



2025 South Dakota Legislature  
**Senate Bill 216**  
**ENROLLED**

AN ACT

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

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

**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.

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.

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

**10-13-35.** This section does not apply to school districts. 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 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. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an increase in revenue payable to a taxing district allowed under this paragraph may not exceed three percent.

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 which are subject to referendum, scheduled payment increases on bonds, for a levy directed by the order of a court for the purpose of paying a judgment against 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.

**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 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. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an increase in revenue payable to a school district allowed under this paragraph may not exceed three percent.

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, 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.

**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 fifty-five thousand dollars if the household is a single-member household or the person has a household income of less than sixty-five thousand dollars if the household is a multiple-member household;
- (2) Has been an owner of an owner-occupied single-family dwelling and a resident of South Dakota for at least five years, unless the person has received the assessment freeze in the previous year;
- (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, 2026, the household income listed in subdivision (1) of this section 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.

**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 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, 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.

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

**10-12-43.1.** A school district may raise additional revenues for capital outlay fund purposes through the imposition of an excess tax levy. A school district seeking to impose an excess tax levy pursuant to this section is subject to the same opt out procedures and requirements as provided in § 10-12-43. The opt out decision may be referred to a vote of the people in the same manner as provided in § 10-12-43.

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

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

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

\_\_\_\_\_  
I certify that the attached Act originated in  
the:  
Senate as Bill No. 216

\_\_\_\_\_  
Received at this Executive Office  
this \_\_\_\_ day of \_\_\_\_\_,  
2025 at \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of the Senate

By \_\_\_\_\_  
for the Governor

\_\_\_\_\_  
President of the Senate

The attached Act is hereby  
approved this \_\_\_\_\_ day of  
\_\_\_\_\_, A.D., 2025

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Governor

**STATE OF SOUTH DAKOTA,**

ss.

Office of the Secretary of State

\_\_\_\_\_  
Speaker of the House

Attest:

Filed \_\_\_\_\_, 2025  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Chief Clerk

\_\_\_\_\_  
Secretary of State

Senate Bill No. 216  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

By \_\_\_\_\_  
Asst. Secretary of State