

## 2026 South Dakota Legislature

**Senate Bill 97****AMENDMENT 97G  
FOR THE INTRODUCED BILL**

1 **An Act to adjust a limit on the percentage increase ~~in revenue payable from on new~~**  
 2 **growth allowed in the calculation of property taxes.**

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 growth factor.~~ For taxes payable in 2027, 2028, 2029, 2030, and  
 18 2031, ~~an increase in revenue payable to a taxing district allowed under this paragraph~~  
 19 ~~may not exceed three five percent:~~

20 (1) For a taxing district where the growth factor is no greater than three percent, the  
 21 percentage increase in revenue payable to the taxing district allowed under this  
 22 paragraph is equal to the growth factor;

23 (2) For a taxing district where the growth factor is greater than three percent, the  
 24 percentage increase in revenue payable to the taxing district allowed under this  
 25 paragraph is equal to the sum of:

26 (a) Three percent; and

1 (b) Sixty percent of the amount of the growth factor in excess of three percent.

2 A taxing district may increase the revenue it receives from taxes on real property  
3 above the limit provided by this section for taxes levied to pay the principal, interest, and  
4 redemption charges on any bonds which are subject to referendum, scheduled payment  
5 increases on bonds, for a levy directed by the order of a court for the purpose of paying a  
6 judgment against the taxing district, upon the termination of a tax increment financing  
7 district pursuant to § 11-9-46, or upon the application of any discretionary formula to real  
8 property pursuant to § 10-6-137. Any taxing district created after the effective date of  
9 this section is exempt from the limitation provided by this section for a period of two years  
10 immediately following its creation.

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

15 For purposes of this section, "growth factor" means the percentage increase of  
16 value resulting from any improvements or change in use of real property, annexation,  
17 minor boundary changes, and any adjustments in taxation of property separately classified  
18 and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A,  
19 and 10-6B, except § 10-6-113, only if assessed the same as property of equal value.

20 **Section 2. That § 13-16-7 be AMENDED:**

21 **13-16-7.** The school board of any school district of this state may at the board's  
22 discretion authorize an annual levy of a tax not to exceed three dollars per thousand  
23 dollars of taxable valuation on the taxable valuation of the district for the capital outlay  
24 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,  
25 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health  
26 and Educational Facilities Authority. Taxes collected pursuant to the levy may be  
27 irrevocably pledged by the school board to the payment of principal of and interest on  
28 installment purchase contracts or capital outlay certificates entered into or issued pursuant  
29 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the  
30 Health and Educational Facilities Authority and, so long as any capital outlay certificates  
31 are outstanding, installment agreement payments, lease-purchase agreements, or other  
32 arrangements are unpaid, the school board of any district may be compelled by mandamus  
33 or other appropriate remedy to levy an annual tax sufficient to pay principal and interest

1 thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in  
2 any year authorized to be levied hereby.

3 The total amount of revenue payable from the levy provided in this section may  
4 not increase annually by more than the lesser of three percent or the index factor, as  
5 defined in § 10-13-38, over the maximum amount of revenue that could have been  
6 generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total  
7 amount of revenue payable from the levy provided in this section may not increase  
8 annually by more than three percent over the amount of revenue that could have been  
9 raised in the prior year.

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

19 A school district may increase the revenue the district receives from taxes on real  
20 property above the limit provided by this section for taxes levied to pay the principal,  
21 interest, and redemption charges on any bonds issued after January 1, 2009, which are  
22 subject to referendum, scheduled payment increases on bonds, for a levy directed by the  
23 order of a court for the purpose of paying a judgment against the school district, upon the  
24 termination of a tax increment financing district pursuant to § 11-9-46, or upon the  
25 application of any discretionary formula to real property pursuant to § 10-6-137. Any  
26 school district created or reorganized after January 1, 2016, is exempt from the limitation  
27 provided by this section for a period of two years immediately following the district's  
28 creation.

29 In no year may the annual tax levy provided in this section exceed three dollars  
30 per thousand dollars of taxable valuation of the school district for the current year.

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