Minutes: Senate State Affairs Monday, February 23, 2026 10:00 AM

Roll Call
Present: Sen. Deibert, Sen. Jensen (Kevin), Sen. Karr, Sen. Kolbeck (Steve), Sen. Larson, Sen. Pischke, Sen. Voight, Sen. Perry, and Sen. Mehlhaff

The meeting was called to order by Senator Mehlhaff

MOTION: TO APPROVE THE MINUTES OF FRIDAY, FEBRUARY 20TH

Moved by: Perry
Second by: Deibert
Action: Prevailed by voice vote

SJR 508 : proposing and submitting to the voters at the next general election, amendments to the Constitution of the State of South Dakota, removing the lieutenant governor as presiding officer of the Senate.

Presented by: Senator Steve Kolbeck
Opponents: Nathan Sanderson, South Dakota Retailers Association

MOTION: DO PASS SJR 508

Moved by: Jensen (Kevin)
Second by: Pischke
Action: Prevailed by Majority Members Elect (9-0-0-0)

Voting Yes: Deibert, Jensen (Kevin), Karr, Kolbeck (Steve), Larson, Pischke, Voight, Perry, and Mehlhaff

SB 172 : enhance the economy of South Dakota.

Presented by: Senator Liz Larson

MOTION: AMEND SB 172

172A

On page 1, line 1, of the Introduced bill, delete "enhance the economy of South Dakota" and insert "reduce the state sales tax and use tax rates on food and food ingredients to zero percent"
On the Introduced bill, delete everything after the enacting clause and insert:
"

Section 1. That § 10-45-1 be AMENDED:

10-45-1. Terms used in this chapter mean:

(1) "Agricultural purposes," the producing, raising, growing, or harvesting of food or fiber upon agricultural land, including dairy products, livestock, and crops. The services of custom harvesters, chemical applicators, fertilizer spreaders, hay grinders, and cultivators are considered agricultural purposes. The harvesting of timber on land within the state is considered an agricultural purpose;

(2) "Business," any activity engaged in by any person or caused to be engaged in by such person with the object of gain, benefit, or advantage, either direct or indirect;

(3) "Candy," any preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. The term, candy, does not include any preparation containing flour and does not require refrigeration;

(4) "Delivery charges," charges by the retailer for preparation and delivery to a location designated by the purchaser of tangible personal property, any product transferred electronically, or services including transportation, shipping, postage, handling, crating, and packing. The term does not include postage for direct mail;

(5) "Food" and "food ingredient," any substance, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that is sold for ingestion or chewing by humans and is consumed for its taste or nutritional value. ~~The term, food, does~~ These terms do not include ~~alcoholic beverages, tobacco, or prepared food~~:

(a) Alcoholic beverages, as defined in § 35-1-1;
(b) Candy;
(c) Cannabis or cannabis products, as defined in § 34-20G-1;
(d) Cigarettes, as defined in § 10-50B-4;
(e) Prepared food;
(f) Soft drinks; or
(g) Tobacco products, as defined in § 10-50-1;

(6) Repealed by SL 2007, ch 56, § 1.

(7) "Person," any individual, firm, copartnership, joint adventure, association, limited liability company, corporation, municipal corporation, estate, trust, business trust, receiver, the State of South Dakota and its political subdivisions, or any group or combination acting as a unit;

(8) "Prepared food," any ~~food~~:

(a) Food sold in a heated state or heated by the seller; ~~two~~
(b) Two or more food ingredients mixed or combined by the seller for sale as a single item; or ~~food~~
(c) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. ~~A~~, but a plate does not include a container or packaging used to transport the food.

