

# State of South Dakota

EIGHTY-FIFTH SESSION  
LEGISLATIVE ASSEMBLY, 2010

456R0132

## SENATE BILL NO. 129

Introduced by: Senators Novstrup (Al), Abdallah, Gant, Schmidt, Tieszen, and Turbak Berry  
and Representatives Lust, Engels, Feinstein, Kirkeby, and McLaughlin

1 FOR AN ACT ENTITLED, An Act to revise the taxable percentage of property for  
2 nonagricultural and owner-occupied property classifications.

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

4 Section 1. The Legislature shall annually adjust the median level of assessment pursuant  
5 to §§ 10-12-31.1 and 10-13-37 for property classified as nonagricultural property and owner-  
6 occupied single-family dwellings. The Legislature shall set the median level of assessment for  
7 nonagricultural property and owner-occupied single-family dwellings so that median level  
8 assessment is equal to the total assessed value of agricultural property divided by the fair market  
9 value of agricultural property, as determined by the Department of Revenue and Regulation, for  
10 the year prior to the year the taxes are payable. However, the annual adjustment to the median  
11 level of assessment for nonagricultural property and owner-occupied single-family dwellings  
12 may not exceed a ten percent increase or decrease in any year.

13 Section 2. That § 10-12-31.1 be amended to read as follows:

14 10-12-31.1. Notwithstanding other provision of law, when applying the levies for school  
15 purposes, the county director of equalization of each county shall adjust the level of assessment



1 in that district so that the level of assessment as indicated by the most recent assessment to sales  
 2 ratio as provided for in § 10-11-55 ~~and in that district is seventy-six and one-half percent of the~~  
 3 market value for taxes payable in 2011 and each year thereafter. However, for any property  
 4 classified as agricultural property, the county director of equalization shall use the most recent  
 5 agricultural income value as provided for in §§ 10-6-33.28 to 10-6-33.33, inclusive, in that  
 6 district are equal to eighty-five percent of market value or agricultural income value. The  
 7 Department of Revenue and Regulation shall provide the director of equalization of each county  
 8 all of the factors of adjustment necessary for the computations required in this section.

9 Section 3. That § 10-13-37 be amended to read as follows:

10 10-13-37. Property taxes shall be levied on valuations for nonagricultural property and  
 11 owner-occupied single-family dwellings where the median level of assessment represents  
 12 ~~eighty-five~~ seventy-six and one-half percent of the market value for taxes payable in 2011 and  
 13 each year thereafter as determined by the Department of Revenue and Regulation.

14 However, for any property classified as agricultural property, the county director of  
 15 equalization shall use the most recent agricultural income value as provided for in §§ 10-6-33.28  
 16 to 10-6-33.33, inclusive. The department shall provide the director of equalization of each  
 17 county all of the factors of adjustment necessary for the computations required in this section.

18 Section 4. That § 10-12-42 be amended to read as follows:

19 10-12-42. For taxes payable in 2010 and each year thereafter, the levy for the general fund  
 20 of a school district shall be as follows:

- 21 (1) The maximum tax levy shall be eight dollars and sixty-five and six tenths cents per  
 22 thousand dollars of taxable valuation subject to the limitations on agricultural  
 23 property as provided in subdivision (2) of this section, owner-occupied property as  
 24 provided for in subdivision (3) of this section, and nonagricultural acreage property

1 as provided for in subdivision (4) of this section;

2 (2) The maximum tax levy on agricultural property for such school district shall be two  
3 dollars and fifty-seven and three tenths cents per thousand dollars of taxable  
4 valuation. If the district's levies are less than the maximum levies as stated in this  
5 section, the levies shall maintain the same proportion to each other as represented in  
6 the mathematical relationship at the maximum levies;

7 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in  
8 § 10-13-40, for such school district may not exceed four dollars and four and two  
9 tenths cents per thousand dollars of taxable valuation. If the district's levies are less  
10 than the maximum levies as stated in this section, the levies shall maintain the same  
11 proportion to each other as represented in the mathematical relationship at the  
12 maximum levies; and

13 (4) The maximum tax levy on nonagricultural acreage property as defined in § 10-6-  
14 33.14, for such school district shall be three dollars and fifty-seven and three tenths  
15 cents per thousand dollars of taxable valuation. If the district's levies are less than the  
16 maximum levies as stated in this section, the levies shall maintain the same  
17 proportion to each other as represented in the mathematical relationship at the  
18 maximum levies.

19 All levies in this section shall be imposed on valuations where the median level of  
20 assessment represents ~~eighty-five~~ the percent of market value as determined by the Department  
21 of Revenue and Regulation pursuant to §§ 10-12-31.1 and 10-13-37. These valuations shall be  
22 used for all school funding purposes. If the district has imposed an excess levy pursuant to § 10-  
23 12-43, the levies shall maintain the same proportion to each other as represented in the  
24 mathematical relationship at the maximum levies in this section. The school district may elect

1 to tax at less than the maximum amounts set forth in this section.

2 Section 5. That § 13-37-16 be amended to read as follows:

3 13-37-16. For taxes payable in 1997, and each year thereafter, the school board shall levy  
4 no more than one dollar and forty cents per thousand dollars of taxable valuation, as a special  
5 levy in addition to all other levies authorized by law for the amount so determined to be  
6 necessary, and such levy shall be spread against all of the taxable property of the district. The  
7 proceeds derived from such levy shall constitute a school district special education fund of the  
8 district for the payment of costs for the special education of all children in need of special  
9 education or special education and related services who reside within the district pursuant to the  
10 provisions of §§ 13-37-8.2 to 13-37-8.10, inclusive. ~~The levy in this section shall be based on~~  
11 ~~valuations such that the median level of assessment represents 85% of market value as~~  
12 ~~determined by the Department of Revenue and Regulation.~~ The total amount of taxes that would  
13 be generated at the levy pursuant to this section shall be considered local effort. Money in the  
14 special education fund may be expended for the purchase or lease of any assistive technology  
15 that is directly related to special education and specified in a student's individualized education  
16 plan. This section does not apply to real property improvements.

17 For taxes payable in 2011, the total amount of revenue payable from the levy provided in  
18 this section may not increase more than the lesser of three percent or the index factor, as defined  
19 in § 10-13-38, over the maximum amount of revenue that could have been generated for the  
20 taxes payable in 2010. After applying the index factor, a school district may increase the revenue  
21 payable from taxes on real property above the limitations provided by this section by the  
22 percentage increase of value resulting from any improvements or change in use of real property,  
23 annexation, minor boundary changes, and any adjustments in taxation of real property separately  
24 classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A,

1 and 10-6B, except § 10-6-31.4, only if assessed the same as property of equal value.

2 Any school district created or reorganized after January 1, 2009, is exempt from the  
3 limitation provided by this section for a period of two years immediately following its creation.

4 For taxes payable in 2012, 2013, 2014, and 2015, the total amount of revenue payable from  
5 the levy provided in this section may not increase more than the lesser of three percent or the  
6 index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have  
7 been generated for the taxes payable in 2010 plus any unused index factor from the previous  
8 years. After applying the index factor, a school district may increase the revenue payable from  
9 taxes on real property above the limitations provided by this section by the percentage increase  
10 of value resulting from any improvements or change in use of real property, annexation, minor  
11 boundary changes, and any adjustments in taxation of real property separately classified and  
12 subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B,  
13 except § 10-6-31.4, only if assessed the same as property of equal value.

14 For taxes payable in 2011, 2012, 2013, 2014, and 2015, the levy limitation of one dollar and  
15 forty cents per thousand dollars of taxable valuation does not apply to any school district.