



Property Tax Briefing

Prepared for the Comprehensive Property Tax Task Force

June 25, 2025



Property Tax Mechanisms



Taxing districts: County, Municipality, Township, School district, Fire district, etc.

- District determines the amount of taxes levied on property within its boundaries
Performed without considering changes in the taxable value of property within the district
- County computes mill, using the taxable value of real property in the district
 - a) For school districts' general fund levy, the mill varies according to property classification
 - b) For all other property taxes, the mill is uniform within and across classifications
- Tax burden within a district will follow the assessed value
Given the amount of taxes imposed by a district, a property tax exemption or program aimed at reducing the assessed value of certain property will shift the burden of taxation onto other property. This shift occurs when the mill is computed and applied to all other taxable property.

Limitations, Excluding School Districts



Counties, Municipalities, Townships, Fire districts, Ambulance Districts, etc.

1) Limit on a district's mill levy

- Each district has a different maximum mill levy
- Districts may *not* opt out of this limitation

2) Limit on the total amount of taxes imposed within a district in a year

- Limitation set forth in § 10-13-35. Prior to enactment of SB 216

$$\text{MaxPropTax}_{\text{year } 2} = \text{PropTax}_{\text{year } 1} + \text{IndexFactor} + \text{Growth}_{w/TIF, Disc} + \text{Bonds}$$

- Limitation set forth in § 10-13-35. After enactment of SB 216

$$\text{MaxPropTax}_{\text{year } 2} = \text{PropTax}_{\text{year } 1} + \text{IndexFactor} + \text{Growth}_{\leq 3\%} + \text{TIFexpire} + \text{Discretionary} + \text{Bonds}$$

- Districts may opt out of this limitation, at which point the district is constrained to their respective maximum mill levies in subdivision (1) above. (§ 10-13-36)

Limitations, School Districts



1) Limit on the general fund mill levy

- Three different maximum mill levies for agricultural (\$1.197), owner-occupied (\$2.679), and nonagricultural property (\$5.544) (§ 10-12-42)
- Adjusted annually by the Legislature (§ 13-13-71, § 13-13-72, § 13-13-72.1)
- Districts may opt out of this limitation (§ 10-12-43)

2) Limit on the special education mill levy

- Maximum mill levy of \$1.488 per \$1,000 of taxable real property value (§ 13-37-16)
- Adjusted annually by the Legislature (§ 13-37-16.2, § 13-37-16.3)

3) Limit on the capital outlay fund levy

- Maximum mill levy of \$3.00 per \$1,000 of taxable real property value
- Limitation on the total amount of taxes imposed for this purpose, set at \$3,400 per student in 2022, and increases annually by index factor
- Limitation on the total amount of taxes imposed for this purpose, set forth in § 13-16-7:

Prior to enactment of SB 216

$$MaxPropTax_{year\ 2} = PropTax_{year\ 1} + IndexFactor + Growth_{w/TIF, Disc} + Bonds$$

After enactment of SB 216

$$MaxPropTax_{year\ 2} = PropTax_{year\ 1} + IndexFactor + Growth_{\leq 3\%} + TIFexpire + Discretionary + Bonds$$

- Districts may opt out of the per-student maximum and the limitation in the above formulae, at which point the district is constrained to the maximum mill levy.
- Douglas, Belle Fouché, McLaughlin, Tea, and White River the total amount imposed for this purpose may not exceed \$1,548 per student.

Data Summary

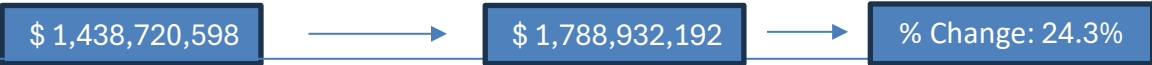
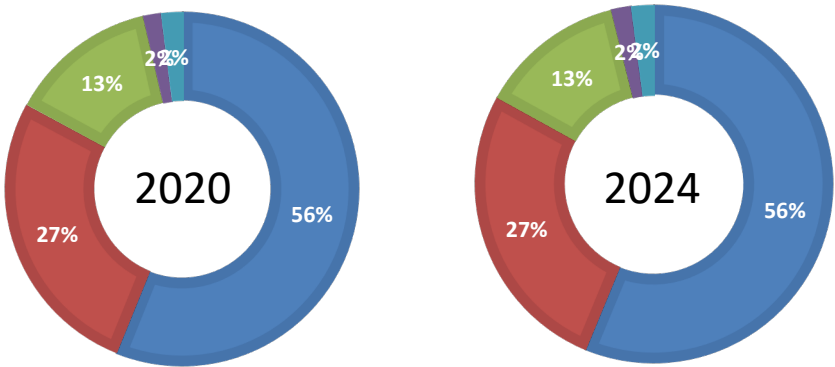


| Tax Year | Percentage of Total Property Taxes Paid by Each Property Type | | | |
|----------|---|----------------|--------------------------|---------------------|
| | Agricultural | Owner-occupied | Commercial and Utilities | Special Assessments |
| 2020 | 26.1% | 39.7% | 32.3% | 1.9% |
| 2024 | 20.4% | 44.3% | 33.3% | 2.0% |

| Assessed Value 2020 to 2024* | |
|--------------------------------|--------|
| Change in assessed value of AG | -0.45% |
| Change in assessed value of OO | 58.39% |
| Change in assessed value of OT | 47.62% |

