

SOUTH DAKOTA DEPARTMENT OF REVENUE

# Property Tax Relief Programs

September 2025  
Michael S. Houdyshell  
Secretary





**Assessment  
Freeze**



**Disabled  
Vet  
Exemption**



**Paraplegic**



**Municipal  
Property Tax  
Reduction**



**Tax Refund**



**Homestead**

# Overview

# Assessment Freeze

SDCL Ch. 10-6A

# Eligibility Requirements

- Must have turned 65 years old OR be legally disabled
- Must own the single-family dwelling or retain life estate in the property
- Must have owned a property and been a resident of SD for at least five years (SB 216 change)
- Must have resided in the house for at least 200 days during the previous calendar year
- Property valuation must be less than \$500,000
- Annual application required
  - Deadline April 1

## Income Limits\*

Single member household - \$55,000

Multi-member household - \$65,000

\*Increase annually by the index factor

# Definition of Single-Family Dwelling

## House

Garage, attached or unattached

## Manufactured Home

## Condominium Apartment

Plus the platted lot upon which the structure is situated or one acre



# Definition of Property Owner

- Owner of a dwelling as recorded by the Register of Deeds
- A joint tenant
- An owner of a life estate
- A beneficiary of a trust
- A vendee of a contract for deed



# Annual Application

- County Treasurer makes final determination
- If denied, individual can appeal to the Secretary of Revenue
  - Must appeal within 30 days after receiving denial letter
  - Hearing will with Office of Hearing Examiners

**Deadline to County Treasurer is April 1**

**Disabled Vet  
SDCL 10-4-40**

# What the Program Does

The first \$200,000 of property valuation is exempt from taxation

Applied to Owner Occupied Property

Home, a garage, and land

Available to eligible disabled veterans or unremarried surviving spouses

The background of the slide features a large American flag with its stars and stripes. Overlaid on the flag are the dark silhouettes of several soldiers in various poses, some standing and some in motion, creating a sense of military service and sacrifice.

# Eligibility Requirements SDCL 10-4-40

- Veteran must be rated permanently and totally disabled as the result of a service-connected disability
- Property must be owned and occupied by the disabled veteran or unremarried surviving spouse
- Property must be classified as owner occupied

# Application

**Does not require  
annual application**

- Application must be made on or before November 1
- Applicant must provide proof of eligibility
  - Veterans Affairs Benefits Letter
- Application goes to the County Director of Equalization
- Once approved, property will continue to receive exemption until property is transferred or sold

# Paraplegic

**SDCL 10-4-24.9 thru 10-4-24.13**

# Two Programs

- Property Tax Reduction for Paraplegics
- Exemption for Paraplegic Veterans

## Eligibility

- Property must be owned and occupied by a paraplegic or individual with the loss of use of both lower extremities, or the unremarried surviving spouse
- Property must be specifically designed for wheelchair use within the structure

# Tax Reduction for Paraplegics

## SDCL 10-4-24.11, 10-4-24.12, and 10-4-24.13

### Income limits apply:

- less than \$20,192 for a single-member household
- less than \$24,679 for a multi-member household
- Annual application by April 1 to County Treasurer
- Taxes are reduced through the abatement process based upon a graduated scale depending on income

# Exemption for Paraplegic Veterans

SDCL 10-4-24.10

- Application by November 1 to Director of Equalization
  - Does not require annual application
- Injury does not have to be service related

**100% Exempt**

**Municipal Property  
Tax Reduction  
SDCL Ch. 10-6B**

# How It Works

**Only available in those cities that have passed ordinances allowing the reduction**

Currently, Rapid City is the only city offering this program

**Reduces the city portion of property taxes through the abatement process**

Reduction is based upon graduated scale, depending on income



# Homestead

**SDCL Ch. 43-31 & SDCL  
Ch. 10-6C**

# Homestead Exemption

## General Rule SDCL 43-31-1

- Homesteads of individuals over the age of 70 and valued at less than \$170,000 are EXEMPT from tax sale
- Taxes + 10% interest continue to accrue
  - Become lien on property
- If Treasurer is not notified that owner is over 70 and tax deed proceedings have started, individual must pay for costs of the proceedings up to that point

# Homestead Program

## Eligibility

- 70+ years of age
- Has owned a single-family dwelling for at least 3 years ~OR~ has been a resident of SD for at least 5 years
- Resided in the dwelling for at least 8 months in previous calendar year
- Income limitations
- Current on property taxes

