



2026 South Dakota Legislature

Senate Bill 203

Introduced by: **Senator Marty**

1 **An Act to require the review of a financing plan to establish 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) "Financing plan," the intended methods and revenue sources by which the political
 9 subdivision is to pay for the project costs;
- 10 (4) "Governing body," the board of trustees, the board of commissioners, the board of
 11 county commissioners, or the common council of a municipality;
- 12 ~~(4)~~(5) "Grant," the transfer of money or property to a transferee for a governmental
 13 purpose that is not a related party to or an agent of the political subdivision;
- 14 ~~(5)~~(6) "Planning commission," a planning commission created under chapters 11-2 or 11-
 15 6, a planning committee of a governing body of a political subdivision that does
 16 not have a planning commission, or the governing body of a political subdivision
 17 that does not have a planning commission or planning committee;
- 18 ~~(6)~~(7) "Political subdivision," a municipality, as defined in § 11-6-1, or county of this
 19 state;
- 20 ~~(7)~~(8) "Project plan," the properly approved plan for the development or redevelopment
 21 of a tax increment financing district—including and all properly approved
 22 amendments to the plan;
- 23 ~~(8)~~(9) "Tax increment financing district," a contiguous geographic area within a political
 24 subdivision defined and created by resolution of the governing body;
- 25 ~~(9)~~(10) "Taxable property," all real and personal taxable property located in a tax
 26 increment financing district; and

1 ~~(10)~~11 "Tax increment valuation," the total value of the tax increment financing district
 2 minus the tax increment base as determined pursuant to § 11-9-19.

3 **Section 2. That § 11-9-8 be AMENDED:**

4 **11-9-8.** The resolution required by § 11-9-5 ~~shall~~ must contain the following
 5 findings:

- 6 (1) Not less than twenty-five percent, by area, of the real property within the district
 7 is a blighted area or not less than fifty percent, by area, of the real property within
 8 the district will stimulate and develop the general economic welfare and prosperity
 9 of the state through the promotion and advancement of industrial, commercial,
 10 manufacturing, agricultural, or natural resources development; ~~and~~
- 11 (2) The improvement of the area is likely to significantly enhance the value of
 12 substantially all other real property in the district; and
- 13 (3) The review required by section 3 of this Act indicates that the social or economic
 14 benefits of the project exceed its costs to property owners and political subdivisions
 15 authorized to impose a property tax within the boundaries of the district.

16 It is not necessary to identify the specific parcels meeting the criteria. No county
 17 may create a district located, in whole or in part, within a municipality, unless the
 18 governing body of the municipality has consented to creation of a district by resolution.

19 **Section 3. That a NEW SECTION be added to chapter 11-9:**

20 The governing body shall submit the project plan and financing plan for the district
 21 to an independent, third party to provide:

- 22 (1) A cost-benefit analysis of the project;
- 23 (2) An estimate for the expected change in the distribution of property taxes over time
 24 resulting from the project; and
- 25 (3) An estimate for the expected effects on employment, housing, and economic
 26 output resulting from the project.