

Capital Outlay Taxes

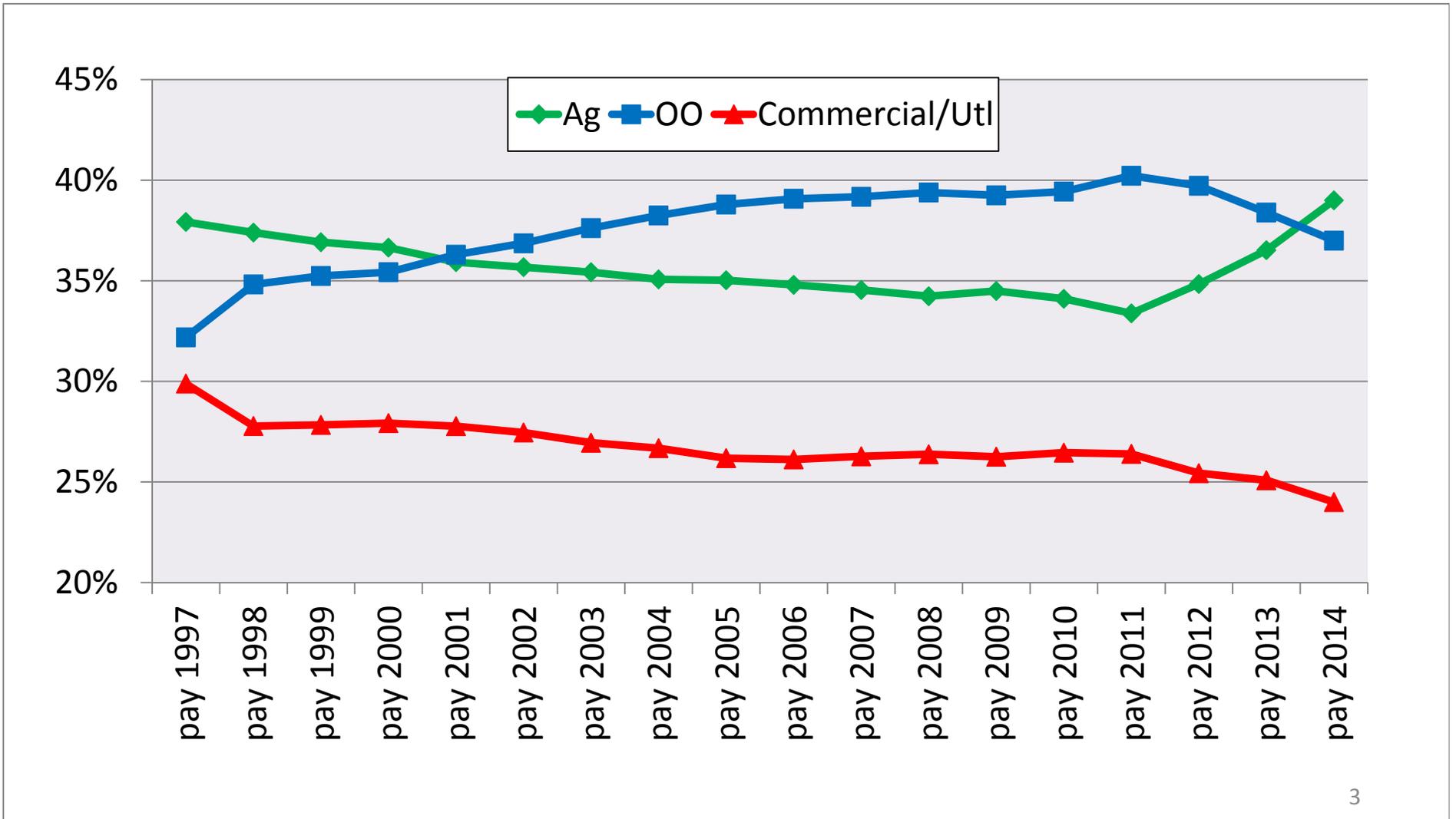
Presented by
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Property and Special Taxes Division
SD Department of Revenue