Prepared food does not include food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part 401.11 of its Food Code as of January 1, 2003, so as to prevent food borne illnesses;

(8A) "Product transferred electronically," any product obtained by the purchaser by means other than tangible storage media. A product transferred electronically does not include any intangible such as a patent, stock, bond, goodwill, trademark, franchise, or copyright~~.~~;

(9) "Relief agency," the state, and county, municipality or district thereof, or any agency engaged in actual relief work;
(10) "Retail sale" or "sale at retail," any sale, lease, or rental for any purpose other than for resale, sublease, or subrent;
(11) "Retailer," any person engaged in the business of selling ~~tangible~~:
(a) Tangible goods, wares, or merchandise at retail~~, or the furnishing of gas~~;
(b) Gas, electricity, water, and communication service~~, and tickets~~;
(c) Tickets or admissions to places of amusement and athletic events as provided in this chapter~~, and the sale at retail of products~~; and
(d) Products transferred electronically at retail.
The term ~~also includes~~ does not include any person ~~subject to the tax imposed by §§ 10-45-4 and 10-45-5. The~~ that engages in the isolated or occasional sale of tangible personal property or of any product transferred electronically at retail ~~by a,~~ provided the person ~~who~~ does not hold ~~himself or herself~~ itself out to the public as engaging in the business of selling ~~such~~ tangible personal property or products transferred electronically at retail ~~does not constitute such person a retailer~~;
(12) "Sale," any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever, for a consideration; ~~and~~
(13) "Soft drinks," any nonalcoholic beverages that contain natural or artificial sweeteners. The term, soft drinks, does not include any beverage that contains milk or milk products, soy, rice of similar milk substitutes, or greater than fifty percent of vegetable or fruit juice by volume; and
(14) "Tangible personal property," personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. The term includes electricity, water, gas, steam, and prewritten computer software.

Section 2. That a NEW SECTION be added to chapter 10-45:

The rate imposed by this chapter upon the gross receipts of all sales of food and food ingredients, as defined by § 10-45-1, is zero percent.

Section 3. That § 10-46-1 be AMENDED:

10-46-1. Terms, as used in this chapter mean:

(1) "Business," any activity engaged in by any person or caused to be engaged in by such person with the object of gain, benefit, or advantage, either direct or indirect;
(2) "Candy," any preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. The term, candy, does not include any preparation containing flour and does not require refrigeration;
(3) "Delivery charges," charges by the retailer for preparation and delivery to a location designated by the purchaser of tangible personal property, any product transferred electronically, or services including transportation, shipping, postage, handling, crating, and packing. The term does not include postage for direct mail;
(4) "Fair market value," the price at which a willing seller and willing buyer will trade. Fair market value ~~shall~~ must be determined at the time of purchase. If a public corporation is supplying tangible personal property or any product transferred electronically that ~~will~~ is to be used in the performance of a contract, fair market

value ~~shall~~ must be determined pursuant to § 5-18B-7. This definition also applies to chapter 10-45;

(5) "Food" and "food ingredient," any substance, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that is sold for ingestion or chewing by humans and is consumed for its taste or nutritional value. ~~The term, food, does~~ These terms do not include ~~alcoholic beverages, tobacco, or prepared food~~:

(a) Alcoholic beverages, as defined in § 35-1-1;
(b) Candy;
(c) Cannabis or cannabis products, as defined in § 43-20G-1;
(d) Cigarettes, as defined in § 10-50B-4;
(e) Prepared food;
(f) Soft drinks; or
(g) Tobacco products, as defined in § 34-20G-1;

(6) "Included in the measure of tax," the tangible personal property, any product transferred electronically, or the service was purchased from a retailer licensed under chapter 10-45 and that retailer has included the tax in the amount received from the sale;

(7) "In this state" or "in the state," within the exterior limits of the State of South Dakota and includes all territory within ~~such~~ the limits owned by or ceded to the United States of America;

(8) "Prepared food," any ~~food~~:

(a) Food sold in a heated state or heated by the seller; ~~two~~
(b) Two or more food ingredients mixed or combined by the seller for sale as a single item; or ~~food~~
(c) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. ~~A plate~~, but does not include a container or packaging used to transport the food.

