SD DEPARTMENT OF REVENUE
PROPERTY AND SPECIAL TAXES DIVISION
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TO: AGRICULTURAL LAND ASSESSMENT IMPLEMENTATION AND OVERSIGHT ADVISORY TASK FORCE

FROM: PROPERTY AND SPECIAL TAXES DIVISION

RE: DATA REQUESTS FROM JUNE 12, 2013 MEETING

DATE: JULY 25, 2013

RATIOS FOR AGRICULTURAL LAND – REQUEST FROM SEN. NOVSTRUP – PAGE 1

AGRICULTURAL LAND SALES ARE NO LONGER BEING REJECTED FOR:

- SELLING PRICE OF MORE THAN 150% OF AGRICULTURAL INCOME
- SELLING PRICE OF FOR MORE THAN 150% OF ASSESSED VALUE
- SALE OF PARCELS OF 70 ACRES OR LESS

THE REPORT SHOWS THE MEDIAN RATIO OF THE SALES BY COUNTY AND THE NUMBER OF "GOOD" SALES.

PROPERTY TAXES PAID AS A PERCENTAGE OF NET INCOME – REQUEST FROM MR. PERMAN – PAGE 2

TWO DIFFERENT SCENARIOS WERE PREPARED:

SCENARIO #1: FARM AND NONFARM EARNINGS DATA FROM THE BUREAU OF ECONOMIC ANALYSIS WERE COMPARED TO TOTAL PROPERTY TAXES PAID FOR THE THREE CLASSES OF PROPERTY. FARM AND NONFARM EARNINGS ARE DEFINED AS FOLLOWS:

FARM EARNINGS: COMPRISED OF THE NET INCOME OF SOLE PROPRIETORS, PARTNERS AND HIRED LABORERS ARISING DIRECTLY FROM THE CURRENT PRODUCTION OF AGRICULTURAL COMMODITIES, EITHER LIVESTOCK OR CROPS. IT INCLUDES NET FARM PROPRIETORS' INCOME AND THE WAGES AND SALARIES, PAY-IN-KIND, AND SUPPLEMENTS TO WAGES AND SALARIES OF HIRED FARM LABORERS; BUT SPECIFICALLY EXCLUDES THE INCOME OF FARM CORPORATIONS.

NONFARM EARNINGS: IS THE SUM OF WAGE AND SALARY DISBURSEMENTS, SUPPLEMENTS TO WAGES AND SALARIES, AND PROPRIETORS' INCOME FOR ALL INDUSTRIES, EXCLUDING FARM.

SCENARIO #2: NET FARM INCOME DATA FROM THE NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS) 2013 SOUTH DAKOTA AGRICULTURE BULLETIN WAS COMPARED TO TOTAL PROPERTY TAXES PAID AS REPORTED TO NASS.

TOTAL SCHOOL TAX LEVIES STATEWIDE – BY CLASS OF PROPERTY – REQUEST FROM REP. PETERSON – PAGE 3

- REPORT SHOWS TOTAL TAXES LEVIED FOR SCHOOL PURPOSES FOR TAXES PAY 2003 THRU PAY 2012.
- THE REPORT IS BROKEN DOWN BY HOW MUCH SCHOOL TAXES WERE LEVIED ON EACH CLASS.
- ALSO SHOWN IS THE PERCENT OF THE TOTAL TAXES THAT WERE LEVIED ON EACH CLASS.

Total Property Taxes Paid by Class of Property – Request from Sen. Rhoden – Page 4

- See chart for a ten year history. For taxes payable in 2012, which totaled 1,031,533,239 statewide:
  - Agricultural paid **252,715,223**, or **24.5%**
  - Owner Occupied paid **414,066,249**, or **40.14%**
  - Other paid **321,656,276**, or **31.18%**
  - Utilities/Special Assessments made up the remaining **4.18%**

Update of Table 1's – Request from Rep. Cronin – Page 5

- See report, which shows the current status of updating rating tables for the counties.

County by County comparison of unlimited crop and noncrop productivity dollar per acre – Request from Sen. Novstrup – Pages 6-7

- See the two maps, which show a county-by-county breakdown of equalized unlimited crop and noncrop productivity dollar per acre.

Explanation of Capital Outlay and Pension Levy Limitations – Request from Rep. Peterson – Pages 8-9

- See memorandum and applicable statutes.

