Acres

80 acres of management unit

or

20 acres of land*

Yes — Qualified Ag Land — Yes

No — You do not qualify for ag status — No

No

You do not qualify for ag status

*Acreage requirement may vary from county to county

Questions? Contact

Jeff or Amber:

605-773-3311 Option 2

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

Agricultural Land Productivity Formula

The purpose of this document is to provide a general overview of how agricultural land is assessed in South Dakota based on the productivity valuation system. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

July 2024

Overview

The property tax assessments of agricultural land in South Dakota are based on the land's productivity value. The goal of the productivity valuation system is to ensure all agricultural land in South Dakota is valued fairly and equitably in each county based on what the agricultural land is able to produce.

- The productivity valuation system began with the 2010 assessments for taxes payable in 2011.
- As of the 2019 assessment year, the implementation period is finalized, and all counties are at their full productivity valuation.

The Department of Revenue (Department) contracts with the South Dakota State University (SDSU) Economics Department to calculate the statistics used throughout the productivity valuation system.

- The statistics are individualized by county and are the starting point for valuing all agricultural land in the state.

The county data used to establish the productivity value is from official estimates published by the United States Department of Agriculture, National Agricultural Statistics Services (USDA/NASS).

- These official estimates are based upon surveys of farmers, ranchers, and agribusinesses.

Productivity Formula

The productivity formula multiplies the gross revenue per acre by the landowner's share, and then divides this amount by the capitalization rate.

Productivity Formula

average value per acre = [gross revenue per acre × landowner's share] ÷ [cap rate]

The landowner's share and the capitalization rate are both established by South Dakota Codified Law (SDCL 10-6-127).

Land Classification	How Gross Revenue per Acre is Determined	Landowner's Share	Capitalization Rate
Cropland	Gross revenue per acre is determined by using an 8-year Olympic average of yields and commodity prices.	35%	6.6%
Non-Cropland	Gross revenue per acre is determined by using an 8-year Olympic average of cash rents.	100%	6.6%

The Department sends each county its top dollar valuation for cropland and its top dollar valuation for non-cropland, along with the formula calculations and background information provided by SDSU. The counties then apply these values according to the soil survey.

- Similar to the previous market valuation system, the values are applied to the soil survey which establishes the base valuation, upon which the county may make necessary adjustments.

Productivity Formula Breakdown

Productivity Formula

average value per acre = [gross revenue per acre × landowner's share] ÷ [cap rate]

How Gross Revenue per Acre is Determined

The gross revenue per acre is the starting point for the productivity formula, which is determined by calculating an 8-year Olympic average. USDA/NASS data is used to establish the gross revenue per acre in each county for an 8-year period.

- For the 8-years of data, the lowest and highest years are thrown out, and the remaining six years are averaged.
- Each year, the newest year of data is added, the oldest year is discarded, and a new Olympic average is calculated.

Cropland Data

The data used to establish the cropland gross revenue is all published by USDA/NASS. For each commodity in each county, USDA/NASS publishes:

(1) Total planted acres for all purposes; and
(2) Total production.

The commodity price is the only statewide number used in the productivity formula. The commodity price is provided by NASS and is weighted based upon the quantity of the commodity sold each month during the marketing year for South Dakota.

Cropland Example - Gross Revenue per Acre

The total production of each crop is multiplied by the statewide commodity price to determine the gross revenue for that crop.

In 2011, Ziebach County had this mix of crops:

Crop	Acres	Production	Value/Unit	Gross Revenue
Corn for Grain	10,400	998,000 bushels	$6.05/bushel	$6,037,900
Hay Alfalfa	55,000	96,000 tons	$125.00/ton	$12,000,000
Hay Other	34,000	34,703 tons	$118.00/ton	$4,095,000
Wheat, Winter	48,200	1,645,000 bushels	$7.10/bushel	$11,679,500
Total	**147,600**			**$33,812,400**

For 2011, the yearly gross revenue per acre is $229.08 ($33,812,400 ÷ 147,600). This process is repeated for 2012 to 2018:

2011	2012	2013	2014	2015	2016	2017	2018
$229.08	$264.70	$213.97	$226.25	$173.15	$171.40	$166.26	$182.25

The 8-year Olympic average throws out the low ($166.26) and high ($264.70) years, and averages the remaining six years. Ziebach County's gross revenue per acre used to set the 2020 cropland values (for taxes payable in 2021) is **$199.35**.

Non-Cropland Data

For non-cropland, cash rents determine the gross revenue.

⇒ Every other year, USDA/NASS conducts a survey of landowners as part of a nationwide program to establish cash rents for each county.

⇒ In off years, SDSU calculates the cash rent for each county using the past rents of that county, rents from the surrounding counties, or other rental information.

Non-Cropland Example - Gross Revenue per Acre

For Ziebach County, the 8-year period of cash rents were:

2011	2012	2013	2014	2015	2016	2017	2018
$6.80	$7.00	$8.00	$6.90	$9.50	$8.26	$9.00	$10.30

The 8-year Olympic average throws out the low ($6.80) and high ($10.30) years, and averages the remaining six years. Ziebach County's gross revenue per acre used to set the 2020 cropland values (for taxes payable in 2021) is **$8.11**.

Gross Revenue per Acre Produces Average Value Per Acre

The gross revenue per acre is entered into the productivity formula to produce the average value per acre of ag land property in the county.

The landowner's share and the capitalization rate are set by state law (SDCL 10-6-127).

- The landowner's share percentages are 35% for cropland and 100% for non-cropland.
- The capitalization rate is 6.6%.

Example - Average Value Per Acre

Using the Ziebach County's examples:

- Average Cropland Value is **$1,057.16** ([$199.35 × .35] ÷ .066)
- Average Non-Cropland Value is **$122.88** ([$8.11 × 1.0] ÷ .066)

Calculating the Top Dollar Value per Acre

Top Dollar Formula

top dollar value per acre = average value per acre ÷ weighted soil rating

The next step in the process is for the average value per acre to be adjusted up to the top dollar value per acre, or the value for the best soil in the county. The top dollar value per acre is calculated by dividing the average value per acre by the weighted soil rating.

Each soil type in the county is classified as either crop or non-crop and is rated on a scale from 1.00 to 0.10 based on soil quality. The weighted soil rating is based on the individual soil ratings in a county, giving more weight to those soil types that are more prevalent in that county.

- **Cropland:** The cropland top dollar value per acre is calculated by taking the cropland average value per acre and dividing by the crop weighted soil rating.
- **Non-Cropland:** The non-cropland top dollar value per acre is calculated by taking the non-cropland average value per acre and dividing by the non-cropland weighted soil rating.

Example - Top Dollar Value per Acre

Cropland

In Ziebach County, the soil table shows that the weighted rating of cropland soils is .584656.

- To get the cropland top dollar value per acre, take the cropland average value per acre, which was calculated in the previous example, and divide by the weighted soil rating ($1,057.16 ÷ .584656 = **$1,808.17**).
- This calculation establishes the top dollar value per acre for the best crop rated soil in Ziebach County with a value of $1,808.17. The best soil receives a rating of 1.0 and all other soils are scaled appropriately.

Non-Cropland

In Ziebach County, the soil table shows that the weighted rating of non-cropland soils is .317561.

- To get the non-cropland top dollar value per acre, take the non-cropland average value per acre, which was calculated in the previous example, and divide by the weighted soil rating ($122.88 ÷ .317561 = **$386.95**).
- This calculation establishes the top dollar value per acre for the best non-crop rated soil in Ziebach County with a value of $386.95. The best soil receives a rating of 1.0 and all other soils are scaled appropriately.

Calculating the Assessed Value of a Parcel

Assessed Value of a Parcel

1. Top dollar value per acre x soil rating = unit value of the soil type
2. Unit value of soil type x number of acres of soil type = total value for the soil type
3. Add all soil type values to get total assessed parcel value

Individual parcels of land typically contain many different soils. The soil survey provides an inventory of the acres of each type of soil in each parcel. Every soil type in a county is valued in relation to the top rated soil. Therefore, a crop soil with a rating of .88 has a value that is 88% of the top rated crop soil.

To determine the unit value of a particular soil in each county, the top dollar value is multiplied by the soil rating.

Within the parcel, the unit value is then multiplied by the number of acres of each soil type to give the total value for that type of soil. After each soil type is calculated, the dollar values are then added together to determine the total value of the parcel.

Again, this is the starting point for valuing the parcel. The Director of Equalization may need to make adjustments to ensure uniform and fair valuations for all of the agricultural land in the county.

Example - Assessed Value of a Parcel

The rating of each soil type in the parcel is multiplied by the top dollar value per acre to determine the entire parcel's value.

- Crop soil CT has a unit value of $1,253.06 ($1,808.17 × .693)
- Non-Crop soil ACD has a unit value of $149.36 ($386.95 × .386)

The unit value of each soil type is multiplied by the number of acres of that soil type in the parcel.

These individual results are added together to get the total assessed parcel value.

