

# 2020 South Dakota Legislature

## Senate Bill Draft 183

Requested by: **Senator** Youngberg

1 **An Act to exempt certain property from compensation for electric services rights.**

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

3 **Section 1.** That § 49-34A-50 be AMENDED:

4 **49-34A-50. Purchase price for electric facilities in area annexed by**  
5 **municipality--~~Exception.~~**

6 If a municipality described by § 49-34A-49 elects to purchase, the municipality  
7 shall, within one year following annexation, offer to purchase the electric distribution  
8 properties of the utility located within the annexed area, together with all of the utility's  
9 rights to serve within such area, for a cash consideration which shall consist of the present-  
10 day reproduction cost, new, of the facilities being acquired, less depreciation computed  
11 on a straight-line basis; plus an amount equal to the cost on a nonbetterment basis of  
12 constructing any necessary facilities to reintegrate the system of the utility outside the  
13 annexed area after detaching the portion to be sold; plus as compensation for service  
14 rights, an annual amount equal to the sum of twenty-five percent of the gross revenues  
15 received from power sales to consumers of electric power within the annexed area. The  
16 obligation of the annexing municipality to compensate the utility for service rights shall  
17 continue for eleven years from the date of the offer to purchase by the annexing  
18 municipality. During the eleven-year period, compensation for service rights to any one  
19 customer location within the annexed area shall be paid by the annexing municipality for  
20 a period of seven years or until the expiration of the eleven-year period, whichever is less.  
21 Gross revenues received shall be determined by applying the rate in effect by the  
22 municipality at the time of purchase.

23 Compensation for service rights under this section does not apply to any real  
24 property owned by a nonprofit organization organized under the laws of this state or  
25 owned by a recipient of funds from the Governor's Office of Economic Development under  
26 § 1-53-4.

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