2012 Agricultural Sales and Medians

COUNTY	Median Ratio	# of Sales	COUNTY	Median Ratio	# of Sales
AURORA	35.7	12	HYDE	32.0	4
BEADLE	32.3	48	JACKSON	68.2	4
BENNETT	50.3	4	JERAULD	43.7	9
BON HOMME	32.0	6	JONES	52.6	8
BROOKINGS	29.1	29	KINGSBURY	36.2	11
BROWN	33.4	14	LAKE	31.7	10
BRULE	29.5	9	LAWRENCE	4.5	11
BUFFALO	24.3	7	LINCOLN	25.0	34
BUTTE	21.3	19	LYMAN	46.4	16
CAMPBELL	33.8	4	MARSHALL	65.3	6
CHARLES MIX	33.7	13	MC COOK	35.8	12
CLARK	30.5	14	MC PHERSON	58.5	12
CLAY	28.9	36	MEADE	34.1	37
CODINGTON	33.9	18	MELLETTE	33.9	3
CORSON	35.6	12	MINER	28.5	20
CUSTER	10.9	14	MINNEHAHA	24.2	28
DAVISON	35.4	8	MOODY	27.0	17
DAY	30.7	11	PENNINGTON	29.0	15
DEUEL	26.1	17	PERKINS	34.3	15
DEWEY	23.9	1	POTTER	26.5	11
DOUGLAS	33.0	15	ROBERTS	21.8	11
EDMUNDS	22.6	9	SANBORN	30.0	6
FALL RIVER	26.8	2	SHANNON	36.2	1
FAULK	38.2	7	SPINK	35.9	34
GRANT	34.5	17	STANLEY	40.4	16
GREGORY	42.9	26	SULLY	29.9	13
HAAKON	65.5	19	TODD	56.8	6
HAMLIN	32.1	9	TRIPP	46.9	34
HAND	30.5	6	TURNER	31.7	22
HANSON	28.0	3	UNION	31.6	21
HARDING	24.5	11	WALWORTH	35.7	21
HUGHES	41.0	6	YANKTON	36.2	18
HUTCHINSON	33.1	18	ZIEBACH	57.4	8

South Dakota Property Taxes Paid as a Percentage of Income

	Total Property Taxes Paid*	SD Farm Earnings**	Property Taxes as a Percentage of Farm Earnings
2009	231,587,046	2,375,614,000	9.75%
2010	239,627,362	2,387,298,000	10.04%
2011	240,496,832	4,829,327,000	4.98%
2012	252,715,223	3,520,546,000	7.18%

*Agricultural

	Total Property Taxes Paid*	SD Nonfarm Earnings**	Property Taxes as a Percentage of Nonfarm Earnings
2009	661,571,217	19,753,897,000	3.35%
2010	696,367,224	20,663,492,000	3.37%
2011	715,531,279	21,482,452,000	3.33%
2012	735,722,525	22,256,496,000	3.31%

*Owner Occupied and Other

**Source: Bureau of Economic Analysis

	Total Property Taxes Paid***	SD Net Farm Income***	Property Taxes as a Percentage of Net Farm Income
2007	249,739,000	1,815,765,000	13.75%
2008	272,792,000	3,036,781,000	8.98%
2009	268,950,000	2,354,528,000	11.42%
2010	288,160,000	2,536,413,000	11.36%
2011	292,003,000	4,619,874,000	6.32%

