

State of South Dakota

EIGHTY-NINTH SESSION LEGISLATIVE ASSEMBLY, 2014

753V0773

SENATE BILL NO. 167

Introduced by: Senator Novstrup (Al) and Representatives Wick and Latterell

1 FOR AN ACT ENTITLED, An Act to revise the title of the task force responsible for
2 implementing and overseeing the assessment of agricultural land and to assign the task force
3 certain other oversight responsibilities.

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

5 Section 1. That § 10-6-33.35 be amended to read as follows:

6 10-6-33.35. There is hereby established the ~~Agricultural Land Assessment Implementation~~
7 ~~and Oversight Advisory~~ Property Assessment Task Force. The task force shall consist of the
8 following fourteen members:

9 (1) The speaker of the House of Representatives shall appoint four members of the
10 House of Representatives, no more than two of whom may be from one political
11 party;

12 (2) The speaker of the House of Representatives shall appoint three members of the
13 general public, at least one of the members shall have an agricultural background and
14 at least one of the members shall have a business background;

15 (3) The president pro tempore of the Senate shall appoint four members of the Senate,



1 no more than two of whom may be from one political party; and

2 (4) The president pro tempore of the Senate shall appoint three members of the general
3 public, at least one of the members shall have an agricultural background and at least
4 one of the members shall have a business background.

5 The initial appointments shall be made no later than July 1, 2008, and shall serve until
6 January 12, 2009. The speaker of the House of Representatives and president pro tempore of the
7 Senate before the close of each regular session of the Legislature held in odd-numbered years
8 shall appoint members to the task force for a term of two years. If there is a vacancy on the task
9 force, the vacancy shall be filled in the same manner as the original appointment.

10 The task force shall advise the department regarding the rules promulgated by the
11 department to administer the provisions concerning the equal and uniform assessment ~~and~~
12 ~~taxation of agricultural lands~~ of all real property and shall review the implementation of the
13 provisions of law concerning the assessment and taxation of ~~agricultural land~~ real property. The
14 task force shall report to the Senate and House of Representatives and may submit a copy of its
15 report to the Governor. The task force may present draft legislation and policy recommendations
16 to the Legislative Research Council Executive Board.

17 The task force shall make recommendations in the following areas:

18 (1) The proper percentage of annual earning capacity to be used to determine the
19 agricultural income value pursuant to § 10-6-33.28;

20 (2) The proper capitalization rate in order to have total taxable valuation for the taxes
21 payable in 2011 from agricultural property be not more than total taxable valuation
22 for the taxes payable in 2010 from agricultural property plus the estimated growth in
23 agricultural property value in 2010;

24 (3) The changes, if any, that must be made to §§ 13-10-6, 13-16-7, 13-37-16, and 13-37-

35.1 to ensure that the total amount of additional taxes that may be generated on agricultural land by a school district pursuant to the provisions of §§ 13-10-6, 13-16-7, 13-37-16, and 13-37-35.1 will not provide a substantial property tax revenue increase for the school district pursuant to the implementation of the productivity system pursuant to §§ 10-6-33.28 to 10-6-33.33, inclusive;

(4) The changes, if any, that must be made to §§ 13-10-6, 13-16-7, 13-37-16, and 13-37-35.1 to ensure that the total amount of property taxes that may be lost on agricultural land by a school district pursuant to the provisions of §§ 13-10-6, 13-16-7, 13-37-16, and 13-37-35.1 will not provide a substantial property tax revenue decrease for the school district pursuant to the implementation of the productivity system pursuant to §§ 10-6-33.28 to 10-6-33.33, inclusive; ~~and~~

(5) The equal and uniform assessment of all real property; and

(6) The distribution of the local effort for the general fund of school districts between the classifications of real property as provided by § 13-13-72.1 which establishes the real property tax contribution from agricultural property for the general fund of school districts as a fixed ratio of the total local effort for such levies. The task force shall also consider the other taxes paid by agricultural property, the relationship of the total assessed value of agricultural property to the total assessed value of all real property, and other factors the task force deems appropriate.

Section 2. That § 10-6-33.13 be amended to read as follows:

10-6-33.13. The secretary of revenue may promulgate rules pursuant to chapter 1-26 concerning the:

(1) Collection and tabulation of information required to determine median appraisal or sales assessment ratio, and coefficient of dispersion;

- 1 (2) Criteria to be included in a compliance audit of assessment practices;
- 2 (3) Conditions under which a certificate of compliance may be issued to a county;
- 3 (4) Procedures for determining the valuation of agricultural buildings and structures;
- 4 (5) Procedures for determining the valuation of dwellings on agricultural land and
- 5 automobile garages or portions of buildings used as automobile garages;
- 6 (6) Application of cropland and noncropland income values;
- 7 (7) Application of soil classification standards; and
- 8 (8) Procedures for making adjustments to the value of agricultural land pursuant to
- 9 §§ 10-6-33.28 to 10-6-33.33, inclusive.

10 Before the secretary promulgates any rules pursuant to subdivision (4) to (8), inclusive, the
11 secretary shall present the proposed rules to the ~~Agricultural Land Assessment Implementation~~
12 ~~and Oversight Advisory~~ Property Assessment Task Force established pursuant to § 10-6-33.35.

13 Section 3. That § 10-6-33.29 be amended to read as follows:

14 10-6-33.29. The secretary of revenue shall enter into contracts with South Dakota State
15 University and, if necessary, the South Dakota Agricultural Statistics Service for the purpose
16 of creating a database to determine the agricultural income value of agricultural land by county.
17 The cropland data may include: acres planted, acres harvested, yield per acre, and statewide crop
18 prices. The noncropland data may include: cash rents, rangeland acres, pastureland acres,
19 rangeland AUM's per acre, pastureland AUM's per acre, grazing season data, and statewide cow
20 and calf prices. The ~~Agricultural Land Assessment Implementation and Oversight Advisory~~
21 Property Assessment Task Force may recommend other cropland and noncropland data to the
22 Legislature for subsequent use in the database. The secretary shall have such data collected for
23 2001, which will serve as the first year of the database, and each year thereafter. The database
24 shall consist of the most recent eight years of data that have been collected and the two years,

1 one year representing the highest agricultural income value and one year representing the lowest
2 agricultural income value, shall be discarded from the database. The database for the 2010
3 assessment for taxes payable in 2011 shall consist of data from 2001 to 2008, inclusive, and the
4 database for each assessment year thereafter shall be adjusted accordingly. South Dakota State
5 University shall provide the data for each county to the secretary of revenue by June first of each
6 year.

7 Section 4. That § 10-6-33.30 be amended to read as follows:

8 10-6-33.30. The economics department of South Dakota State University shall submit
9 recommendations to the ~~Agricultural Land Assessment Implementation and Oversight Advisory~~
10 Property Assessment Task Force by November 1, 2008, regarding factors to use for the
11 percentage of annual earning capacity to be used to determine the agricultural income value of
12 the land pursuant to § 10-6-33.28 and other provisions used to assess agricultural land that will
13 provide the least amount of shift between cropland and noncropland on a statewide basis.
14 Thereafter, the economics department shall submit such recommendations, if any, to the task
15 force by September first of each year.