

Minutes: Senate State Affairs

Thursday, February 20, 2025 3:00 PM

Roll Call

Present: Sen. Beal, Sen. Deibert, Sen. Jensen (Kevin), Sen. Karr, Sen. Larson, Sen. Peterson (Sue), Sen. Pischke, Sen. Perry, and Sen. Mehlhaff

The meeting was called to order by Senator Mehlhaff

MOTION: TO APPROVE THE MINUTES OF WEDNESDAY, FEBRUARY 19TH

Moved by: Pischke
Second by: Larson
Action: Prevailed by voice vote

SB 216 : reduce the growth in the assessed value of owner-occupied property tax assessments.

Presented by: Senator Randy Deibert

Proponents: Lieutenant Governor Tony Venhuizen
Mike Houdyshell, Department of Revenue
Nathan Sanderson, South Dakota Retailers Association, Pierre
Matthew M. Bogue, South Dakota Farm Bureau Federation, Huron
Jason Alan Glodt, National Federation of Independent Business, Washington, D.C.

Opponents: Erik Nelson, AARP South Dakota, Sioux Falls
Rob Monson, School Administrators of South Dakota, Pierre
Dianna Miller, Large School Group, Sioux Falls
Heath Larson, Associated School Boards of South Dakota, Pierre
Eric Erickson, South Dakota Association of County Commissioners, Pierre
Dan Klimisch, Self, President South Dakota Association of County Commissioners, Pierre
Sara Rankin, South Dakota Municipal League, Fort Pierre
Cori Kaufmann, Self, President SD Association of Assessing Officers, Madison
Jim Schmidt, Self, Lincoln County Director of Equalization, Sioux Falls
Dean Karsky, Self, Chairman Minnehaha County Commissioners, Sioux Falls

MOTION: AMEND SB 216

216A

On page 1, line 1, of the Introduced bill, delete " tax assessments" and insert ", to limit increases in certain property tax revenues, and revise eligibility requirements for a property tax assessment freeze"

On page 1, line 4, of the Introduced bill, after "Dakota:" delete "Section 1. This section will limit or reduce the growth in the assessed value of owner-occupied property tax assessments."

On page 1, after line 5, of the Introduced bill, insert: "

Section 1. That a NEW SECTION be added to chapter 10-6:

For taxes payable in 2027, 2028, 2029, 2030, and 2031, the total assessed value of all property in a county with an owner-occupied single-family dwelling classification, as defined in § 10-13-39, may not increase more than three percent over the total

assessed value of all property in the county with an owner-occupied single-family dwelling classification in the prior year, except as otherwise provided in this section.

A county may further increase the total assessed value of all property with an owner-occupied single-family dwelling classification by an amount equal to the assessed value of all new improvements made to owner-occupied single-family dwellings or property reclassified to the owner-occupied single-family dwelling classification in the county in the prior year, subject to the limitations provided in § 10-13-35.

Notwithstanding the provisions of this section, a county must adjust the total assessed value of all property with an owner-occupied single-family dwelling classification pursuant to § 10-6-121. "

On page 1, after line 5, of the Introduced bill, insert: "

Section 2. That § 10-13-35 be AMENDED:

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

After applying the index factor, a taxing district may increase the revenue payable from taxes on real property above the limitations provided by this section by no more than the lesser of two percent or the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as property of equal value.

A taxing district may increase the revenue it receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds ~~issued after January 1, 1997,~~ which are subject to referendum, scheduled payment increases on bonds ~~and,~~ for a levy directed by the order of a court for the purpose of paying a judgment against such taxing district, or upon the termination of a tax increment financing district pursuant to § 11-9-46. Any taxing district created after the effective date of this section is exempt from the limitation provided by this section for a period of two years immediately following its creation.

For purposes of this section, an increase in value resulting from an improvement made to an owner-occupied single-family dwelling does not include additions to, or improvements of, existing structures affixed to land that result in an increase in value of forty percent or less to the owner-occupied single-family dwelling."