Prepared food does not include food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part 401.11 of its Food Code as of January 1, 2003, so as to prevent food borne illnesses;

(8A) "Product transferred electronically," any product obtained by the purchaser by means other than tangible storage media. A product transferred electronically does not include any intangible such as a patent, stock, bond, goodwill, trademark, franchise, or copyright~~.~~;

(9) "Purchase," any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever, for a consideration. A transaction, whereby the possession of property is transferred but the seller retains the title as security for the payment of the price, is a purchase;

(10) "Purchase price," ~~shall have~~ the same meaning as gross receipts defined in chapter 10-45;

(11) "Retailer," any person performing services in this state or engaged in the business of selling tangible personal property or products transferred electronically for use, storage or other consumption within the meaning of this chapter. However, if in the opinion of the secretary of revenue, it is necessary for the efficient administration of this chapter to regard any salesmen, representatives, truckers, peddlers, or canvassers as agents of the dealers, distributors, supervisors, employers, or persons under whom they operate or

from whom they obtain the tangible personal property or any product transferred electronically sold by them irrespective of whether they are making sales on their own behalf or on behalf of such dealers, distributors, supervisors, employers, or persons, the secretary of revenue may so regard them and may regard the dealers, distributors, supervisors, employers, or persons as retailers for purposes of this chapter;

(12) "Retailer maintaining a place of business in the state," any retailer having or maintaining within this state, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any agents operating within the state under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent is located here permanently or temporarily or whether such retailer or subsidiary is admitted to do business within this state pursuant to the laws of the State of South Dakota granting the rights of foreign corporations to do business in this state;

(13) "Secretary," the secretary of the Department of Revenue or any duly authorized and appointed assistant, deputies, or agents of the secretary charged with the administration or enforcement of this chapter;

(14) "Soft drinks," any nonalcoholic beverages that contain natural or artificial sweeteners. The term, soft drinks, does not include any beverage that contains milk or milk products, soy, rice of similar milk substitutes, or greater than fifty percent of vegetable or fruit juice by volume;

(15) "Storage," any keeping or retention in this state for use or other consumption in the State of South Dakota for any purpose except sale in the regular course of business;

(16) "Tangible personal property," personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses if furnished or delivered to consumers or users within this state. The term includes electricity, water, gas, steam, and prewritten computer software; and

(17) "Use," the exercise of right or power over tangible personal property or any product transferred electronically incidental to the ownership of that property, except that it does not include the sale of that property in the regular course of business. Use also includes the use of the types of services, the gross receipts from the sale of which are to be included in the measure of the tax imposed by chapter 10-45, and the delivery or causing delivery into this state of tangible personal property or any product transferred electronically intended to advertise any product or service or promote or facilitate any sale to South Dakota residents.

Section 4. That a NEW SECTION be added to chapter 10-46:

The rate of tax imposed by this chapter upon the use, storage, or consumption in this state of food and food ingredients is zero percent.

"

Moved by: Larson
Action: Died for lack of a second

MOTION: TO TABLE SB 172

Moved by: Karr
Second by: Pischke
Action: Prevailed by Majority Members Elect (8-1-0-0)

Voting Yes: Deibert, Jensen (Kevin), Karr, Kolbeck (Steve), Pischke, Voight, Perry, and Mehlhaff

Voting No: Larson

SB 244 : address issues facing South Dakota.

Presented by: Senator Jim Mehlhaff

MOTION: DO PASS SB 244

Moved by: Pischke
Second by: Perry
Action: Prevailed by Majority Members Elect (9-0-0-0)

Voting Yes: Deibert, Jensen (Kevin), Karr, Kolbeck (Steve), Larson, Pischke, Voight, Perry, and Mehlhaff

HAVING PASSED UNANIMOUSLY, THE CHAIR CERTIFIED SB 244 AS UNCONTESTED AND AS SUCH BE PLACED ON THE CONSENT CALENDAR.

SB 245 : promote the future success and development of South Dakota.

Presented by: Senator Jim Mehlhaff

MOTION: DO PASS SB 245

Moved by: Pischke
Second by: Perry
Action: Prevailed by Majority Members Elect (9-0-0-0)

Voting Yes: Deibert, Jensen (Kevin), Karr, Kolbeck (Steve), Larson, Pischke, Voight, Perry, and Mehlhaff

HAVING PASSED UNANIMOUSLY, THE CHAIR CERTIFIED SB 245 AS UNCONTESTED AND AS SUCH BE PLACED ON THE CONSENT CALENDAR.

