

2025 South Dakota Legislature

Senate Bill 216**AMENDMENT 216J
FOR THE SENATE ENGROSSED BILL**

1 **An Act to reduce the growth in the assessed value of owner-occupied property, limit**
2 **increases in certain property tax revenues, revise provisions regarding school**
3 **district excess tax levies, and revise eligibility requirements for a property**
4 **tax assessment freeze.**

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

6 **Section 1. That a NEW SECTION be added to chapter 10-6:**

7 For taxes payable in 2027, 2028, 2029, 2030, and 2031, the total assessed value
8 of all property in a county with an owner-occupied single-family dwelling classification, as
9 defined in § 10-13-39, may not increase more than three percent over the total assessed
10 value of all property in the county with an owner-occupied single-family dwelling
11 classification in the prior year, except as otherwise provided in this section.

12 A county may further increase the total assessed value of all property with an
13 owner-occupied single-family dwelling classification by an amount equal to the assessed
14 value of all new improvements made to owner-occupied single-family dwellings or
15 property reclassified to the owner-occupied single-family dwelling classification in the
16 county in the prior year.

17 Notwithstanding the provisions of this section, a county must adjust the total
18 assessed value of all property with an owner-occupied single-family dwelling classification
19 pursuant to § 10-6-121.

20 **Section 2. That § 10-13-35 be AMENDED:**

21 **10-13-35.** This section does not apply to school districts. ~~For taxes payable in~~
22 ~~1997, and each year thereafter, the~~ The total amount of revenue payable from taxes on
23 real property within a taxing district, excluding the levy pursuant to § 10-13-36, may
24 increase no more than the lesser of three percent or the index factor, as defined in § 10-

1 13-38, over the amount of revenue payable from taxes on real property in the preceding
2 year, excluding the amount of taxes levied pursuant to § 10-13-36.

3 After applying the index factor, a taxing district may increase the revenue payable
4 from taxes on real property above the limitations provided by this section by ~~no more than~~
5 ~~the lesser of two percent or~~ the percentage increase of value resulting from any
6 improvements or change in use of real property, annexation, minor boundary changes,
7 and any adjustments in taxation of property separately classified and subject to statutory
8 adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-
9 6-113, only if assessed the same as property of equal value. For taxes payable in 2027,
10 2028, 2029, 2030, and 2031, an increase in revenue payable to a taxing district allowed
11 under this paragraph may not exceed three percent.

12 A taxing district may increase the revenue it receives from taxes on real property
13 above the limit provided by this section for taxes levied to pay the principal, interest, and
14 redemption charges on any bonds ~~issued after January 1, 1997,~~ which are subject to
15 referendum, scheduled payment increases on bonds ~~and,~~ for a levy directed by the order
16 of a court for the purpose of paying a judgment against ~~such the~~ taxing district, upon the
17 termination of a tax increment financing district pursuant to § 11-9-46, or upon the
18 application of any discretionary formula to real property pursuant to § 10-6-137. Any
19 taxing district created after the effective date of this section is exempt from the limitation
20 provided by this section for a period of two years immediately following its creation.

21 For purposes of this section, an increase in value resulting from an improvement
22 made to an owner-occupied single-family dwelling does not include additions to, or
23 improvements of, existing structures affixed to land that result in an increase in value of
24 forty percent or less to the owner-occupied single-family dwelling.

25 **Section 3. That § 13-16-7 be AMENDED:**

26 **13-16-7.** The school board of any school district of this state may at the board's
27 discretion authorize an annual levy of a tax not to exceed three dollars per thousand
28 dollars of taxable valuation on the taxable valuation of the district for the capital outlay
29 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,
30 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health
31 and Educational Facilities Authority. Taxes collected pursuant to the levy may be
32 irrevocably pledged by the school board to the payment of principal of and interest on
33 installment purchase contracts or capital outlay certificates entered into or issued pursuant
34 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the

1 Health and Educational Facilities Authority and, so long as any capital outlay certificates
2 are outstanding, installment agreement payments, lease-purchase agreements, or other
3 arrangements are unpaid, the school board of any district may be compelled by mandamus
4 or other appropriate remedy to levy an annual tax sufficient to pay principal and interest
5 thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in
6 any year authorized to be levied hereby.

7 The total amount of revenue payable from the levy provided in this section may
8 not increase annually by more than the lesser of three percent or the index factor, as
9 defined in § 10-13-38, over the maximum amount of revenue that could have been
10 generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total
11 amount of revenue payable from the levy provided in this section may not increase
12 annually by more than three percent over the amount of revenue that could have been
13 raised in the prior year.

