



2026 South Dakota Legislature

Senate Bill 97

Introduced by: **Senator Deibert**

1 **An Act to adjust a limit on the percentage increase in revenue payable from property**
 2 **taxes.**

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

4 **Section 1. That § 10-13-35 be AMENDED:**

5 **10-13-35.** This section does not apply to school districts. The total amount of
 6 revenue payable from taxes on real property within a taxing district, excluding the levy
 7 pursuant to § 10-13-36, may increase no more than the lesser of three percent or the
 8 index factor, as defined in § 10-13-38, over the amount of revenue payable from taxes
 9 on real property in the preceding year, excluding the amount of taxes levied pursuant to
 10 § 10-13-36.

11 After applying the index factor, a taxing district may increase the revenue payable
 12 from taxes on real property above the limitations provided by this section by the
 13 percentage increase of value resulting from any improvements or change in use of real
 14 property, annexation, minor boundary changes, and any adjustments in taxation of
 15 property separately classified and subject to statutory adjustments and reductions under
 16 chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as
 17 property of equal value. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an
 18 increase in revenue payable to a taxing district allowed under this paragraph may not
 19 exceed ~~three~~ five percent.

20 A taxing district may increase the revenue it receives from taxes on real property
 21 above the limit provided by this section for taxes levied to pay the principal, interest, and
 22 redemption charges on any bonds which are subject to referendum, scheduled payment
 23 increases on bonds, for a levy directed by the order of a court for the purpose of paying a
 24 judgment against the taxing district, upon the termination of a tax increment financing
 25 district pursuant to § 11-9-46, or upon the application of any discretionary formula to real
 26 property pursuant to § 10-6-137. Any taxing district created after the effective date of

1 this section is exempt from the limitation provided by this section for a period of two years
2 immediately following its creation.

3 For purposes of this section, an increase in value resulting from an improvement
4 made to an owner-occupied single-family dwelling does not include additions to, or
5 improvements of, existing structures affixed to land that result in an increase in value of
6 forty percent or less to the owner-occupied single-family dwelling.

7 **Section 2. That § 13-16-7 be AMENDED:**

8 **13-16-7.** The school board of any school district of this state may at the board's
9 discretion authorize an annual levy of a tax not to exceed three dollars per thousand
10 dollars of taxable valuation on the taxable valuation of the district for the capital outlay
11 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,
12 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health
13 and Educational Facilities Authority. Taxes collected pursuant to the levy may be
14 irrevocably pledged by the school board to the payment of principal of and interest on
15 installment purchase contracts or capital outlay certificates entered into or issued pursuant
16 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the
17 Health and Educational Facilities Authority and, so long as any capital outlay certificates
18 are outstanding, installment agreement payments, lease-purchase agreements, or other
19 arrangements are unpaid, the school board of any district may be compelled by mandamus
20 or other appropriate remedy to levy an annual tax sufficient to pay principal and interest
21 thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in
22 any year authorized to be levied hereby.

23 The total amount of revenue payable from the levy provided in this section may
24 not increase annually by more than the lesser of three percent or the index factor, as
25 defined in § 10-13-38, over the maximum amount of revenue that could have been
26 generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total
27 amount of revenue payable from the levy provided in this section may not increase
28 annually by more than three percent over the amount of revenue that could have been
29 raised in the prior year.

30 After applying three percent, a school district may increase the revenue payable
31 from taxes on real property above the limitations provided by this section by the
32 percentage increase of value resulting from any improvements or change in use of real
33 property, annexation, minor boundary changes, and any adjustments in taxation of real
34 property separately classified and subject to statutory adjustments and reductions under

1 chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as
 2 property of equal value. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an
 3 increase in revenue payable to a school district allowed under this paragraph may not
 4 exceed ~~three~~ five percent.

5 A school district may increase the revenue the district receives from taxes on real
 6 property above the limit provided by this section for taxes levied to pay the principal,
 7 interest, and redemption charges on any bonds issued after January 1, 2009, which are
 8 subject to referendum, scheduled payment increases on bonds, for a levy directed by the
 9 order of a court for the purpose of paying a judgment against the school district, upon the
 10 termination of a tax increment financing district pursuant to § 11-9-46, or upon the
 11 application of any discretionary formula to real property pursuant to § 10-6-137. Any
 12 school district created or reorganized after January 1, 2016, is exempt from the limitation
 13 provided by this section for a period of two years immediately following the district's
 14 creation.

15 In no year may the annual tax levy provided in this section exceed three dollars
 16 per thousand dollars of taxable valuation of the school district for the current year.

17 For purposes of this section, an increase in value resulting from an improvement
 18 made to an owner-occupied single-family dwelling does not include additions to, or
 19 improvements of, existing structures affixed to land that result in an increase in value of
 20 forty percent or less to the owner-occupied single-family dwelling.