Map Unit	Rating	Acres	Unit Value	Total
Crop Soils				
• CT	.693	42	$1,253.06	$52,628.60
• FAA	.868	41	$1,569.49	$64,349.15
• GR	1.0	17	$1,808.17	$30,738.89
Non-Crop Soils				
• ACD	.386	44	$149.36	$6,571.96
• HC	.589	16	$227.91	$3,646.62
TOTAL		**264**		**$157,935.22**

Adjustments to the Assessed Value

The productivity value formula is a starting point for assessing agricultural land. The assessed value of agricultural land may be adjusted due to the following factors which may affect productivity (SDCL 10-6-131):

- Location, size, soil survey statistics, terrain, topographical condition, climate, accessibility, or surface obstructions, including shelterbelts.

If a property owner feels their land may have one of these limiting factors, they can request an ag land adjustment by applying online or contacting their county Director of Equalization office.

In South Dakota, property cannot be assessed for more than its actual value and must be assessed equitably in relation to other property in the county. A property owner should ask:

(1) "Could I sell the property for this amount?"

(2) "Is my property assessed consistently with similar property in my county?"

- If the answer to either question is "no," the property owner should talk to their county Director of Equalization. The Director can provide additional information on how land in the county is assessed.

A property owner can discuss their land assessment at any time during the year. Depending on the timeframe, the assessment may not be able to be adjusted until the future year's assessment.

- If a property owner wishes to appeal their property assessment for a current taxation year, review the Appeal Process Guide for the steps and timeframe to follow.

Summary of Ag Land Productivity Formula

South Dakota State University compiles the following data from USDA/NASS for each county:

Cropland	Non-Cropland
• Acres planted • Acres harvested • Yields per acre • Statewide crop prices	• Cash rents

→

The Department of Revenue then calculates an 8-Year Olympic average of the USDA/NASS data.

This gives the **gross revenue per acre** for both cropland and non-cropland.

↓

Gross revenue per acre is then entered into the productivity formula.

[gross revenue per acre × landowner's share] ÷ [cap rate] = **average value per acre**

	Cropland	Non-Cropland
Landowner's Share	35%	100%
Capitalization Rate	6.6%	6.6%

←

Average value per acre is divided by the weighted soil rating to give the top dollar value per acre.

average value per acre ÷ weighted soil rating = top dollar value per acre

↓

Projected top dollar for cropland or non-cropland is then multiplied by soil rating which is then multiplied by number of acres which gives assessed value for a particular parcel.

top dollar value per acre × soil rating × number of acres = total value for soil type

add all soil types together = total assessed parcel value

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188 (option 2)

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

Owner-Occupied Classification

The purpose of this document is to provide a general overview of the owner-occupied classification. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

December 2022

Overview

Any South Dakotan who owns and occupies a home as their primary residence can receive the owner-occupied classification. The primary benefit of the owner-occupied classification is a reduced school general fund levy (SDCL 10-13-39).

Owner-occupied classification reduces only the school general levy. All other levies, such as county, city, and school special education are the exact same for all types of property.

A **levy** is the tax rate needed to distribute the tax burden evenly among all property within a jurisdiction.

It is represented by dollars per one thousand of taxable valuation.

Definition of Owner

To receive the owner-occupied classification, the homeowner must be the owner as recorded by the director of equalization in the county where the home is located and the dwelling must be used as the principal residence of the property owner(s).

An owner can be:

- A joint tenant
- An owner of a life estate
- A partner
- A person owning an interest in a limited liability company
- A person owning an interest in a corporation
- A vendee of a contract for deed
- A beneficiary of a trust

The term **principal residence** is the address used for voter registration.

A property owner can only claim one owner-occupied classification in the state.

There are a few additional allowances where a property could receive an owner-occupied classification:

⇒ If the dwelling is being occupied by the parent of the owner, then the parent is considered the owner and occupant of the property.

⇒ If the dwelling is occupied by an adult with a disability, and the parent of the adult with disability is the owner, then the adult with a disability is considered the owner and occupant.

Contractor's Owner-Occupied

Any contractor that has constructed or is constructing a dwelling for the purpose of selling it to be occupied as a single-family dwelling can receive owner-occupied classification on the home.

A contractor can only hold up to four owner-occupied properties statewide. The four properties may not be classified as owner-occupied for more than two years. The owner-occupied status of the four properties does not affect the classification of the contractor's personal residence unless it is under construction.

If any portion of the dwelling under construction is (or was) occupied, the contractor can only get the unoccupied portion classified as owner-occupied (SDCL 10-13-45).

Qualifying Property

The owner-occupied classification can be applied to a single-family dwelling, one (attached or unattached) garage, and the parcel of land where the home sits.

A single family dwelling is defined as a:

- House
- Condominium Apartment
- Residential Housing Consisting of Four or Less Family Units
- Town House/Town Home
- Manufactured or Mobile Home

If the owner of a dwelling occupies fifty or more percent of the living space, then the entire dwelling meets the owner-occupied classification. However, if the owner occupies less than fifty percent of the living space of a dwelling, then only the portion occupied meets the owner-occupied classification.

Multiple parcels of land could be classified as owner-occupied if they are contiguous and are used as one property. Parcels may be considered contiguous if separated by a street or alley from the parcel containing the owner-occupied house.

Checking for Owner-Occupied Status

Homeowners should check their county notices to verify whether their property is currently classified as owner-occupied.

By looking at their most recent tax bill or assessment notice, a homeowner should see a denotation of an 'OO' or some variation of an abbreviation of the words 'owner-occupied'. The local county director of equalization's office can also look up the homeowner's property and let them know if they have the classification or not.

Applying for Owner-Occupied Classification

Homeowners and contractors may apply for the owner-occupied classification through their local county director of equalization or submit an electronic form on the Department of Revenue's website at https://sddor.seamlessdocs.com/sc/master-forms.

Once approved for the owner-occupied classification, no further applications are needed.

The property will continue with the classification until the home is sold or there is a change in use of the property.

A director of equalization may periodically review the owner-occupied classification to ensure the program is being appropriately applied (SDCL 10-13-39.2). There is a penalty for receiving an owner-occupied classification by misrepresenting someone's ownership or occupancy of the dwelling (SDCL 10-13-40.3).

For more information on property taxes, see the Property Tax 101 Tax Fact.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188 (option 2)

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

Renewable Energy Facility

(Wind & Solar)

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

The purpose of this document is to provide a general overview of the taxation of renewable energy facilities. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

October 2022

Renewable Energy Facility Definitions (SDCL 10-35-16)

A "renewable energy facility" is defined as any wind farm or solar facility.

A "wind farm" is defined as any property used or constructed for the purpose of producing electricity for commercial purposes utilizing the wind as an energy source and with a nameplate capacity of at least five thousand kilowatts.

View the following guides to learn more about sales and use tax and contractor's excise tax.

Sales Tax Guide

Contractor's Excise Tax Guide

A "solar facility" is defined as any property used or constructed for the purpose of producing electricity for commercial purposes utilizing solar radiation as an energy source and with a nameplate capacity of at least five thousand kilowatts.

Wind Farm Taxation

The property taxes on wind farms differ from how agricultural land, owner-occupied, and other properties are taxed. Instead of real property taxes, wind farms that produce more than five thousand kilowatts pay the following alternative taxes:

- Nameplate Capacity Tax (SDCL 10-35-18); and
- Production Tax (Taxation rates differ based on when a wind farm facility began producing power.)

No taxes are due while the wind farm is under construction. The wind farm will begin paying taxes the year after the commercial operation date.

Wind Farm First Producing Power between July 1, 2007 and March 30, 2015

- **Nameplate capacity tax:** $3.00 multiplied by the nameplate capacity of the wind farm. Nameplate capacity is the number of kilowatts a renewable facility can produce.
- **Production tax:** $.00065 per kilowatt hour of electricity produced by the wind farm (SDCL 10-35-19).

Wind Farm First Producing Power on or after March 31, 2015

- **Nameplate capacity tax:** $3.00 multiplied by the nameplate capacity of the wind farm. Nameplate capacity is the number of kilowatts a renewable facility can produce.
- **Production tax:** $.00045 per kilowatt hour of electricity produced by the wind farm (SDCL 10-35-19.1).

There is one wind farm in South Dakota which began producing electricity prior to July 1, 2007. This wind farm is assessed and taxed like real property.

