



# **CENTRAL ASSESSMENT INFORMATION**

COMPILED BY: PROPERTY TAX DIVISION  
DEPARTMENT OF REVENUE  
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# What every Equalization office needs to know

*What are you required to do with property that is centrally assessed?*

Your job is to locate and identify all property in your county. You shall have a property record card for every piece of property, even if it is centrally assessed or exempt from property tax. Each property record card should include the owners name and address, legal description, sales transactions, lot size, building information with sketch and photos.

*Have you ever wondered if the property you are looking at should be valued at the local level?*

The information in this book should help you to determine who is responsible.

*Do you know who to contact if you are unsure of who is responsible to value a specific property?*

You can contact your field person, or you can contact Todd Bailey directly in the Pierre office. He is responsible for valuing all centrally assessed property in South Dakota.

Todd Bailey, CAA

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*How is central assessment different from local assessment?*

Unit-value appraisals are done instead of summation appraisals. Under the unit valuation method, market value of the company's assets, regardless if those assets are in South Dakota or not, is the goal. The greatest reliance is on the income approach. Because of this, company performance and capitalization rates will significantly impact valuation. The cost approach is interrelated with the income approach by using the

income shortfall method for calculating economic obsolescence. Because of lack of sales, the sales comparison approach is not applicable. The value is for a taxing district only, not on a parcel by parcel basis.

## Taxation of Railroad Property

Do you value any property owned by a Railroad? Yes, but it depends on what type of property it is. See below for details on Operating Property vs Nonoperating Property.

### Operating property is centrally assessed.

10-28-1. Secretary to assess operating property. All property, real and personal, belonging to any railroad company in this state actually and necessarily used in the operation of its line or lines of railway in this state shall be considered as "operating property," and shall be assessed for the purposes of taxation by the secretary of revenue, and not otherwise.

10-28-2. Assets included in operating property. The term "operating property" shall mean and include all tracks and right-of-way, station grounds, all structures, and improvements on such right-of-way or station grounds, all rights and franchises, all rolling stock and car equipment, and all other property, real or personal, tangible or intangible, connected with or used in the operation of the railroad, including real estate contiguous to railroad right-of-way or station grounds held for reasonable expansion or future development.

### Nonoperating property is locally assessed.

10-28-10. Local assessment of nonoperating property permitted. All property of such railroad company, both real and personal, not actually and necessarily used in the operation of its line or lines of railway in this state shall be considered as "nonoperating property," and nothing in this chapter shall be so construed as to prevent the local assessment and taxation of said "nonoperating property."

10-28-11. Nonoperating property defined--Rules. The term "nonoperating property" means all land and improvements on such land, not situated on the right-of-way or station grounds of the railroad and not used as "operating property" within the meaning

of the definition set out in §§ 10-28-1 and 10-28-2. The secretary of revenue may promulgate rules pursuant to chapter 1-26 to define "nonoperating property."

You can find all the details of SDCL Chapter 10-28 Taxation of Railroad Operating Property at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-28](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-28)

## Taxation of Telephone Companies

Do you value any property owned by a telephone company? Yes, any nonoperating property.

Operating Property is centrally assessed.

10-33-1. Annual report of gross receipts--Date of filing--Contents. On April fifteenth of each year, each telephone company subject to the tax imposed by § 10-33-21 shall file with the secretary of revenue on forms prescribed by the secretary a report of its gross receipts derived from the furnishing of the telephone and exchange service, rental and toll service, during the preceding calendar year. The report shall set forth the total gross receipts of the company in the State of South Dakota, together with the gross receipts within each school district in which the company operates. Each company shall furnish such other further information as the secretary shall from time to time require. The report shall be sworn to and verified by an officer of the company.

10-33-2. "Gross receipts" defined. The term, gross receipts, as used in this chapter means all earnings of a telephone company derived from the furnishing of such telephone and exchange service, rental and toll service, excluding receipts for capital stock issued, state sales and use taxes paid, federal excise taxes paid, uncollected bills, tolls not retained by a company and directory advertising receipts not retained by a company.

