



2025 South Dakota Legislature

Senate Bill 191

HOUSE STATE AFFAIRS ENGROSSED

Introduced by: Senator Hulse

1 **An Act to limit annual valuation increases on owner-occupied single-family**
2 **dwellings and provide an exception for mill rate limitations on taxing**
3 **districts.**

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

5 **Section 1.** The Legislature finds that the principles established in Nordlinger v. Hahn, 505
6 U.S. 1 (1992), affirm the constitutionality of basing property tax assessments on the purchase
7 price of property rather than current market value, for the purpose of protecting homeowners
8 from unexpected hikes and escalating real estate values impacting the reliance interests in
9 their homes. This Act is intended to stabilize property taxes for homeowners of this state,
10 while ensuring compliance with equal protection guarantees under the United States
11 Constitution.

12 **Section 2. That § 10-6-105 be AMENDED:**

13 **10-6-105.** All real property subject to taxation ~~shall~~ must be listed and assessed
14 annually, but the value of ~~such~~ the property is to be determined according to its value on
15 the first day of November preceding the assessment, while the value of any owner-
16 occupied single-family dwelling is subject to the value limitations provided in sections 3
17 and 4 of this Act.

18 **Section 3. That chapter 10-6 be amended with a NEW SECTION:**

19 For purposes of this section, "base amount" means:

- 20 (1) The fair market value of any owner-occupied single-family dwelling, on November
21 1, 2020, increased by no more than three percent annually for each assessment
22 required by § 10-6-105, which was completed in 2021, 2022, 2023, and 2024;
23 (2) Where a change in ownership of an owner-occupied single-family dwelling has
24 occurred between November 2, 2020, and October 31, 2025, inclusive, the fair

1 market value of the property on the date of transfer or purchase, increased by no
2 more than three percent annually for any assessment required by § 10-6-105,
3 which was completed after the transfer or purchase in any year between 2021 and
4 2024, inclusive; or

5 (3) Where a change in ownership of an owner-occupied single-family dwelling occurs
6 on November 1, 2025, or later, the fair market value of the property.

7 For purposes of the annual assessment required by § 10-6-105, the assessed value
8 of an owner-occupied single-family dwelling may not increase more than three percent
9 annually, beginning with the base amount as determined for assessment year 2025, or
10 any subsequent base year as provided in this section, whichever is later.

11 When a change in ownership of an owner-occupied single-family dwelling occurs,
12 the property must be reassessed at its fair market value, to determine the property's base
13 amount. When an owner-occupied single-family dwelling is sold between a willing seller
14 and a willing buyer, with no coercion or advantage taken by either party, the property's
15 base amount may not exceed the sales price of the property.

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

19 **Section 4. That a NEW SECTION be added to chapter 10-6:**

20 The base amount of any owner-occupied single-family dwelling may be further
21 increased above the limitations provided by section 3 of this Act, if there is a change in
22 the use or classification of the property, or to account for any addition to, or expansion
23 of, the property.

24 An addition to, or expansion of, the property may only result in an increase in the
25 assessed value above the limitations provided by section 3 of this Act by the difference
26 between the real property with the addition or expansion and the real property as if no
27 addition or expansion was made.

28 For purposes of this section, the increase in taxable value from improvements to
29 an owner-occupied single-family dwelling does not include additions to, or improvements
30 of, existing structures affixed to the land if the improvements result in an increased
31 valuation of forty percent or less of the current valuation.

32 **Section 5. That a NEW SECTION be added to chapter 10-12:**

1 Notwithstanding any other provision of law, if the limitation provided by § 10-13-
2 35 constitutes a mill rate for a taxing district greater than a mill rate limitation provided
3 by law for the district, the district may impose a tax levy resulting in a mill rate greater
4 than the limits set forth in law, to the extent that the revenue payable from real property
5 taxation in the district does not exceed the amount of revenue payable from real property
6 taxation in the 2025 tax year, increased annually by:

7 (1) The lesser of three percent or the index factor, as defined in § 10-13-38; and

8 (2) The percentage of growth in value resulting from:

9 (a) Improvements or changes in use of the real property within the district;

10 (b) Annexation or minor boundary changes of the district; and

11 (c) Adjustment in taxation or classification of property within the district.