



2025 South Dakota Legislature

House Bill 1138

Introduced by: **Representative Aylward**

1 **An Act to reduce a maximum property tax mill levy on owner-occupied single-family**
 2 **dwelling for school district general funds, and to repeal certain sales tax**
 3 **exemptions.**

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

5 **Section 1. That § 10-12-42 be AMENDED:**

6 **10-12-42.** For taxes payable in ~~2025~~ 2026, and each year thereafter, the levy for
 7 the general fund of a school district is as follows:

- 8 (1) The maximum ~~tax~~ mill levy is five dollars and fifty-four and four-tenths cents per
 9 thousand dollars of taxable valuation, subject to the limitations on agricultural
 10 property as provided in subdivision (2) ~~of this section~~ and owner-occupied property
 11 as provided in subdivision (3) ~~of this section~~;
- 12 (2) The maximum ~~tax~~ mill levy on agricultural property for the school district is one
 13 dollar and nineteen and seven-tenths cents per thousand dollars of taxable
 14 valuation. If the district's levies are less than the maximum levies as stated in this
 15 section, the mill levies imposed in subdivision (1) and this subdivision must
 16 maintain the same proportion to each other as represented in the mathematical
 17 relationship at the maximum mill levies; and
- 18 (3) The maximum ~~tax~~ mill levy for an owner-occupied single-family dwelling pursuant
 19 to § 10-13-40 for the school district is ~~two dollars and sixty-seven and nine-tenths~~
 20 ~~cents~~ one dollar and ninety-nine and four-tenths cents per thousand dollars of
 21 taxable valuation.

22 If ~~the~~ a district's levies are less than the maximum levies as stated in this section,
 23 the levies must maintain the same proportion to each other as represented in the
 24 mathematical relationship ~~at~~ of the maximum levies.

25 All levies in this section must be imposed on valuations where the median level of
 26 assessment represents eighty-five percent of market value, as determined by the

1 Department of Revenue. These valuations must be used for all school funding purposes.
 2 If the district has imposed an excess levy pursuant to § 10-12-43, the levies must
 3 maintain the same proportion to each other as represented in the mathematical
 4 relationship at the maximum levies in this section. The school district may elect to tax at
 5 less than the maximum amounts set forth in this section.

6 **Section 2. That § 10-45-12.1 be AMENDED:**

7 **10-45-12.1.** The following services enumerated in the Standard Industrial
 8 Classification Manual, 1987, as prepared by the Statistical Policy Division of the Office of
 9 Management and Budget, Office of the President are exempt from the provisions of this
 10 chapter: ~~health~~

11 (1) Health services (major group 80); ~~educational~~

12 (2) Educational services (major group 82) except schools and educational services not
 13 elsewhere classified (industry no. 8299); ~~social~~

14 (3) Social services (major group 83); ~~agricultural~~

15 (4) Agricultural services (major group 07) except veterinarian services (group no.
 16 074), ~~and animal specialty services, except veterinary (industry no. 0752); forestry~~

17 (5) Forestry services (group no. 085); ~~radio~~

18 (6) Radio and television broadcasting (group no. 483); ~~railroad~~

19 (7) Railroad transportation (major group 40); ~~local~~

20 (8) Local and suburban passenger transportation (group no. 411) except limousine
 21 services; ~~school~~

22 (9) School buses (group no. 415); ~~trucking~~

23 (10) Trucking and courier services, except air (group no. 421) ~~except and~~ collection and
 24 disposal of solid waste; ~~farm~~

25 (11) Farm product warehousing and storage (industry no. 4221); ~~establishments~~

26 (12) Establishments primarily engaged in transportation on rivers and canals (group no.
 27 444); ~~establishments~~

28 (13) Establishments primarily engaged in air transportation, certified carriers (group no.
 29 451); ~~establishments~~

30 (14) Establishments primarily engaged in air transportation, noncertified carriers (group
 31 no. 452) except chartered flights (industry no. 4522) and airplane, helicopter,
 32 balloon, dirigible, and blimp rides for amusement or sightseeing; ~~pipe lines~~

33 (15) Pipelines, except natural gas (major group 46); ~~arrangement~~

34 (16) Arrangement of passenger transportation (group no. 472); ~~arrangement~~

1 **13-13-71.** If local effort increases on a statewide aggregate basis by a greater
2 percentage than local need on a statewide aggregate basis from any one year to the next,
3 for the following year each of the mill levies specified in ~~subdivision 13-13-10.1(13)~~ shall
4 § 10-12-42 must be reduced proportionally so that the percentage increase in local effort
5 on a statewide aggregate basis equals the percentage increase in need on a statewide
6 aggregate basis.

7 **Section 4. That § 13-13-72 be AMENDED:**

8 **13-13-72.** ~~It is the policy of the Legislature that~~ In 2026 and each year thereafter,
9 the appropriation for state aid to education must ~~increase on an annual basis~~ by the
10 percentage increase in local need on an aggregate statewide basis so that the relative
11 proportion of local need paid by local effort and state aid ~~shall remain~~ remains constant.
12 ~~For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local~~
13 ~~effort and state aid shall be adjusted annually to maintain the proportion between state~~
14 ~~aid and local property taxes and to reflect adjustments in local effort due to the~~
15 ~~implementation of the other revenue base amount as defined in § 13-13-10.1.~~

16 **Section 5. That § 13-13-72.1 be AMENDED:**

17 **13-13-72.1.** ~~Any adjustments~~ In 2026 and each year thereafter, any adjustment
18 in the levies specified in § 10-12-42 made pursuant to §§ 13-13-71 and 13-13-72 ~~shall~~
19 ~~be based on maintaining~~ must maintain the relationship between statewide local effort as
20 a percentage of statewide local need in the fiscal year succeeding the fiscal year in which
21 the adjustment is made. ~~For school fiscal years 2017 to 2022, inclusive, the proportion of~~
22 ~~local need paid by local effort and state aid shall be adjusted annually to reflect~~
23 ~~adjustments in local effort due to the implementation of the other revenue base amount~~
24 ~~as defined in § 13-13-10.1. However, if~~ If the levies specified in § 10-12-42 are not
25 adjusted to maintain this relationship, the target teacher salary, ~~as defined in § 13-13-~~
26 ~~10.1 shall be,~~ is reduced to maintain the relationship between statewide local effort as a
27 percentage of statewide local need.

28 **Section 6. That § 10-45-7.1 be REPEALED.**

29 ~~There are hereby exempted from the provisions of this chapter and the~~
30 ~~computation of the tax imposed by it, gross receipts from membership fees paid to any~~
31 ~~lodging house and hotel membership organization operated for the benefit of its members.~~

1 ~~However, this exemption does not apply to any membership fee that represents payment~~
2 ~~for tangible personal property, any product transferred electronically, and services~~
3 ~~provided by the membership organization.~~

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