Example:

If a wind farm started producing power on January 1, 2018, how much tax would be payable in 2019 for the 2018 tax year? The wind farm consists of 40 towers each capable of producing 1.50 megawatts of electricity and the wind farm generate electricity at 40% efficiency. *Remember: 1 megawatt = 1,000 kilowatts.*

Nameplate Capacity Tax

- 40 towers × 1.5 megawatts = 60 megawatts
- 60 megawatts × 1000 kilowatts = 60,000 kilowatts
- 60,000 × $3.00 = **$180,000**

Production Tax

- 40 towers × 1.5 megawatts = 60 megawatts
- 60 megawatts × 1,000 kilowatts = 60,000 kilowatts
- 60,000 × 24 hours × 365 days = 525,600,000 (Full production level)
- 525,600,00 × 40% = 210,240,000 (Actual amount of kilowatts of electricity produced)
- 210,240,000 × $.00045 = **$94,608**

Solar Facility Taxation

- **Nameplate capacity tax:** $3.00 multiplied by the nameplate capacity of the solar facility. Nameplate capacity is the number of kilowatts a renewable facility can produce. (SDCL 10-35-18)
- **Production tax:** $.00090 per kilowatt hour of electricity produced by the solar facility. (SDCL 10-35-19.1)

Wind Farm & Solar Facility Revenue Distribution (SDCL 10-35-21)

Wind farm and solar facility annual reports and taxes are due February 1 each year to the Department of Revenue.

Nameplate Capacity Tax Distribution

- 100% to the Renewable Facility Tax Fund.

Production Tax Distribution

- 80% to the State General Fund; and
- 20% to the Renewable Facility Tax Fund.

Payments are remitted to the counties prior to May 1 from the Renewable Facility Tax Fund. Upon receipt of the taxes, the county auditor distributes the taxes among the school districts, the county, and the organized townships where a wind tower or solar facility is located. The distribution rates are:

- 50% to the school district(s);
- 35% to the county;
- 15% to the organized township(s).

If a wind farm or solar facility is located in more than one county, each county receives a proportionate share of the collected tax equal to the wind towers or solar facilities located in the county.

Wind Farm Revenue Impact on the State Aid to Education Formula*

Wind farms that started producing power prior to July 1, 2016:

- All of the school portion of revenue distributed counts as local effort.

Wind farms that started producing power after July 1, 2016:

- For the first 5 years after construction completion, 100% of the revenue is considered outside the state aid formula.
- Year 6 - 20% is considered as local effort while 80% is not.
- Year 7 - 40% is considered as local effort while 60% is not.
- Year 8 - 60% is considered as local effort while 40% is not.
- Year 9 - 80% is considered as local effort while 20% is not.
- Year 10+ - 100% is considered as local effort.

Effective July 1, 2021:
If a wind farm begins producing power for the first time between October 1 and December 31 in a calendar year, any revenues generated for that time period must be retained by the school district and that time period may not be counted against the first five-year period (SDCL 13-13-10.1).

*For more information regarding the state aid to education formula, contact the South Dakota Department of Education.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188 (option 2)

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

Wind Farms

Wind farms pay a nameplate capacity tax and a production tax instead of real property taxes, which get deposited into the Renewable Facility Tax Fund. All of the nameplate capacity tax and 20% of the production tax collected are remitted to the respective counties prior to May 1 each year. The remainder of the production tax is deposited to the State General Fund.

Upon receipt of the taxes, the county auditor allocates the taxes among the school districts, the county, and the organized townships where a wind tower is located. When a wind tower is located in an unorganized township, that portion of the tax is allocated to the county.

The distribution rates are:

- 50% to the school district(s)
- 35% to the county(s)
- 15% to the organized township(s)

For taxes payable in 2024, there were 26 wind farms in operation which paid $14,781,926 in nameplate capacity tax and production tax. The State General Fund received $4,050,166 and Local Government Entities received $10,731,760.

The breakdown of the local government taxes were:

- Schools: $5,365,880
- Counties: $4,096,243
- Townships: $1,269,637

Solar Farm

For taxes payable in 2024, there was 1 solar farm in operation which paid $157,818 in nameplate capacity tax and production tax. The State General Fund received $62,079 and Local Government Entities received $95,739.

https://dor.sd.gov/ 1-800-829-9188 (Option 2)

Property Tax Discretionary Formula

The purpose of this document is to provide a general overview of the property tax discretionary formula. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

August 2022

Overview

The property tax discretionary formula is a tax incentive tool to help promote economic development in South Dakota. The discretionary formula provides a tax break on applicable new structures and additions for up to five or seven years. (SDCL 10-6-137)

- The formula can be implemented by a county by the passage of a resolution.
- A city may also implement a discretionary formula if the county does not already have one established.

Formula Options

The resolution must specify which types of structures will be receiving the incentive and what the level of tax break, or "formula," will be.

For non-residential structures, the governing body can choose any level of tax break for five years.

- An example formula is 20-40-60-80-100. This formula means that in the first year, the property owner will have to pay taxes on 20% of the structure's value. In the second year, the property owner will pay taxes on 40% of the value. The formula will adjust each year until the fifth year where the property owner is paying taxes on the full value of the structure.
- The governing body can pass any variation of the discretionary formula for agricultural, commercial, and industrial structures. The formulas may vary for each structure type.
  - ⇒ Some governing bodies use a 0-0-0-0-0 formula, which means the structure is tax free for the first five years.
  - ⇒ Other governing bodies give less of a tax break than the baseline formula, like 25-50-75-100-100.

For housing structures, the formula must be for seven years and has certain requirements on the level of tax break.

- For commercial residential, affordable housing, and residential structures located in a redevelopment neighborhood, the formula must be seven years and cannot be more than 25% in the first and second year, not more than 50% in the third and fourth year, not more than 75% in the fifth and sixth year, and must be 100% in the seventh year.
- An example is the baseline formula of 25-25-50-50-75-75-100. This formula means that in the first and second years, the property owner will have to pay taxes on 25% of the housing structure's value. In the third and fourth years, the property owner will pay taxes on 50% of the value. The formula will adjust each year until the seventh year where the property owner is paying taxes on the full value of the structure.

Determining the Discretionary Formula

Once a discretionary formula is passed, either by a county or a city, it automatically applies to all applicable structures or additions. There is no application required by the property owner. The County Director of Equalization will automatically adjust the values through the assessment system to ensure the appropriate percentage is applied.

If a discretionary formula exists, a county or city cannot refuse its application to any qualifying property.

- This includes properties within a Tax Increment Financing (TIF) District (SDCL 10-6-137).
- The only way a discretionary formula can be disregarded on a qualifying structure is if the property owner waives the right to the incentive (SDCL 10-6-137).

Resolution Process

The local governing board should follow the resolution process established by law.

- Counties - SDCL ch. 7-18A
- Municipalities - SDCL ch. 9-19

The resolution can establish the same formula for all building types or each building type can have a separate formula.

For non-residential structures, a county's formula will overrule a city formula. A city is allowed to pass its own formula that would overrule a formula implemented by the county when the city is dealing with commercial residential, affordable housing, or residential within a redevelopment neighborhood. However, the city must stay within the maximum requirements outlined above.

Structure Types Eligible for a Discretionary Formula

Structure Type	Description
Affordable Housing (SDCL 10-6-137(6))	**Building Requirements:** Four or more new units; monthly rental rate at or below the calculated rent for South Dakota's sixty percent area median income set annually by the SD Housing Development Authority; for a minimum of ten years following the date of first occupancy. For more information on the rental rate, call 605-773-3181. **Minimum Value for Eligibility:** $30,000 **Length of Formula:** Seven years **Maximum Formula:** 25-25-50-50-75-75-100
Nonresidential Agricultural (SDCL 10-6-137(3))	**Building Requirements:** New structure or addition **Minimum Value for Eligibility:** $10,000 **Length of Formula:** Five years
Commercial (SDCL 10-6-137(4))	**Building Requirements:** New structure or addition. **Minimum Value for Eligibility:** $30,000 **Length of Formula:** Five years
Commercial, Industrial, or Agricultural (SDCL 10-6-137(8))	**Building Requirements:** Reconstruction or renovation. **Minimum Value for Eligibility:** $10,000 **Length of Formula:** Five years
Commercial Residential (SDCL 10-6-137(5))	**Building Requirements:** New structure or addition (four or more units). **Minimum Value for Eligibility:** $30,000 **Length of Formula:** Seven years **Maximum Formula:** 25-25-50-50-75-75-100
Developer Lots (SDCL 10-6-144)	**Building Requirements:** Land only. **Minimum Value for Eligibility:** N/A **Length of Formula:** Five years
Industrial (SDCL 10-6-137(2))	**Building Requirements:** New structure or addition. **Minimum Value for Eligibility:** $30,000 **Length of Formula:** Five years
Industrial & Commercial (SDCL 10-6-137(1))	**Building Requirements:** New structure, addition, renovation, or reconstruction. **Minimum Value for Eligibility:** $30,000 **Length of Formula:** Five years
Residential within a Redevelopment Neighborhood (SDCL 10-6-137(7))	**Building Requirements:** New structure, addition, or renovation in a redevelopment neighborhood (SDCL 11-7-2 and SDCL 11-7-3) **Minimum Value for Eligibility:** $5,000 **Length of Formula:** Seven years **Maximum Formula:** 25-25-50-50-75-75-100

Impact on State Aid to Education Funding

The baseline discretionary formula for non-residential structures is 20-40-60-80-100. The baseline discretionary formula for residential structures is 25-25-50-50-75-75-100 (SDCL 13-13-20.4). If a governing board chooses to pass a discretionary formula that gives a larger tax break than the baseline, then the school district must be made whole in terms of the state aid to education funding.