**SDCL Ch. 10-6C**

# Homestead Program

## Income limitations

Single Member Household

Income less than \$17,949

Multiple Member  
Household

Income less than \$22,436

Taxes & interest still accrue and become  
lien on property

→ 4% interest ←

Annual application of April 1 to Treasurer

## Statewide Relief Program Usage - 2024 Assessment Year

<b>Valuation Programs</b>	<b>Applications Approved</b>	<b>Assessed Valuation - Before</b>	<b>Assessed Valuation - After</b>
Assessment Freeze	4,632	726,902,836	393,891,896
Disabled Veteran Exemption	3,380	1,119,955,281	596,689,799
Historical Exemption	59	34,885,508	16,917,221
Paraplegic Veteran Exemption	36	12,968,428	1,429,435
<b>State Total</b>	<b>8,107</b>	<b>1,894,712,053</b>	<b>1,008,928,351</b>

<b>Tax Reduction Programs</b>	<b>Applications Approved</b>
Homestead	0
Paraplegic Individual	6
Reduction from Municipal Taxes	38
<b>State Total</b>	<b>44</b>

**Sales or Property  
Tax Refund  
SDCL Ch. 10-18A**

# Tax Refund Program

**Annual application  
deadline of July 1**

- Individuals can receive a refund check for a portion of the sales or property taxes they pay each year
- Funded by yearly special appropriation
- Applications are submitted to and processed by the Department of Revenue
  - Available starting May 1



# Tax Refund Program

Individuals cannot receive both a sales refund and a property tax refund

If approved, refunds are mailed the beginning of September

- Only one member of a household can apply for a refund
- Proof of age, residency, and disability are required
- Application should contain all necessary information for both **refunds**  
Department of Revenue will calculate largest refund available

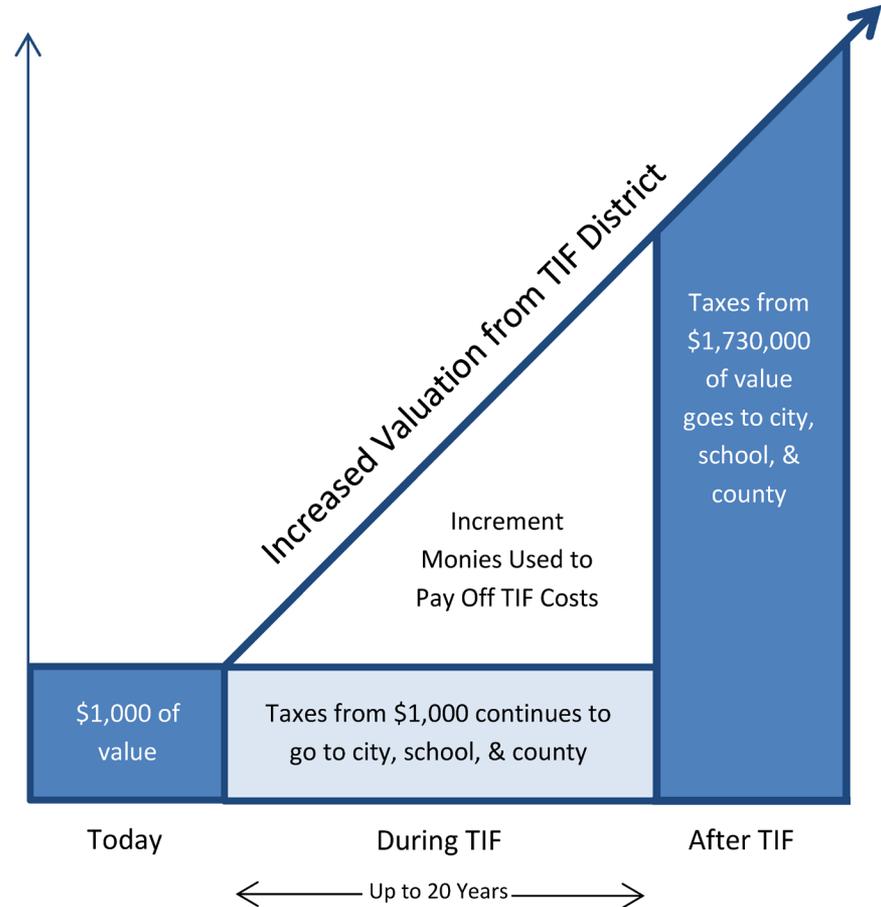
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# History of TIF in SD

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# How does TIF work?