SJR 505 : proposing and submitting to the voters at the next general election an amendment to the Constitution of the State of South Dakota, limiting the assessed value of real property and limiting real property taxes.

MOTION: DO PASS SJR 505

Moved by: Jensen (Kevin)
Second by: Pischke
Action: Failed by Majority Members Elect (3-6-0-0)

Voting Yes: Jensen (Kevin), Karr, and Pischke

Voting No: Deibert, Kolbeck (Steve), Larson, Voight, Perry, and Mehlhaff

MOTION: DEFER SJR 505 TO THE 41ST LEGISLATIVE DAY

Moved by: Deibert
Second by: Kolbeck (Steve)
Action: Prevailed by Majority Members Elect (5-4-0-0)

Voting Yes: Deibert, Kolbeck (Steve), Larson, Perry, and Mehlhaff

Voting No: Jensen (Kevin), Karr, Pischke, and Voight

SJR 507 : proposing and submitting to the voters at the next general election, an amendment to state law to reduce certain property taxes for owner-occupied property, and to increase the rates for certain gross receipts taxes and use taxes.

Presented by: Senator Amber Hulse
Opponents: Jason Evans, Department of Revenue
Nathan Sanderson, South Dakota Retailers Association

MOTION: AMEND SJR 507

SJR507A

On page 1, line 2, of the Introduced resolution, after "law" delete " to reduce certain property taxes for owner-occupied property, and"
On page 1, line 4, of the Introduced resolution, after "taxes" insert " an"
On page 1, line 4, of the Introduced resolution, after "taxes" insert "d deposit revenues into the homeowner tax reduction fund"
On page 1, line 9, of the Introduced resolution, after "approval." delete "Section 2. That § 10-12-42 be AMENDED:
"
On page 1, line 10, of the Introduced resolution, after "AMENDED:" delete "10-12-42. "
On page 1, line 10, of the Introduced resolution, after "10-12-42. " delete "For taxes payable in 2026 2027, and each year thereafter, the maximum levy for the general fund of a school district is as follows:
(1) The maximum tax mill levy is five dollars and twenty-one and one-tenth cents per thousand dollars of taxable valuation, subject to the limitations on agricultural property as provided in subdivision (2) of this section and owner-occupied property as provided in subdivision (3) of this section;
(2) The maximum tax mill levy on agricultural property for the school district is one dollar and twelve and five-tenths cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum mill levies as stated in this section, the mill levies imposed in subdivision (1) and this subdivision must maintain the same proportion to each other as represented in the mathematical relationship at the maximum mill levies; and
(3) The maximum tax mill levy for an owner-occupied single-family dwelling pursuant to § 10-13-40 for the school district is two zero dollars and fifty-one and eight-tenths zero cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum levies as stated in this section, the levies must maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies.
All levies in this section must be imposed on valuations where the median level of assessment represents eighty-five percent of market value as determined by the Department of Revenue. These valuations must be used for all school funding purposes. If the district has imposed an excess levy pursuant to § 10-12-43, the levies must maintain

the same proportion to each other as represented in the mathematical relationship at the maximum levies in this section. The school district may elect to tax at less than the maximum amounts set forth in this section."
On page 5, after line 6, of the Introduced resolution, insert: "
Section 9. That § 10-45-52 be AMENDED:

10-45-52. All taxes and license fees collected by the secretary of revenue pursuant to this chapter, shall immediately be turned over to the state treasurer and credited to the state general fund, except as otherwise provided.

The treasurer shall deposit in the homeowner tax reduction fund, as created in Senate Bill 125, and enacted by the One Hundred First Legislature, the applicable percent of the taxes collected by the secretary of the Department of Revenue pursuant to this chapter.

For purposes of this section, "applicable percent" means one-half percent divided by the tax rate set forth in § 10-45-2."