***Source: Economic Research Service, USDA; NASS, South Dakota Agriculture 2013

TOTAL SCHOOL TAXES PAYABLE - BY CLASS OF PROPERTY

	Taxes							
	AG	Z	OO	M	M-OO	Other	Util	Total
Pay 2003	97,728,270.10	2,642,293.02	144,147,681.02	1,215,721.52	2,648,312.04	148,133,856.45	20,741,488.64	417,257,622.79
Pay 2004	103,291,134.93	1,071,482.06	150,373,116.29	1,118,147.87	3,507,532.02	150,990,860.65	20,112,745.84	430,465,019.66
Pay 2005	107,610,015.83	1,444,027.04	159,511,560.54	1,095,616.92	3,480,291.08	155,113,459.63	18,948,140.38	447,203,111.42
Pay 2006	114,650,241.62	2,142,720.33	170,290,406.98	1,197,118.18	3,916,883.33	164,503,813.31	18,304,277.87	475,005,461.62
Pay 2007	119,590,766.32	2,754,696.11	180,156,180.38	1,239,095.46	3,574,313.50	171,846,358.11	16,702,375.79	495,863,785.67
Pay 2008	122,017,072.09	3,398,330.47	187,093,556.37	1,267,700.32	3,491,490.26	174,499,520.90	14,850,621.80	506,618,292.21
Pay 2009	128,270,966.16	4,156,711.12	196,208,425.41	1,372,570.39	3,711,148.24	180,494,229.25	15,032,375.68	529,246,426.25
Pay 2010	129,456,520.91	5,027,252.01	204,847,569.88	1,576,995.92	3,376,275.94	186,831,577.67	15,065,701.48	546,181,893.81
Pay 2011	133,456,623.42	-	213,787,796.77	1,389,728.51	3,502,597.76	192,826,538.34	15,059,636.96	560,022,921.76
Pay 2012	141,090,780.07	-	217,619,155.12	1,516,625.44	3,611,446.12	194,096,659.39	16,279,270.68	574,213,936.82

Taxes - Percent of Total								
	AG	Z	OO	M	M-OO	Other	Util	Total
Pay 2003	23.42	0.63	34.55	0.29	0.63	35.50	4.97	100.00
Pay 2004	24.00	0.25	34.93	0.26	0.81	35.08	4.67	100.00
Pay 2005	24.06	0.32	35.67	0.24	0.78	34.69	4.24	100.00
Pay 2006	24.14	0.45	35.85	0.25	0.82	34.63	3.85	100.00
Pay 2007	24.12	0.56	36.33	0.25	0.72	34.66	3.37	100.00
Pay 2008	24.08	0.67	36.93	0.25	0.69	34.44	2.93	100.00
Pay 2009	24.24	0.79	37.07	0.26	0.70	34.10	2.84	100.00
Pay 2010	23.70	0.92	37.51	0.29	0.62	34.21	2.76	100.00
Pay 2011	23.83	-	38.17	0.25	0.63	34.43	2.69	100.00
Pay 2012	24.57	-	37.90	0.26	0.63	33.80	2.84	100.00

AG = Property classified as agricultural

Z = Non-Agricultural Acreages (repealed for the 2010 assessment year - taxes payable 2011)

OO = Property Classified as owner-occupied

M = manufactured homes converted to real estate July 1, 1999 and after -not classified as owner-occupied (SDCL 13-13-73.1)

M-OO = manufactured homes converted to real estate July 1, 1999 and after - classified as owner-occupied (SDCL 13-13-73.1)

Other = any real property that does not fit the categories above

Util = property which is centrally assessed by the Department of Revenue

PROPERTY TAXES - WHO PAYS

Year Taxes are Payable	Agricultural *	% Of Total	Owner-occupied	% Of Total	Commercial	% Of Total	Utilities	% Of Total	Special Assessments	% Of Total	TOTAL
1998	154,812,969	26.61	205,112,642	35.26	186,243,621	32.01	28,209,233	4.85	7,378,706	1.27	581,757,172
1999	154,433,143	26.10	203,873,029	34.46	195,619,643	33.06	29,712,277	5.02	8,011,655	1.35	591,649,747
2000	159,507,395	25.61	215,800,767	34.65	207,037,885	33.24	32,359,737	5.20	8,165,303.93	1.31	622,871,087
2001	151,921,309	25.04	212,091,514	34.96	204,708,863	33.74	29,235,927	4.82	8,783,549.72	1.45	606,741,163
2002	168,958,956	25.33	243,144,972	36.45	215,460,653	32.30	30,814,549	4.62	8,774,865.67	1.32	667,153,996
2003	176,354,349	25.24	258,757,664	37.03	222,277,922	31.81	31,052,406	4.44	10,279,052.77	1.47	698,721,394
2004	183,027,601	25.24	273,180,527	37.67	229,836,765	31.69	30,282,567	4.18	8,835,377.91	1.22	725,162,838
2005	190,743,858	25.21	289,985,539	38.32	236,891,146	31.31	28,975,635	3.83	10,120,766.02	1.34	756,716,943
2006	202,173,330	25.17	309,831,254	38.58	252,523,983	31.44	27,191,751	3.39	11,422,093	1.42	803,142,410
2007	211,381,559	24.93	330,332,434	38.96	267,236,569	31.52	25,266,119	2.98	13,675,583	1.61	847,892,758
2008	219,709,028	24.87	348,147,127	39.41	277,552,244	31.42	22,957,006	2.60	15,057,152	1.70	883,422,556
2009	231,587,046	24.81	368,765,290	39.51	292,805,927	31.37	23,025,217	2.47	17,091,242	1.83	933,274,722
2010	239,627,362	24.50	388,867,662	39.76	307,499,562	31.44	23,463,130	2.40	18,467,990	1.89	977,925,706
2011	240,496,832	23.97	403,337,138	40.21	312,194,141	31.12	22,646,984	2.26	24,485,447	2.44	1,003,160,542
2012	252,715,223	24.50	414,066,249	40.14	321,656,276	31.18	24,275,738	2.35	18,819,754	1.83	1,031,533,239

