



2026 South Dakota Legislature

House Bill 1264

Introduced by: **Representative** Overweg

1 **An Act to eliminate the Agricultural Land Assessment Implementation and Oversight**
2 **Advisory Task Force, and to provide that the Department of Revenue receive**
3 **the submission of recommendations and provide a report on agricultural**
4 **value.**

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

6 **Section 1. That § 10-6-124 be AMENDED:**

7 **10-6-124.** The secretary of ~~revenue~~ the department may promulgate rules
8 pursuant to chapter 1-26 concerning the:

- 9 (1) Collection and tabulation of information required to determine median appraisal or
10 sales assessment ratio, and coefficient of dispersion;
11 (2) Criteria to be included in a compliance audit of assessment practices;
12 (3) Conditions under which a certificate of compliance may be issued to a county;
13 (4) Procedures for determining the valuation of agricultural buildings and structures;
14 (5) Procedures for determining the valuation of dwellings on agricultural land and
15 automobile garages or portions of buildings used as automobile garages;
16 (6) Application of cropland and noncropland income values;
17 (7) Application of soil classification standards; and
18 (8) Procedures for making adjustments to the value of agricultural land pursuant to
19 §§ 10-6-127 to 10-6-132, inclusive.

20 ~~Before the secretary promulgates any rules pursuant to subdivision (4) to (8),~~
21 ~~inclusive, the secretary shall present the proposed rules to the Agricultural Land~~
22 ~~Assessment Implementation and Oversight Advisory Task Force established pursuant to~~
23 ~~§ 10-6-134.~~

24 **Section 2. That § 10-6-128 be AMENDED:**

1 **10-6-128.** ~~The secretary of revenue, upon notifying the Agricultural Land~~
2 ~~Assessment Implementation and Oversight Advisory Task Force,~~ the department may
3 contract with one or more qualified entities for the purpose of creating or maintaining a
4 database to determine the agricultural income value of agricultural land by county,
5 consisting of eight consecutive years of cropland data and noncropland data. The data for
6 the year representing the highest agricultural income value among the eight years and
7 the year representing the lowest agricultural income value among the eight years ~~shall~~
8 must be discarded from the database and the remaining six years averaged for valuation
9 purposes. For each assessment year, the first year of the eight-year data period ~~shall be~~
10 ~~the year that~~ is nine years less than prior to the assessment year.

11 The cropland data must include acres planted, acres harvested, yield per acre, and
12 statewide crop prices. The noncropland data must include cash rents and statewide calf
13 prices. The noncropland data may also include rangeland and pastureland animal unit
14 months per acre, rangeland and pastureland acres, and grazing season data.

15 ~~Any A~~ qualified entity contracting with the secretary of ~~revenue~~ the department
16 pursuant to this section shall provide the data for each county to the secretary of ~~revenue~~
17 by June first of each year.

18 For purposes of this section, a qualified entity is a federal or state agency,
19 instrumentality, institution of higher learning, other federal or state authority, or private
20 entity with expertise in researching or evaluating land production capacity.

21 On or before March first of each year, the department shall provide a report to the
22 Taxation Committees in the Senate and the House of Representatives on the data compiled
23 pursuant to this section.

24 **Section 3. That § 10-6-129 be AMENDED:**

25 **10-6-129.** ~~The economics department of South Dakota State University shall An~~
26 entity contracting with the department pursuant to § 10-6-128 may submit
27 recommendations to the Agricultural Land Assessment Implementation and Oversight
28 Advisory Task Force by November 1, 2008, regarding the factors to use for the percentage
29 of annual earning capacity to be used to determine the agricultural income value of the
30 land pursuant to § 10-6-127 ~~and other provisions used to assess agricultural land that will~~
31 ~~provide the least amount of shift between cropland and noncropland on a statewide basis.~~
32 ~~Thereafter, the economics department shall submit such.~~ Any recommendations, ~~if any,~~
33 ~~to the task force~~ under this section must be submitted to the department by September
34 first of each year.

Section 4. That § 10-6-134 be REPEALED.

~~There is hereby established the Agricultural Land Assessment Implementation and Oversight Advisory Task Force. The task force consists of the following fourteen members:~~

~~(1) The speaker of the House of Representatives shall appoint four members of the House of Representatives. The speaker shall appoint members in a manner that is proportional to a party's representation in the House of Representatives, except the speaker shall appoint at least one member from the minority party in the House of Representatives;~~

~~(2) The speaker of the House of Representatives shall appoint three members of the general public, at least one of the members shall have an agricultural background and at least one of the members shall have a business background;~~

~~(3) The president pro tempore of the Senate shall appoint four members of the Senate. The president pro tempore shall appoint members in a manner that is proportional to a party's representation in the Senate, except the president pro tempore shall appoint at least one member from the minority party in the Senate; and~~

~~(4) The president pro tempore of the Senate shall appoint three members of the general public, at least one of the members shall have an agricultural background and at least one of the members shall have a business background.~~

~~The speaker of the House of Representatives and president pro tempore of the Senate before the close of each regular session of the Legislature held in odd-numbered years shall appoint members to the task force for a term of two years. If there is a vacancy on the task force, the vacancy shall be filled in the same manner as the original appointment.~~

~~The task force shall advise the department regarding the rules promulgated by the department to administer the provisions concerning the assessment and taxation of agricultural lands and shall review the implementation of the provisions of law concerning the assessment and taxation of agricultural land. The task force shall report to the Senate and House of Representatives and may submit a copy of its report to the Governor. The task force may present draft legislation and policy recommendations to the Legislative Research Council Executive Board.~~

Section 5. That § 10-6-135 be REPEALED.

1 ~~The Agricultural Land Assessment Implementation and Oversight Advisory Task~~
2 ~~Force established pursuant to § 10-6-134 shall make recommendations in the following~~
3 ~~areas:~~

4 ~~(1) — The proper percentage of annual earning capacity and capitalization rate to be used~~
5 ~~to determine the agricultural income value pursuant to § 10-6-127;~~

6 ~~(2) — The changes, if any, that must be made to §§ 13-16-7, 13-37-16, and 13-37-35.1~~
7 ~~to ensure that the total amount of additional taxes that may be generated on~~
8 ~~agricultural land by a school district pursuant to the provisions of §§ 13-16-7, 13-~~
9 ~~37-16, and 13-37-35.1 will not provide a substantial property tax revenue increase~~
10 ~~for the school district pursuant to the implementation of the productivity system~~
11 ~~pursuant to §§ 10-6-127 to 10-6-132, inclusive;~~

12 ~~(3) — The changes, if any, that must be made to §§ 13-16-7, 13-37-16, and 13-37-35.1~~
13 ~~to ensure that the total amount of property taxes that may be lost on agricultural~~
14 ~~land by a school district pursuant to the provisions of §§ 13-16-7, 13-37-16, and~~
15 ~~13-37-35.1 will not provide a substantial property tax revenue decrease for the~~
16 ~~school district pursuant to the implementation of the productivity system pursuant~~
17 ~~to §§ 10-6-127 to 10-6-132, inclusive; and~~

18 ~~(4) — The distribution of the local effort for the general fund of school districts between~~
19 ~~the classifications of real property as provided by § 13-13-72.1 which establishes~~
20 ~~the real property tax contribution from agricultural property for the general fund~~
21 ~~of school districts as a fixed ratio of the total local effort for such levies. The task~~
22 ~~force shall also consider the other taxes paid by agricultural property, the~~
23 ~~relationship of the total assessed value of agricultural property to the total assessed~~
24 ~~value of all real property, and other factors the task force deems appropriate.~~