



Purpose of Taskforce

To deliver significant property tax relief and, in the process, make the dream of home ownership attainable to more people.

Property Tax Uses

- Local Governments:
 - Counties
 - Cities
 - Townships
 - Special Districts (road, water, etc.)
- School Districts
 - Education
 - Special Education
 - Capital Improvements/Bond Redemption

Property Taxes Paid to Municipalities, And Counties DIRECTLY Impact Property

- Street and road construction and maintenance
- Law enforcement
- Fire protection
- Storm drainage, Sewer
- Pest control, etc.

Property Taxes Paid To School Districts Do Not Impact Your Property And Are Influenced At The State And Local Level

- Mill Levies for education and special education are set by the legislature and applied statewide
- Valuations for property are set locally
- This system causes disparities in property taxes and impacts how state aid funds are distributed
- Education portion of your property taxes are the most volatile component

Possible Solution

- Decouple education and special education funding from property taxes
 - Meaningful property tax reduction across all classes
 - Help to streamline property taxes across jurisdictions

Replace Education and Special Education Funding

- Implement an Education Tax
 - Education funding kept whole
 - Education Tax collected in the same manner as sales tax
 - Distributed state-wide
 - Broaden the tax base to include out-of-state visitors
 - Fully replaces the local effort funding for General and Special Education
 - Capital Improvement, bond redemption and optouts would remain under local control

Impact on property taxes

- Owner Occupied would see an average reduction of 28.2%
 - Most jurisdictions will fall into the 25%-30% range
 - Minimum impact of 15% maximum impact of 55%
- Ag would see an average reduction of 20.1%
 - Most jurisdictions will fall into the 15% - 20% range
 - Minimum impact of 10% maximum impact of 50%
- Commercial or other would see an average reduction on 39.4%
 - Most jurisdictions will fall into the 15% - 20% range
 - Minimum impact of 20% maximum impact of 65%

Impact on Individual Communities

- Pierre
 - Owner Occupied - 33.5% Ag - 23.8% Other – 46.6%
- Spearfish
 - Owner Occupied – 35.8% Ag – 25.7% Other – 49.1%
- Brandon
 - Owner Occupied – 29.7% Ag – 20.8% Other – 42.2%
- Edgemont
 - Owner Occupied – 19.5% Ag – 13.2% Other – 28.9%
- Sisseton
 - Owner Occupied – 22.3% Ag – 15.1% Other – 33.2%

Impact on State Sales Tax Collections According to the Tax Foundation 2024

- State sales tax 4.2% General Fund + 2% Education = 6.2%
 - Would create approximately \$702,000,000 in additional revenue to replace the local effort property tax for education and special education
- Neighboring States Sales Tax Rates
 - North Dakota 5%
 - Nebraska 6%
 - Minnesota 7%
 - Wyoming 4%
 - Montana 0%
 - Iowa 6%