



Real Estate Tax Structure & Tax Burden in South Dakota

Presentation by: Denise Hanzlik & Todd Hollan
South Dakota Multi-Housing Association

Current Real Estate Tax Structure in South Dakota

According to:
The State Aid to Education Report
By: SD Bureau of Finance & Management
Dated: January 13, 2021

AGRICULTURAL (Ag)

\$1.443/\$1,000

OWNER/OCCUPIED (00)

\$3.229/\$1,000

ALL OTHER
(Commercial, Utilities, etc.)

\$6.682/\$1,000

Where are Residential Properties in our Current Tax Structure

Owner/Owned is in tax class by itself. They can apply for a 30% real estate reduction.

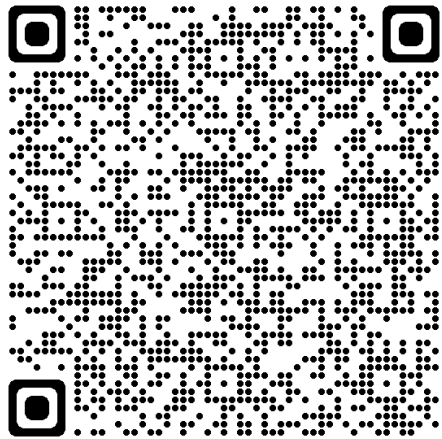
Residential Rental Properties:

- 4 units & below are classified under Owner/Owned.
- 5 units & above are classified as Other under the Commercial Property Classification

How is Property Tax Calculated on a Residential Rental Property

- Each county is different due to the mill levy
- Each county is also different by the percentage of value they use to calculate the property tax.
 - Brookings County mill levy is \$19.72
 - Lincoln County mill levy is \$21.26
 - Perkins Counties mill levy is \$28.65
 - Meade County mill levy is \$22.342
 - Minnehaha County mill levy is \$19.85
 - Pennington County mill levy of \$19.023

What is going on around us?



	SD	IA	MN	NE	ND	US Avg.
Per Capita property tax	\$1,532	\$1,775	\$1,727	\$2,013	\$1,586	\$1,758
Property tax percentage of personal income	2.8%	3.4%	2.9%	3.7%	2.8%	3.1%
Total property tax as percentage of state-local revenue	18.8%	14.9%	15.1%	20.4%	10.8%	16.6%
Median owner-occupied home value	\$167,100	\$147,800	\$223,900	\$155,800	\$193,900	\$217,500
Median real estate taxes paid for owner-occupied home	\$2,195	\$2,315	\$2,500	\$2,689	\$1,906	\$2,471
Effective tax rate, median owner-occupied home	1.3%	1.6%	1.1%	1.7%	\$1.0%	1.1%
Assessment rate for multi-family property	85-100%	67.5%	No limit	67.5%	50%	

State of COLORADO

1982: Started to limit property taxes on residential properties (1982 Gallagher Amendment)

2020: Taxable value for residential properties was just 7.15% of full market value

The IOWA ROLL BACK

6 Classes of real property

2013 (Senate File 295) Property tax bill passed enacting rollbacks

- 86.25% for the 2015 Assessment
- 82.5% for the 2016 Assessment
- 78.75% for the 2017 Assessment
- 75% for the 2018 Assessment
- 71.25% for the 2019 Assessment
- 67.5% for the 2020 Assessment
- 63.75% for the 2021 Assessment
- equal to the residential rollback for the 2022 Assessment

Yearly assessments of residential property were completed. Which increased the land valuations, making the tax shift minimal.

POSSIBLE SOLUTIONS:

Keeping housing affordable is not solved by controlling or changing one item – it will take a multi-faceted effort.

1. Add a new classification under Owner/Occupied – Residential Rental (HB1106, 2017 legislative session). To include ALL residential rental property (1 unit and above).
2. Limit the percentage of value used when calculating property tax on all Residential Rental property.
3. Fairness in Real Estate Tax. The current structure has our lower income residents paying the most in real estate tax, as they rent their home.