Valuation by Class

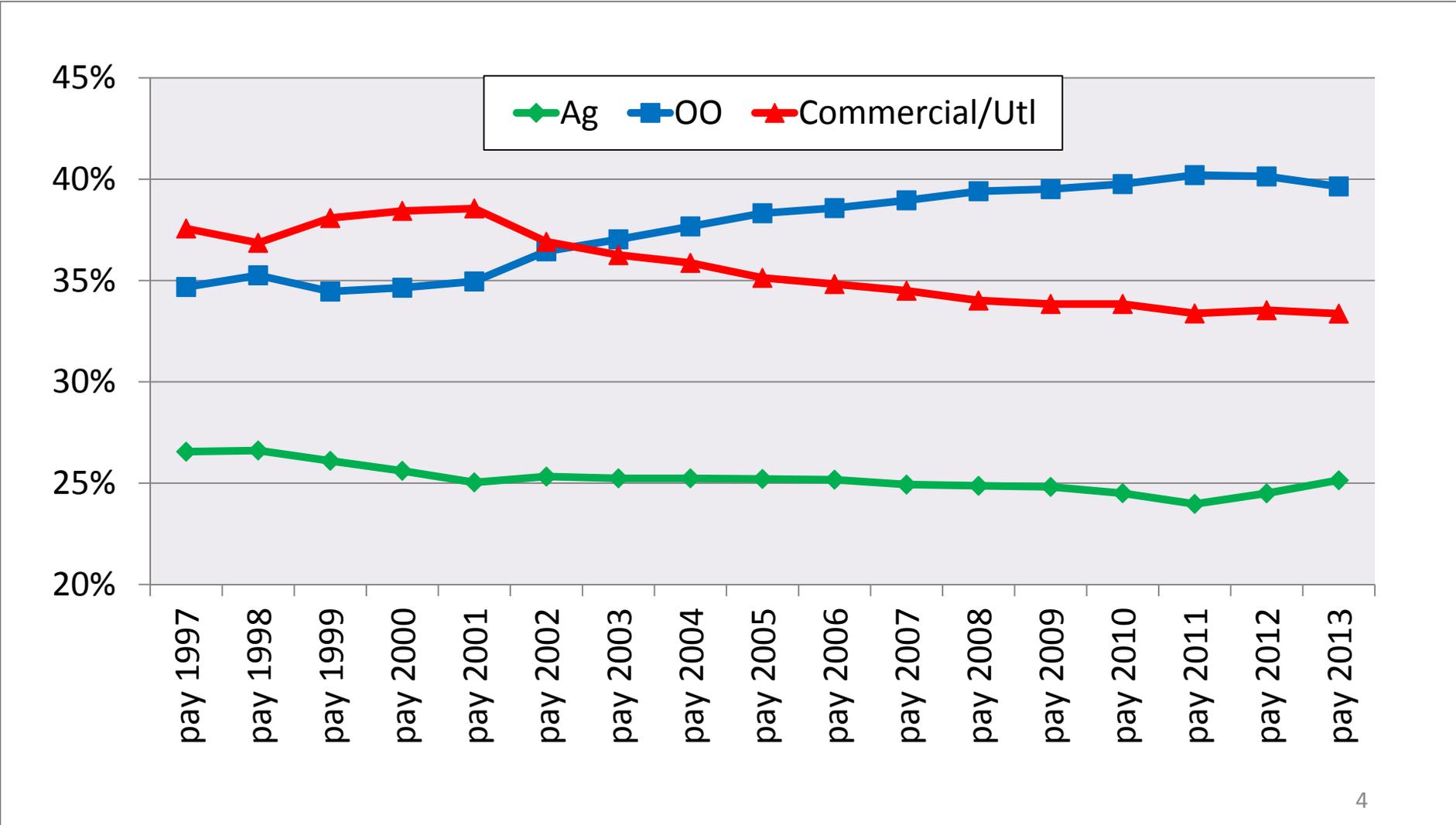
(all figures equalized to 85%)

For Taxes Payable in	Agricultural	% of Total	Owner-Occupied	% of Total	Commercial	% of Total	Utilities	% of Total	TOTAL
1997	9,259,272,144	37.93	7,858,629,904	32.19	6,303,119,711	25.82	993,262,603	4.07	24,414,284,362
1998	9,700,112,744	37.40	9,031,445,601	34.82	6,222,551,169	23.99	982,426,625	3.79	25,936,536,139
1999	10,114,313,818	36.92	9,654,685,197	35.24	6,580,244,560	24.02	1,045,087,867	3.81	27,394,331,442
2000	10,759,050,990	36.65	10,400,962,518	35.43	7,072,312,159	24.09	1,125,213,808	3.83	29,357,539,475
2001	11,062,162,236	35.93	11,177,769,905	36.30	7,445,797,194	24.18	1,106,170,590	3.59	30,791,899,925
2002	11,549,861,305	35.68	11,934,525,973	36.87	7,753,707,599	23.95	1,134,307,137	3.50	32,372,402,014
2003	12,277,695,126	35.43	13,038,052,643	37.62	8,212,742,597	23.70	1,126,545,169	3.25	34,655,035,535
2004	13,085,504,017	35.07	14,269,607,712	38.25	8,811,374,289	23.62	1,141,657,751	3.06	37,308,143,769
2005	14,015,749,247	35.03	15,523,846,537	38.79	9,362,992,929	23.40	1,113,225,824	2.78	40,015,814,537
2006	15,097,290,060	34.80	16,954,988,100	39.08	10,238,689,250	23.60	1,093,714,459	2.52	43,384,681,869
2007	16,427,689,981	34.54	18,633,455,339	39.18	11,336,818,639	23.84	1,158,792,774	2.44	47,556,756,733
2008	17,688,985,934	34.23	20,353,223,881	39.39	12,504,672,828	24.20	1,124,579,669	2.18	51,671,462,309
2009	19,058,117,169	34.49	21,687,103,039	39.25	13,334,072,762	24.13	1,169,829,792	2.12	55,249,122,762
2010	19,690,137,457	34.11	22,768,420,477	39.44	14,051,480,469	24.34	1,222,801,442	2.12	57,732,839,845
2011	19,691,529,066	33.38	23,726,031,354	40.22	14,345,035,001	24.32	1,222,426,811	2.07	58,985,022,232
2012	21,198,601,461	34.84	24,168,972,982	39.72	14,186,603,573	23.32	1,289,522,163	2.12	60,843,700,179
2013	23,009,157,595	36.52	24,187,671,139	38.39	14,543,781,399	23.09	1,258,762,412	2.00	62,999,372,545
2014	27,030,037,696	39.25	25,257,137,668	36.68	15,056,727,633	21.87	1,517,745,140	2.20	68,861,648,137