COUNTY	Marsh Rating	Date of Publication	Table Date	Co Wgt Rat	
Aurora	0.100	September-80	July-92	0.6522597	
Beadle	0.100	September-79	November-11	0.6746730	under review - (DONE)
Bennett	0.129	May-71	February-83	0.4833900	
Bon Homme	0.340	January-83	July-92	0.7319035	
Brookings	0.100	December-58	November-09	0.6496430	DONE
Brown	0.050	April-93	June-89	0.6629860	
Brule	0.100	December-85	November-92	0.6722700	
Buffalo	0.100	December-85	November-92	0.5587000	
Butte	0.298	August-76	February-93	0.4385000	
Campbell	0.100	October-79	February-93	0.5821750	
Charles Mix	0.100	February-82	November-92	0.6424400	need to work with county on Table 1A being used
Clark	0.100	1999	June-04	0.6240700	
Clay	0.120	May-53	August-99	0.6756600	
Codington	0.206	December-66	October-10	0.6395867	DONE
Corson	0.100	July-95	May-93	0.4316880	
Custer	0.100	9-90 Black Hills Part 5-96 Prairie Part	February-93	0.3694980	implemented in 2010
Davison	0.160	January-74	May-93	0.7071420	new GIS - under complete review
Day	0.100	August-97	July-96	0.6313010	
Deuel	0.183	November-97	November-03	0.6803763	
Dewey	0.100	July-79	January-86	0.5035900	
Douglas	0.100	June-81	February-86	0.6992700	
Edmunds	0.160	September-77	November-11	0.7043730	DONE
Fall River	0.100	April-82	February-85	0.4845600	
Faulk	0.100	January-84	November-11	0.7589180	DONE
Grant	0.100	December-79	August-86	0.6630600	
Gregory	0.100	August-84	July-87	0.5041300	need to work with county on Table 1A being used
Haakon	0.100	1998	July-01	0.4860442	
Hamlin	0.100	June-05	April-92	0.6913540	
Hand	0.170	1963	April-84	0.6625200	
Hanson	0.190	August-78	July-88	0.6750000	
Harding	0.100	December-88	November-89	0.3310600	
Hughes	0.100	January-75	October-83	0.6700600	
Hutchinson	0.100	August-78	March-91	0.7753250	
Hyde	0.100	1998	February-04	0.5629800	reviewed - resolved
Jackson	0.100	7-87 North Part 7-69 South Part	October-85	0.4661600	
Jerauld	0.187	September-94	November-93	0.6466700	
Jones	0.100	1999	May-09	0.4775000	scheduled to implement for 2010 assessment
Kingsbury	0.100	November-97	January-00	0.6431400	
Lake	0.160	December-73	January-11	0.7042695	DONE
Lawrence	0.100	August-79	April-86	0.4465800	new survey - need complete revision
Lincoln	0.201	June-76	January-86	0.7712000	
Lyman	0.160	May-87	August-87	0.5460800	
Marshall	0.200	June-75	February-87	0.6064300	need to work with county on Table 1A being used
Mc Cook	0.100	February-80	January-86	0.7154500	
Mc Pherson	0.090	October-81	July-84	0.5373900	
Meade	0.100	1-86 North Part 7-78 South Part	February-91	0.4525700	
Mellette	0.100	February-75	October-86	0.4908400	
Miner	0.150	December-84	July-87	0.7271200	
Minnehaha	0.100	June-64	July-00	0.6836900	
Moody	0.100	April-89	November-10	0.7550045	DONE
Pennington	0.270	9-90 Black Hills Part 5-96 Prairie Part	November-05	0.4686400	
Perkins	0.100	May-80	January-01	0.4477000	
Potter	0.150	October-85	October-91	0.6388370	
Roberts	0.120	May-77	June-83	0.6512500	
Sanborn	0.100	December-80	May-83	0.7376700	
Shannon	0.100	April-71	March-85	0.4628900	
Spink	0.100	June-54	August-01	0.6266431	
Stanley	0.183	September-80	August-87	0.4374400	
Sully	0.160	March-75	December-10	0.8168081	under review - (DONE)
Todd	0.100	May-74	May-84	0.5219700	
Tripp	0.150	June-79	January-87	0.5655800	neede to work with county on Table 1A being used
Turner	0.100	November-82	February-91	0.7594700	
Union	0.196	June-78	April-87	0.7054600	
Walworth	0.100	April-81	May-86	0.6322300	
Yankton	0.100	August-79	September-92	0.6674300	new GIS - under complete review
Ziebach	0.100	March-90	July-87	0.4311700	

