



2026 South Dakota Legislature

Senate Bill 216

Introduced by: **Senator Hulse**

1 **An Act to limit annual valuation increases on owner-occupied single-family**
 2 **dwelling and provide an exception for mill rate limitations on taxing**
 3 **districts.**

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

5 **Section 1.** The Legislature finds that the principles established in Nordlinger v. Hahn, 505
 6 U.S. 1 (1992), affirm the constitutionality of basing property tax assessments on the purchase
 7 price of property rather than current market value, for the purpose of protecting homeowners
 8 from unexpected hikes and escalating real estate values impacting the reliance interests in
 9 their homes. This Act is intended to stabilize property taxes for homeowners of this state,
 10 while ensuring compliance with equal protection guarantees under the United States
 11 Constitution.

12 **Section 2. That § 10-6-105 be AMENDED:**

13 **10-6-105.** All real property subject to taxation ~~shall~~ must be listed and assessed
 14 annually, but the value of ~~such~~ the property is to be determined according to its value on
 15 the first day of November preceding the assessment, while the value of any owner-
 16 occupied single-family dwelling is subject to the value limitations provided in sections 3
 17 and 4 of this Act.

18 **Section 3. That a NEW SECTION be added to chapter 10-6:**

19 For purposes of the annual assessment required by § 10-6-105, the assessed value
 20 of an owner-occupied single-family dwelling may not increase more than three percent
 21 annually, beginning with the base amount as determined for assessment year 2026, or
 22 any subsequent base year as provided in this section, whichever is later.

23 When a change in ownership of an owner-occupied single-family dwelling occurs,
 24 the property must be reassessed at its fair market value, to determine the property's base

1 amount. When an owner-occupied single-family dwelling is sold between a willing seller
2 and a willing buyer, with no coercion or advantage taken by either party, the property's
3 base amount may not exceed the sales price of the property.

4 For purposes of this section, "base amount" means:

5 (1) The fair market value of any owner-occupied single-family dwelling, on November
6 1, 2020, increased by no more than three percent annually for each assessment
7 required by § 10-6-105, which was completed in 2021, 2022, 2023, 2024, and
8 2025;

9 (2) Where a change in ownership of an owner-occupied single-family dwelling has
10 occurred between November 2, 2020, and October 31, 2026, inclusive, the fair
11 market value of the property on the date of transfer or purchase, increased by no
12 more than three percent annually for any assessment required by § 10-6-105,
13 which was completed after the transfer or purchase in any year between 2021 and
14 2025, inclusive; or

15 (3) Where a change in ownership of an owner-occupied single-family dwelling occurs
16 on November 1, 2026, or later, the fair market value of the property.

17 **Section 4. That a NEW SECTION be added to chapter 10-6:**

18 The base amount of any owner-occupied single-family dwelling may be further
19 increased above the limitations provided by section 3 of this Act, if there is a change in
20 the use or classification of the property, or to account for any addition to, or expansion
21 of, the property.

22 An addition to, or expansion of, the property may result in an increase in the
23 assessed value above the limitations provided by section 3 of this Act, only by the
24 difference between the real property with the addition or expansion and the real property
25 as if no addition or expansion was made.

26 For purposes of this section, the increase in taxable value from improvements to
27 an owner-occupied single-family dwelling does not include additions to, or improvements
28 of, existing structures affixed to the land if the improvements result in an increased
29 valuation of forty percent or less of the current valuation.

30 **Section 5. That a NEW SECTION be added to chapter 10-12:**

31 Notwithstanding any other provision of law, if the limitation provided by § 10-13-
32 35 constitutes a mill rate for a taxing district greater than a mill rate limitation provided
33 by law for the district, the district may impose a tax levy resulting in a mill rate greater

- 1 than the limitation set forth in law, to the extent that the revenue payable from real
2 property taxation in the district does not exceed the amount of revenue payable from real
3 property taxation in the 2026 tax year, increased annually by:
4 (1) The lesser of three percent or the index factor, as defined in § 10-13-38; and
5 (2) The percentage of growth in value resulting from:
6 (a) Improvements or changes in use of the real property within the district;
7 (b) Annexation or minor boundary changes of the district; and
8 (c) Adjustments in taxation or classification of property within the district.