Valuation by Class as % of Total

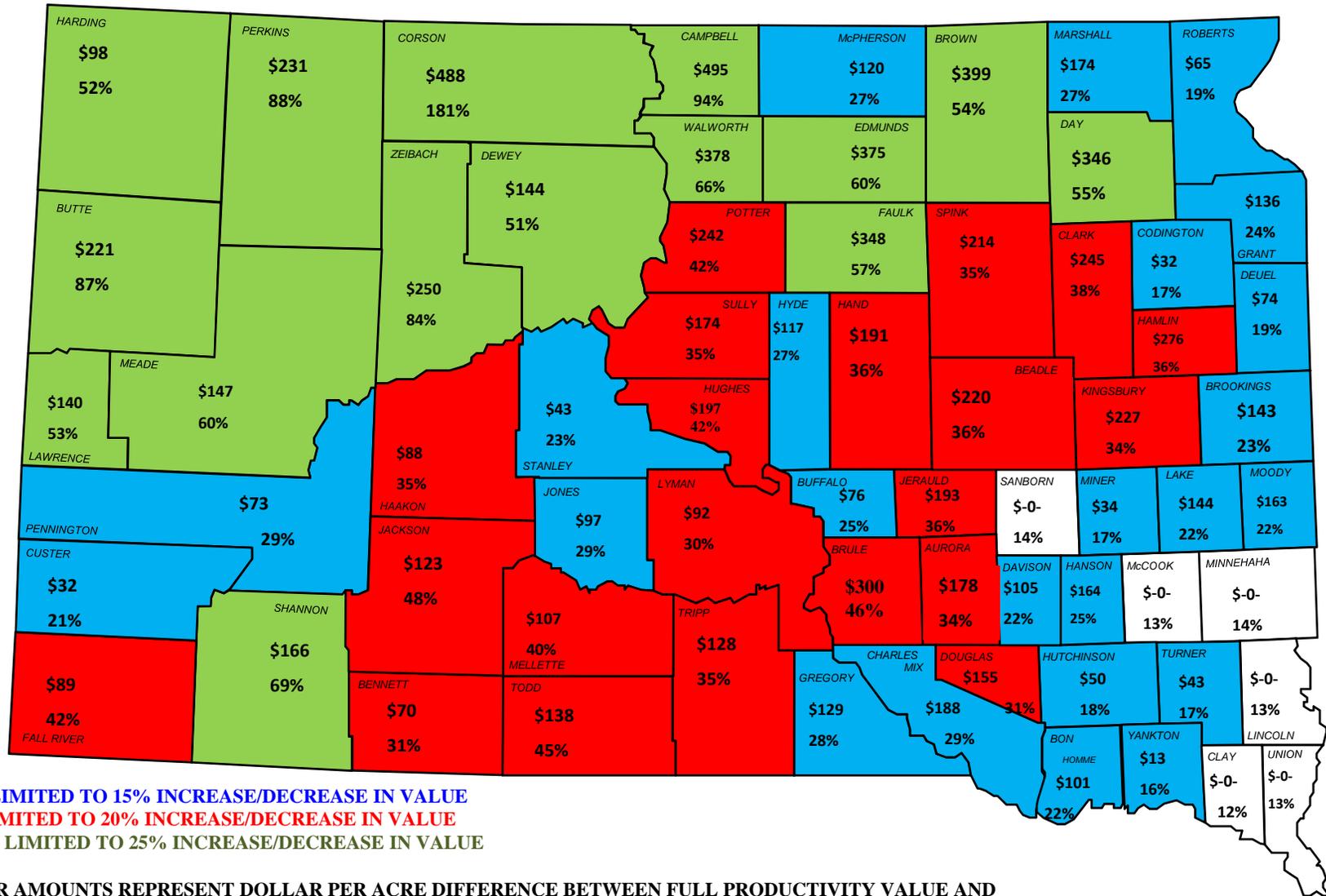


Who Pays: Property Taxes Paid by Class as % of Total



2015 Cropland Productivity Valuations

(all figures equalized to 85%)