On page 6, line 9, of the Introduced resolution, delete " local effort replacement fund, established in section 25 of this Act" and insert " homeowner tax reduction fund, as created in Senate Bill 125, and enacted by the One Hundred First Legislature"
On page 6, line 10, of the Introduced resolution, delete " sixteen" and insert " the applicable"
On page 6, line 11, of the Introduced resolution, after "chapter." insert "
For purposes of this section, "applicable percent" means one-half percent divided by the tax rate set forth in § 10-46-2. 1."
On page 7, line 29, of the Introduced resolution, delete " local effort replacement fund, established in section 25 of this Act" and insert " homeowner tax reduction fund, as created in Senate Bill 125, and enacted by the One Hundred First Legislature"
On page 7, line 30, of the Introduced resolution, delete " sixteen" and insert " the applicable"
On page 7, line 31, of the Introduced resolution, after "chapter." insert "
For purposes of this section, "applicable percent" means one-half percent divided by the tax rate set forth in § 10-46E-1."
On page 8, line 10, of the Introduced resolution, delete "local effort replacement fund, established in section 25 of this Act" and insert " homeowner tax reduction fund, as created in Senate Bill 125, and enacted by the One Hundred First Legislature"
On page 8, line 11, of the Introduced resolution, delete " sixteen" and insert " the applicable"
On page 8, line 12, of the Introduced resolution, after "chapter." insert "
For purposes of this section, "applicable percent" means one-half percent divided by the tax rate set forth in § 10-58-1."
On page 8, line 13, of the Introduced resolution, after "chapter." delete "Section 22. That § 13-13-71 be AMENDED:
"
On page 8, line 14, of the Introduced resolution, after "AMENDED:" delete "13-13-71. "
On page 8, line 14, of the Introduced resolution, after "13-13-71. " delete "If local effort increases on a statewide aggregate basis by a greater percentage than local need on a statewide aggregate basis from any one year to the next, for the following year each of the mill levies specified in subdivision 13-13-10. 1(13) shall subdivisions 10-12-42(1) and (2) must be reduced proportionally so that the percentage increase in local effort on a statewide aggregate basis equals the percentage increase in need on a statewide aggregate basis."
On page 8, line 20, of the Introduced resolution, after "basis." delete "Section 23. That § 13-13-72 be AMENDED:
"

On page 8, line 21, of the Introduced resolution, after "AMENDED:" delete "13-13-72. "
On page 8, line 21, of the Introduced resolution, after "13-13-72. " delete "It is the policy of the Legislature that In 2028 and each year thereafter, the appropriation for state aid to education must increase on an annual basis by the percentage increase in local need on an aggregate statewide basis so that the relative proportion of local need paid by local effort and state aid shall remain remains constant. For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local effort and state aid shall be adjusted annually to maintain the proportion between state aid and local property taxes and to reflect adjustments in local effort due to the implementation of the other revenue base amount as defined in § 13-13-10. 1."
On page 8, line 29, of the Introduced resolution, after "13-10.1." delete "Section 24. That § 13-13-72. 1 be AMENDED:
"
On page 9, line 1, of the Introduced resolution, after "AMENDED:" delete "13-13-72. 1. "
On page 9, line 1, of the Introduced resolution, after "13-13-72.1. " delete "Any adjustments In 2028 and each year thereafter, any adjustment in the levies specified in § 10-12-42 made pursuant to §§ 13-13-71 and § 13-13-72 shall be based on maintaining must maintain the relationship between statewide local effort as a percentage of statewide local need in the fiscal year succeeding the fiscal year in which the adjustment is made. For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local effort and state aid shall be adjusted annually to reflect adjustments in local effort due to the implementation of the other revenue base amount as defined in § 13-13-10. 1. However, if If the levies specified in § 10-12-42 are not adjusted to maintain this relationship, the target teacher salary as defined in § 13-13-10. 1 shall be, must be reduced to maintain the relationship between for statewide local effort as a percentage of statewide local need."
On page 9, line 12, of the Introduced resolution, after "need." delete "Section 25. That a NEW SECTION be added to chapter 13-13:
"
On page 9, line 13, of the Introduced resolution, after "13-13:" delete "There is created in the state treasury the local effort replacement fund. The treasurer shall deposit in the fund sixteen percent of the taxes collected pursuant to:
(1) Chapter 10-45;
(2) Chapter 10-46;
(3) Chapter 10-46E; and
(4) Chapter 10-58.
The Department of Education shall administer the fund. The purpose of the fund is to supplement property tax local effort for school district general funds and special education funds with state revenue. Interest on moneys credited to the fund must remain in the fund. Expenditures from the fund must be budgeted through the general appropriation bill."
On page 9, line 24, of the Introduced resolution, after "bill." delete "Section 26. That § 13-37-16 be AMENDED:
"
On page 9, line 25, of the Introduced resolution, after "AMENDED:" delete "13-37-16. "
On page 9, line 25, of the Introduced resolution, after "13-37-16. " delete "For taxes payable in 2026 2027, and each year thereafter, the school board shall may levy no more than one dollar and forty-six and two-tenths cents per thousand dollars of taxable valuation of property classified for purposes of taxation as agricultural property and nonagricultural property, as a special levy in addition to all other levies authorized by law for the amount so determined to be necessary, and the levy must be spread against all of the taxable property of the district not classified as owner-occupied single-family dwellings, as defined in § 10-13-39. The proceeds derived from the levy constitute a school district special education fund of the district for the payment of costs for the special education of all children in need of

