



2022 South Dakota Legislature

House Bill 1203

Introduced by: **Representative** Chris Johnson

1 **An Act to require taxing districts to hold a public hearing when increasing property**
2 **tax revenues relative to the previous year.**

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

4 **Section 1. That chapter 10-12 be amended with a NEW SECTION:**

5 For purposes of sections 2 to 4 of this Act, inclusive, the term, revenue neutral
6 rate, means the tax rate for the current tax year that would generate the same property
7 tax revenue as levied the previous tax year using the total taxable assessed valuation for
8 the current tax year. To calculate the revenue neutral rate, the county auditor shall divide
9 the property tax revenue for a taxing district levied for the previous tax year by the total
10 of all taxable assessed value in the taxing district for the current tax year, and then
11 multiply the quotient by one thousand. The revenue neutral rate must be expressed to
12 the third decimal place.

13 **Section 2. That chapter 10-12 be amended with a NEW SECTION:**

14 On or before June fifteenth each year, the county auditor shall calculate the
15 revenue neutral rate for each taxing district within the county. The revenue neutral rate
16 must be included on the notice of the estimated assessed valuation provided to each
17 taxing district for budget purposes.

18 **Section 3. That chapter 10-12 be amended with a NEW SECTION:**

19 The property tax revenue generated from the proposed tax levy of a taxing district
20 may not exceed the property tax revenue that would be generated in accordance with the
21 revenue neutral rate unless the proposed tax levy has been approved by the governing
22 body of the taxing district according to the following procedure:

23 (1) At least ten days in advance of a public hearing, the governing body of the taxing
24 district shall publish, in a newspaper generally circulated in the taxing district,

notice of its proposed intent to exceed the revenue neutral rate. The notice must include:

- (a) The proposed tax rate of the taxing district;
- (b) The taxing district's revenue neutral rate; and
- (c) The date, time, and location of the public hearing.

If the governing body of the taxing district maintains a website, the notice must be published on the website at least ten days in advance of the public hearing;

- (2) On or before July twentieth, the governing body shall notify the county auditor of its proposed intent to exceed the revenue neutral rate and provide the date, time, and location of the public hearing and its proposed tax rate. The county auditor shall notify each taxpayer with property in the taxing district, by mail directed to the taxpayer's last known address, of the proposed intent to exceed the revenue rate, at least ten days in advance of the public hearing. Alternatively, the county auditor may transmit the notice to the taxpayer by electronic means at least ten days in advance of the public hearing, if the taxpayer has consented in writing to service by electronic means. Costs associated with the notice shall be borne by the governing body with jurisdiction over the taxing district, with payment due to the county auditor by December thirty-first. The county auditor shall consolidate the required information for all taxing districts within the county relevant to the taxpayer's property on one notice. The notice must include:

- (a) The revenue neutral rate;
- (b) The proposed property tax revenue needed to fund the proposed budget;
- (c) The proposed tax rate based upon the proposed budget and the current year's total assessed valuation;
- (d) The tax rate and property tax of the taxing district on the taxpayer's property from the previous year's tax statement;
- (e) The proposed percent change in the tax rate between the previous year's tax rate and the proposed tax rate for the current year;
- (f) The taxable value and assessed value of the taxpayer's property for the current year;
- (g) The estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate and the proposed tax rate; and
- (h) The date, time and location of the public hearing;

- (3) No sooner than August twentieth and no later than September twentieth, the governing body of a taxing district must hold a public hearing on the taxing

1 district's proposed intent to exceed the revenue neutral rate for the following tax
2 year and to provide interested taxpayers an opportunity to present oral testimony
3 within reasonable time limits and without unreasonable restriction on the number
4 of individuals allowed to make public comment; and
5 (4) A majority vote of the governing body of the taxing district, by the adoption of a
6 resolution or ordinance to exceed the revenue neutral rate, is required prior to the
7 adoption of the proposed tax levy in excess of the property tax revenue produced
8 by the revenue neutral rate. The vote must be conducted at the public hearing
9 after the governing body has heard from interested taxpayers.

10 **Section 4. That chapter 10-12 be amended with a NEW SECTION:**

11 In addition to any other remedies at law, a taxing district that levies or approves
12 taxes in excess of the revenue produced by the revenue neutral rate without satisfying
13 the provisions of this Act, shall refund to taxpayers the amount of the levy that was in
14 excess of what would be the revenue neutral rate levy.