On page 1, after line 5, of the Introduced bill, insert: "

Section 3. That § 13-16-7 be AMENDED:

13-16-7. The school board of any school district of this state may at the board's discretion authorize an annual levy of a tax not to exceed three dollars per thousand dollars of taxable valuation on the taxable valuation of the district for the capital outlay fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution, lease-purchase agreement, capital outlay certificate, or other arrangement with the Health and Educational Facilities Authority. Taxes collected pursuant to the levy may be irrevocably pledged by the school board to the payment of principal of and interest on installment purchase contracts or capital outlay certificates entered into or issued pursuant to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other

arrangement with the Health and Educational Facilities Authority and, so long as any capital outlay certificates are outstanding, installment agreement payments, lease-purchase agreements, or other arrangements are unpaid, the school board of any district may be compelled by mandamus or other appropriate remedy to levy an annual tax sufficient to pay principal and interest thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in any year authorized to be levied hereby.

The total amount of revenue payable from the levy provided in this section may not increase annually by more than the lesser of three percent or the index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have been generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total amount of revenue payable from the levy provided in this section may not increase annually by more than three percent over the amount of revenue that could have been raised in the prior year. After applying three percent, a school district may increase the revenue payable from taxes on real property above the limitations provided by this section by no more than the lesser of two percent or the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of real property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as property of equal value. A school district may increase the revenue the district receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds issued after January 1, 2009, which are subject to referendum, scheduled payment increases on bonds ~~and~~, for a levy directed by the order of a court for the purpose of paying a judgment against the school district, or upon the termination of a tax increment financing district pursuant to § 11-9-46. Any school district created or reorganized after January 1, 2016, is exempt from the limitation provided by this section for a period of two years immediately following the district's creation.

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

For purposes of this section, an increase in value resulting from an improvement made to an owner-occupied single-family dwelling does not include additions to, or improvements of, existing structures affixed to land that result in an increase in value of forty percent or less to the owner-occupied single-family dwelling."

On page 1, after line 5, of the Introduced bill, insert: "

Section 4. That § 10-6A-2 be AMENDED:

10-6A-2. Any person making an application under the provisions of this chapter is entitled to a real property tax assessment freeze upon the person's single-family dwelling if the person:

- (1) Has a household income of less than ~~thirty-five~~ fifty-five thousand dollars if the household is a single-member household or the person has a household income of less than ~~forty-five~~ sixty-five thousand dollars if the household is a multiple-member household; and
- (2) Has been ~~a property owner~~ an owner of an owner-occupied single-family dwelling and a resident of South Dakota for at least ~~one year~~ five years; and
- (3) Has resided for at least two hundred days of the previous calendar year in the single-family dwelling; and
- (4) Has established a base year.

The surviving spouse of a person who has previously qualified is entitled to the real property tax assessment freeze if the surviving spouse meets the other conditions of this chapter.

Beginning on January 1, ~~2023~~ 2026, the household income listed in subdivision (1) of this section shall increase annually by the index factor. The index factor is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or the annual percentage change in federal social security payments for the preceding year, whichever is greater."

On page 1, after line 5, of the Introduced bill, insert: "

Section 5. That § 10-6A-3 be AMENDED:

10-6A-3. This chapter does not apply to a single-family dwelling with a full and true market value of ~~three~~ five hundred thousand dollars or more unless the applicant has received the freeze on assessments in a preceding year on the single-family dwelling. Beginning on January 1, ~~2023~~ 2026, the eligibility qualification value of the single-family dwelling provided in this section shall be annually increased by an index factor. The index factor is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or the annual percentage change in federal social security payments for the preceding year, whichever is greater."

Moved by: Beal
Second by: Peterson (Sue)
Action: Prevailed by voice vote

MOTION: AMEND SB 216

216B

On page 1, line 1, of the Introduced bill, delete " tax assessments" and insert ", limit increases in certain property tax revenues, and revise eligibility requirements for a property tax assessment freeze"

On page 1, line 4, of the Introduced bill, after "Dakota:" delete "Section 1. This section will limit or reduce the growth in the assessed value of owner-occupied property tax assessments."

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A county may further increase the total assessed value of all property with an owner-occupied single-family dwelling classification by an amount equal to the assessed value of all new improvements made to owner-occupied single-family dwellings or property reclassified to the owner-occupied single-family dwelling classification in the county in the prior year.