special education or special education and related services, who reside within the district, pursuant to the provisions of §§ 13-37-8. 4 to 13-37-8. 10, inclusive.
The levy in this section is based on valuations where the median level of assessment represents eighty-five percent of market value as determined by the Department of Revenue. The total amount of taxes that would be generated at the levy pursuant to this section is considered local effort. Money in the special education fund may be expended for the purchase or lease of any assistive technology that is directly related to special education and specified in a student's individualized education plan. This section does not apply to real property improvements."
On page 10, line 10, of the Introduced resolution, after "improvements." delete "Section 27. That § 13-37-35. 1 be AMENDED:
"
On page 10, line 11, of the Introduced resolution, after "AMENDED:" delete "13-37-35. 1. "
On page 10, line 11, of the Introduced resolution, after "13-37-35.1. " delete "Terms used in chapter 13-37 mean:
(1) "Level one disability," a mild disability;
(2) "Level two disability," cognitive disability or emotional disorder;
(3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic brain injury;
(4) "Level four disability," autism;
(5) "Level five disability," multiple disabilities;
(5A) "Level six disability," prolonged assistance;
(6) "Index factor," is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment, or three percent, whichever is less;
(7) "Local effort," must be an amount calculated for taxes payable in 2026 2027 and thereafter using a the maximum special education levy of one dollar and twenty-six and two-tenths cents per one thousand dollars of valuation set forth in § 13-37-16, imposed on the taxable valuation of property classified for purposes of taxation as agricultural property and nonagricultural property;
(8) "Allocation for a student with a level one disability," for the school fiscal year beginning July 1, 2025, is $7,650. 45. For each school year thereafter, the allocation for a student with a level one disability must be the previous fiscal year's allocation for the child increased by the index factor;
(9) "Allocation for a student with a level two disability," for the school fiscal year beginning July 1, 2025, is $16,759. 91. For each school year thereafter, the allocation for a student with a level two disability must be the previous fiscal year's allocation for the child increased by the index factor;
(10) "Allocation for a student with a level three disability," for the school fiscal year beginning July 1, 2025, is $23,139. 68. For each school year thereafter, the allocation for a student with a level three disability must be the previous fiscal year's allocation for the child increased by the index factor;
(11) "Allocation for a student with a level four disability," for the school fiscal year beginning July 1, 2025, is $18,053. 89. For each school year thereafter, the allocation for a student with a level four disability must be the previous fiscal year's allocation for the child increased by the index factor;
(12) "Allocation for a student with a level five disability," for the school fiscal year beginning July 1, 2025, is $37,039. 28. For each school year thereafter, the allocation for a student with a level five disability must be the previous fiscal year's allocation for the child increased by the index factor;
(12A) "Allocation for a student with a level six disability," for the school fiscal year beginning July 1, 2025, is $11,838. 15. For each school year thereafter, the allocation for a student

