

## 2025 South Dakota Legislature

**Senate Bill 216****AMENDMENT 216F  
FOR THE SENATE ENGROSSED BILL**

1 **An Act to reduce the growth in the assessed value of owner-occupied property, limit**  
2 **increases in certain property tax revenues and subject school districts to the**  
3 **limitation, revise provisions regarding school district excess tax levies, and**  
4 **revise eligibility requirements for a property 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 The limitation in the taxable value of owner-occupied single-family dwellings under  
21 this section may not directly result in an increase in taxes imposed on nonagricultural  
22 property or agricultural property by any taxing district.

23 **Section 2. That § 10-13-35 be AMENDED:**

24 **10-13-35. ~~This section does not apply to school districts.~~ For taxes payable in**  
25 **1997, and each year thereafter, the The total amount of revenue payable from taxes on**

1 real property within a taxing district, ~~excluding the levy pursuant to § 10-13-36,~~ may  
2 increase no more than the lesser of three two and one-half percent or the index factor, as  
3 defined in § 10-13-38, over the amount of revenue payable from taxes on real property  
4 in the preceding year, ~~excluding the amount of taxes levied pursuant to § 10-13-36. This~~  
5 ~~section does not apply to the amount of taxes levied pursuant to §§ 10-12-43, 10-13-36,~~  
6 ~~13-16-7, 13-16-7.2, 13-16-7.3, 13-16-10, and 13-37-16.~~

7 After applying the index factor, a taxing district may increase the revenue payable  
8 from taxes on real property above the limitations provided by this section by no more than  
9 the lesser of two percent or the percentage increase of value resulting from any  
10 improvements or change in use of real property, annexation, minor boundary changes,  
11 and any adjustments in taxation of property separately classified and subject to statutory  
12 adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-  
13 6-113, only if assessed the same as property of equal value.

14 A taxing district may increase the revenue it receives from taxes on real property  
15 above the limit provided by this section for taxes levied to pay the principal, interest, and  
16 redemption charges on any bonds ~~issued after January 1, 1997,~~ which are subject to  
17 referendum, scheduled payment increases on bonds ~~and,~~ for a levy directed by the order  
18 of a court for the purpose of paying a judgment against ~~such the~~ taxing district, upon the  
19 termination of a tax increment financing district pursuant to § 11-9-46, or upon the  
20 application of any discretionary formula to real property pursuant to § 10-6-137. ~~Any A~~  
21 ~~taxing district created after the effective date of this section~~ is exempt from the limitation  
22 provided by this section for a period of two years immediately following its creation.

23 For purposes of this section, an increase in value resulting from an improvement  
24 made to an owner-occupied single-family dwelling does not include additions to, or  
25 improvements of, existing structures affixed to land that result in an increase in value of  
26 forty percent or less to the owner-occupied single-family dwelling.

27 The limitation in the taxable value of owner-occupied single-family dwellings under  
28 this section may not directly result in an increase in taxes imposed on nonagricultural  
29 property or agricultural property by any taxing district.

### 30 **Section 3. That § 13-16-7 be AMENDED:**

31 **13-16-7.** The school board of any school district of this state may at the board's  
32 discretion authorize an annual levy of a tax not to exceed three dollars per thousand  
33 dollars of taxable valuation on the taxable valuation of the district for the capital outlay  
34 fund for assets as defined by § 13-16-6 or for the district's obligations under a resolution,

1 lease-purchase agreement, capital outlay certificate, or other arrangement with the Health  
2 and Educational Facilities Authority. Taxes collected pursuant to the levy may be  
3 irrevocably pledged by the school board to the payment of principal of and interest on  
4 installment purchase contracts or capital outlay certificates entered into or issued pursuant  
5 to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the  
6 Health and Educational Facilities Authority and, so long as any capital outlay certificates  
7 are outstanding, installment agreement payments, lease-purchase agreements, or other  
8 arrangements are unpaid, the school board of any district may be compelled by mandamus  
9 or other appropriate remedy to levy an annual tax sufficient to pay principal and interest  
10 thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in  
11 any year authorized to be levied hereby.

12 The total amount of revenue payable from the levy provided in this section may  
13 not increase annually by more than the lesser of three percent or the index factor, as  
14 defined in § 10-13-38, over the maximum amount of revenue that could have been  
15 generated from the taxes payable in 2016. Starting with taxes payable in 2021, the total  
16 amount of revenue payable from the levy provided in this section may not increase  
17 annually by more than three percent over the amount of revenue that could have been  
18 raised in the prior year. After applying three percent, a school district may increase the  
19 revenue payable from taxes on real property above the limitations provided by this section  
20 by no more than the lesser of two percent or the percentage increase of value resulting  
21 from any improvements or change in use of real property, annexation, minor boundary  
22 changes, and any adjustments in taxation of real property separately classified and subject  
23 to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B,  
24 except § 10-6-113, only if assessed the same as property of equal value. A school district  
25 may increase the revenue the district receives from taxes on real property above the limit  
26 provided by this section for taxes levied to pay the principal, interest, and redemption  
27 charges on any bonds issued after January 1, 2009, which are subject to referendum,  
28 scheduled payment increases on bonds and, for a levy directed by the order of a court for  
29 the purpose of paying a judgment against the school district, upon the termination of a  
30 tax increment financing district pursuant to § 11-9-46, or upon the application of any  
31 discretionary formula to real property pursuant to § 10-6-137. Any school district created  
32 or reorganized after January 1, 2016, is exempt from the limitation provided by this  
33 section for a period of two years immediately following the district's creation.

34 In no year may the annual tax levy provided in this section exceed three dollars  
35 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

dwelling provided in this section shall be annually increased by an index factor. The index factor is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or the annual percentage change in federal social security payments for the preceding year, whichever is greater.

**Section 6. That § 10-12-43.1 be AMENDED:**

**10-12-43.1.** A school district ~~subject to the tax limitation on each enrolled student pursuant to § 13-16-7.2~~ may raise additional revenues for capital outlay fund purposes through the imposition of an excess tax levy. A school district seeking to impose an excess tax levy pursuant to this section is subject to the same opt out procedures and requirements as provided in § 10-12-43. The opt out decision may be referred to a vote of the people in the same manner as provided in § 10-12-43.

A school district imposing an excess tax levy pursuant to this section shall exclude any additional revenue generated by the excess tax levy from the total tax revenues deposited in the capital outlay fund when calculating the maximum allowable transfer to the school district's general fund authorized under § 13-16-6. Any additional revenue generated by the excess tax levy may only be used for capital outlay fund purposes pursuant to § 13-16-6.

In no year may the annual tax levy for capital outlay fund purposes exceed the levy authorized under § 13-16-7.