

AN ACT

ENTITLED, An Act to revise certain provisions concerning the assessment of agricultural land.

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

Section 1. That § 10-6-33.28 be amended to read as follows:

10-6-33.28. Notwithstanding the provisions of § 10-6-33, beginning on July 1, 2009, agricultural land shall be assessed based on its agricultural income value on a per acre basis. The agricultural income value of agricultural land shall be determined on the basis of productivity and the annual earnings capacity of the agricultural land. The productivity of agricultural land and its annual earning capacity shall be based on data collected and analyzed pursuant to this section and §§ 10-6-33.29 to 10-6-33.33, inclusive.

Agricultural income value is defined as the capitalized annual earning capacity on a per acre basis which has been adjusted by an amount that reflects the landowner's share of the gross return. The capacity of cropland to produce agricultural products shall be based on the income from crops or plants produced on the land. The capacity of noncropland to produce agricultural products shall be based on cash rents or the animal unit carrying capacity of the land, or a combination of both. For the purpose of this section, annual earning capacity for:

- (1) Cropland is thirty-five percent of the annual gross return to the land; and
- (2) Noncropland is one hundred percent of the annual gross return to the land based on cash rent for noncropland.

The annual earning capacity shall be capitalized at a rate of six and six-tenths percent to determine the agricultural income value.

Section 2. That § 10-6-33.29 be amended to read as follows:

10-6-33.29. The secretary of revenue and regulation shall enter into contracts with South Dakota State University and, if necessary, the South Dakota Agricultural Statistics Service for the purpose

of creating a database to determine the agricultural income value of agricultural land by county. The cropland data shall include: acres planted, acres harvested, yield per acre, and statewide crop prices. The noncropland data shall include: cash rents, rangeland acres, pastureland acres, rangeland AUM's per acre, pastureland AUM's per acre, grazing season data, and statewide cow and calf prices. The secretary shall have such data collected for 2001, which will serve as the first year of the database, and each year thereafter. The database shall consist of the most recent eight years of data that have been collected and the two years, one year representing the highest agricultural income value and one year representing the lowest agricultural income value, shall be discarded from the database. The database for the 2010 assessment for taxes payable in 2011 shall consist of data from 2001 to 2008, inclusive, and the database for each assessment year thereafter shall be adjusted accordingly. South Dakota State University shall provide the data for each county to the secretary of revenue and regulation by June first of each year.

Section 3. That § 10-6-77 be amended to read as follows:

10-6-77. For the taxes payable in 2011, 2012, 2013, 2014, 2015, 2016, and 2017, the total taxable value of cropland within any county may not increase or decrease more than ten percent in any year. For the taxes payable in 2011, 2012, 2013, 2014, 2015, 2016, and 2017, the total taxable value of noncropland within any county may not increase or decrease more than ten percent in any year.

Section 4. That section 3 of chapter 44 of the 2008 Session Laws be amended to read as follows:

Section 3. That sections 1 and 2 of this Act be repealed on July 1, 2017.

Section 5. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as follows:

The secretary of revenue and regulation may enter into a contract for the collection of cash rent information for agricultural land by county. Cash rent information shall be adjusted by soil survey statistics if available.

Section 6. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as follows:

Notwithstanding the provisions of §§ 10-6-33.28 to 10-6-33.33, inclusive, the director of equalization may equalize the assessed valuation of all cropland if the total assessed valuation of all cropland and total assessed valuation of all noncropland is equal to the total assessed valuation of agricultural land as determined by the application of the provisions of this chapter. Notwithstanding the provisions of §§ 10-6-33.28 to 10-6-33.33, inclusive, the director of equalization may equalize the assessed valuation of all noncropland if the total assessed valuation of all cropland and total assessed valuation of all noncropland is equal to the total assessed valuation of agricultural land as determined by the application of the provisions of this chapter.

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I certify that the attached Act
originated in the

SENATE as Bill No. 3

Secretary of the Senate

President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 3
File No. _____
Chapter No. _____

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Received at this Executive Office
this ____ day of _____,

20__ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20__

Governor

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STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State