

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

843P0524

SENATE ENGROSSED NO. **SB 116** - 2/13/2008

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

Introduced by: Senators Knudson, Hansen (Tom), Lintz, and Peterson (Jim) and
Representatives Noem, Boomgarden, Dennert, Juhnke, Rhoden, Sigdestad,
and Vanneman

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning the assessment of
2 real property and to revise the makeup of the implementation and oversight advisory task
3 force.

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

5 Section 1. That § 10-6-33.25 be amended to read as follows:

6 10-6-33.25. For the purposes of § 10-6-33.24, the agricultural income value shall be
7 determined using capitalized annual cash rent. The annual cash rent is the annual cash rent,
8 excluding the per acre tax on agricultural land, determined through an analysis of arms-length
9 rental agreements collected within the county in the three years prior to the year for which the
10 agricultural income value is being determined. The agricultural income value of cropland shall
11 be based on average rents over a three-year period for cropland under natural conditions. The
12 agricultural income value of noncropland shall be based on average rents over a three-year
13 period for noncropland under natural conditions. However, no arms-length rental agreements
14 for irrigated land may be used to determine the annual cash rent pursuant to this section. The



1 annual cash rent shall be capitalized at seven and three-fourths percent. For the taxes payable
2 in 2010, 2011, 2012, and 2013, the total taxable value of agricultural land within any county
3 may not increase more than fifteen percent in any year.

4 The secretary of revenue and regulation may enter into a contract for the collection of cash
5 rent information by county. Cash rent information shall be adjusted by soil survey statistics, if
6 available, and pursuant to § 10-6-33.26.

7 Section 2. That section 12 of HB 1005 as previously enacted by the Eighty-third Legislature
8 be amended to read as follows:

9 Section 12. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 There is hereby established the Agricultural Land Assessment Implementation and Oversight
12 Advisory Task Force. The task force shall consist of the following ~~twelve~~ fourteen members:

13 (1) The speaker of the House of Representatives shall appoint four members of the
14 House of Representatives, no more than two of whom may be from one political
15 party;

16 (2) The speaker of the House of Representatives shall appoint ~~two~~ three members of the
17 general public, at least one of the members shall have an agricultural background and
18 at least one of the members shall have a business background;

19 (3) The president pro tempore of the Senate shall appoint four members of the Senate,
20 no more than two of whom may be from one political party; and

21 (4) The president pro tempore of the Senate shall appoint ~~two~~ three members of the
22 general public, at least one of the members shall have an agricultural background and
23 at least one of the members shall have a business background.

24 The initial appointments shall be made no later than July 1, 2008, and shall serve until

1 January 12, 2009. The speaker of the House of Representatives and president pro tempore of the
2 Senate before the close of each regular session of the Legislature held in odd-numbered years
3 shall appoint members to the task force for a term of two years. If there is a vacancy on the task
4 force, the vacancy shall be filled in the same manner as the original appointment.

5 The task force shall advise the department regarding the rules promulgated by the
6 department to administer the provisions concerning the assessment and taxation of agricultural
7 lands and shall review the implementation of the provisions of law concerning the assessment
8 and taxation of agricultural land. The task force shall report to the Senate and House of
9 Representatives and may submit a copy of its report to the Governor. The task force may present
10 draft legislation and policy recommendations to the Legislative Research Council Executive
11 Board.

12 The task force shall make recommendations in the following areas:

- 13 (1) The proper percentage of annual earning capacity to be used to determine the
14 agricultural income value ~~for subdivisions (1) and (2) of~~ pursuant to section 5 of this
15 Act; and
- 16 (2) The proper capitalization rate in order to have total taxable valuation for the taxes
17 payable in 2011 from agricultural property be not more than total taxable valuation
18 for the taxes payable in 2010 from agricultural property plus the estimated growth in
19 agricultural property value in 2010.