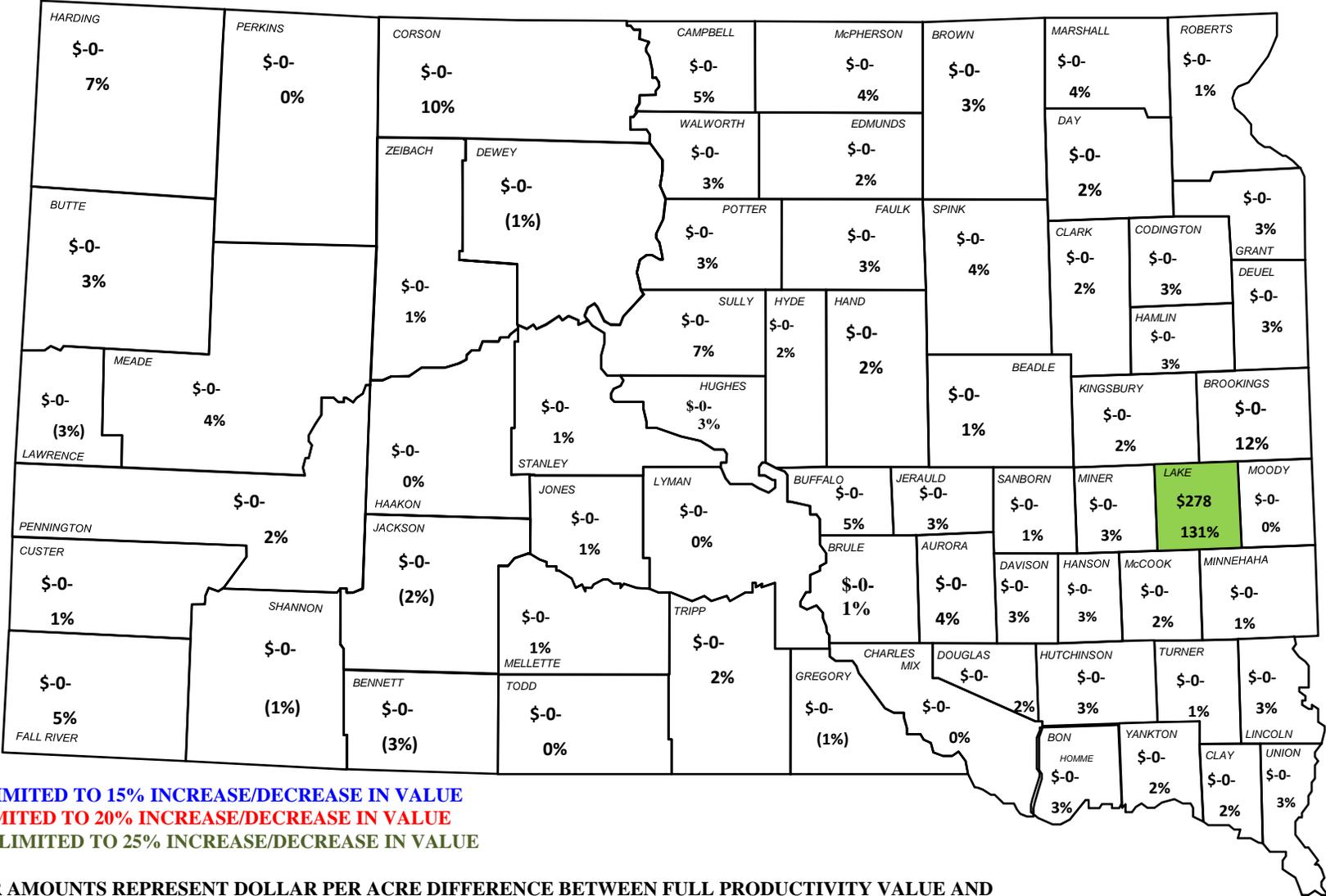
BLUE – LIMITED TO 15% INCREASE/DECREASE IN VALUE
RED – LIMITED TO 20% INCREASE/DECREASE IN VALUE
GREEN – LIMITED TO 25% INCREASE/DECREASE IN VALUE

***DOLLAR AMOUNTS REPRESENT DOLLAR PER ACRE DIFFERENCE BETWEEN FULL PRODUCTIVITY VALUE AND 2015 LIMITED PRODUCTIVITY VALUE.**

****PERCENTAGES REPRESENT PERCENT CHANGE FROM 2014 LIMITED PRODUCTIVITY VALUE TO 2015 FULL PRODUCTIVITY VALUE.**

2015 Noncropland Productivity Valuations

(all figures equalized to 85%)



BLUE – LIMITED TO 15% INCREASE/DECREASE IN VALUE
 RED – LIMITED TO 20% INCREASE/DECREASE IN VALUE
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*DOLLAR AMOUNTS REPRESENT DOLLAR PER ACRE DIFFERENCE BETWEEN FULL PRODUCTIVITY VALUE AND 2015 LIMITED PRODUCTIVITY VALUE.