Notwithstanding the provisions of this section, a county must adjust the total assessed value of all property with an owner-occupied single-family dwelling classification pursuant to § 10-6-121. "

On page 1, after line 5, of the Introduced bill, insert: "

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After applying the index factor, a taxing district may increase the revenue payable from taxes on real property above the limitations provided by this section by no more than the lesser of two percent or the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as property of equal value.

A taxing district may increase the revenue it receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds ~~issued after January 1, 1997,~~ which are subject to referendum, scheduled payment increases on bonds ~~and,~~ for a levy directed by the order of a court for the purpose of paying a judgment against ~~such the~~ taxing district, upon the termination of a tax increment financing district pursuant to § 11-9-46, or upon the application of any discretionary formula to real property pursuant to § 10-6-137. Any taxing district created after the effective date of this section is exempt from the limitation provided by this section for a period of two years immediately following its creation.

For purposes of this section, an increase in value resulting from an improvement made to an owner-occupied single-family dwelling does not include additions to, or improvements of, existing structures affixed to land that result in an increase in value of forty percent or less to the owner-occupied single-family dwelling."

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The total amount of revenue payable from the levy provided in this section may not increase annually by more than the lesser of three percent or the index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have been generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total amount of revenue payable from the levy provided in this section may not increase annually by more than three percent over the amount of revenue that could have been raised in the prior year. After applying three percent, a school district may increase the revenue payable from taxes on real property above the limitations provided by this section by no more than the lesser of two percent or the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of real property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as property of equal value. A school district may increase the revenue the district receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds issued after January 1, 2009, which are subject to referendum, scheduled payment increases on bonds ~~and~~ for a levy directed by the order of a court for the purpose of paying a judgment against the school district, upon the termination of a tax increment financing district pursuant to § 11-9-46, or upon the application of any discretionary formula to real property pursuant to § 10-6-137. Any school district created or reorganized after January 1, 2016, is exempt from the limitation provided by this section for a period of two years immediately following the district's creation.

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

For purposes of this section, an increase in value resulting from an improvement made to an owner-occupied single-family dwelling does not include additions to, or improvements of, existing structures affixed to land that result in an increase in value of forty percent or less to the owner-occupied single-family dwelling."

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10-6A-2. Any person making an application under the provisions of this chapter is entitled to a real property tax assessment freeze upon the person's single-family dwelling if the person:

- (1) Has a household income of less than ~~thirty-five~~ fifty-five thousand dollars if the household is a single-member household or the person has a household income of less than ~~forty-five~~ sixty-five thousand dollars if the household is a multiple-member household; ~~and~~
- (2) Has been ~~a property owner~~ an owner of an owner-occupied single-family dwelling and a resident of South Dakota for at least ~~one year~~ five years, unless the person has received the assessment freeze in the previous year; ~~and~~
- (3) Has resided for at least two hundred days of the previous calendar year in the single-family dwelling; and
- (4) Has established a base year.

The surviving spouse of a person who has previously qualified is entitled to the real property tax assessment freeze if the surviving spouse meets the other conditions of this chapter.

Beginning on January 1, ~~2023~~ 2026, the household income listed in subdivision (1) of this section ~~shall~~ must increase annually by the index factor. The index factor is the

annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or the annual percentage change in federal social security payments for the preceding year, whichever is greater."

On page 1, after line 5, of the Introduced bill, insert: "

Section 5. That § 10-6A-3 be AMENDED:

10-6A-3. This chapter does not apply to a single-family dwelling with a full and true market value of ~~three~~ five hundred thousand dollars or more unless the applicant has received the freeze on assessments in a preceding year on the single-family dwelling. Beginning on January 1, ~~2023~~ 2026, the eligibility qualification value of the single-family dwelling provided in this section shall be annually increased by an index factor. The index factor is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or the annual percentage change in federal social security payments for the preceding year, whichever is greater."

Moved by: Beal
Second by: Peterson (Sue)
Action: Prevailed by voice vote

MOTION: DO PASS SB 216 AS AMENDED

Moved by: Perry
Second by: Beal
Action: Prevailed by Majority Members Elect (8-1-0-0)

Voting Yes: Beal, Deibert, Jensen (Kevin), Larson, Peterson (Sue), Pischke, Perry, and Mehlhaff

Voting No: Karr

SB 188 : amend eligibility to vote by absentee ballot.