10-33-10. Operating property assessed for taxation by department. All property, real and personal, which is actually and necessarily used in providing telephone and

exchange service comprising rental and toll service by means of wired circuits and otherwise in this state, and which belongs to any telephone company in this state which is not subject to the tax imposed by § 10-33-21 shall be assessed for the purpose of taxation by the Department of Revenue, and not otherwise.

10-33-21. Companies providing local exchange telephone service taxed on gross receipts--Rate--Minimum tax. Each telephone company engaged in furnishing and providing telephone and exchange service comprising rental and toll service by means of wired circuits and otherwise shall be taxed on the basis of gross receipts at the rate of four percent. This tax does not apply to any company that does not provide local exchange telephone service to patrons.

However, no telephone company operating in this state may be taxed less than an amount equal to fifty cents per year per telephone serviced.

10-33-26. Gross receipts tax in lieu of tax on operating property--Sales and use taxes. The tax imposed by § 10-33-21 shall be in lieu of all taxes levied by the state, counties, municipalities, townships, school districts, or other political subdivisions of the state on the personal and real property of the company which is used or intended for use in the furnishing and providing telephone and exchange service, rental and toll service, but shall not be in lieu of the retail occupational sales and use tax, and this chapter shall in no manner exempt such companies from the payment of such retail occupational sales and use tax.

Nonoperating property is locally assessed.

10-33-29. Local taxation of nonoperating property permitted. All property of such telephone company, both real and personal, not actually and necessarily used in the operation and maintenance of its lines in this state shall be considered "nonoperating property," and nothing in this chapter shall be so construed as to prevent local assessment and taxation of such "nonoperating property."

You can find all the details of SDCL Chapter 10-33 Taxation of Telephone Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-33](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-33)

# Taxation of Telecommunications Companies

Is there any local taxation of telecommunications companies? NO.

The definition of Telecommunications Company is defined in SDCL 10-33A-1 (4).

10-33A-1 (4) – Definition of Telecommunications Company

Telecommunications company, Any person, as defined by § 2-14-2, trustee, lessee, receiver, or municipality providing any telecommunications service as defined in § 10-33A-2;

The definition of Telecommunications service is defined in SDCL 10-33A-2.

10-33A-2. "Telecommunications service" defined. The term, telecommunications service, as used in this chapter, means wireless personal communications services, wireless local loop services, enhanced special mobile radio services, fixed wireless services, and cellular services that provide two-way communication. The term, telecommunications service, does not include the provision of terminal equipment used to originate or terminate such service. The term, telecommunications service, does not include specialized mobile radio service, non-network two-way radio telephone service, private mobile radio service, one-way cable television service, or two-way cable system subscriber interaction that may be required for the selection of video or other programming services.

## Property Tax Exemption

10-33A-19. Certain property of telecommunications company exempt from property taxes. Any real and personal property owned by a telecommunications company that is used or intended for use in furnishing and providing telecommunication services is exempt from real and personal property taxes levied by the state, counties, municipalities, townships, or other political subdivisions of the state.

You can find all the details of SDCL Chapter 10-33A Taxation of Telecommunications Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-33A](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-33A)

But what if the telecommunication company does not own the property?

**If someone other than the telecommunications company owns the land, buildings, tower; then the land, buildings, tower is locally assessed.**

How do you know who owns the property?

It is your job to locate and identify all property in your county. You shall have a property record card for every piece of property, even if it is centrally assessed or exempt from property tax. Each property record card should include the owners name and address, legal description, sales transactions, lot size, building information with sketch and photos.

You will find real property ownership recorded in the register of deeds office. If your county has building permits, you will know who owns the structure from the building permit that is issued.

If the land is not owned by the telecommunications company, you will value it.

If the tower is not owned by the telecommunications company, you will value it.

If the equipment building located next to the tower is not owned by the telecommunications company, you will value it.

If the telecommunications company leases the tower, you will value the tower.

## Taxation of Electric, Heating, Water and Gas Companies

Do you value an Electric, Heating, Water or Gas Company? NO.