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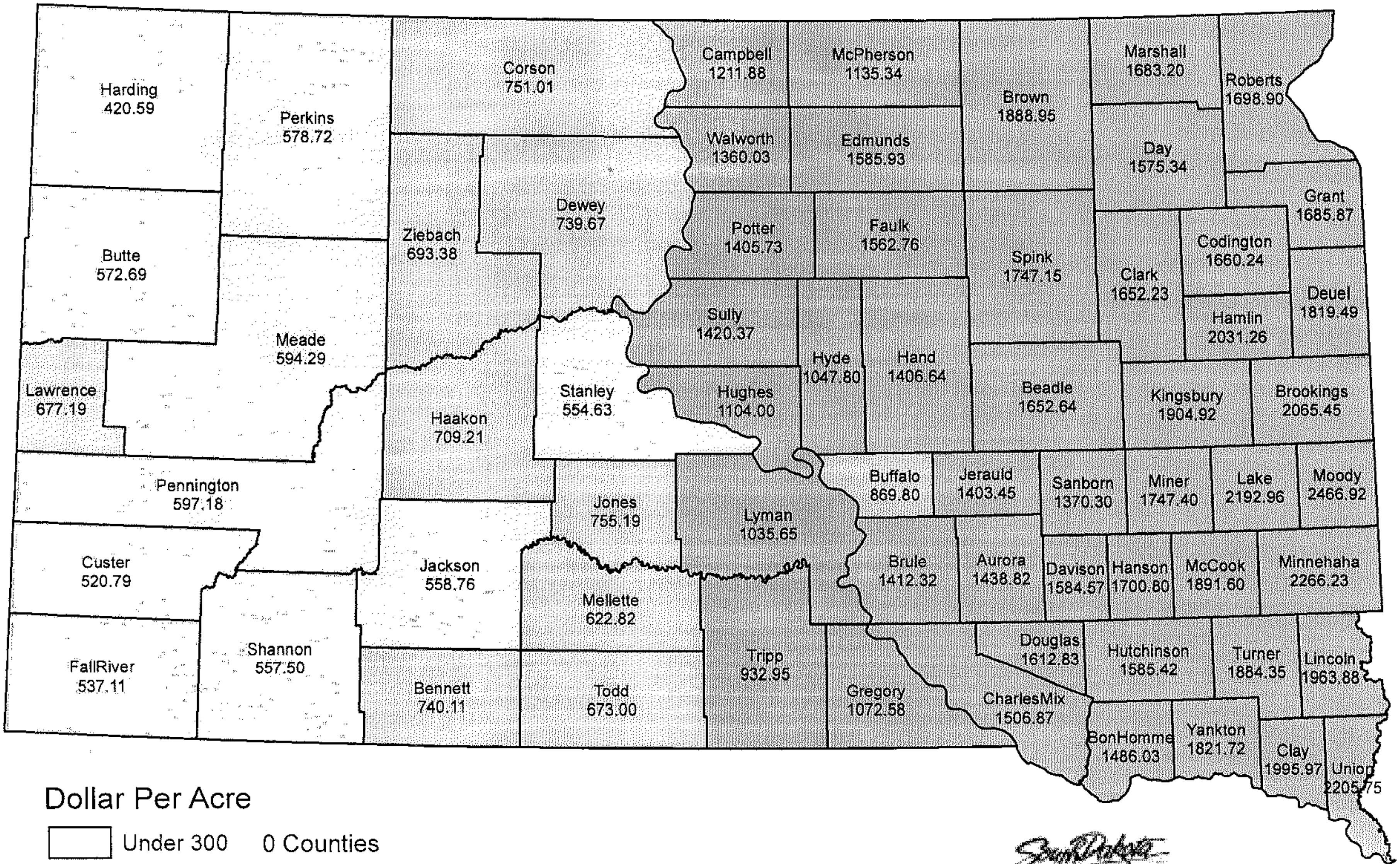
2014 Equalized Unlimited Crop Productivity
Dollar Per Acre