- The county auditor must impose an additional levy on all properties within that school district for both the general and special education funds.
- The levy is based on the difference between tax generated from the baseline formula and the actual formula passed.

Example:

County Formula

- A county passes a formula for commercial of 0-0-0-0-0, which means the structure is tax free for the first five years.

Property Value

- The property has a value of $500,000.

Impact on State Aid to Education Funding

- By providing a tax break more than the established baseline discretionary formula, the county agrees to make up for the differences in taxes for the state aid formula calculation.
- For the first year, the baseline discretionary formula would have required this property owner to pay taxes on 20% of the value ($500,000 x 0.2 = $100,000). This equals $400,000 in exempted value ($500,000 - $100,000).
- Based on the formula the county established, the property owner is receiving an exemption on the full property value ($500,000). The county is giving an additional tax break of 20% in the first year ($100,000).
- The Department of Revenue provides the county auditor with the amount of taxes that would have been generated because of the additional tax break for both the school general and special education funds. The county auditor will calculate the additional levy for that amount of taxes.
- The above process will be completed annually for the remaining four years, based upon the county's adopted discretionary formula.

Example:

City Formula

- A city passes a formula for affordable housing of 10-10-20-20-40-40-100, which means the structure is receiving a larger tax break than the baseline formula.

Property Value

- The property has a value of $500,000.

Impact on State Aid to Education Funding

- The education funding formula must be reimbursed by calculating the difference between the actual tax break versus the break that is allowed by the baseline discretionary formula.
- For the first year, the baseline discretionary formula would have required this property owner to pay taxes on 25% of the value ($500,000 x 0.25= $125,000). This equals $375,000 in exempted value. ($500,000 - $125,000).
- Based on the formula the city established, the city is giving an additional 15% tax break in the first year. The property owner only has to pay taxes on 10% of the value, and therefore is receiving an exemption of $450,000.
- The Department of Revenue provides the county auditor with the amount of taxes that would have been generated because of the additional tax break for both the school general and special education funds. The county auditor will calculate the additional levy for that amount of taxes.
- The above calculation will continue for the remaining six years based on the city's adopted discretionary formula.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188 (option 2)

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

https://dor.sd.gov/ 1-800-829-9188

Tax Increment Financing (TIF)

The purpose of this tax fact is to provide general guidelines and information on how Tax Increment Financing districts impact cities, counties, schools, and taxpayers in South Dakota. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

July 2024

Tax Increment Financing

Tax Increment Financing, or TIF, is a tool to help local governments improve and further develop their communities.

- Municipalities and counties can capture additional tax revenue to make the improvements they need.
- This provides incentives to attract businesses or help existing businesses expand, without tapping into general funds.

TIF is a way to finance infrastructure improvements in a defined geographic area. This area is known as a tax increment financing district, or TIF district.

- A TIF district can be created by either a municipality or by a county.

A tax increment is the difference between the amount of property tax revenue generated before a TIF district is created and the amount of property tax revenue generated after.

Examples of TIF projects include:

- General public infrastructure improvements
  - ⇒ Streets
  - ⇒ Sewer
  - ⇒ Water
- Redevelopment of buildings
- Cleaning up polluted areas
- Providing infrastructure to develop a site for new industrial or commercial use
- Improving historic and downtown business districts

The property in a TIF district is valued in the same manner as any other property. The property in a TIF district is taxed in the same manner as any other property.

How Does a Tax Increment Financing (TIF) District Work?

Once a TIF district is created, special bonds or private financing are used to pay for qualified improvements.

- Costs to be financed must be "public" in nature. This means the project must have public ownership, or if privately owned, there must be some public use or benefit.
- The cost of these improvements varies based upon the project being proposed.

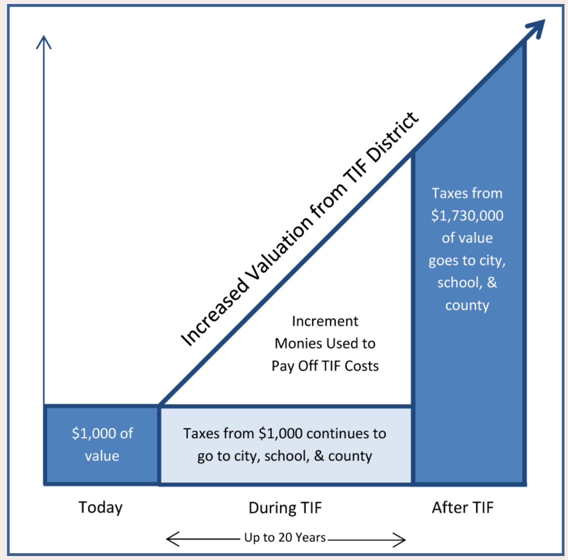
The project costs are paid from the money generated by the tax increment, or the difference between the amount of the property tax revenue before the TIF district is created and the tax revenue generated after.

- The county, school district, and municipality will continue to receive the same tax revenue they received prior to the creation of the TIF district.
- After the project costs are paid off, the county, school district, and municipality will begin sharing the total property tax revenue.

Example:

A parcel of bare land is valued today at $1,000. Once the TIF project is completed the property is expected to have a value of $1,730,000.

- **During the life of the TIF:**
  - ⇒ The county, school district, and municipality will continue to receive the taxes upon the base value of $1,000.
  - ⇒ The tax revenue created due to the increased value of the property as it develops goes towards payment of the project costs.
- **After the TIF is paid off:**
  - ⇒ The property tax revenue from the entire value of $1,730,000 will be divided up among the taxing entities.



Steps to Establish a TIF District

The specific procedures for creating a TIF district are outlined in SDCL Ch. 11-9. The following is a brief summary of the process. Counties and municipalities should consult legal counsel throughout the process of creating a TIF district.

Preliminary Steps:

- The planning commission for the county or municipality is required to hold a hearing on the necessity of the TIF district. (SDCL 11-9-3)
- Notice of the hearing must be published between 10-30 days before the hearing. The planning commission must also mail the notice to all taxing districts authorized to levy taxes on property within the proposed boundaries of the TIF district. (SDCL 11-9-3)
- If the planning commission decides the TIF district is needed, the commission must make their recommendations to the county or municipality, including the proposed boundaries of the district. (SDCL 11-9-4)
- Fill out the South Dakota TIF Districts Establishment Submission Form

County or Municipality Approval:

- The county or municipality receives the recommendations from the planning commission. The county or municipality then considers whether to approve the recommendations.
- Local authorities then request the Department of Revenue make a preliminary classification determination prior to the TIF district approval by the county or municipality. For more information on the classification process, see Tax Increment Financing Guidelines for Local Governments.
- If the recommendations of the planning commission are accepted, the county or municipality must adopt a resolution officially creating the TIF district. The resolution will include: the name, the legal boundary description, and the project plan for public improvements of the TIF district. (SDCL 11-9-5)
  - ⇒ The resolution must also include the following (SDCL 11-9-8):

    (1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and

    (2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

Steps to Establish a TIF District (cont.)

Certification of Base Value:

- The municipal finance officer or county auditor must submit a written request to the Department of Revenue to certify the base value of the TIF district. (SDCL 11-9-20)
  - ⇒ The base value of a TIF district is the assessed value of all property within the district boundaries at the time the district is created. The Department of Revenue calculates the base value using the valuations that were last certified by the department as of the date the request to determine the base value is received. (SDCL 11-9-20)
- A municipality or county should submit the request to certify the base value as soon as possible after the creation of the TIF district. The request must include all related information to the district (resolution, project plan, and certification request form).
  - ⇒ The application must include a detailed parcel list of all legal descriptions, property ownership, and valuation, as provided by the county director of equalization.

Once the municipality or county receives the base value from the department, they may then begin incurring project costs to do the infrastructure improvements. (SDCL 11-9-33)

- If bonds are issued, they can not be issued for an amount more than the total project costs. (SDCL 11-9-35)
- The bonds can not mature more than twenty years from the date of issuance. (SDCL 11-9-35)

TIF Classification Types

TIF district classification is a vital component of the TIF process. The purpose of classification is to determine how the increment value generated within the TIF district is treated in the state-aid to education formula. The below chart outlines the three TIF classifications, some examples of projects within those classifications, and the classification's impact on the state-aid to education formula.

