



2026 South Dakota Legislature

House Bill 1312

Introduced by: **Representative Rice**

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. That § 10-6-105 be AMENDED:**

6 **10-6-105.** All real property subject to taxation ~~shall~~ must be listed and assessed
 7 annually, but the value of ~~such~~ the property is to be determined according to its value on
 8 the first day of November preceding the assessment, while the value of any owner-
 9 occupied single-family dwelling is subject to the value limitations provided in sections 2
 10 and 3 of this Act.

11 **Section 2. That chapter 10-6 be amended with a NEW SECTION:**

12 For purposes of the annual assessment required by § 10-6-105, the assessed value
 13 of an owner-occupied single-family dwelling may not increase more than the index factor,
 14 as defined in § 10-13-38, beginning with the base amount as determined for assessment
 15 year 2025, or any subsequent base year as provided in this section, whichever is later.

16 When a change in ownership of an owner-occupied single-family dwelling occurs,
 17 the property must be reassessed at its fair market value, to determine the property's base
 18 amount. When an owner-occupied single-family dwelling is sold between a willing seller
 19 and a willing buyer, with no coercion or advantage taken by either party, the property's
 20 base amount may not exceed the sale price of the property.

21 The limitation in the taxable value of owner-occupied single-family dwellings under
 22 this section may not directly result in an increase in taxes imposed on nonagricultural
 23 property or agricultural property by any taxing district.

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

1 (1) The fair market value of any owner-occupied single-family dwelling, on November
 2 1, 2020, increased by no more than the index factor, as defined in § 10-13-38, for
 3 each assessment required by § 10-6-105, which was completed in 2021, 2022,
 4 2023, and 2024;

5 (2) Where a change in ownership of an owner-occupied single-family dwelling has
 6 occurred between November 2, 2020, and October 31, 2025, inclusive, the fair
 7 market value of the property on the date of transfer or purchase, increased by no
 8 more than the index factor, as defined in § 10-13-38, for each assessment required
 9 by § 10-6-105, which was completed after the transfer or purchase in any year
 10 between 2021 and 2024, inclusive; or

11 (3) Where a change in ownership of an owner-occupied single-family dwelling occurs
 12 on November 1, 2025, or later, the fair market value of the property.

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

14 The base amount of any owner-occupied single-family dwelling may be further
 15 increased above the limitations provided by section 2 of this Act, if there is a change in
 16 the use or classification of the property, or to account for any addition to, or expansion
 17 of, the property.

18 An addition to, or expansion of, the property may only result in an increase in the
 19 assessed value above the limitations provided by section 2 of this Act by the difference in
 20 assessed value between the real property with the addition or expansion and the real
 21 property as if no addition or expansion was made.

22 For purposes of this section, the increase in taxable value from improvements to
 23 an owner-occupied single-family dwelling does not include additions to, or improvements
 24 of, existing structures affixed to the land if the improvements result in an increased
 25 assessed value of forty percent or less of the current assessed value.

26 **Section 4. That a NEW SECTION be added to chapter 10-12:**

27 Notwithstanding any other provision of law, if the limitation provided by § 10-13-
 28 35 constitutes a mill rate for a taxing district greater than a mill rate limitation provided
 29 by law for the district, the district may impose a tax levy resulting in a mill rate greater
 30 than the limits set forth in law, to the extent that the revenue payable from real property
 31 taxation in the district does not exceed the amount of revenue payable from real property
 32 taxation in the 2025 tax year, increased annually by:

33 (1) The index factor, as defined in § 10-13-38; and

- 1 (2) The percentage of growth in value resulting from:
- 2 (a) Improvements or changes in use of the real property within the district;
- 3 (b) Annexation or minor boundary changes of the district; and
- 4 (c) Adjustment in taxation or classification of property within the district.