**PERCENTAGES REPRESENT PERCENT CHANGE FROM 2014 LIMITED PRODUCTIVITY VALUE TO 2015 FULL PRODUCTIVITY VALUE.

Capital Outlay Fund Uses

- SDCL 13-16-6: The capital outlay fund of the school district is a fund provided by law to meet expenditures which result in the acquisition or lease of or additions to real property, plant, or equipment. Such an expenditure shall be for:
 - Land
 - existing facilities
 - improvement of grounds
 - construction of facilities
 - additions to facilities
 - remodeling of facilities
 - the purchase or lease (1996) of equipment
 - may also be used for installment or lease-purchase (1989) payments for the purchase of real property, plant, or equipment
 - Transportation costs (1997), including mileage reimbursement (2006) (not to exceed 15% of the cost)
 - The capital outlay fund may be used to purchase textbooks and instructional software (2001).
 - The capital outlay fund may be used to purchase warranties on capital assets if the warranties do not include supplies (2002).
- **Temporary Additional Uses (SB 91 2009 Session; original sunset was 2012, but extended to June 30, 2018):**
 - **purchase of property insurance and casualty insurance**
 - **payments for energy costs and the cost of utilities**
 - **motor fuel or for any portion of a contract providing transportation to students or for any mileage reimbursements.**
 - **total amount of these expenses may not exceed forty-five percent (45%) of the total tax revenues**

Capital Outlay Fund Flexibility Expenditures by Year

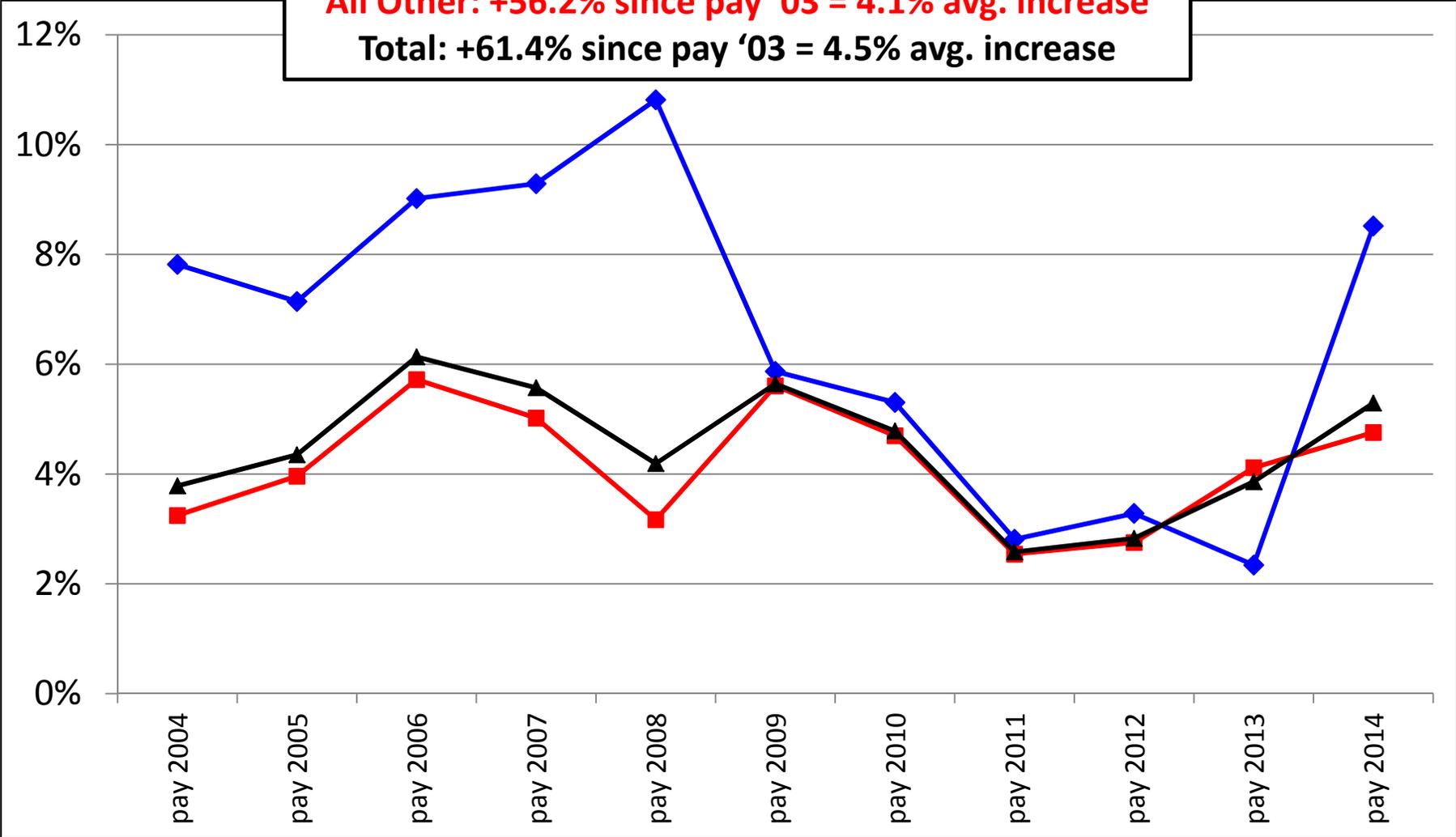
School Year	Utilities	Contracted Bus Services	Mileage Paid in lieu of Busing	Motor Fuel	Property and Casualty Insurance	TOTAL
FY2013	\$8,328,113	\$3,614,765	\$200,763	\$1,740,249	\$1,226,091	\$15,109,981
FY2012	\$8,418,954	\$2,883,791	\$202,159	\$1,956,237	\$1,543,609	\$15,004,749
FY2011	\$4,252,007	\$2,834,471	\$125,064	\$810,339	\$587,428	\$8,609,308
FY2010	\$1,576,172	\$2,189,970	\$123,902	\$411,579	\$640,743	\$4,942,365
FY2009	\$0	\$985,171	\$14,306	\$34,919	\$0	\$1,034,396