Dollar Per Acre

	Under 300	0 Counties
	300 - 599	10 Counties
	600 - 899	10 Counties
	900 & Over	46 Counties

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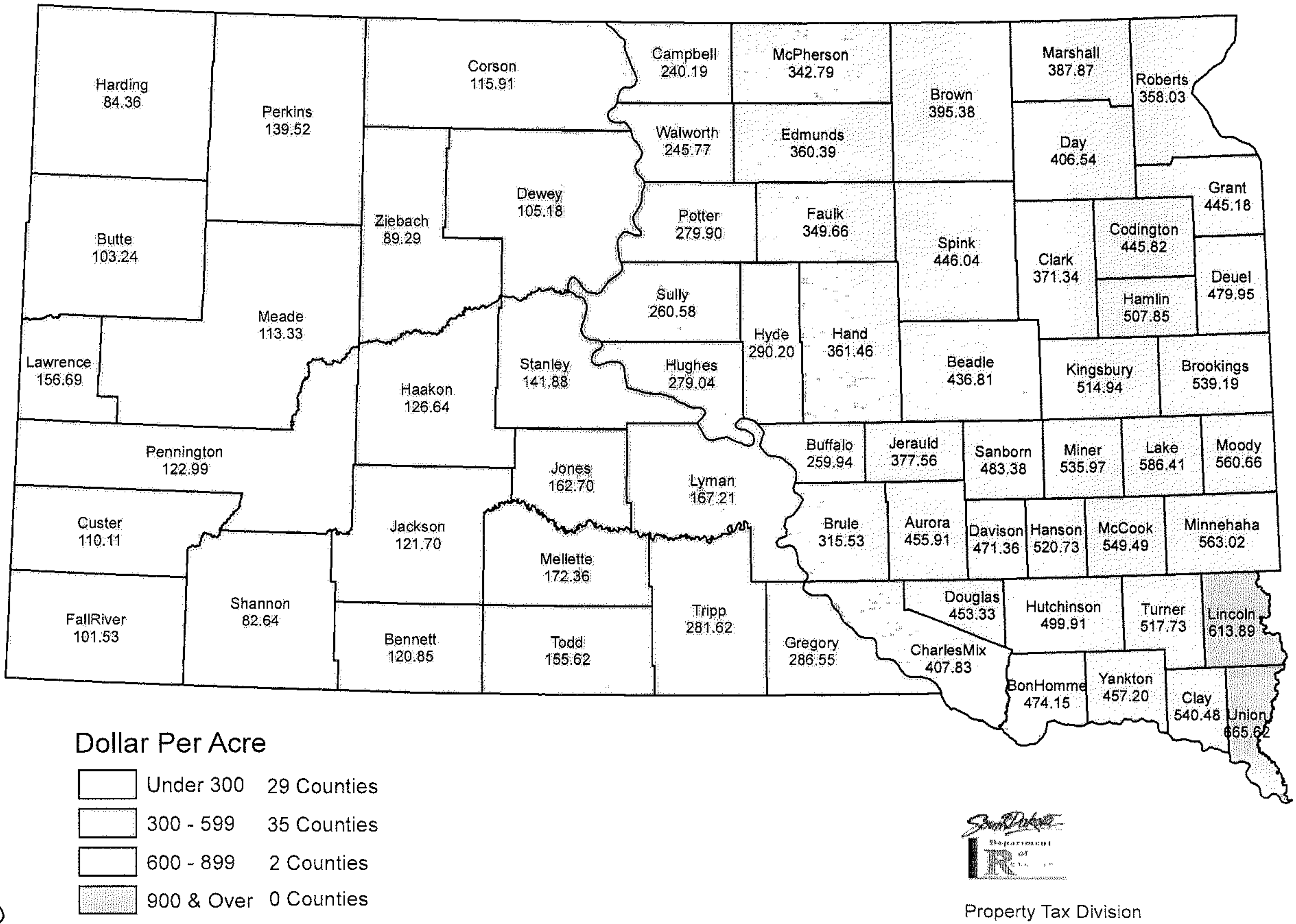
Property Tax Division
Prepared July 15, 2013