Type	Classification Definition	Example Projects	Impact on State-aid to
Local	Local classification is the default classification. Unless the TIF district meets the definition of an Industrial, Economic Development, or Affordable Housing TIF district, it is a Local TIF district. • The projects usually benefit the local government instead of having a regional or statewide benefit.	• Public infrastructure improvements for housing that does not meet the Affordable Housing requirements	• Included in local effort • The county auditor is required to impose an additional school levy on all real property within any impacted school district to hold the district(s) harmless.
Industrial	Industrial classification includes an area where activities are recognized as industrial by zoning authorities. (SDCL 13-13-10.2) • Including any factory or business whose primary business is the manufacturing or assembly of goods, the processing of raw materials, and the wholesale of products for resale.	• Animal processing plant • Ethanol plant	• Not included as local effort in the state aid calculation • Exempt from imposing an additional school levy on all real property within the district (SDCL 13-13-10.9)
Economic Development	Economic development classification includes any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the TIF district. (SDCL 13-13-10.2)	• Public infrastructure improvements for commercial or retail development	• Not included as local effort in the state aid calculation • Exempt from imposing an additional school levy on all real property within the district (SDCL 13-13-10.9)
Affordable Housing	Affordable Housing classification includes an area where: 1. The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; OR 2. The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state's eighty percent area median income as of the date the district is created, for a minimum of five years following the date of first occupancy. For more information on the Affordable Housing criteria, call the South Dakota Housing Development Authority at 605-773-3181.	• Housing development infrastructure improvements • Housing development • Workforce housing	• Not included as local effort in the state aid calculation • Exempt from imposing an additional school levy on all real property within the district (SDCL 13-13-10.9)

Tax Increment Financing (TIF) FAQ's

Who monitors the TIF process?

- Counties and municipalities oversee the progress of the TIF district.

Can TIF districts be changed?

- Yes. A TIF district project plan can be changed within the first five years for unanticipated costs or scope of work changes. Boundaries cannot be changed.

When does a TIF district terminate?

- A TIF district can exist for up to 20 years under SDCL 11-9-25. Any TIF district may be terminated earlier if all financial obligations are paid off and the county or municipal board passes a resolution to dissolve the TIF district.

Will my property taxes increase due to a TIF district?

- If the TIF district is classified as Local, there may be a small additional levy added to your school levy. If the TIF district is classified as Industrial, Economic Development, or Affordable Housing, no additional levy will be applied. Contact the municipality or county to confirm the impact of a TIF district on your property taxes.

Will the TIF affect school funding?

- No. The State of South Dakota uses a formula to calculate the amount of general funding distributed to a school district each year. A portion of the money going into the formula is funded by taxes collected by the state, and a portion is funded by local property taxes. The formula is designed to hold the school district harmless when a TIF district is created.

Who controls TIF funds and makes the project payments?

- The counties collect TIF revenue through the property tax process, and any taxes paid on the increment value are deposited to the TIF fund associated with the TIF project. All project costs are paid out of this fund by the county or municipality who created the TIF district.

Will my tax dollars be used to make TIF project payments?

- Only taxes paid by properties within the TIF district boundaries will be used to pay the project costs.

What are the opportunities for public input?

- During the process of establishing a TIF district, there are many opportunities for public participation. There are opportunities for input during both the planning commission hearings and the city council/county commission meetings.

What is an allowable project cost?

- Expenses that may be included as an allowable project cost include capital costs, including the actual costs of the construction, financing costs, real property assembly, professional fees, administrative costs, costs associated with relocation, organizational costs and payments and grants made, at the discretion of the governing body. Eligible project costs can only include those costs associated with public infrastructure. They cannot include costs associated with the building of homes or businesses. For additional information, click SDCL 11-9-15 to read the South Dakota law that defines the allowable expenses.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188

Property Tax Division Email: proptaxin@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

HOMESTEAD EXEMPTION

"Automatic" Program – SDCL 43-31-1

- If they are 70+ years of age, the property cannot be taken ***period***
    - However, the value of the homestead cannot exceed $170,000
- Taxes and full 10% interest still accrue and become a lien on the property
    - Taxes due are not to exceed the value of the property
- If Treasurer is not notified that the individual is 70+ until after tax deed proceedings have started, the individual must pay for costs incurred by the county up to that point (10-23-2.5)

Reduced Interest Rate Program – SDCL 10-6C

- Eligibility for the reduced interest rate
    - Must be 70 years old (or turning 70 in the year of application) or the un-remarried surviving spouse
    - Has owned a single-family dwelling for at least 3 years, or has been a resident of South Dakota for at least 5 years
    - Has resided for at least 8 months of the previous calendar year in the home
    - Must not exceed certain income limits:
        - Single-member household - $17,949*
        - Multi-member household - $22,436*
- Annual application deadline of April 1 to Treasurer
    - Must be current on all property taxes to be eligible
- Taxes and 4% interest still accrue and become a lien on the property
- Recipient becomes ineligible for the Property Tax Refund program but can still be eligible for the Sales Tax Refund program.

**Above incomes are for 2025 application*

ASSESSMENT FREEZE FOR ELDERLY AND DISABLED - SDCL 10-6A

- Eligibility Requirements
  - Must have turned 65 years old OR be legally disabled
  - Must own the house or retain a life estate in the property
  - Must have owned a property and been resident of SD for at least one year
  - Must have resided in the house for at least 200 days during the previous calendar year
  - Must not exceed certain income limits
    - Single-member household - $41,579*
    - Multi-member household - $53,459*
  - Property must have a full and true market value of less than $356,391.*
    - Includes the house, a garage, and the lot (up to 1 acre).
  - A surviving spouse may still qualify if other eligibility requirements are satisfied.

- Annual application deadline of April 1 to Treasurer
  - However, a person failing to comply with the April first deadline for the previous year, but otherwise qualifying for the real property tax assessment freeze provided under this chapter, may petition the board of county commissioners for an abatement on their tax bill.

**Above incomes and value are for 2025 application*

DISABLED VETERAN EXEMPTION - SDCL 10-4-40 & 10-4-41

- Eligibility
  - Property must be owned and occupied by a disabled veteran rated as permanently & totally disabled due to a service-connected disability
  - Or an un-remarried surviving spouse of such a veteran
  - Or an un-remarried surviving spouse receiving dependency & indemnity compensation as a result of the veteran's service-connected death*

- Initial application deadline to Director of Equalization by November 1
  - Proof of eligibility is required with the initial application
  - Do not need to apply yearly

- The first $200,000 of valuation of the owner-occupied classed property is exempt from taxation.

- Sale or transfer of the property will remove the exemption.

PARAPLEGICS PROGRAMS - SDCL 10-4-24.9 thru 10-4-24.13

There are two separate programs for paraplegic individuals. They are each unique programs (outlined below), but both programs share the following eligibility requirements:

- Property must be owned and occupied by a paraplegic or individual with the loss of use of both lower extremities, or the un-remarried surviving spouse
- Property must be specifically designed for wheelchair use within the structure

Program 1 - Tax Reduction for Paraplegics

- Income limits apply:
  - less than $20,192* for a single-member household
  - less than $24,679* for a multi-member household
- Taxes are reduced through the abatement process
- Annual application deadline of April 1 to County Treasurer

**Above incomes are for 2025 application*

Program 2 - Exemption for Paraplegic Veterans

- The injury to the veteran applicant does not have to be service-related.
- Initial application deadline – November 1 to Director of Equalization
  - Does not require annual application
- 100% valuation exempt

MUNICIPAL PROPERTY TAX REDUCTION – SDCL 10-6B

Rapid City is the only city that has passed an ordinance for this program

- A portion of the property taxes the individual would pay to the city is abated based upon a sliding income scale.

Property Tax Relief Programs

Disabled Veteran Exemption

SDCL 10-4-40

Property must be owned and occupied by a veteran rated as permanently and totally disabled as the result of a service-connected disability. Un-remarried widows/widowers may be eligible.

The approved exemption remains until the property is transferred or sold.

First $200,000 of valuation exempted from taxation.

Deadline: November 1

Contact your County Director of Equalization for more information.

Freeze on Assessments for Disabled and Senior Citizens

SDCL 10-6A

Individual must be 65 years of age or legally disabled and own and occupy the property or retain a life estate. Un-remarried widows/widowers may also be eligible.

Prevents the homeowner's property from increasing in value for tax purposes. Income limits apply.

Deadline: April 1

Contact your County Treasurer for more information.

Paraplegic Veteran Property Tax Exemption

SDCL 10-2-24.10

Property must be owned and occupied by a paraplegic veteran. Un-remarried widows/widowers are also eligible.

Once approved, the exemption remains until the property is transferred or sold.

Exempts a paraplegic veteran's property from all property taxes.

Deadline: November 1

Contact your County Director of Equalization for more information.

Municipal Property Tax Reduction for the Elderly and Disabled

SDCL 10-6B

Only available to Rapid City residents. Income limits apply.

Reduces your city property taxes the year following your application.

Contact the Pennington County Treasurer if you live in Rapid City and need more information.

Homestead Exemption

Delays the payment of property taxes until the property is sold. Taxes become a lien on the property, interest and penalties will apply.

Individual must be 70 years of age to qualify (SDCL 43-31-1).

Qualified applicants can apply for a lower interest rate (SDCL 10-6C).

Deadline: April 1

Contact your County Treasurer for more information.

Property Tax Reduction Program for Paraplegics

SDCL 10-4-24.11

Property must be owned and occupied by a paraplegic or individual with the loss of use of both lower extremities. Un-remarried widows/widowers are also eligible.

