

**Chapter 40**  
**(House Bill 1193)**

**An Act to modify the provisions for a refund of taxes to disabled veterans and surviving spouses under certain property tax relief programs.**

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

**Section 1. That § 10-4-40 be AMENDED:**

**10-4-40.** Two hundred thousand dollars of the full and true value of the total amount of a dwelling or portion thereof classified as owner-occupied pursuant to §§ 10-13-39 to 10-13-40.4, inclusive, ~~that~~ which is owned and occupied by a veteran who is rated as permanently and totally disabled from a service-connected disability, is exempt from property taxation. The veteran shall apply for this partial exemption on a form prescribed by the secretary of revenue. Any application or supporting document for this exemption is confidential.

Any veteran who would otherwise qualify for this exemption but fails to comply with the application deadline for the owner-occupied classification or the deadline for application for this exemption may petition the board of county commissioners to recalculate the taxes based upon the owner-occupied classification and this exemption ~~and, and the board may abate or refund the difference in taxes in the same manner set forth in chapter 10-18.~~

If the veteran meets all eligibility requirements for this exemption except for the application deadline due to a pending claim for a permanent and total disability rating through the United States Department of Veteran Affairs, the board must abate or refund the difference in taxes accumulated since the effective date of the claim, but not exceeding the previous four years pursuant to. The abatement or refund of taxes must be made in accordance with chapter 10-18.

If the director of equalization determines that the veteran receives an exemption for the veteran's dwelling pursuant to this section, the veteran retains that exemption until the property ownership is transferred, the veteran does not occupy the dwelling, or the property has a change in use. If the legal description of property is changed or amended and the veteran continues to reside in the dwelling, the veteran retains the exemption provided by this section.

**Section 2. That § 10-4-41 be AMENDED:**

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

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

The surviving spouse shall apply for this partial exemption on a form prescribed by the secretary of revenue. Any application or supporting document for this exemption is confidential.

Any surviving spouse who would otherwise qualify for this exemption but fails to comply with the application deadline for the owner-occupied classification or

the deadline for application for this exemption may petition the board of county commissioners to recalculate the taxes based upon the owner-occupied classification and this exemption ~~and. If the surviving spouse meets all eligibility requirements for this exemption except for the application deadline, the board may abate or refund the difference in taxes accumulated over a period not exceeding the previous four years,~~ pursuant to chapter 10-18.

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

**Section 3. That § 10-18-1 be AMENDED:**

**10-18-1.** Unless otherwise ~~expressly~~ provided, if a person, against whom an assessment has been made or a tax levied, claims that the assessment or tax or any part of the assessment or tax is invalid for any reason provided in ~~subdivisions (1) to (6), inclusive, this section,~~ the assessment or tax may be abated, or the tax refunded if paid. The board of county commissioners may abate or refund, in whole or in part, the invalid assessment or tax in the following cases only:

- (1) If an error has been made in any identifying entry or description of the real property, in entering the valuation of the real property or in the extension of the tax, to the injury of the complainant;
- (2) If improvements on any real property were considered or included in the valuation of the real property, which did not exist on the real property at the time fixed by law for making the assessment;
- (3) If the complainant or the property is exempt from the tax;
- (4) If the complainant had no taxable interest in the property assessed against the complainant at the time fixed by law for making the assessments;
- (5) If taxes have been erroneously paid or error made in noting payment or issuing receipt for the taxes paid;
- (6) If the same property has been assessed against the complainant more than once in the same year, and the complainant produces satisfactory evidence that the tax for the year has been paid; or
- (7) A person qualifies for the property tax exemption under § 10-4-40 or 10-4-41, but failed to comply with the application deadline.

~~However, no~~ No tax may be abated on any real property ~~which that~~ has been sold for taxes, while a tax certificate is outstanding.

**Signed March 12, 2026**

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