



2026 South Dakota Legislature

Senate Bill 191

Introduced by: **Senator Howard**

1 **An Act to remove the authorization to issue grants as part of a tax increment**
 2 **financing district.**

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

4 **Section 1. That § 11-9-1 be AMENDED:**

5 **11-9-1.** Terms used in this chapter mean:

- 6 (1) "Department," the Department of Revenue;
- 7 (2) "District," a tax increment financing district;
- 8 (3) "Governing body," the board of trustees, the board of commissioners, the board of
 9 county commissioners, or the common council of a municipality;
- 10 (4) ~~"Grant," the transfer of money or property to a transferee for a governmental~~
 11 ~~purpose that is not a related party to or an agent of the political subdivision;~~
- 12 ~~(5)~~— "Planning commission," a planning commission created under ~~chapters~~ chapter 11-
 13 2 or 11-6, a planning committee of a governing body of a political subdivision that
 14 does not have a planning commission, or the governing body of a political
 15 subdivision that does not have a planning commission or planning committee;
- 16 ~~(6)~~(5) "Political subdivision," a municipality, as defined in § 11-6-1, or county of this
 17 state;
- 18 ~~(7)~~(6) "Project plan," the properly approved plan for the development or redevelopment
 19 of a tax increment financing district ~~including~~ and all properly approved
 20 amendments to the plan;
- 21 ~~(8)~~(7) "Tax increment financing district," a contiguous geographic area within a political
 22 subdivision defined and created by resolution of the governing body;
- 23 ~~(9)~~(8) "Taxable property," all real and personal taxable property located in a tax
 24 increment financing district; and
- 25 ~~(10)~~(9) "Tax increment valuation," the total value of the tax increment financing district
 26 minus the tax increment base as determined pursuant to § 11-9-19.

1 **Section 2. That § 11-9-14 be AMENDED:**

2 **11-9-14.** For the purposes of this chapter, ~~the term~~ "project costs" are mean any
3 expenditures made or estimated to be made, or monetary obligations incurred or
4 estimated to be incurred, by a political subdivision ~~that,~~ which are listed in a project plan
5 as ~~grants or~~ costs of public works or improvements within a district, ~~plus any incidental~~
6 ~~costs diminished by any income, special assessments, or other revenues, other than tax~~
7 ~~increments, received, or reasonably expected to be received, by the political subdivision~~
8 ~~in connection with the implementation of the plan.~~

9 **Section 3. That § 11-9-15 be AMENDED:**

10 **11-9-15.** For the purposes of this chapter, the term "project costs" means:

11 (1) Capital costs, including the actual costs of the construction of public works or
12 improvements, buildings, structures, and permanent fixtures; the demolition,
13 alteration, remodeling, repair, or reconstruction of existing buildings, structures,
14 and permanent fixtures; the acquisition of equipment; the clearing, over-
15 excavation, and grading of land, including use of engineered fill and soil
16 compaction; and the amount of interest payable on tax increment bonds issued
17 pursuant to this chapter until the positive tax increments to be received from the
18 district, as estimated by the project plan, are sufficient to pay the principal of and
19 interest on the tax increment bonds when due;

20 (2) Financing costs, including all interest paid to holders of evidences of indebtedness
21 issued to pay for project costs, any premium paid over the principal amount thereof
22 because of the redemption of obligations prior to maturity, and a reserve for the
23 payment of principal and interest on obligations in an amount determined by the
24 governing body to be reasonably required for the marketability of obligations;

25 (3) Real property assembly costs, including the actual cost of the acquisition by a
26 political subdivision of real or personal property within a district, less any proceeds
27 to be received by the political subdivision from the sale, lease, or other disposition
28 of property pursuant to a project plan;

29 (4) Professional service costs, including those costs incurred for architectural,
30 planning, engineering, and legal ~~advice and~~ services;

31 (5) Imputed administrative costs, including reasonable charges for the time spent by
32 a municipal or county employee in connection with the implementation of a project
33 plan;

- 1 (6) Relocation costs;
- 2 (7) Organizational costs, including the costs of conducting environmental impact and
- 3 other studies and the costs of informing the public of the creation of a district and
- 4 the implementation of project plans; and
- 5 (8) ~~Payments and grants made, at the discretion of the governing body, that are found~~
- 6 ~~to be necessary or convenient to the creation of a district, the implementation of~~
- 7 ~~project plans, or to stimulate and develop the general economic welfare and~~
- 8 ~~prosperity of the state. No payment or grant may be used for any residential~~
- 9 ~~structure pursuant to § 11-9-42~~Incidental costs diminished by any income, special
- 10 assessments, or other revenues, other than tax increments, received, or
- 11 reasonably expected to be received, by the political subdivision, in connection with
- 12 the implementation of the plan.

13 **Section 4. That § 11-9-32 be AMENDED:**

14 **11-9-32.** Moneys may ~~only~~ be paid out of the special fund only for the district
15 created under § 11-9-31 to pay project costs ~~or grants~~ of the district, to reimburse the
16 political subdivision for the payment of project costs ~~or grants~~ of the district, or to satisfy
17 claims of holders of tax increment bonds issued for the district.

18 **Section 5. That § 11-9-46 be AMENDED:**

19 **11-9-46.** ~~The existence of a district shall terminate~~ must be terminated when:
20 (1) Positive tax increments are no longer allocable to a district under § 11-9-25; or
21 (2) The governing body, by resolution, dissolves the district, after payment or
22 provision for payment of all project costs, ~~grants,~~ and all tax increment bonds of
23 the district.