

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

690T0665

HOUSE BILL NO. 1240

Introduced by: Representatives Sigdestad, Brunner, Dennert, Feickert, Hoffman, Olson (Betty), Russell, Schaefer, Street, and Verchio and Senators Rhoden, Begalka, Frerichs, Hundstad, Lederman, Maher, and Vehle

1 FOR AN ACT ENTITLED, An Act to separately classify, assess, and tax agricultural land that
2 is leased for certain purposes that restrict the use of the land.

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

4 Section 1. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Any agricultural land which is under a perpetual or longterm lease with any federal or state
7 agency or a nonprofit entity that limits the use of land for noncropland purposes is hereby
8 separately classified. For the purposes of this section, the term, longterm lease, means any lease
9 that extends for twenty or more years. The director of equalization shall assess the land based
10 on its actual use and its highest and best use and determine the agricultural income value of the
11 land pursuant to §§ 10-6-33.28 to 10-6-33.33, inclusive, for each use.

12 If the land has not been separately classified pursuant to this section and the land meets such
13 criteria, the owner may request the director of equalization before August first to specifically
14 classify the land pursuant to this section. If the director of equalization determines that such land



1 meets the criteria provided by this section, the director of equalization shall assess the land as
2 provided by this Act. An aggrieved person may appeal the decision of the director pursuant to
3 chapter 1-26D. The director shall act upon the owner's request within thirty days of the date of
4 the request.

5 Section 2. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
6 follows:

7 The owner of any agricultural land that is classified pursuant to section 1 of this Act shall
8 be assessed, equalized, and taxed based on the valuation determined for its actual use. The
9 leaseholder, except any federal agency, of any agricultural land that is classified pursuant to
10 section 1 of this Act shall be assessed, equalized, and taxed based on the valuation that results
11 by subtracting the actual use valuation of the land from the highest and best use valuation of the
12 land.

13 If the leaseholder is a federal agency, the federal agency shall be requested to make a
14 payment in lieu of taxes.