14 After applying three percent, a school district may increase the revenue payable
15 from taxes on real property above the limitations provided by this section by ~~no more than~~
16 ~~the lesser of two percent or~~ the percentage increase of value resulting from any
17 improvements or change in use of real property, annexation, minor boundary changes,
18 and any adjustments in taxation of real property separately classified and subject to
19 statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B,
20 except § 10-6-113, only if assessed the same as property of equal value. For taxes
21 payable in 2027, 2028, 2029, 2030, and 2031, an increase in revenue payable to a school
22 district allowed under this paragraph may not exceed three percent.

23 A school district may increase the revenue the district receives from taxes on real
24 property above the limit provided by this section for taxes levied to pay the principal,
25 interest, and redemption charges on any bonds issued after January 1, 2009, which are
26 subject to referendum, scheduled payment increases on bonds ~~and~~, for a levy directed by
27 the order of a court for the purpose of paying a judgment against the school district, upon
28 the termination of a tax increment financing district pursuant to § 11-9-46, or upon the
29 application of any discretionary formula to real property pursuant to § 10-6-137. Any
30 school district created or reorganized after January 1, 2016, is exempt from the limitation
31 provided by this section for a period of two years immediately following the district's
32 creation.

33 In no year may the annual tax levy provided in this section exceed three dollars
34 per thousand dollars of taxable valuation of the school district for the current year.

1 For purposes of this section, an increase in value resulting from an improvement
2 made to an owner-occupied single-family dwelling does not include additions to, or
3 improvements of, existing structures affixed to land that result in an increase in value of
4 forty percent or less to the owner-occupied single-family dwelling.

5 **Section 4. That § 10-6A-2 be AMENDED:**

6 **10-6A-2.** Any person making an application under the provisions of this chapter is
7 entitled to a real property tax assessment freeze upon the person's single-family dwelling
8 if the person:

- 9 (1) Has a household income of less than ~~thirty-five~~ fifty-five thousand dollars if the
10 household is a single-member household or the person has a household income of
11 less than ~~forty-five~~ sixty-five thousand dollars if the household is a multiple-
12 member household; ~~and~~
- 13 (2) Has been ~~a property owner~~ an owner of an owner-occupied single-family dwelling
14 and a resident of South Dakota for at least ~~one year~~ five years, unless the person
15 has received the assessment freeze in the previous year; and
- 16 (3) Has resided for at least two hundred days of the previous calendar year in the
17 single-family dwelling; and
- 18 (4) Has established a base year.

19 The surviving spouse of a person who has previously qualified is entitled to the real
20 property tax assessment freeze if the surviving spouse meets the other conditions of this
21 chapter.

22 Beginning on January 1, ~~2023~~ 2026, the household income listed in subdivision (1)
23 of this section ~~shall~~ must increase annually by the index factor. The index factor is the
24 annual percentage change in the consumer price index for urban wage earners and clerical
25 workers as computed by the Bureau of Labor Statistics of the United States Department
26 of Labor for the year before the year immediately preceding the year of adjustment or the
27 annual percentage change in federal social security payments for the preceding year,
28 whichever is greater.

29 **Section 5. That § 10-6A-3 be AMENDED:**

30 **10-6A-3.** This chapter does not apply to a single-family dwelling with a full and
31 true market value of ~~three~~ five hundred thousand dollars or more unless the applicant has
32 received the freeze on assessments in a preceding year on the single-family dwelling.
33 Beginning on January 1, ~~2023~~ 2026, the eligibility qualification value of the single-family

1 dwelling provided in this section shall be annually increased by an index factor. The index
2 factor is the annual percentage change in the consumer price index for urban wage earners
3 and clerical workers as computed by the Bureau of Labor Statistics of the United States
4 Department of Labor for the year before the year immediately preceding the year of
5 adjustment or the annual percentage change in federal social security payments for the
6 preceding year, whichever is greater.

7 **Section 6. That § 10-12-43.1 be AMENDED:**

8 **10-12-43.1.** A school district ~~subject to the tax limitation on each enrolled student~~
9 ~~pursuant to § 13-16-7.2~~ may raise additional revenues for capital outlay fund purposes
10 through the imposition of an excess tax levy. A school district seeking to impose an excess
11 tax levy pursuant to this section is subject to the same opt out procedures and
12 requirements as provided in § 10-12-43. The opt out decision may be referred to a vote
13 of the people in the same manner as provided in § 10-12-43.

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

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