Capital Outlay Fund Levies

- For Pay 2014
 - 6 Districts levied at 0.000
 - 8 levied between 0.230 and 0.848
 - 32 levied between 1.000 and 1.980
 - 65 levied between 2.000 and 2.993
 - 40 school districts levied at the maximum of \$3.000/\$1,000
 - 0 districts levied above 3.000

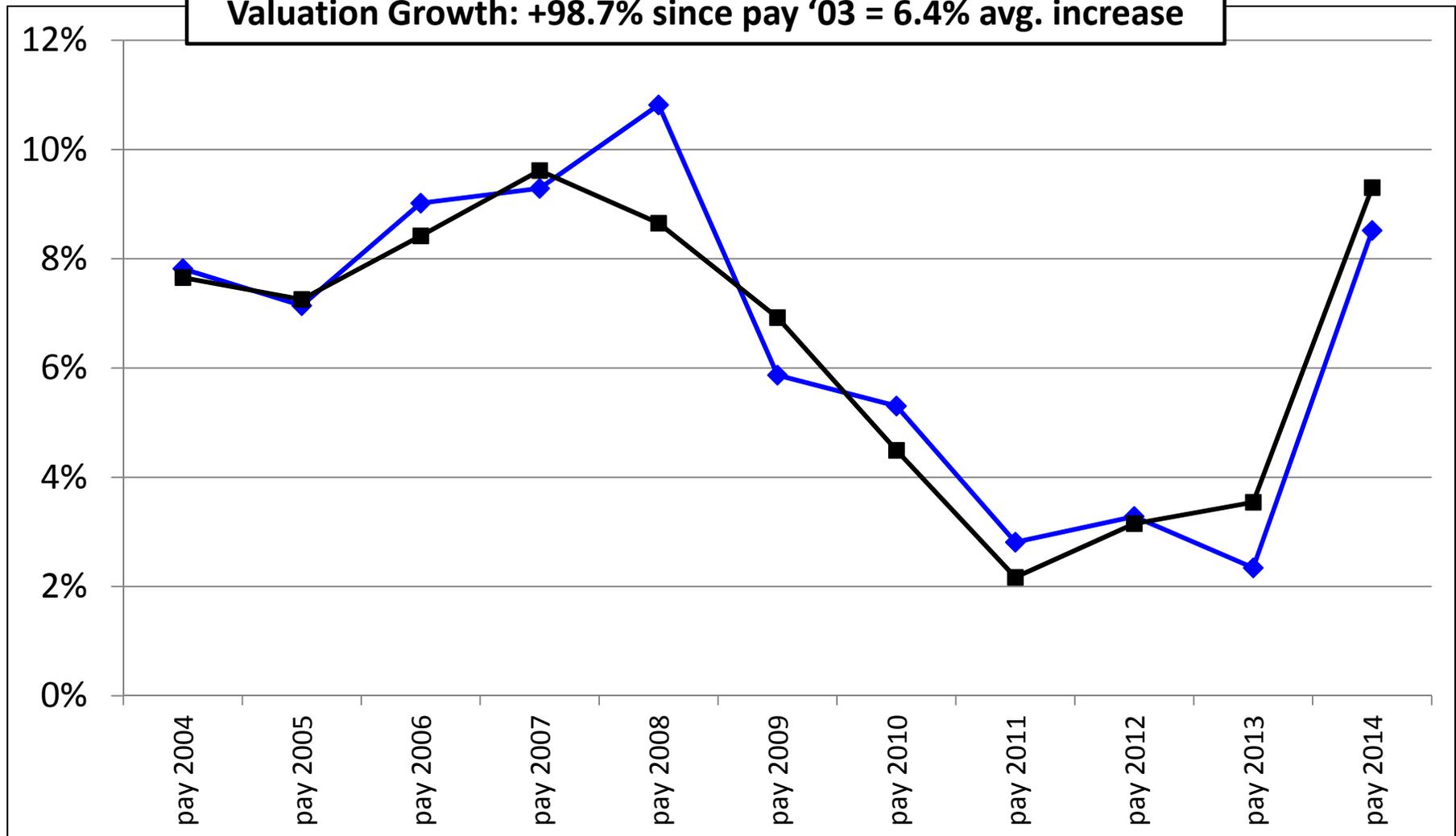
Growth of Taxes Payable: **Capital Outlay** vs. **All Other (excludes CO)** vs. **Total**

