



## 2020 South Dakota Legislature

# Senate Bill 170

*Introduced by: The Committee on Education at the request of the Office of the Governor*

1 **An Act to revise certain provisions regarding school district capital outlay funds.**

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

3 **Section 1.** That § 13-16-7.2 be AMENDED:

4 **13-16-7.2. Maximum taxes--Pledge of taxes.**

5 Starting with taxes payable in 2021, a school district is limited to the maximum  
6 taxes allowed pursuant to § 13-16-7 or ~~two-three thousand-eight-hundred~~ dollars for each  
7 enrolled student as determined in the fall enrollment count set forth in § 13-13-10.1 for  
8 the prior school year, whichever is less. For 2022 and subsequent years, the maximum  
9 amount for each enrolled student shall increase by the lesser of three percent or the index  
10 factor, as defined in § 10-13-38.

11 If a school district has irrevocably pledged taxes collected to the payment of principal  
12 and interest on installment purchase contracts or capital outlay certificates entered into  
13 or issued pursuant to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other  
14 arrangements with the Health and Educational Facilities Authority prior to July 1, 2016,  
15 that school district may raise taxes allowed pursuant to § 13-16-7 and this section in an  
16 amount necessary to fund those payments and obligations and to provide additional  
17 funding of up to ~~two-three thousand-eight-hundred~~ dollars for each enrolled student as  
18 determined in the fall enrollment count set forth in § 13-13-10.1. In no year may the  
19 annual tax levy provided in this section exceed the levy authorized under § 13-16-7.

20 **Section 2.** That a NEW SECTION be added:

21 **10-12-43.1. Excess tax levy--School district capital outlay fund--**  
22 **Restrictions.**

23 A school district subject to the tax limitation on each enrolled student pursuant to  
24 § 13-16-7.2 may raise additional revenues for capital outlay fund purposes through the  
25 imposition of an excess tax levy. A school district seeking to impose an excess tax levy

1 pursuant to this section is subject to the same opt out procedures and requirements as  
2 provided in § 10-12-43. The opt out decision may be referred to a vote of the people in  
3 the same manner as provided in § 10-12-43.

4 A school district imposing an excess tax levy pursuant to this section shall exclude  
5 any additional revenue generated by the excess tax levy from the total tax revenues  
6 deposited in the capital outlay fund when calculating the maximum allowable transfer to  
7 the school district's general fund authorized under § 13-16-6. Any additional revenue  
8 generated by the excess tax levy may only be used for capital outlay fund purposes  
9 pursuant to § 13-16-6.

10 In no year may the annual tax levy for capital outlay fund purposes exceed the  
11 levy authorized under § 13-16-7.

12 **Section 3.** That a NEW SECTION be added:

13 **13-16-7.3. Maximum pledge of taxes--Limitations.**

14 Notwithstanding the provisions of § 13-16-7, a school board may, starting with  
15 taxes payable in 2021, authorize the levy of a tax not to exceed three dollars and fifty  
16 cents per thousand dollars of taxable valuation for the capital outlay fund for assets as  
17 defined by § 13-16-6 or for the district's obligations under a resolution, lease-purchase  
18 agreement, capital outlay certificate, or other arrangement with the Health and  
19 Educational Facilities Authority if the school district:

- 20 (1) Is limited to maximum capital outlay revenue of one thousand dollars or less per  
21 student in calendar year 2020; and  
22 (2) Had a capital outlay balance of four hundred thousand dollars or less as of June  
23 30, 2019.

24 Taxes collected pursuant to the levy may be irrevocably pledged by the school  
25 board to the payment of principal and interest on installment purchase contracts or capital  
26 outlay certificates entered into or issued pursuant to § 13-16-6 or 13-16-6.2 or any lease-  
27 purchase agreement or other arrangement with the Health and Educational Facilities  
28 Authority and, as long as any capital outlay certificates are outstanding, or any installment  
29 agreement payments, lease-purchase agreements, or other arrangements are unpaid, the  
30 school board of any district may be compelled by mandamus or other appropriate remedy  
31 to levy an annual tax sufficient to pay the principal and interest thereon, but not to exceed  
32 three dollars and fifty cents per thousand dollars of taxable valuation in any year as  
33 authorized in this section.

1           The total amount of revenue payable from the levy authorized in this section may  
2           not increase annually by more than the lesser of three percent or the index factor, as  
3           defined in § 10-13-38, over the maximum amount of revenue that could have been  
4           generated from the taxes payable in 2021. After applying the index factor, a school district  
5           may increase the revenue payable from taxes on real property above the limitations  
6           provided in this section by the percentage increase of value resulting from any  
7           improvements or change in use of real property, annexation, boundary changes, and any  
8           adjustments in taxation of real property separately classified and subject to statutory  
9           adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-  
10           6-31.4, only if assessed the same as property of equal value. A school district may increase  
11           the revenue the district receives from taxes on real property above the limit provided in  
12           this section for taxes levied to pay the principal, interest, and redemption charges on any  
13           bonds issued after January 1, 2009, that are subject to referendum, scheduled payment  
14           increases on bonds, and for a levy directed by the order of a court for the purpose of  
15           paying a judgment against the school district.

16           Any district that exceeds the limits provided in § 13-16-7 may not collect more  
17           than one thousand two hundred dollars for each enrolled student for capital outlay in taxes  
18           payable in 2021. For 2022 and subsequent years, the maximum amount for each enrolled  
19           student shall increase by the lesser of three percent or the index factor, as defined in  
20           § 10-13-38.