Allows for a reduction in the property taxes due using a graduated income scale. Income limits apply.

Deadline: April 1

Contact your County Treasurer for more information.

Sales and Property Tax Refund

The refund program offers eligible senior citizens and disabled individuals to receive a yearly refund on sales or property taxes. Returns are calculated based on your income.

Eligibility Requirements for Sales Tax Refund:

- Be at least 65 years old on or before January 1 of the current year OR disabled
- Be a South Dakota resident the entire previous year
- Must meet the annual income requirements

To be eligible for the property tax refund, individuals must meet the sales tax requirements, along with one of the following qualifications:

- Owned the house they are currently living in for at least 3 years
- Owned their house for fewer than 3 years but have been a South Dakota resident for 5 years or more

Applications are accepted from May 1 to July 1. Individuals must be approved every year.

Contact the Department of Revenue for more information.

Inundated Farmlands

SDCL 10-6-126

Landowners with agricultural land inundated by floods and not farmable during the past three growing seasons may submit an application to the director of equalization for a possible valuation reduction.

Deadline: Prior to November 1

The form may be submitted by any landowner, landowner's agent, or attorney to the Director of Equalization in the county the parcel is located in.

Buffer Strip Program

SDCL 10-6-116

Eligible riparian buffer strips can receive a reduction in the assessed value for property tax purposes. Only land within 120 feet of a listed lake, river, or stream may be classified as a riparian buffer strip and grazing is prohibited from May 1 through September 30. Once approved, the new assessed value of the eligible property will be approved for 10 years or until the property changes use.

Deadline: October 15

Applications must be submitted to the Director of Equalization in the county where the property is located.

Renewable Resource Property Valuation Exemption Program

South Dakota state law (SDCL 10-4-44) provides a local property tax exemption for renewable energy systems less than 5 megawatts in size.

The exemption is 70% or $50,000, whichever is greater, of the assessed value of the renewable energy property. The Director of Equalization must assess the entire structure before the exemption is applied. The valuation of the renewable energy property is to be determined through acceptable appraisal process and in the same manner as other property.

The exemption is a continuous exemption for all cases except geothermal. Residential geothermal energy is limited to the first four continuous years. Commercial geothermal facilities receive the exemption for the first three continuous years. The exemption is then applied to the assessed value of the renewable energy property only.

Renewable energy property *does not* qualify for discretionary formula.

Any of the following that are used to produce electricity or energy qualify for this exemption:

- Wind
- Solar
- Biomass
- Hydrogen
- Hydroelectric
- Geothermal

Contact your local Director of Equalization to start the process. There is no application.

Contact Us

If you have any questions, contact the South Dakota Department of Revenue.

Call toll-free: 1-800-829-9188 (option 2)
Property Tax Division Email: proptaxin@state.sd.us
Website: http://dor.sd.gov/
Mailing address and office location:

South Dakota Department of Revenue
445 East Capitol Ave
Pierre, SD 57501

http://dor.sd.gov/ 1-800-829-9188 (Option 2)

Property Exempt From Taxation

The purpose of this document is to answer some general questions about property taxes in South Dakota. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

January 2025

Property Exempt Status of Private Organizations

According to South Dakota's Constitution, all real property is taxable, unless it is owned by Federal, State, County or Municipal entities, or if specifically granted exemption by state law.

There are several statutes that allow certain entities, that meet ownership and usage requirements, can become property tax exempt.

Most of these exemptions require that an annual application for property tax exempt status is submitted to the County Director of Equalization, who processes the applications. Final determination is made by the Board of County Commissioners.

Applications to be filed with the Director of Equalization Office by **November 1**

Allowable Exemptions

Most of the exemptions require that the organizations also have an IRS exemption. However, simply having a IRS exemption does not make the entity property tax exempt in the state of South Dakota. The entity requesting the exemption must meet all of the requirements in codified law, in addition to providing the appropriate IRS tax exemption number.

Properties may qualify for a partial or full exemption from property taxes.

South Dakota Codified Laws

Religious Exemption	SDCL 10-4-9
Charitable Exemption	SDCL 10-4-9.1
Benevolent Exemption	SDCL 10-4-9.2
Non-Profit Health Care	SDCL 10-4-9.3
Education Exemption	SDCL 10-4-13
Congregate Housing	SDCL 10-4-9.4
Local Industrial Development Corporation	SDCL 5-14-23
County/City Housing Commissions	SDCL 11-7-72
Multi-tenant Business Incubator	SDCL 10-4-39

Property must be owned by and used exclusively for the purpose of the exemption.

Religious organizations and cemeteries are not required to submit an annual application.

10-4-9. Property owned by religious society and used exclusively for religious purposes exempt--Sale of property by religious society.

Property owned by any religious society and used exclusively for religious purposes, is exempt from taxation. Property of a religious society is exempt from taxation if such property is a building or structure used exclusively for religious purposes, is a lot owned by a religious society for the exclusive purpose of parking vehicles owned by members of such society and is not rented or leased to nonmembers of such society, is an educational plant owned and operated by a religious society or is a building or structure used to house any cleric of a religious society. However, any property which is sold by a religious society under a contract for deed shall be taxed as other property of the same class, unless such property is sold to an entity which is exempt from taxation pursuant to this chapter and the property is used for an exempt purpose.

10-4-9.1. Property owned by public charity and used for charitable purposes exempt.

Property owned by a public charity and used for charitable purposes is exempt from taxation. A public charity is any organization or society which devotes its resources to the relief of the poor, distressed, or underprivileged. A public charity shall receive a majority of its revenue from donations, public funds, membership fees, or program fees generated solely to cover operating expenses; it shall lessen a governmental burden by providing its services to people who would otherwise use governmental services; it shall offer its services to people regardless of their ability to pay for such services; it shall be nonprofit and recognized as an exempt organization under section 501(c)(3) of the United States Internal Revenue Code, as defined by § 10-1-47; and it may not have any of its assets available to any private interest.

10-4-9.2. Property owned by benevolent organization and used exclusively for benevolent purposes exempt--Exception.

Property owned by a benevolent organization and used exclusively for benevolent purposes is exempt from taxation. A benevolent organization is any lodge, patriotic organization, memorial association, educational association, cemetery association, or similar association. A benevolent organization shall be nonprofit and recognized as an exempt organization under section 501(c)(3), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the United States Internal Revenue Code, as defined by § 10-1-47. However, if any such property consists of improved or unimproved property located within a municipality not occupied or directly used in carrying out the primary objective of the benevolent organization owning the same, such property shall be taxed the same as other property of the same class is taxed. However, if any such property consists of agricultural land, such property shall be taxed the same as other property of the same class is taxed. For the purposes of this section, an educational association is a group of accredited elementary, secondary, or postsecondary schools. For the purposes of this section, a benevolent organization also includes a congressionally chartered veterans organization which is nonprofit and recognized as an exempt organization under section 501(c)(4) of the United States Internal Revenue Code, as defined by § 10-1-47.

For purposes of this section, benevolent purpose means an activity that serves the poor, distressed or underprivileged, promotes the physical or mental welfare of youths or disadvantaged individuals, or relieves a government burden.

10-4-9.3. Property owned by nonprofit corporation, organization, or society and used primarily for health care and related purposes exempt.

Property owned by any corporation, organization, or society and used primarily for human health care and health care related purposes is exempt from taxation. Such corporation, organization, or society shall be nonprofit and recognized as an exempt organization under section 501(c)(3) of the United States Internal Revenue Code, as defined by § 10-1-47, and none of its assets may be available to any private interest. The property shall be a health care facility licensed pursuant to chapter 34-12, orphanage, mental health center or community support provider regulated under chapter 27A-5, or camp. The facility shall admit all persons for treatment consistent with the facility's ability to provide health care services required by the patient until the facility is filled to its ordinary capacity and conform to all applicable regulations of and permit inspections by the state as otherwise provided by law.

10-4-9.4. Congregate housing facility owned by nonprofit corporation, organization, or society exempt--Conditions.

Any congregate housing facility owned by a corporation, organization, or society is exempt from certain property taxes, if the facility provides certain health care services and is recognized as an exempt nonprofit corporation, organization, or society under section 501(c)(3) of the United States Internal Revenue Code, as defined by § 10-1-47, and if none of its assets are available to any private interest. A congregate housing facility does provide health care services if the facility is an independent group-living environment operated and owned by a health care facility licensed pursuant to chapter 34-12 which offers a continuum of care, residential accommodations, and supporting services primarily for persons at least sixty-two years of age or disabled as defined pursuant to chapter 10-6A. Supporting services include the ability to provide health care and a food service that satisfies a balanced nutrition program. As part of the statement required by § 10-4-19, the owner of the congregate housing facility shall submit a statement to the county director of equalization listing the health care services provided and method used to satisfy the balanced nutrition program.