CO: +100.5% since pay '03 = 6.5% avg. increase
All Other: +56.2% since pay '03 = 4.1% avg. increase
Total: +61.4% since pay '03 = 4.5% avg. increase



Growth Comparison: **Capital Outlay Taxes Payable** vs. Total Valuation Growth

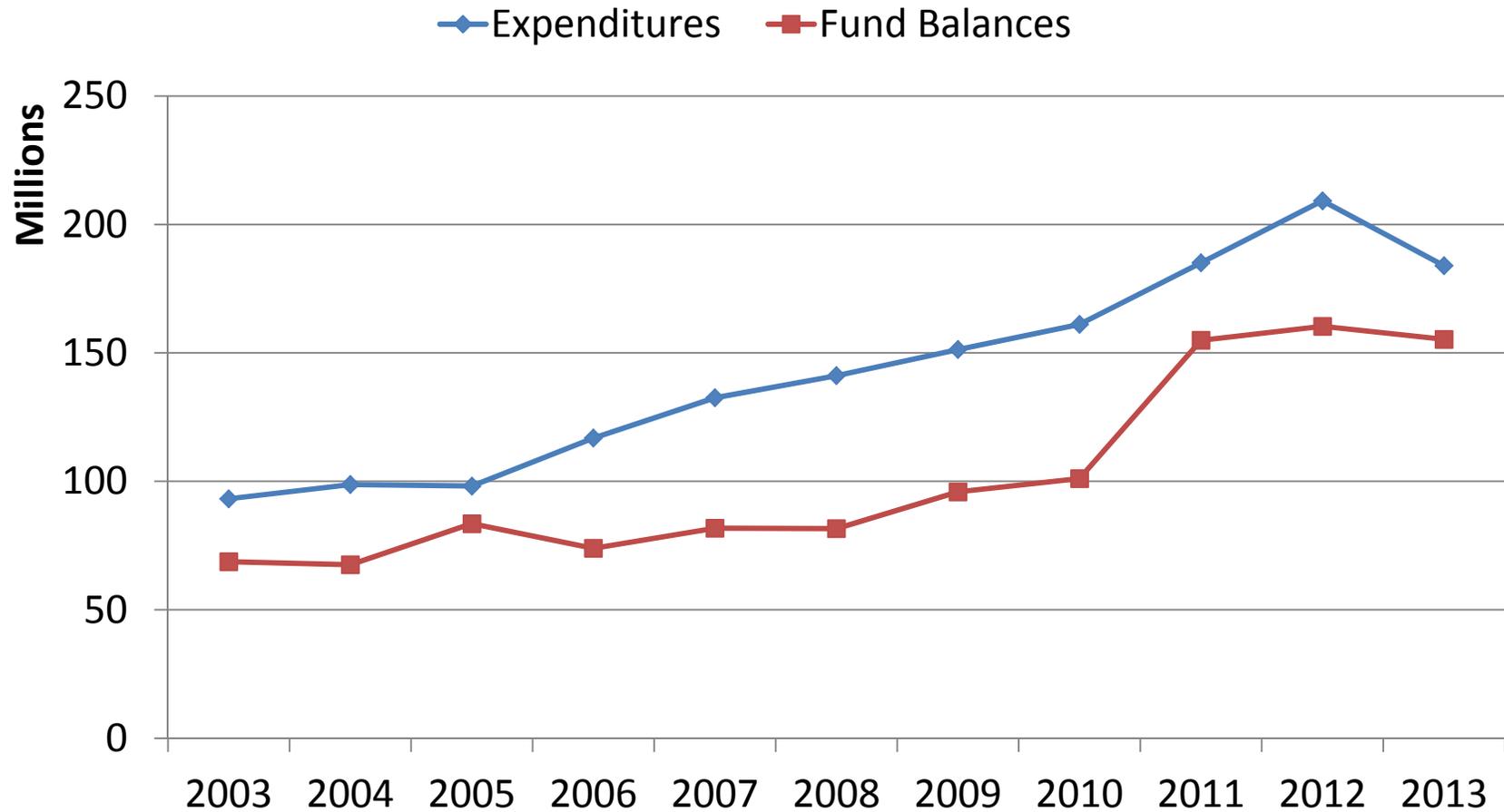
CO: +100.5% since pay '03 = 6.5% avg. increase
Valuation Growth: +98.7% since pay '03 = 6.4% avg. increase



Property Taxes: Where Does the Money Go? (With Capital Outlay)