2014 Equalized Unlimited Non-Crop Productivity Dollar Per Acre



Property Tax Division
Prepared July 15, 2013

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Explanation of Capital Outlay and Pension Levy Limitations

Representative Peterson requested additional information on whether the "hold harmless" provisions contained in HB 1006 (2008 Session) for the capital outlay and pension levies were being properly implemented. The applicable statutes are SDCL §§ 13-10-6, 13-16-7, and 13-16-7.1.

Due to the increased caps for agricultural land valuation increases implemented for the 2013 (Pay 2014) tax year, it is possible some school districts with significant amounts of agricultural land will be subject to the limitation provisions of SDCL §§ 13-10-6 and 13-16-7.

The Department of Revenue will be sending a memorandum to all school districts in the beginning of August 2013 reminding them of the capital outlay and pension levy limitations.

As a point of reference, below is a summary of current capital outlay and pension levies for all 151 school districts.

Capital Outlay

- 1 district over $3/1,000
- 57 districts at maximum of $3/1,000
- 46 districts from $2 to $3/1,000
- 31 districts from $1 to $2/1,000
- 9 districts from 1 cent to $1/1,000
- 7 districts impose no capital outlay levy

Pension

- 119 districts at maximum of 30 cents/1,000
- 15 districts less than maximum
- 17 districts impose no pension levy

SDCL 13-10-6, which reads in part:

. . .

For taxes payable in 2012, 2013, 2014, and 2015, **the total amount of revenue payable from the levy provided in this section may not increase more than the lesser of three percent or the index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have been generated for the taxes payable in 2010 plus any unused index factor from the previous years.** After applying the index factor, a school district may increase the revenue payable from taxes on real property above the limitations provided by this section by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of real property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-31.4, only if assessed the same as property of equal value.

Any school district created or reorganized after January 1, 2009, is exempt from the limitation provided by this section for a period of two years immediately following its creation.

For taxes payable in 2011, 2012, 2013, 2014, and 2015, the levy limitation of thirty cents per thousand dollars of taxable valuation does not apply to any school district.

SDCL 13-16-7, which reads in part:

. . .

For taxes payable in 2012, 2013, 2014, and 2015, **the total amount of revenue payable from the levy provided in this section may not increase more than the lesser of three percent or the index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have been generated for the taxes payable in 2010 plus any unused index factor from the previous years.** After applying the index factor, a school district may increase the revenue payable from taxes on real property above the limitations provided by this section by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of real property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-31.4, only if assessed the same as property of equal value. A school district may increase the revenue it receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds issued after January 1, 2009, which are subject to referendum, scheduled payment increases on bonds and for a levy directed by the order of a court for the purpose of paying a judgment against such school district. Any school district created or reorganized after January 1, 2009, is exempt from the limitation provided by this section for a period of two years immediately following its creation.

For taxes payable in 2011, 2012, 2013, 2014, and 2015, the levy limitation of three dollars per thousand dollars of taxable valuation does not apply to any school district.

SDCL 13-16-7.1 reads as follows:

For taxes payable in 2014 and 2015, **the provisions of §§ 13-10-6 and 13-16-7 that limit the maximum amount of revenue that may be generated by the pension and capital outlay tax levies do not apply to any school district that has less than a ten percent change in the total taxable valuation from the previous year of all real property in the school district**, not including the increase of value resulting from any improvements or change in use of real property.

Source: SL 2008, ch 78, § 6; SL 2013, ch 79, § 20.