In addition, no owner may apply for a property tax exemption for a congregate housing facility constructed after July 1, 2004, unless the congregate housing facility:

(1) Consists of two or more individual housing units located within one structure; and

(2) Not more than twenty-five percent of the individual housing units exceed fifteen hundred square feet.

5-14-23. Local industrial development corporation defined--Composition--Voting control--Primary objective.

For the purposes of § 5-14-22, the term, local industrial development corporation, is an enterprise incorporated under the laws of the State of South Dakota, formed for the purpose of furthering the economic development of a community and its environs, and with authority to promote and assist in the growth and development of small business concerns in the areas covered by its operation. The corporation shall be organized as a nonprofit enterprise and shall be composed of no fewer than twenty-five members. A local industrial development corporation shall be principally composed of and controlled by persons residing or doing business in the locality. Such persons shall ordinarily constitute not less than seventy-five percent of the voting control of the local development corporation. No member of the development corporation may own in excess of twenty-five percent of the voting control in the development corporation if that member or that member's affiliated interests have direct pecuniary interest in a project involving an application under § 5-14-22. The primary objective of the local industrial development corporation is to benefit the community as measured by increased employment, payroll, business volume, and corresponding factors.

11-7-72. Commission property exempt from taxes and special assessments--Exemption terminated on transfer to private ownership--Utility and service charges payable.

The properties of a commission are declared to be public properties used for essential public and governmental purposes, and the properties and the commission are exempt from all taxes and special assessments of the first or second class municipality, the county, the state, or any political subdivision of the state, and the exemption shall continue so long as there is outstanding:

(1) Any bond or other obligation issued by a commission which is secured by such properties or revenues therefrom; or

(2) Any agreement for payment of contributions by the federal government to the commission with respect to such properties.

For any property in the redevelopment project area, the tax exemption terminates if the commission sells, leases, or otherwise disposes of the property to a private individual or corporation for development or redevelopment. The low-rent public housing project properties, redevelopment project properties, and housing development project properties shall be separately categorized for exemption or nonexemption under the foregoing provisions. The commission shall in good faith proceed to discharge obligations outstanding against its properties. This section does not relieve a commission from payment of proper charges measured by the service rendered for utilities and special services such as charges for heat, water, electricity, gas, sewage disposal, or garbage removal.

10-4-39. Exemption of facility operated as a multi-tenant business incubator.

Any facility operated as a multi-tenant business incubator and owned by an entity recognized as an exempt nonprofit corporation pursuant to section 501(c)(3), 501(c)(4), or 501(c)(6) of the United States Internal Revenue Code, as defined by § 10-1-47, is exempt from property taxation. A business incubator is any facility that supports the development and operation of a number of small start-up businesses. Tenants of the facility may share a number of support services and the tenants may receive technical assistance, business planning, legal, financial, and marketing advice. If any portion of the facility is occupied by an incubated business for more than five years, that portion of the facility shall be taxed as other property of the same class is taxed.

Property Tax Limitations

The South Dakota Legislature has enacted two independent systems that limit the growth of property taxes. The first is the state aid to education payments system. These payments effectively replace property taxes for schools that would otherwise be paid by property owners. The second system is the caps placed on the property taxes collected by all levels of local government, except schools. Property tax caps and state aid to education payments have significantly slowed this increase.

Property Tax Caps

State law limits the amount of property taxes that local governments (counties, cities, townships, fire districts, etc.) can collect from their property owners. Market increases in the value of the property within the taxing district automatically decrease the property tax rates upon that property to ensure that the caps are not exceeded. Local governments are limited to the amount of property taxes they collected last year, plus an increase for inflation based upon the consumer price index (but not more than 3%), and for new construction within the taxing jurisdiction.

State Aid to Education Payments

All property owners benefit from the funding for education provided by the state. The state provides extra revenue for K-12 education that would otherwise have to be paid by property owners. The benefit is provided to the taxpayer through a tax rate reduction for the school general fund levy. The school general fund levy rates for taxes payable in 2025 are set statewide as follows:

Ag $1.197/$1,000 of value
Owner-Occupied $2.679/$1,000 of value
Other $5.544/$1,000 of value

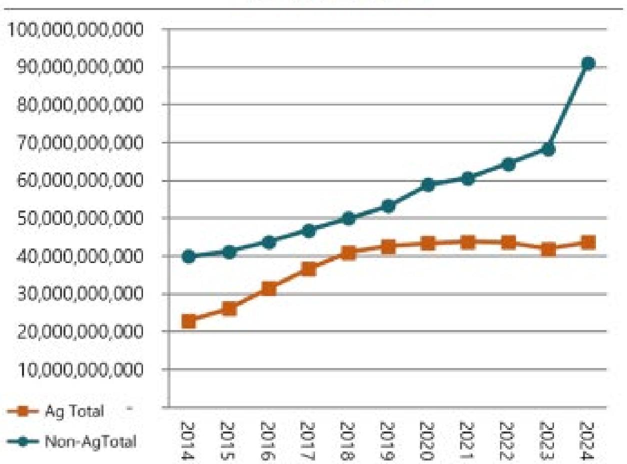
Tax Increment Financing

Tax Increment Financing (TIF) is a tool primarily used to redevelop areas or grow a local economy by offsetting the cost of public infrastructure improvements. TIFs can be useful in attracting private investments and businesses, which can translate into more jobs and a growing tax base. TIFs have four classifications, which are shown below along with the number of active TIFs throughout the state. For more information on TIFs, including our TIF Annual Report, visit https://sddor.seamlessdocs.com/sc/publications-annual-reports/.

Affordable Housing	Local	Economic Development	Industrial
41 Active	42 Active	164 Active	14 Active

Taxable Valuations by Category: 2015-2024

Valuation Total in Ag vs. Non-Ag Properties



See page 27 for taxable valuations by county.

Figures listed are 2024 valuations for taxes payable in 2025.

Wind Farms

Wind farms pay a nameplate capacity tax and a production tax instead of real property taxes, which get deposited into the Renewable Facility Tax Fund. All of the nameplate capacity tax and 20% of the production tax collected are remitted to the respective counties prior to May 1 each year. The remainder of the production tax is deposited to the State General Fund.

Upon receipt of the taxes, the county auditor allocates the taxes among the school districts, the county, and the organized townships where a wind tower is located. When a wind tower is located in an unorganized township, that portion of the tax is allocated to the county.

The distribution rates are:

- 50% to the school district(s)
- 35% to the county(s)
- 15% to the organized township(s)

For taxes payable in 2024, there were 26 wind farms in operation which paid $14,781,926 in nameplate capacity tax and production tax. The State General Fund received $4,050,166 and Local Government Entities received $10,731,760.

The breakdown of the local government taxes were:

- Schools: $5,365,880
- Counties: $4,096,243
- Townships: $1,269,637

Solar Farm

For taxes payable in 2024, there was 1 solar farm in operation which paid $157,818 in nameplate capacity tax and production tax. The State General Fund received $62,079 and Local Government Entities received $95,739.

Property Tax Transparency Portal

The South Dakota Property Tax Transparency Portal is the one stop shop for property tax information, resources, and laws. This system features the Property Tax Explainer Tool that provides a high level breakdown of some of the levies assessed within a specific jurisdiction, numerous DOR property tax facts, publications, forms, and multiple years of property tax data.

While the state does not collect or spend any property tax money, property taxes are the primary source of funding for school systems, counties, municipalities, and other units of local government. Not only is the portal a great resource for finding property tax information, it also makes available data open and transparent for everyone. Find the property tax portal here: https://sdproptax.info/

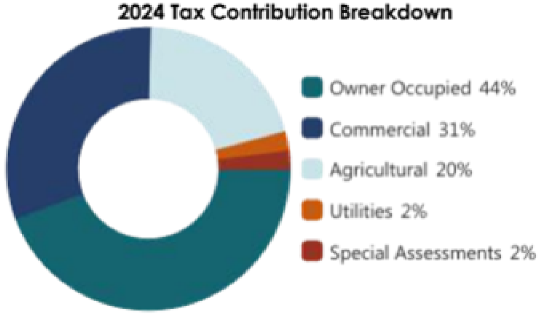
Property Tax - Taxable Valuations by County

The following chart indicates the amount of taxable value in each of South Dakota's 66 counties, broken out by the class of property. The "Other" category includes residential property not occupied by the owner and commercial property. The valuations below do not include any centrally assessed utility valuations.

