



## 2026 South Dakota Legislature

# Senate Bill 230

Introduced by: **Senator Deibert**

1 **An Act to make an exception for improvement districts from a limit on revenue**  
 2 **growth for purposes of property taxation.**

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

4 **Section 1. That § 10-13-35 be AMENDED:**

5 **10-13-35.** This section does not apply to school districts. The total amount of  
 6 revenue payable from taxes on real property within a taxing district, excluding the levy  
 7 pursuant to § 10-13-36, may increase no more than the lesser of three percent or the  
 8 index factor, as defined in § 10-13-38, over the amount of revenue payable from taxes  
 9 on real property in the preceding year, excluding the amount of taxes levied pursuant to  
 10 § 10-13-36.

11 After applying the index factor, a taxing district may increase the revenue payable  
 12 from taxes on real property above the limitations provided by this section by the  
 13 percentage increase of value resulting from any improvements or change in use of real  
 14 property, annexation, minor boundary changes, and any adjustments in taxation of  
 15 property separately classified and subject to statutory adjustments and reductions under  
 16 chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as  
 17 property of equal value. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an  
 18 increase in revenue payable to a taxing district, except an improvement district under  
 19 chapter 7-25A, allowed under this paragraph may not exceed three percent.

20 A taxing district may increase the revenue it receives from taxes on real property  
 21 above the limit provided by this section for taxes levied to pay the principal, interest, and  
 22 redemption charges on any bonds which are subject to referendum, scheduled payment  
 23 increases on bonds, for a levy directed by the order of a court for the purpose of paying a  
 24 judgment against the taxing district, upon the termination of a tax increment financing  
 25 district pursuant to § 11-9-46, or upon the application of any discretionary formula to real  
 26 property pursuant to § 10-6-137. Any taxing district created after the effective date of

1 this section is exempt from the limitation provided by this section for a period of two years  
2 immediately following its creation.

3 For purposes of this section, an increase in value resulting from an improvement  
4 made to an owner-occupied single-family dwelling does not include additions to, or  
5 improvements of, existing structures affixed to land that result in an increase in value of  
6 forty percent or less to the owner-occupied single-family dwelling.