



2021 South Dakota Legislature

House Bill 1085

SENATE TAXATION ENGROSSED

Introduced by: **Representative Chaffee**

1 **An Act to redefine the criteria for classifying land as agricultural for tax purposes.**

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

3 **Section 1.** That § 10-6-31.3 be AMENDED.

4 **10-6-31.3. Classification of agricultural land--Criteria.**

5 For tax purposes, land is agricultural land if ~~its~~the land's principal use is devoted
6 to the raising and harvesting of crops or timber or fruit trees, the rearing, feeding, and
7 management of farm livestock, poultry, fish, or nursery stock, the production of bees and
8 apiary products, or horticulture, all for intended profit. ~~Agricultural real estate~~land also
9 includes woodland, wasteland, and pasture land, but only if the land is held and operated
10 in conjunction with agricultural ~~real estate as defined~~land and ~~it is~~ under the same
11 ownership. For purposes of this section, the term, principal use, means the primary use
12 to which the land is devoted. This definition is intended to reference the primary and
13 predominant use of the land as opposed to a mere secondary and incidental use.

14 In addition, to be classified as agricultural land for tax purposes, the land shall meet
15 one of the following criteria:

16 (1) In three of the previous five years, ~~a~~an annual gross income of at least two
17 thousand five hundred dollars is derived from the pursuit of agriculture from the
18 land ~~that is at least ten percent of the taxable valuation of the bare land assessed~~
19 ~~as agricultural property, excluding any improvements. If there is a crop share~~
20 ~~arrangement or cash rent agreement, the gross income from the land of both the~~
21 ~~landlord and tenant shall be combined and used to meet this requirement.~~
22 ~~Alternatively, at least two thousand five hundred dollars of the owner's gross~~
23 ~~income is annually derived from the pursuit of agriculture, excluding transactions~~
24 between:

25 (a) An individual and anyone with whom the individual shares a residence;