10-35-2. Operating property assessed by department. All property, real and personal, belonging to or held under lease or otherwise by any light or power company, heating company, water company, or gas company as the same is defined in § 10-35-1 and used by it exclusively in the operation of its line or lines in this state, except such as is held under lease and used in such manner as to make it taxable to the owner under the general property tax laws, shall be assessed annually for taxation by the Department of Revenue, and not otherwise.



# Commercial Wind Farms

Commercial wind farms of greater than or equal to 5 m W pay a nameplate capacity tax and production tax in lieu of all property taxes.

What is the nameplate capacity tax?

The nameplate tax is a tax based on the nameplate capacity of the wind farm. The number of kilowatts of electricity the wind farm could produce if it was operating at 100% of its capacity.

SDCL 10-35-16 (3) – Definition of nameplate capacity

Nameplate capacity, “the number of kilowatts a wind farm can produce, as assigned to the power units in the wind farm by the manufacturer and determined by the secretary;

There are no taxes due while the project is under construction. Also, for the first year after the commercial operation date, the amount of nameplate capacity tax is prorated based on the number of days it is in service.

You can find all the details of SDCL Chapter 10-35 Taxation of Electric, Heating, Water and Gas Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-35](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-35)

## Taxation of Rural Electric Companies

Do you value Rural Electric Companies? Yes, you will value the lot and office building.

You will not value the following:

10-36-1. Companies subject to tax--Classification of personal property for taxation. The personal property of persons, corporations, cooperatives, and associations engaged in the distribution or transmission of electric energy solely within the United States for consumption principally in rural areas is hereby expressly classified for the purpose of taxation.

10-36-2. Types of property subject to taxation. The term, personal property, used in this chapter shall include but shall not be limited to the following property used or intended for use by a company in connection with the distribution or transmission of electric energy: all poles, wires, lines, transformers, meters, machinery, fixtures, and all attachments and appurtenances thereto.

Rural electric companies pay a generation tax on retail electric energy sold. The wholesale power supplier pays a tax on all wholesale electric energy delivered to another company for resale. This is in lieu of property taxes on all their property used in the connection with the distribution or transmission of electric energy.

You can find all the details of SDCL Chapter 10-36 Taxation of Rural Electric Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-36](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-36)

## Taxation of Rural Water Supply Companies

Do you value Rural Water Supply companies? NO.

10-36A-1. Property exempt from ad valorem tax. All real and personal property, including but not limited to works, machinery, pipelines, and fixtures, belonging to any nonprofit corporation or association engaged in the treatment, distribution, and sale of water to a rural area or a municipality, where such property is used exclusively for conveying water to its customers is exempt from ad valorem taxation.

You can find all the details of SDCL Chapter 10-36A Taxation of Rural Water Supply Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-36A](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-36A)

# Taxation of Pipeline Companies

Do you value Pipeline companies? NO.

10-37-2. "Pipeline company" defined. The term, pipeline company, as used in this chapter, means a person, partnership, association, limited liability company, corporation, joint venture, or syndicate that may own or operate or be engaged in operating or utilizing pipelines for the purposes described in § 10-37-1 or 46A-1-72.

What about private pipelines? See 10-37-14 below.

10-37-12. Assessment of private pipelines--Annual statement by owner. The Department of Revenue shall also determine and fix the value for tax purposes of any private pipeline owned and operated by any oil company and extending into or through two or more counties of this state up to, but not including, any property located upon land upon which is operated any pipeline terminal or pump station. The owner of such pipeline shall, at the time provided in § 10-37-3, make a return to the Department of Revenue of the information required under subdivisions (1) to (6)(both inclusive) of said section together with a statement of the value of said pipeline in each county or each lesser taxing district in this state.

10-37-14. Local assessment of oil company property other than pipelines. All other property of oil companies described in § 10-37-12, other than pipeline up to the line of any terminal or pumping station premises, including real estate and all buildings, facilities, or equipment thereon shall be assessed for taxation by the director of equalization in the taxing district in which the same is located.

You can find all the details of SDCL Chapter 10-37 Taxation of Pipeline Companies at:

[http://sdlegislature.gov/Statutes/Codified\\_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-37](http://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=10-37)