

2025 South Dakota Legislature

Senate Bill 191**AMENDMENT 191C
FOR THE SENATE TAXATION ENGROSSED BILL**

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~~ an owner-occupied single-family dwelling does not include
 30 additions to, or improvements of, existing structures affixed to the land if the
 31 improvements result in an increased valuation of forty percent or less of the current
 32 valuation.