



2025 South Dakota Legislature

Senate Bill 216

SENATE ENGROSSED

Introduced by: The Committee on State Affairs at the request of the Governor

1 **An Act to reduce the growth in the assessed value of owner-occupied property, limit**
 2 **increases in certain property tax revenues, revise provisions regarding school**
 3 **district excess tax levies, and revise eligibility requirements for a property**
 4 **tax assessment freeze.**

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

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

7 For taxes payable in 2027, 2028, 2029, 2030, and 2031, the total assessed value
 8 of all property in a county with an owner-occupied single-family dwelling classification, as
 9 defined in § 10-13-39, may not increase more than three percent over the total assessed
 10 value of all property in the county with an owner-occupied single-family dwelling
 11 classification in the prior year, except as otherwise provided in this section.

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

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

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

21 **10-13-35.** This section does not apply to school districts. ~~For taxes payable in~~
 22 ~~1997, and each year thereafter, the~~ The total amount of revenue payable from taxes on
 23 real property within a taxing district, excluding the levy pursuant to § 10-13-36, may
 24 increase no more than the lesser of three percent or the index factor, as defined in § 10-

1 13-38, over the amount of revenue payable from taxes on real property in the preceding
2 year, excluding the amount of taxes levied pursuant to § 10-13-36.

3 After applying the index factor, a taxing district may increase the revenue payable
4 from taxes on real property above the limitations provided by this section by no more than
5 the lesser of two percent or the percentage increase of value resulting from any
6 improvements or change in use of real property, annexation, minor boundary changes,
7 and any adjustments in taxation of property separately classified and subject to statutory
8 adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-
9 6-113, only if assessed the same as property of equal value.

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

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

23 **Section 3. That § 13-16-7 be AMENDED:**

24 **13-16-7.** The school board of any school district of this state may at the board's
25 discretion authorize an annual levy of a tax not to exceed three dollars per thousand
26 dollars of taxable valuation on the taxable valuation of the district for the capital outlay
27 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,
28 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health
29 and Educational Facilities Authority. Taxes collected pursuant to the levy may be
30 irrevocably pledged by the school board to the payment of principal of and interest on
31 installment purchase contracts or capital outlay certificates entered into or issued pursuant
32 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the
33 Health and Educational Facilities Authority and, so long as any capital outlay certificates
34 are outstanding, installment agreement payments, lease-purchase agreements, or other

1 arrangements are unpaid, the school board of any district may be compelled by mandamus
2 or other appropriate remedy to levy an annual tax sufficient to pay principal and interest
3 thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in
4 any year authorized to be levied hereby.

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

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

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

33 **Section 4. That § 10-6A-2 be AMENDED:**

1 **10-6A-2.** Any person making an application under the provisions of this chapter is
 2 entitled to a real property tax assessment freeze upon the person's single-family dwelling
 3 if the person:

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

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

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

24 **Section 5. That § 10-6A-3 be AMENDED:**

25 **10-6A-3.** This chapter does not apply to a single-family dwelling with a full and
 26 true market value of ~~three~~ five hundred thousand dollars or more unless the applicant has
 27 received the freeze on assessments in a preceding year on the single-family dwelling.
 28 Beginning on January 1, ~~2023~~ 2026, the eligibility qualification value of the single-family
 29 dwelling provided in this section shall be annually increased by an index factor. The index
 30 factor is the annual percentage change in the consumer price index for urban wage earners
 31 and clerical workers as computed by the Bureau of Labor Statistics of the United States
 32 Department of Labor for the year before the year immediately preceding the year of
 33 adjustment or the annual percentage change in federal social security payments for the
 34 preceding year, whichever is greater.

1 **Section 6. That § 10-12-43.1 be AMENDED:**

2 **10-12-43.1.** A school district ~~subject to the tax limitation on each enrolled student~~
3 ~~pursuant to § 13-16-7.2~~ may raise additional revenues for capital outlay fund purposes
4 through the imposition of an excess tax levy. A school district seeking to impose an excess
5 tax levy pursuant to this section is subject to the same opt out procedures and
6 requirements as provided in § 10-12-43. The opt out decision may be referred to a vote
7 of the people in the same manner as provided in § 10-12-43.

8 A school district imposing an excess tax levy pursuant to this section shall exclude
9 any additional revenue generated by the excess tax levy from the total tax revenues
10 deposited in the capital outlay fund when calculating the maximum allowable transfer to
11 the school district's general fund authorized under § 13-16-6. Any additional revenue
12 generated by the excess tax levy may only be used for capital outlay fund purposes
13 pursuant to § 13-16-6.

14 In no year may the annual tax levy for capital outlay fund purposes exceed the
15 levy authorized under § 13-16-7.