

Abolishing Property Taxes Forum

Presented by:

Former State Senator Julie Frye-Mueller

Freedom Fighter Mike Mueller

Straight Up with Matt Smith Podcast- Matt Smith

Economics Professor – Mike Sulhoff

Goal to Eliminate Property Taxes

- **We have a plan to replace all property tax revenue with a transaction tax.**
- Our current sales tax will stay in place as is.
- We are proposing an initial \$1.50 tax on EVERY transaction generated in South Dakota.
- Small purchases will be assessed a 10% tax on purchases under \$15.00. Once \$15.00 is reached the full tax would be realized.
- This would **completely cover** the annual total of property tax revenue in the state.
- This becomes the funding source for **all** schools, counties, cities, volunteer fire departments, water districts, etc.
- Ultimate Goal: Remove the threat of government or others from taking our properties with a tax lien.

COMPARISONS

TWO RECEIPTS PER DAY @ \$1.50/RECEIPT = \$3.00/DAY X 365 DAYS
= \$1095.00 IN TAXES

ASSUMING \$4000 IN ANNUAL PROPERTY TAXES PAID:

AT \$1.50/RECEIPT THIS WOULD TAKE 2,667 RECEIPTS ANNUALLY
TO EQUAL THIS DOLLAR AMOUNT OR APPROXIMATELY 7.3
RECEIPTS PER DAY AVERAGE or 22 RECEIPTS EVERY THREE DAYS.

WE BELIEVE THIS IS HIGHLY UNLIKELY.

Economic Impacts

- **Currently all property owners are technically renters via taxation**
- **Property improvements are penalized through higher assessments**
- **Removing property taxes opens the flood gates for improvements**
- **Improvements can be enjoyed without penalty of higher taxes**
- **Property owners can now invest that money into the economy**
- **Businesses will see increased sales and potential growth**
- **Growing businesses will hire more people and give raises**
- **Both fixed income folks and young people can afford homes**

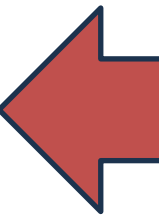
Transaction Tax to totally replace property taxes in SD

Estimates below will show the number of transactions from several groups per year in SD

Approx. 15,000,000 visitors X 50 transactions/visitor = 750,000,000 transactions
Approx. 1,000,000 residents X 350 transactions/resident = 350,000,000 transactions
Approx. 92,200 businesses X 750 transactions/business = 69,150,000 transactions
TOTAL TRANSACTIONS = 1,169,150,000

Total Property Tax Revenue in 2020: \$1.439 Billion (1,169,150,000 X \$1.25 = \$1.461 B)
in 2023: \$1.655 Billion (1,169,150,000 X \$1.50 = \$1.754 B)

Group	Portion of revenue	@\$1.25/trans.	@\$1.50/trans.
Visitors	64% (750/1,169.15)	\$937,500,000	\$1,125,000,000
Residents	30% (350/1,169.15)	\$437,500,000	\$ 525,000,000
Business	<u>6% (69.15/1,169.15)</u>	<u>\$86,437,500</u>	<u>\$ 103,725,000</u>
	100%	\$1,461,437,500	\$1,753,725,000



Statewide Total Property Taxes Paid 2014-2024

Property Taxes Paid by Type by Payable Year						
Year Taxes Payable	Ag	OO	Commercial	Utilities	Special Assessments	Total
2014	286,177,332	444,727,084	346,978,590	27,320,189	19,323,088	1,124,526,283
2015	313,174,676	462,029,557	363,467,432	28,251,171	23,070,108	1,189,992,944
2016	345,426,962	481,760,248	371,483,979	28,562,138	24,383,785	1,251,617,112
2017	354,621,162	482,519,548	376,062,906	28,312,412	19,486,950	1,261,002,978
2018	361,302,073	502,290,098	376,483,975	33,553,019	24,416,213	1,298,045,378
2019	371,142,707	538,037,388	404,346,700	36,362,901	26,599,147	1,376,488,843
2020	375,178,898	570,688,126	427,624,967	37,578,156	27,650,521	1,438,720,668
2021	371,416,537	601,883,810	449,923,645	39,129,139	29,866,713	1,492,219,844
2022	361,494,705	635,106,660	464,788,134	39,685,883	31,388,188	1,532,463,570
2023	365,459,648	707,987,255	509,546,122	39,116,396	32,782,536	1,654,891,957
2024	365,100,016	792,268,683	557,101,092	38,807,182	35,655,219	1,788,932,192

Percent Change in Taxes Paid by Type by Payable Year						
Year Taxes Payable	Ag	OO	Commercial	Utilities	Special Assessments	Total
2015	9.4%	3.9%	4.8%	3.4%	19.4%	5.8%
2016	10.3%	4.3%	2.2%	1.1%	5.7%	5.2%
2017	2.7%	0.2%	1.2%	-0.9%	-20.1%	0.7%
2018	1.9%	4.1%	0.1%	18.5%	25.3%	2.9%
2019	2.7%	7.1%	7.4%	8.4%	8.9%	6.0%
2020	1.1%	6.1%	5.8%	3.3%	4.0%	4.5%
2021	-1.0%	5.5%	5.2%	4.1%	8.0%	3.7%
2022	-2.7%	5.5%	3.3%	1.4%	5.1%	2.7%
2023	1.1%	11.5%	9.6%	-1.4%	4.4%	8.0%
2024	-0.1%	11.9%	9.3%	-0.8%	8.8%	8.1%



Summary of Permanent Property Tax Elimination – How we get there!

- Goal: Put this issue to the voters of our state as a ballot measure to add it to our SD Constitution
- Prepare a perfectly worded amendment for the petition signing campaign
- As support grows, develop a statewide campaign
- Prepare both an HJR and SJR for the 2026 Legislative Session consistent with ballot measure
- Timing will put it on the November 2026 ballot
- WEBSITE - www.abolishpropertytaxessd.com