

# State of South Dakota

NINETY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2017

654Y0003

## SENATE BILL NO. 7

Introduced by: Senators Cammack, Frerichs, and Tidemann and Representatives Qualm, Bartling, Duvall, and Rhoden at the request of the Agricultural Land Assessment Implementation and Oversight Advisory Task Force

1 FOR AN ACT ENTITLED, An Act to revise the criteria for determining if property is classified  
2 as agricultural land for property tax purposes.

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

4 Section 1. That § 10-6-31.3 be amended to read:

5 10-6-31.3. For tax purposes, land is agricultural land if ~~it meets two of the following three~~  
6 ~~criteria:~~

7 ~~—(1)— In three of the previous five years, a gross income is derived from the pursuit of~~  
8 ~~agriculture as defined in subdivision (2) of this section that is at least ten percent of~~  
9 ~~the taxable valuation of the bare land assessed as agricultural property, excluding any~~  
10 ~~improvements. Furthermore, at least two thousand five hundred dollars of gross~~  
11 ~~income is annually derived from the pursuit of agriculture from the land. If there is~~  
12 ~~a crop share arrangement, the gross income from the land of both the landlord and~~  
13 ~~tenant shall be combined and used to meet this criteria;~~

14 ~~—(2)— Its its principal use is devoted to the raising and harvesting of crops or timber or fruit~~



1 trees, the rearing, feeding, and management of farm livestock, poultry, fish, or  
 2 nursery stock, the production of bees and apiary products, or horticulture, all for  
 3 intended profit pursuant to subdivision (1) of this section. Agricultural real estate also  
 4 includes woodland, wasteland, and pasture land, but only if the land is held and  
 5 operated in conjunction with agricultural real estate as defined and it is under the  
 6 same ownership; or

7 ~~(3)~~ It. In addition, to be classified as agricultural land for tax purposes, the land shall  
 8 meet one of the following criteria:

9 (1) In three of the previous five years, a gross income is derived from the pursuit of  
 10 agriculture from the land that is at least ten percent of the taxable valuation of the  
 11 bare land assessed as agricultural property, excluding any improvements. If there is  
 12 a crop share arrangement or cash rent agreement, the gross income from the land of  
 13 both the landlord and tenant shall be combined and used to meet this requirement.  
 14 Alternatively, at least two thousand five hundred dollars of the owner's gross income  
 15 is annually derived from the pursuit of agriculture; or

16 (2) The land consists of not less than twenty acres of unplatted land or is a part of a  
 17 management unit of not less than eighty acres of unplatted land. The same acreage  
 18 specifications apply to platted land, excluding land platted as a subdivision, which  
 19 is in an unincorporated area. However, the board of county commissioners may  
 20 increase the minimum acre requirement up to one hundred sixty acres.

21 For the purposes of this section, the term, management unit, means any parcels of land,  
 22 whether adjoining or not, under common ownership located within this state and managed and  
 23 operated as a unit for one or more of the principal uses listed in this section. No parcel of land  
 24 ~~less than twenty acres~~ within a management unit may be more than twenty air miles from the

- 1 nearest other parcel within the management unit. If requested by the director of equalization, the
- 2 owner shall provide supporting documentation of the land contained in the management unit.