

## 2026 South Dakota Legislature

**House Bill 1241****AMENDMENT 1241A  
FOR THE INTRODUCED BILL**

1 **An Act to ~~increase the amount of value exempt from property taxes under~~ modify**  
2 **the exemption amount and eligibility criteria for a tax relief program ~~for~~**  
3 **disabled provided to certain veterans and surviving spouses.**

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

5 **Section 1. That § 10-1-47 be AMENDED:**

6 **10-1-47.** The terms "United States Internal Revenue Code" and "Internal Revenue  
7 Code" mean the United States Internal Revenue Code as amended and in effect on January  
8 1, 2025. This section applies to §§ 10-4-9.1, 10-4-9.2, 10-4-9.3, 10-4-9.4, 10-4-39, 10-  
9 6-157, ~~and~~ 10-43-10.1, and section 4 of this Act, and subdivisions 10-6A-1(7), 10-6B-  
10 1(5), 10-18A-1(6), 10-43-10.3(6), and 10-45A-1(5).

11 **Section 2. That § 10-4-40 be AMENDED:**

12 **10-4-40.** Two hundred ~~twenty-five~~ thousand dollars of the full and true value of  
13 the total amount of a dwelling, or portion thereof, classified as owner-occupied pursuant  
14 to §§ 10-13-39 to 10-13-40.4, inclusive, that is owned and occupied by a veteran who is  
15 rated as permanently and totally disabled from a service-connected disability, is exempt  
16 from property taxation. The veteran shall apply for this partial exemption on a form  
17 prescribed by the secretary of ~~revenue~~ the Department of Revenue. Any application or  
18 supporting document for this exemption is confidential. ~~Any~~ A veteran who would  
19 otherwise qualify for this exemption but fails to comply with the application deadline for  
20 the owner-occupied classification or the deadline for application for this exemption may  
21 petition the board of county commissioners to recalculate the taxes based upon the owner-  
22 occupied classification and this exemption and abate or refund the difference in taxes  
23 pursuant to chapter 10-18.

24 If the director of equalization determines that the veteran receives an exemption  
25 for the veteran's dwelling pursuant to this section, the veteran retains ~~that~~ the exemption

1 until the property ownership is transferred, the veteran does not occupy the dwelling, or  
2 the property has a change in use. If the legal description of property is changed or  
3 amended and the veteran continues to reside in the dwelling, the veteran retains the  
4 exemption provided by this section.

5 **Section 3. That § 10-4-41 be AMENDED:**

6 **10-4-41.** Two hundred ~~twenty-five~~ thousand dollars of the full and true value of  
7 ~~the total amount of~~ a dwelling, or portion thereof, classified as owner-occupied pursuant  
8 to §§ 10-13-39 to 10-13-40.4, inclusive, is exempt from property taxation if owned and  
9 occupied by:

- 10 (1) The surviving spouse of a veteran who was rated as permanently and totally  
11 disabled from a service-connected disability; or  
12 (2) The surviving spouse of a veteran, who receives dependency and indemnity  
13 compensation from the United States Department of Veterans Affairs as a result of  
14 the veteran's service-connected death.

15 The surviving spouse shall apply for this partial exemption on a form prescribed by  
16 the secretary of ~~revenue.~~ the Department of Revenue. The application ~~or~~ and  
17 supporting document for this exemption is confidential. ~~Any~~ A surviving spouse who would  
18 otherwise qualify for this exemption but fails to comply with the application deadline for  
19 the owner-occupied classification or the deadline for application for this exemption may  
20 petition the board of county commissioners to recalculate the taxes based upon the owner-  
21 occupied classification and this exemption and abate or refund the difference in taxes  
22 pursuant to chapter 10-18.

23 If the director of equalization determines that the surviving spouse receives an  
24 exemption for the dwelling pursuant to this section, the surviving spouse retains ~~that~~ the  
25 exemption until the property ownership is transferred, the surviving spouse does not  
26 occupy the dwelling, the surviving spouse remarries, or the property has a change in use.  
27 If the legal description of property is changed or amended and the surviving spouse  
28 continues to reside in the dwelling, the surviving spouse retains the exemption provided  
29 by this section.

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

31 For purposes of the real property tax exemption provided under §§ 10-4-40 and  
32 10-4-41, an additional twenty-five thousand dollars of the full and true value of the owner-  
33 occupied single-family dwelling, as defined in § 10-13-39, is exempt from taxation if:

- 1        (1) For the exemption provided in:
- 2            (a) § 10-4-40, the disabled veteran qualifies for total disability based on
- 3            individual unemployability, as determined by the United States Department
- 4            of Veterans Affairs; and
- 5            (b) § 10-4-41, the disabled veteran qualified for total disability based on
- 6            individual unemployability, as determined by the United States Department
- 7            of Veterans Affairs; and
- 8        (2) The disabled veteran or surviving spouse has an annual household income not
- 9            exceeding fifty-five thousand dollars for a single-member household, and not
- 10           exceeding sixty-five thousand dollars for a multi-member household.
- 11           For purposes of this section, "household income" means the sum of the adjusted
- 12           gross income of all members of the household for the preceding calendar year, as
- 13           determined pursuant to the Internal Revenue Code, as defined by § 10-1-47.