County	Ag Valuation	Owner Occupied Valuation	Other Valuation	Total Valuation
Aurora	805,809,982	96,855,973	55,361,857	958,027,812
Beadle	1,559,128,676	828,747,655	428,400,173	2,816,276,504
Bennett	230,713,332	41,528,162	24,582,291	296,823,785
Bon Homme	683,428,504	266,148,655	129,748,859	1,079,326,018
Brookings	1,067,696,300	1,900,556,600	1,169,480,000	4,137,732,900
Brown	1,876,042,469	2,280,155,097	1,113,484,421	5,269,681,987
Brule	832,198,500	225,599,000	172,369,900	1,230,167,400
Buffalo	271,800,765	3,133,155	2,744,787	277,678,707
Butte	309,012,140	718,365,889	330,174,661	1,357,552,690
Campbell	602,713,381	49,043,376	46,702,291	698,459,048
Charles Mix	1,136,407,015	319,627,191	267,976,688	1,724,010,894
Clark	1,340,161,178	197,850,106	109,645,751	1,647,657,035
Clay	586,553,139	609,039,473	350,748,664	1,546,341,276
Codington	793,744,538	2,168,285,712	1,180,258,870	4,142,289,120
Corson	531,276,380	21,485,251	28,693,975	581,455,606
Custer	200,622,485	1,218,838,425	776,960,409	2,196,421,319
Davison	482,979,625	1,249,265,079	875,840,469	2,608,085,173
Day	956,787,034	325,379,840	271,643,841	1,553,810,715
Deuel	678,102,497	255,332,779	145,696,407	1,079,131,683
Dewey	283,717,414	32,484,827	44,057,406	360,259,647
Douglas	594,545,311	102,837,440	43,076,831	740,459,582
Edmunds	994,441,030	207,064,354	191,865,738	1,393,371,122
Fall River	157,679,261	537,915,302	372,292,200	1,067,886,763
Faulk	950,260,884	53,276,604	25,803,397	1,029,340,885
Grant	791,993,492	383,202,801	207,177,810	1,382,374,103
Gregory	508,169,636	135,717,015	127,536,664	771,423,315
Haakon	462,270,996	72,291,941	51,137,771	585,700,708
Hamlin	780,038,040	446,257,554	372,173,616	1,598,469,210
Hand	1,499,387,230	119,608,313	92,236,867	1,711,232,410
Hanson	530,189,856	220,459,470	71,798,257	822,447,583
Harding	285,294,373	55,873,618	82,368,772	423,536,763
Hughes	462,863,502	1,241,271,031	668,607,799	2,372,742,332
Hutchinson	1,043,590,306	338,323,776	130,408,173	1,512,322,255
Hyde	719,700,314	39,071,032	35,661,109	794,432,455
Jackson	274,268,206	33,760,891	29,535,885	337,564,982
Jerauld	550,139,672	67,130,546	68,101,579	685,371,797
Jones	299,137,057	23,815,270	27,873,986	350,826,313
Kingsbury	1,159,448,106	342,154,844	177,644,227	1,679,247,177
Lake	774,870,686	1,023,970,796	524,984,833	2,323,826,315
Lawrence	72,336,064	2,767,617,456	2,441,145,591	5,281,099,111
Lincoln	868,571,091	7,468,075,854	3,524,162,914	11,860,809,859
Lyman	767,165,311	95,158,105	117,067,888	979,391,304
Marshall	856,318,239	274,954,763	161,220,583	1,292,493,585
Mc Cook	833,422,736	304,530,303	94,615,267	1,232,568,306
Mc Pherson	721,002,168	74,761,319	31,768,633	827,532,120
Meade	524,414,261	2,484,244,689	842,740,071	3,851,399,021
Mellette	234,072,524	24,084,288	16,417,553	274,574,365
Miner	670,150,052	89,825,362	43,036,516	803,011,930
Minnehaha	929,491,000	15,186,345,014	9,233,850,900	25,349,686,914
Moody	806,817,869	369,895,327	134,667,430	1,311,380,626
Oglala Lakota	47,566,017	5,680,840	15,579,620	68,826,477
Pennington	378,349,705	9,461,388,757	6,214,331,275	16,054,069,737
Perkins	580,604,392	91,054,281	68,794,941	740,453,614
Potter	753,897,364	104,279,315	100,984,449	959,161,128
Roberts	1,031,197,444	338,275,032	257,555,580	1,627,028,056
Sanborn	646,153,613	91,380,217	37,396,758	774,930,588
Spink	1,699,691,372	241,072,019	155,971,717	2,096,735,108
Stanley	315,222,580	272,098,498	160,996,699	748,317,777
Sully	878,186,279	96,640,907	150,014,500	1,124,841,686
Todd	188,988,918	19,343,413	20,700,600	229,032,931
Tripp	923,359,871	173,491,448	126,387,898	1,223,239,217
Turner	894,246,305	671,246,425	231,175,177	1,796,667,907
Union	705,620,448	1,547,357,329	528,534,573	2,781,512,350
Walworth	580,871,384	223,282,950	158,631,056	962,785,390
Yankton	637,202,572	1,469,018,256	641,241,690	2,747,462,518
Zieback	331,829,827	12,053,770	14,610,130	358,493,727
STATE TOTALS	**45,943,932,718**	**62,208,880,780**	**36,348,457,243**	**144,501,270,741**

Figures listed are 2024 valuations for taxes payable in 2025.

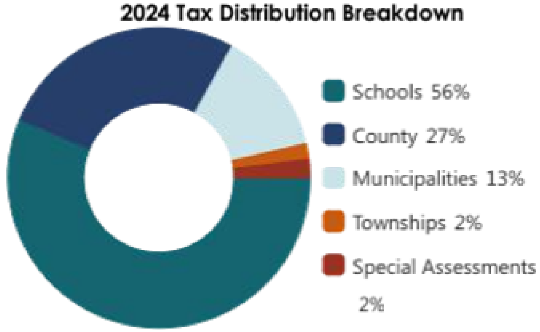
Who Paid



Property Tax - Who Paid

Years Taxes Payable	Agricultural	% Of Total	Owner-Occupied	% Of Total	Commercial	% Of Total	Utilities	% Of Total	Special Assessments	% Of Total	TOTAL
2015	313,174,676	26.32	462,029,557	38.83	363,467,432	30.54	28,251,171.00	2.37	23,070,108.00	1.94	1,189,992,944
2016	345,426,962	27.60	481,760,248	38.49	371,483,979	29.68	28,562,138.00	2.28	24,383,785.00	1.95	1,251,617,112
2017	354,621,162	28.12	482,519,548	38.26	376,062,906	29.82	28,312,412.25	2.25	19,486,950.26	1.55	1,261,002,979
2018	361,302,073	27.83	502,290,098	38.70	376,483,975	29.00	33,553,019.00	2.58	24,416,213.00	1.88	1,298,045,378
2019	371,142,707	26.96	538,037,388	39.09	404,346,700	29.38	36,362,901.00	2.64	26,599,147.00	1.93	1,376,488,843
2020	375,178,898	26.08	570,688,126	39.67	427,624,967	29.72	37,578,156.00	2.61	27,650,520.53	1.92	1,438,720,668
2021	371,416,537	24.89	601,883,810	40.33	449,923,645	30.15	39,129,139.00	2.62	29,866,713.35	2.00	1,492,219,844
2022	361,494,705	23.59	635,106,660	41.44	464,788,134	30.33	39,685,883.00	2.59	31,388,188.00	2.05	1,532,463,570
2023	365,459,648	22.08	707,987,255	42.78	509,546,122	30.79	39,116,396.00	2.36	32,782,536.00	1.98	1,654,891,957
2024	365,100,016	20.41	792,268,683	44.29	557,101,092	31.14	38,807,182.00	2.17	35,655,219.00	1.99	1,788,932,192

Where The Money Went



Property Tax - Where The Money Went

For Taxes Payable In	County	% Of Total	Municipalities	% Of Total	Schools	% Of Total	Townships	% Of Total	Special Assessments	% Of Total	TOTAL
2015	315,353,572	26.50	157,338,152	13.22	674,236,597	56.66	19,994,514	1.68	23,070,108	1.94	1,189,992,943
2016	326,486,739	26.09	163,730,819	13.08	717,034,283	57.29	19,981,486	1.60	24,383,785	1.95	1,251,617,112
2017	338,664,320	26.86	168,417,888	13.36	712,929,007	56.54	21,504,813	1.71	19,486,950	1.55	1,261,002,979
2018	352,693,815	27.17	174,638,209	13.45	724,180,251	55.79	22,116,892	1.70	24,416,213	1.88	1,298,045,380
2019	366,944,994	26.66	184,782,655	13.42	775,920,231	56.37	22,241,816	1.62	26,599,147	1.93	1,376,488,843
2020	385,580,612	26.80	195,328,188	13.58	806,961,448	56.09	23,199,899	1.61	27,650,521	1.92	1,438,720,668
2021	401,635,628	26.92	201,462,760	13.50	832,585,705	55.80	26,669,038	1.79	29,866,713	2.00	1,492,219,844
2022	410,850,749	26.81	208,555,185	13.61	853,777,391	55.71	27,892,056	1.82	31,388,188	2.05	1,532,463,569
2023	442,555,196	26.74	220,146,366	13.30	928,594,521	56.11	30,813,338	1.86	32,782,536	1.98	1,654,891,957
2024	479,326,670	26.79	235,317,680	13.15	1,006,077,717	56.24	32,554,906	1.82	35,655,219	1.99	1,788,932,192

NOTES

NOTES