Presented by: Senator Greg Blanc
Proponents: Leah Anderson, Minnehaha County Auditor
Cindy Cooke, Self, Meade County
Megan Tschetter, Self, Hartford
Juliann Talkington, Self, Sioux Falls
Opponents: Rachel Soulek, Secretary of State
Thomas Oliva, Hughes County Finance Officer, Pierre
Julie Bartling, Self, Gregory County Auditor, Gregory
Jamalia Franzen, Self, Dewey County Auditor, Timberlake
Kalli Houchin, Self, Lyman County Auditor, Kennebec
Erik Nelson, AARP South Dakota, Sioux Falls
Chase Jensen, Dakota Rural Action, Brookings
Zebadiah N. Johnson, Voter Defense Association of South Dakota, Sioux Falls
Samantha Chapman, American Civil Liberties Union Foundation Inc., NY
Lindley Howard, McPherson County Auditor, Leola
Brenda McGruder, Lawrence County Auditor, Deadwood

Others: Cindy Mohler, Pennington County Auditor, Rapid City
Tom Deadrick, Secretary of State

MOTION: AMEND SB 188

188A

On page 1, line 16, of the Introduced bill, after "employment;
(3)" insert "The individual is receiving care at a nursing facility, assisted living center, or hospital;
(4) "
On page 1, line 17, of the Introduced bill, delete "(4)" and insert "(5)"
On page 1, line 21, of the Introduced bill, remove the overstrikes from "Absentee voting shall begin neither earlier nor later than"
On page 1, line 21, of the Introduced bill, delete " shall begin neither earlier nor later than" and insert " by mail begins"
On page 1, line 21, of the Introduced bill, remove the overstrikes from " forty-six days prior to the election including any voter identified as being covered by the"
On page 1, line 23, of the Introduced bill, after "1973ff-1)" delete "Absentee voting begins fifteen days before the election for an individual who meets the qualifications listed in subdivisions 12-19-1(1) and 12-19-1(2).
Absentee voting begins forty-six days before the election for an individual who is an absent uniformed voter or overseas voter, as defined by § 20310 of the"
On page 2, line 6, of the Introduced bill, delete " between ten and ninety" and insert " at least three business"
On page 2, line 12, of the Introduced bill, after "birth;
(4)" delete " The applicant's social security number;"
On page 2, line 13, of the Introduced bill, after "number;" delete "(5)"
On page 2, line 14, of the Introduced bill, delete "(6)" and insert "(5)"
On page 2, line 15, of the Introduced bill, delete "(7)" and insert "(6)"
On page 3, line 7, of the Introduced bill, after "12-19-2.1. " delete "At any time"
On page 3, line 7, of the Introduced bill, delete " between ten and ninety " and insert "Beginning fifteen"
On page 3, line 9, of the Introduced bill, delete " day" and insert " Friday"

Moved by: Beal
Second by: Deibert
Action: Prevailed by voice vote

MOTION: DEFER SB 188 TO THE 41ST LEGISLATIVE DAY

Moved by: Perry
Second by: Larson
Action: Was not acted on.

MOTION: SUBSTITUTE MOTION: DO PASS SB 188 AS AMENDED

Moved by: Beal
Second by: Pischke
Action: Prevailed by Majority Members Elect (6-3-0-0)

Voting Yes: Beal, Jensen (Kevin), Karr, Peterson (Sue), Pischke, and Mehlhaff

Voting No: Deibert, Larson, and Perry

SJR 504 : Proposing and submitting to the voters at the next general election an amendment to the Constitution of the State of South Dakota, requiring a number of signatures on a petition to initiate a constitutional amendment be obtained from each county.

Presented by: Senator Tom Pischke

MOTION: TO TABLE SJR 504

Moved by: Perry

Second by: Larson

Action: Prevailed by Majority Members Elect (9-0-0-0)

Voting Yes: Beal, Deibert, Jensen (Kevin), Karr, Larson, Peterson (Sue), Pischke, Perry, and Mehlhaff

MOTION: ADJOURN

Moved by: Pischke

Second by: Larson

Action: Prevailed by voice vote

Doug Mortenson, Committee Secretary

/s/ JIM MEHLHAFF
Jim Mehlhaff, Chair