PROPERTY TAXES ACCORDING TO DISTRICT TYPE

Schools Counties Municipalities Townships Special Assessments

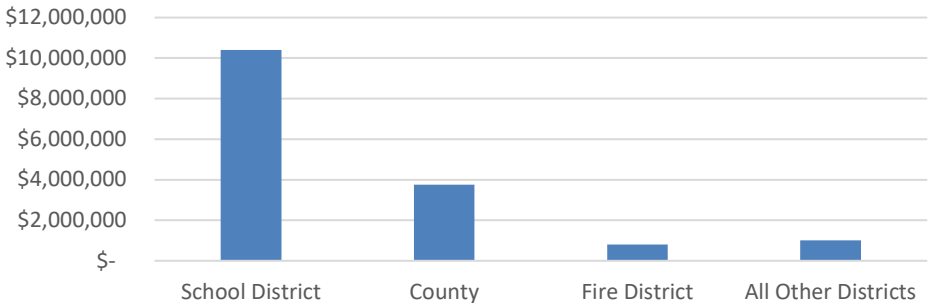


| Tax Changes 2020 to 2024* | |
|-------------------------------------|-------|
| Change in property taxed paid by AG | -2.7% |
| Change in property taxed paid by OO | 38.8% |
| Change in property taxed paid by OT | 28.1% |

* Values are for the tax year provided on table

| Opt Outs | | # New Opt Outs | \$ New Opt Outs | % Approved w/out election |
|----------|----------|----------------|-----------------|---------------------------|
| Tax Year | 2021 | 59 | \$ 11,089,000 | 94.9% |
| | 2025 | 69 | \$ 15,964,061 | 94.2% |
| | % Change | 16.9% | 44.0% | |

New Opt Out Amounts by District Type, 2025 Tax Year



| Growth Factor | 2021 Tax Year | 2022 Tax Year | 2023 Tax Year | 2024 Tax Year | 2025 Tax Year |
|---------------|-----------------|---------------|------------------|---------------|------------------|
| Average | 0.84% | 1.00% | 1.05% | 1.22% | 1.13% |
| Highest | 3.2% Pennington | 4.2% Lincoln | 4.9% Lincoln | 4.9% Lincoln | 5.13% Pennington |
| Lowest | 0% Potter | 0.1% Ziebach | 0% Oglala Lakota | 0% Melleete | 0.11% Harding |

Data Summary – School Districts

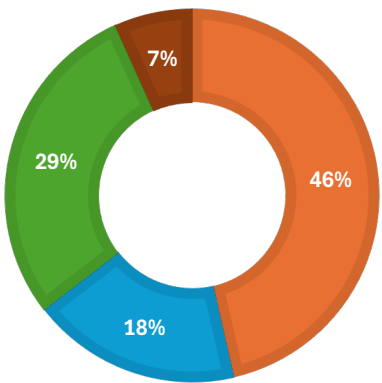


Property Tax Revenues

| | School District Funds | | | | |
|----------|-----------------------|----------------|----------------|-----------------|----------------|
| | General | Special Ed | Capital Outlay | Bond Redemption | Total |
| FY 2020 | \$ 372,611,645 | \$ 137,138,522 | \$ 241,113,388 | \$ 38,249,248 | \$ 789,112,803 |
| FY 2024 | \$ 452,002,163 | \$ 176,426,190 | \$ 279,554,837 | \$ 65,679,329 | \$ 973,662,519 |
| % Change | 21.3% | 28.6% | 15.9% | 71.7% | 23.4% |

FY2024 SCHOOL DISTRICT PROPERTY TAXES

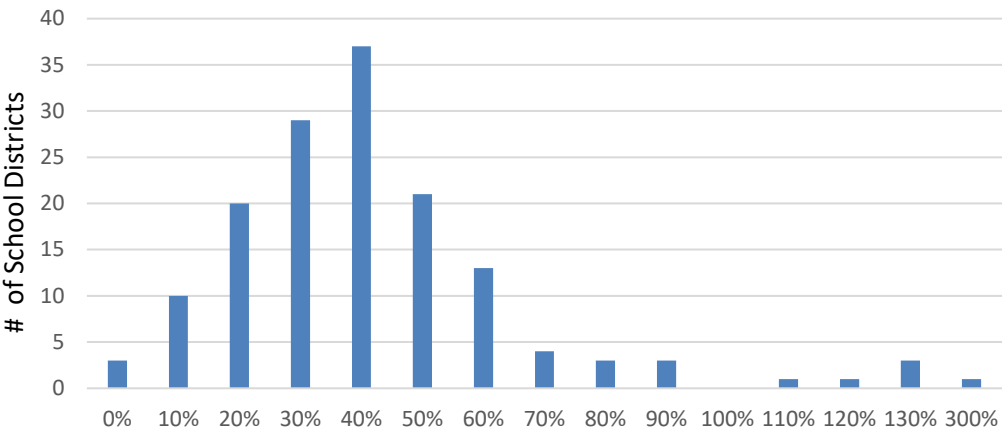
General Special Ed Capital Outlay Bonds



Local Effort As a Percentage of School District Funding Need, FY 2025

| | | |
|---------------|--------|---------------|
| State Average | 48.8% | |
| High | 325.3% | Elk Mountain |
| Low | 4.6% | Oglala Lakota |

Local Effort as a Percentage of School District GSA Need, FY 2025



General Fund Opt Outs

| | | # of Active Opt Outs | Amount |
|----------|----------|----------------------|---------------|
| Tax Year | 2020 | 66 | \$ 31,108,364 |
| | 2024 | 62 | \$ 34,088,000 |
| | % Change | -6.1% | 9.6% |

General Fund Opt Outs

| Tax Year 2024 | | |
|---------------|---------------|-------------|
| Average | \$ 549,806 | |
| Highest | \$ 11,000,000 | Sioux Falls |
| Lowest | \$ 25,000 | Summit |