# TIF in SD – A Brief History

1978 – Legislature authorizes municipalities to utilize TIF

- *Meierhenry v. City of Huron*, 354 N.W.2d 171 (1984)
  - AG and taxpayers in Huron and RC sought declaratory judgment declaring TIF act unconstitutional under Art. XI, Sec. 2 of the *SD State Constitution*
  - Court held that TIF did NOT violate public-purpose doctrine

1991 – Counties authorized to utilize TIF

1996 – Industrial classification

2004 – Economic development classification

# TIF in SD – A Brief History

2011 – SB 90 made two key changes to TIF:

- Blight finding no longer required (“not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources development”)
- Grants authorized (“the transfer of money or property to a transferee for a governmental purpose that is not a related party to or an agent of the political subdivision”)

2018 – Affordable housing added

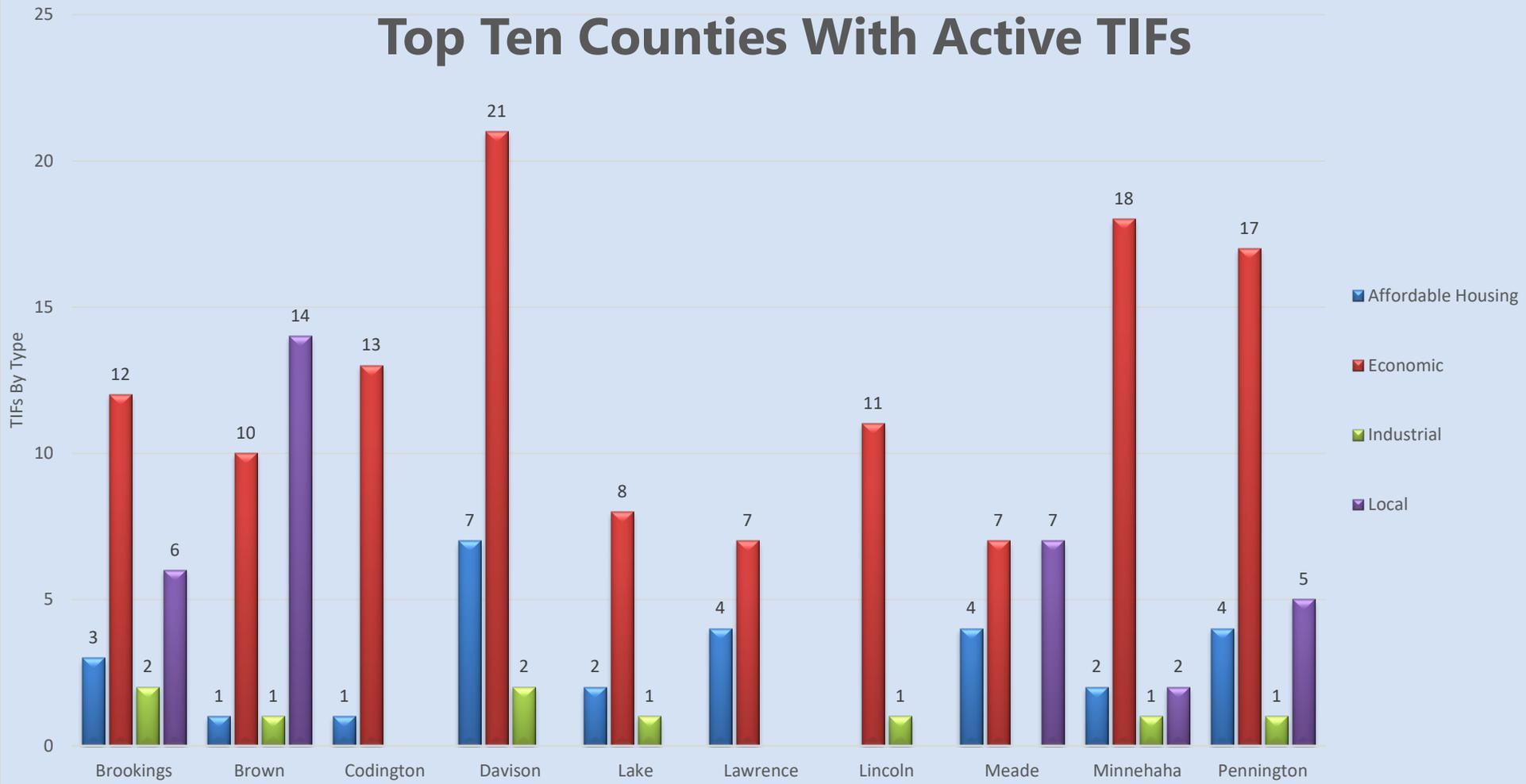
# TIF Classification

4 types of TIF classification:

- Industrial
- Economic Development
- Affordable Housing
- Local

**Determines how the increment value will be treated  
in the State-Aid to Education formula**

# Top Ten Counties With Active TIFs



# Questions?



South Dakota  
Department of Revenue



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South Dakota DOR



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For more information on property taxes, please scan QR code or visit  
<https://dor.sd.gov/> or <https://sdproptax.info/>