

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

582C0511

SENATE BILL NO. 199

Introduced by: Senators Reedy, Drake, Lawler, and Vitter and Representatives Davis, Brown
(Jarvis), Chicoine, and Engbrecht

1 FOR AN ACT ENTITLED, An Act to create a classification for owner-operated commercial
2 business property and to establish a maximum property tax levy for owner-operated
3 commercial business property.

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

5 Section 1. That chapter 10-13 be amended by adding thereto a NEW SECTION to read as
6 follows:

7 Each owner-operated commercial business in this state is specifically classified for the
8 purpose of taxation. An owner-operated commercial business is owned by any person who is
9 actively operating the business as the owner's primary economic activity for which such
10 classification is requested pursuant to section 2 of this Act. Primary economic activity means that
11 at least fifty-one percent of the family's net income of the owner is derived from the operation
12 of such business. For the purposes of this section, an owner-operated commercial business is any
13 building, structure, and land, which is assessed and taxed as a separate unit, as recorded in the
14 records of the director of equalization. If the owner operates the business in less than one
15 hundred percent of the space within the building or structure, the portion of the building or
16 structure so occupied by the owner shall be classified as an owner-operated commercial business.

1 Section 2. That chapter 10-13 be amended by adding thereto a NEW SECTION to read as
2 follows:

3 To be eligible for a property tax classification pursuant to section 1 of this Act, the owner
4 of each business shall submit a certificate to the county director of equalization stating such
5 person is the owner of the property as of July first of that year. The owner shall submit the
6 certificate by March fifteenth of each year beginning in 2000. The owner shall sign the certificate
7 under penalty of perjury. The Department of Revenue shall prescribe the form of the certificate.

8 Section 3. That § 10-12-42 be amended to read as follows:

9 10-12-42. For taxes payable in 1999 and each year thereafter, the levy for the general fund
10 of a school district shall be as follows:

11 (1) The maximum tax levy shall be sixteen dollars and twenty-five cents per thousand
12 dollars of taxable valuation subject to the limitations on agricultural property as
13 provided in subdivision (2) of this section, owner-occupied property as provided for
14 in subdivision (3) of this section, ~~and~~ nonagricultural acreage property as provided for
15 in subdivision (4), of this section, owner-operated commercial business property as
16 provided for in subdivision (5) of this section;

17 (2) The maximum tax levy on agricultural property for such school district shall be four
18 dollars and seventy-three cents per thousand dollars of taxable valuation. If the
19 district's levies are less than the maximum levies as stated in chapter 10-13, the levies
20 shall maintain the same proportion to each other as represented in the mathematical
21 relationship at the maximum levies;

22 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in
23 § 10-13-40, for such school district may not exceed seven dollars and sixty-one cents
24 per thousand dollars of taxable valuation. If the district's levies are less than the
25 maximum levies as stated in chapter 10-13, the levies shall maintain the same

proportion to each other as represented in the mathematical relationship at the maximum levies;

(4) The maximum tax levy on nonagricultural acreage property as defined in § 10-6-33.14, for such school district shall be six dollars and sixty-six cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum levies as stated in chapter 10-13, the levies shall maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies; and

(5) The maximum tax levy on owner-operated commercial business property as defined in section 1 of this Act, for such school district shall be seven dollars and sixty-one cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum levies as stated in chapter 10-13, the levies shall maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies.

All levies in this section shall 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 shall be used for all school funding purposes. If the district has imposed an excess levy pursuant to § 10-12-43, the levies shall 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.

Section 4. The Seventy-sixth Legislative Assembly shall impose a maximum levy on property defined in subdivisions 10-12-42(1) and (5) that produces a total statewide tax levy that equals the tax levy that would have been produced by subdivision 10-12-42(1), including an adjustment for growth and inflation, without the creation of subdivision 10-12-42(5). The Department of Revenue shall provide the Seventy-sixth Legislative Assembly the information necessary to calculate the maximum tax levies for subdivisions 10-12-42(1) and (5).