For Taxes Payable In	County	% Of Total	Municipalities	% Of Total	Schools	% Of Total	Capital Outlay (Included in Schools)	% Of Total	% Of School	Townships	% Of Total	Special Assessments	% Of Total	TOTAL
Pay 2003	172,099,579	24.63	87,349,216	12.50	417,257,623	59.72	82,322,044	11.78	19.73	11,735,923	1.68	10,279,053	1.47	698,721,394
Pay 2004	182,029,759	25.10	92,005,243	12.69	430,465,020	59.36	88,758,012	12.24	20.62	11,827,439	1.63	8,835,378	1.22	725,162,838
Pay 2005	190,946,759	25.23	96,379,649	12.74	447,203,111	59.10	95,097,727	12.57	21.26	12,066,658	1.59	10,120,766	1.34	756,716,943
Pay 2006	201,763,441	25.12	102,625,076	12.78	475,005,462	59.14	103,674,617	12.91	21.83	12,326,339	1.53	11,422,093	1.42	803,142,410
Pay 2007	215,590,027	25.43	109,964,079	12.97	495,863,786	58.48	113,305,100	13.36	22.85	12,798,789	1.51	13,675,583	1.61	847,892,264
Pay 2008	231,487,473	26.20	116,772,552	13.22	506,618,292	57.35	125,562,102	14.21	24.78	13,487,087	1.53	15,057,152	1.70	883,422,556
Pay 2009	248,284,680	26.60	124,481,492	13.34	529,246,426	56.71	132,932,134	14.24	25.12	14,170,891	1.52	17,091,242	1.83	933,274,722
Pay 2010	267,475,363	27.35	131,066,116	13.40	546,181,894	55.85	139,983,299	14.31	25.63	14,734,342	1.51	18,467,990	1.89	977,925,706
Pay 2011	268,440,562	26.76	133,749,586	13.33	560,022,922	55.83	143,918,371	14.35	25.70	16,462,026	1.64	24,485,447	2.44	1,003,160,542
Pay 2012	281,180,299	27.26	139,272,206	13.50	574,213,937	55.67	148,643,016	14.41	25.89	18,047,044	1.75	18,819,754	1.82	1,031,533,239
Pay 2013	296,987,309	27.72	145,762,092	13.61	589,839,803	55.06	152,124,104	14.20	25.79	18,999,061	1.77	19,768,706	1.85	1,071,356,971
Pay 2014	294,453,644	26.10	151,445,587	13.43	643,364,985	57.03	165,083,730	14.63	25.66	19,330,805	1.71	19,454,499	1.73	1,128,049,521
11 YR Variance	122,354,065	1.47	64,096,371	0.93	222,107,362	(2.69)	82,761,786	2.85	5.93	7,594,882	0.03	9,175,446	0.26	429,328,127

Capital Outlay Expenditures and Fund Balances – All Districts



Are Capital Outlay Levies Limited?

- **SDCL 13-16-7***, which reads in part:

For taxes payable in 2012, 2013, 2014, and 2015, **the total amount of revenue payable from the levy provided in this section may not increase more than the lesser of three percent or the index factor, as defined in § 10-13-38, over the maximum amount of revenue that could have been generated for the taxes payable in 2010 plus any unused index factor from the previous years.** After applying the index factor, a school district may increase the revenue payable from taxes on real property above the limitations provided by this section by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of real property separately classified and subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-31.4, only if assessed the same as property of equal value. A school district may increase the revenue it receives from taxes on real property above the limit provided by this section for taxes levied to pay the principal, interest, and redemption charges on any bonds issued after January 1, 2009, which are subject to referendum, scheduled payment increases on bonds and for a levy directed by the order of a court for the purpose of paying a judgment against such school district. Any school district created or reorganized after January 1, 2009, is exempt from the limitation provided by this section for a period of two years immediately following its creation.

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

*Enacted by HB 1006 during the 2008 Legislative Session (companion legislation to HB 1005, which enacted the productivity methodology for assessing agricultural land)

Are Capital Outlay Levies Limited?

- **SDCL 13-16-7.1***

For taxes payable in 2014 and 2015, the provisions of §§ 13-10-6 and 13-16-7 that limit the maximum amount of revenue that may be generated by the pension and capital outlay tax levies do not apply to any school district that has less than a ten percent change in the total taxable valuation from the previous year of all real property in the school district, not including the increase of value resulting from any improvements or change in use of real property.

*Enacted by HB 1006 during the 2008 Legislative Session (companion legislation to HB 1005, which enacted the productivity methodology for assessing agricultural land)

What is Wrong with the Current Limitation?

- Limited

- Armour 21-1

- Pay '14 valuation = \$121,033,588
 - Pay '14 Capital Outlay = \$226,333 (1.87/1,000)
 - “Could have” levied = \$288,786 +\$62,453

- Unlimited

- Burke 26-2

- Pay '14 valuation = \$127,821,844
 - Pay '14 Capital Outlay = \$196,846 (1.54/1,000)
 - “Could have” levied = \$383,466 +\$186,620

Other Issues

- Repeal of the 150% rule for Non-Ag properties (effective July 1, 2014)
- Ag land valuations during productivity implementation
- Assessment of conservation easements and other properties with use restrictions

Questions?

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