



2025 South Dakota Legislature

Senate Bill 191

SENATE TAXATION ENGROSSED

Introduced by: **Senator Hulse**

1 **An Act to limit annual valuation increases on owner-occupied single-family**
 2 **dwellings and nonagricultural property.**

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

4 **Section 1.** The Legislature finds that the principles established in Nordlinger v. Hahn, 505
 5 U.S. 1 (1992), affirm the constitutionality of basing property tax assessments on the purchase
 6 price of property rather than current market value, for the purpose of protecting homeowners
 7 from unexpected hikes and escalating real estate values impacting the reliance interests in
 8 their homes. This Act is intended to stabilize property taxes for homeowners of this state,
 9 while ensuring compliance with equal protection guarantees under the United States
 10 Constitution.

11 **Section 2. That § 10-6-105 be AMENDED:**

12 **10-6-105.** All real property subject to taxation ~~shall~~ must be listed and assessed
 13 annually, but the value of ~~such~~ the property is to be determined according to its value on
 14 the first day of November preceding the assessment, while the value of any owner-
 15 occupied single-family dwelling and nonagricultural property is subject to the value
 16 limitations provided in sections 3 and 4 of this Act.

17 **Section 3. That chapter 10-6 be amended with a NEW SECTION:**

18 For purposes of this section, "base amount" means:
 19 (1) The fair market value of any owner-occupied single-family dwelling or
 20 nonagricultural property, on November 1, 2020, increased by no more than three
 21 percent annually for each assessment required by § 10-6-105, which was
 22 completed in 2021, 2022, 2023, and 2024;
 23 (2) Where a change in ownership of an owner-occupied single-family dwelling or
 24 nonagricultural property has occurred between November 2, 2020, and October

1 31, 2025, inclusive, the fair market value of the property on the date of transfer
 2 or purchase, increased by no more than three percent annually for any assessment
 3 required by § 10-6-105, which was completed after the transfer or purchase in any
 4 year between 2021 and 2024, inclusive; or

5 (3) Where a change in ownership of an owner-occupied single-family dwelling or
 6 nonagricultural property occurs on November 1, 2025, or later, the fair market
 7 value of the property.

8 For purposes of the annual assessment required by § 10-6-105, the assessed value
 9 of an owner-occupied single-family dwelling or nonagricultural property may not increase
 10 more than three percent annually, beginning with the base amount as determined for
 11 assessment year 2025, or any subsequent base year as provided in this section, whichever
 12 is later.

13 When a change in ownership of an owner-occupied single-family dwelling or
 14 nonagricultural property occurs, the property must be reassessed at its fair market value,
 15 to determine the property's base amount. When an owner-occupied single-family dwelling
 16 or nonagricultural property is sold between a willing seller and a willing buyer, with no
 17 coercion or advantage taken by either party, the property's base amount may not exceed
 18 the sales price of the property.

19 **Section 4. That a NEW SECTION be added to chapter 10-6:**

20 The base amount of any owner-occupied single-family dwelling or nonagricultural
 21 property may be further increased above the limitations provided by section 3 of this Act,
 22 if there is a change in the use or classification of the property, or to account for any
 23 addition to, or expansion of, the property.

24 An addition to, or expansion of, the property may only result in an increase in the
 25 assessed value above the limitations provided by section 3 of this Act by the difference
 26 between the real property with the addition or expansion and the real property as if no
 27 addition or expansion was made.

28 For purposes of this section, the increase in taxable value from improvements to
 29 owner occupied property does not include additions to, or improvements of, existing
 30 structures affixed to the land if the improvements result in an increased valuation of forty
 31 percent or less of the current valuation.