

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 dwellings 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 <u>2025</u> 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
- (3) The maximum-tax mill levy for an owner-occupied single-family dwelling pursuant
 to § 10-13-40 for the school district is two dollars and sixty-seven and nine-tenths
 cents one dollar and ninety-nine and four-tenths cents per thousand dollars of
 taxable valuation.
- If the <u>a</u> district's levies are less than the maximum levies as stated in this section,
 the levies must maintain the same proportion to each other as represented in the
 mathematical relationship-at <u>of</u> the maximum levies.
- All levies in this section must be imposed on valuations where the median level of assessment represents eighty-five percent of market value, as determined by the

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

- 6 Section 2. That § 10-45-12.1 be AMENDED:
- **10-45-12.1.** The following services enumerated in the Standard Industrial
 Classification Manual, 1987, as prepared by the Statistical Policy Division of the Office of
 Management and Budget, Office of the President are exempt from the provisions of this
 chapter:-health
- 11 (1) Health services (major group 80); educational
- <u>(2)</u> Educational services (major group 82) except schools and educational services not
 elsewhere classified (industry no. 8299); social
- 14 (3) Social services (major group 83); agricultural
- <u>(4) Agricultural</u> services (major group 07) except veterinarian services (group no.
 074), and animal specialty services, except veterinary (industry no. 0752); forestry
- 17 <u>(5) Forestry</u> services (group no. 085); radio
- 18 (6) Radio and television broadcasting (group no. 483); railroad
- 19 (7) Railroad transportation (major group 40); local
- <u>(8) Local</u> and suburban passenger transportation (group no. 411) except limousine
 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 (group31no. 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

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1 (17) Arrangement of transportation of freight and cargo (group no. 473); rental 2 Rental of railroad cars (group no. 474); water (18)3 (19) Water supply (industry no. 4941); sewerage 4 (20) Sewerage systems (industry no. 4952); security 5 (21) Security brokers, dealers and flotation companies (group no. 621); -commodity 6 (22) Commodity contracts brokers and dealers (group no. 622); credit 7 (23) Credit counseling services provided by individual and family social services 8 (industry no. 8322); construction 9 (24) Construction services (division C) except industry no. 1752 and locksmiths and 10 locksmith shops; consumer (25) Consumer credit reporting agencies, mercantile reporting agencies, and 11 12 adjustment and collection agencies (group no. 732), if the debt was incurred 13 out-of-state and the client does not reside within the state. The following are also 14 specifically exempt from the provisions of this chapter: financial; 15 Financial services of institutions subject to tax under chapter 10-43 including loan (26) 16 origination fees, late payment charges, nonsufficient fund check charges, stop 17 payment charges, safe deposit box rent, exchange charges, commission on 18 travelers checks, charges for administration of trusts, interest charges, and points 19 charged on loans;-commissions 20 Commissions earned or service fees paid by an insurance company to an agent or (27) 21 representative for the sale of a policy; services 22 (28) Services of brokers and agents licensed under-Title title 47; the 23 (29) The sale of trading stamps; rentals 24 (30) Rentals of motor vehicles, as defined by \S 32-5-1, leased under a single contract 25 for more than twenty-eight days; advertising services; services 26 Services provided by any corporation to another corporation which is centrally (31) 27 assessed having identical ownership and services provided by any corporation to a 28 wholly owned subsidiary which is centrally assessed; continuing 29 (32) Continuing education programs; tutoring 30 (33) Tutoring; vocational 31 (34) Vocational counseling, except rehabilitation counseling; and motion 32 (35) Motion picture rentals to a commercially operated theater primarily engaged in the exhibition of motion pictures. 33

34 Section 3. That § 13-13-71 be AMENDED:

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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 adjustmentsIn 2026 and each year thereafter, any adjustment in the levies specified in § 10-12-42 made pursuant to §§ 13-13-71 and 13-13-72-shall 18 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.

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- 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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