

The following are the new laws that were passed during the 2025 Session, which will go into effect on July 1.

All bills can be found on the LRC website at <https://sdlegislature.gov/Session/Bills>

The following bills do not necessarily affect DOE offices, but it's good to be aware of them:

- **HB 1173** – Removes the cap on special assessments for certain road improvement districts.
- **SB 55** – Annual bill that sets the new max levies for school districts.
- **SB 90** – Allows county liens to be paid out of proceeds of a tax deed.

**These bills may impact your office. Please read each of them in their entirety and contact DOR if you have any questions:**

- ❖ **HB 1143** – Adds a sentence that says if a director of equalization recognizes that there is one or more of the factors negatively affect the productivity of the land, the director is required to make an adjustment to that parcel.
- ❖ **HB 1194** – Authorizes the cooperation of counties for purposes of operating an office of county director of equalization
- ❖ **SB 216** – Provides property tax relief to owner-occupied properties using 3 different mechanisms:
  - **Property Assessments:** Although suppressing valuations will not decrease the amount of property taxes collected, Governor Rhoden felt it was important to attempt to slow some of the shifting of the tax burden that has been occurring the last few years. SB 216 restricts counties from increasing owner-occupied valuations by more than 3% annually for the next five years. This limitation focuses on annual reappraisal increases. New construction and additions will not be part of this limitation. The limitation will impact valuations that are set for the 2026 calendar year.
  - **Taxing District Budgets:** Tax bills are a direct result of the amount of property taxes being requested by the local governments. Currently, taxing districts (cities, counties, townships) can increase the amount of property tax they levy each year by a growth factor plus an index factor (which we call CPI). CPI can never be greater than 3%. SB 216 establishes a similar cap for the growth factor. This means the maximum increase they will be able to apply to their property tax budget would be 6% (maximum 3% for growth and maximum 3% for CPI). There are additional allowances to exceed that 3% growth cap, such as the usage of the discretionary formula and when a Tax Increment Financing (TIF) dissolves.

- **Tax Relief for Seniors and Disabled:** SB 216 will increase the income and property valuation thresholds of the existing Assessment Freeze for the Elderly and Disabled relief program. The new income levels will be \$55,000 for single-member homes and \$65,000 for multi-member homes, and the maximum eligible home value is being increased to \$500,000. The increases on the Assessment Freeze Relief Program thresholds will allow more senior or disabled homeowners to be able to qualify. The income increases will not go into effect until the 2026 application year. This means the earliest newly qualifying individuals will see a reduction in their assessed value is the 2026 assessment year for taxes payable in 2027.

Thanks,

**Wendy Semmler**

DIRECTOR

PROPERTY TAX DIVISION

SOUTH DAKOTA DEPARTMENT OF REVENUE