



## 2025 South Dakota Legislature

# Senate Bill 216

HOUSE ENGROSSED

*Introduced by: The Committee on State Affairs at the request of the Governor*

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 the  
5 percentage increase of value resulting from any improvements or change in use of real  
6 property, annexation, minor boundary changes, and any adjustments in taxation of  
7 property separately classified and subject to statutory adjustments and reductions under  
8 chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as  
9 property of equal value. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an  
10 increase in revenue payable to a taxing district allowed under this paragraph may not  
11 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 the  
16 percentage increase of value resulting from any improvements or change in use of real  
17 property, annexation, minor boundary changes, and any adjustments in taxation of real  
18 property separately classified and subject to statutory adjustments and reductions under  
19 chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-113, only if assessed the same as  
20 property of equal value. For taxes payable in 2027, 2028, 2029, 2030, and 2031, an  
21 increase in revenue payable to a school district allowed under this paragraph may not  
22 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.