



2026 South Dakota Legislature

Senate Bill 161

Introduced by: **Senator Pischke**

1 **An Act to repeal an exemption for certain health care facilities.**

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

3 **Section 1. That § 10-1-47 be AMENDED:**

4 **10-1-47.** The terms "United States Internal Revenue Code" and "Internal Revenue
5 Code" mean the United States Internal Revenue Code as amended and in effect on January
6 1, 2025. This section applies to §§ 10-4-9.1, 10-4-9.2, ~~10-4-9.3~~, 10-4-9.4, 10-4-39, 10-
7 6-157, and 10-43-10.1, and subdivisions 10-6A-1(7), 10-6B-1(5), 10-18A-1(6), 10-43-
8 10.3(6), and 10-45A-1(5).

9 **Section 2. That § 10-4-11 be AMENDED:**

10 **10-4-11.** If any property owned by any society or institution described in §§ 10-
11 4-9 to ~~10-4-9.3~~ 10-4-9.2, inclusive, ~~shall consist~~ consists of hotel or residence property,
12 or any other class of retail business and ~~such~~ the property is used or owned primarily for
13 the purposes of revenue, and not for the primary object of such charitable, benevolent,
14 or religious society, it ~~shall~~ must be taxed as other property of the same class is taxed.

15 **Section 3. That § 10-4-12 be AMENDED:**

16 **10-4-12.** If property owned by any ~~health care organization or~~ charitable,
17 benevolent, or religious society described in ~~§ 10-4-9.4 and §§ 10-4-9 to~~ ~~10-4-9.3~~ 10-4-
18 9.4, inclusive, other than agricultural land, is used partly by ~~such health care organization~~
19 ~~or~~ the charitable, benevolent, or religious society for ~~health care,~~ charitable, benevolent,
20 or religious purposes, and the remaining part is occupied, rented, or used for other than
21 ~~health care,~~ charitable, benevolent, or religious purposes, the portion of property that is
22 so occupied, rented, or used for other purposes, ~~shall~~ must be taxed as other property of
23 the same class is taxed.

1 For the purpose of determining the value of the taxable portion of the property,
2 the appraised value of the entire property ~~shall be~~ is multiplied by the percentage of the
3 entire property used for other than ~~health care~~, charitable, benevolent, or religious
4 purposes. The resulting value ~~shall be~~ is multiplied by the percentage of time the property
5 is used for other than ~~health care~~, charitable, benevolent, or religious purposes. The
6 resulting value ~~shall be~~ is the assessed value for taxation purposes.

7 **Section 4. That § 10-4-9.3 be REPEALED.**

8 ~~Property owned by any corporation, organization, or society and used primarily for~~
9 ~~human health care and health care related purposes is exempt from taxation. Such~~
10 ~~corporation, organization, or society shall be nonprofit and recognized as an exempt~~
11 ~~organization under section 501(c)(3) of the United States Internal Revenue Code, as~~
12 ~~defined by § 10-1-47, and none of its assets may be available to any private interest. The~~
13 ~~property shall be a health care facility licensed pursuant to chapter 34-12, orphanage,~~
14 ~~mental health center or community support provider regulated under chapter 27A-5, or~~
15 ~~camp. The facility shall admit all persons for treatment consistent with the facility's ability~~
16 ~~to provide health care services required by the patient until the facility is filled to its~~
17 ~~ordinary capacity and conform to all applicable regulations of and permit inspections by~~
18 ~~the state as otherwise provided by law.~~

19 **Section 5. That § 10-4-35 be REPEALED.**

20 ~~For the purposes of § 10-4-9.3, a "wellness center" is a health care facility if it links~~
21 ~~on- and off-site medical consultants with physical activity staff and programs of health~~
22 ~~and fitness facilities, can and does provide fitness testing and prescription exercise tailored~~
23 ~~to specific individual needs and capabilities, and the property is used for rehabilitation~~
24 ~~services or prescriptive exercise. For the purposes of § 10-4-12, the taxable percentage~~
25 ~~of a wellness center shall be determined by computing the percentage of the total~~
26 ~~membership that do not use the facility for physician prescribed rehabilitation or~~
27 ~~prescriptive exercise.~~