with a level six disability must be the previous fiscal year's allocation for the child increased by the index factor;
(13) "Child count," is the number of students in need of special education or special education and related services according to criteria set forth in rules promulgated pursuant to §§ 13-37-1. 1 and 13-37-46 submitted to the Department of Education;
(14) "Fall enrollment," the number of kindergarten-through-twelfth-grade students enrolled in all schools operated by the school district on the last Friday of September of the previous school year minus the number of students for whom the district receives tuition, except any nonresident student who is in the care and custody of a state agency and is attending a public school and any student for whom tuition is being paid pursuant to § 13-28-42. 1, plus the number of students for whom the district pays tuition;
(15) "Nonpublic school," a sectarian organization or entity accredited by the secretary of education for the purpose of instructing children of compulsory school age. This definition excludes any school that receives a majority of its revenues from public funds;
(16) "Nonpublic fall enrollment," the number of children under age eighteen, who are approved for alternative instruction pursuant to § 13-27-3 on the last Friday of September of the previous school year plus:
(a) For nonpublic schools located within the boundaries of a public school district with a fall enrollment of six hundred or more on the last Friday of September of the previous school year, the number of kindergarten-through-twelfth-grade students enrolled on the last Friday of September of the previous regular school year in all nonpublic schools located within the boundaries of the public school district;
(b) For nonpublic schools located within the boundaries of a public school district with a fall enrollment of less than six hundred on the last Friday of September of the previous school year, the number of resident kindergarten-through-twelfth-grade students enrolled on the last Friday of September of the previous school year in all nonpublic schools located within this state;
(17) "Special education fall enrollment," fall enrollment plus nonpublic fall enrollment;
(18) "Local need," an amount to be determined as follows:
(a) Multiply the special education fall enrollment by 0. 1062 and multiply the result by the allocation for a student with a level one disability;
(b) Multiply the number of students having a level two disability as reported on the child count for the previous school fiscal year by the allocation for a student with a level two disability;
(c) Multiply the number of students having a level three disability as reported on the child count for the previous school fiscal year by the allocation for a student with a level three disability;
(d) Multiply the number of students having a level four disability as reported on the child count for the previous school fiscal year by the allocation for a student with a level four disability;
(e) Multiply the number of students having a level five disability as reported on the child count for the previous school fiscal year by the allocation for a student with a level five disability;
(f) Multiply the number of students having a level six disability as reported on the child count for the previous school fiscal year by the allocation for a student with a level six disability;
(g) When calculating local need at the statewide level, include the amount set aside for extraordinary expenses defined in § 13-37-40;
(h) When calculating local need at the statewide level, include the amount set aside for the South Dakota School for the Blind and Visually Impaired; and
(i) Sum the results of subdivisions (18)(a) to (h), inclusive; and
(19) "Effort factor," the school district's special education tax levy in dollars per thousand divided by $1. 262. The maximum effort factor is 1. 0."

On page 13, line 19, of the Introduced resolution, delete "Sections 3 to 21, inclusive, section 25, and section 28 of this " and insert "This "
On page 13, line 19, of the Introduced resolution, delete " are" and insert " is"
On page 13, line 20, of the Introduced resolution, delete " January" and insert " July"

Moved by: Perry
Second by: Pischke
Action: Prevailed by voice vote

MOTION: DEFER SJR 507 TO THE 41ST LEGISLATIVE DAY

Moved by: Kolbeck (Steve)
Second by: Jensen (Kevin)
Action: Prevailed by Majority Members Elect (5-4-0-0)

Voting Yes: Jensen (Kevin), Karr, Kolbeck (Steve), Pischke, and Voight

Voting No: Deibert, Larson, Perry, and Mehlhaff

MOTION: ADJOURN

Moved by: Perry
Second by: Deibert
Action: Prevailed by voice vote

Doug Mortenson, Committee Secretary

/s/ JIM MEHLHAFF
Jim Mehlhaff, Chair