Limitations on Sales Used to Value Property:

When valuing property, assessors can only use property that was sold through an arms-length transaction. This means the property had to be sold on the open market, available for a reasonable length of time, and with no unusual pressure to buy or sell. About 75% of all sales of property in the state are not used for valuation purposes because of these rules.

There are also statutory limitations on the types of sales that assessors can use to value property. Assessors cannot use these sales:

- **70 acres** (SDCL 10-6-33.20 – effective 7/1/98). Sales of ag land of 70 acres or less.

- **NonAg-Z** (SDCL 10-6-33.14 thru 10-6-33.18 – effective 7/1/98). Sales of ag land for 150% of its *ag income value*. The ag income value is what the land would "pencil out at" for a farmer or rancher, and is based upon cash rent information. Property that is classified as NonAg-Z is (1) valued at its purchase price for tax purposes for the first year, (2) taxed at a higher rate for the first year, and (3) the sale is never used to value other property.

- **150% Rule** (SDCL 10-6-74 – effective 7/1/99). Sales of ag or non-ag land for more than 150% of its *assessed value.* Nothing special happens to these sales, they just cannot be used to value any other property.