



MINUTES

Property Assessment Study Committee

**Third and Final Meeting
2004 Interim
Monday & Tuesday, September 13-14, 2004**

**LCR 1 & 2
State Capitol Building
Pierre, South Dakota**

The third and final meeting of the interim Property Assessment Study Committee was called to order by Senator Dave Knudson, Chair, at 10:35 a.m. on Monday, September 13, 2004, in Legislative Conference Rooms 1 and 2 of the State Capitol Building in Pierre, South Dakota.

A quorum was established with the following members answering the roll call: Senators Tom Dempster, Frank Kloucek, Dave Knudson (Chair), Paul Symens, and Drue Vitter; and Representatives Daryl Christensen, Thomas Deadrick, Art Fryslie, Jim Hundstad, Jim Peterson, Larry Rhoden (Vice-Chair), Lou Sebert, and Keri Weems. Representative Casey Murschel was present following the roll call. Senator Brock Greenfield and Representatives Dale Hargens and Jim Lintz were unable to attend the meeting on Monday.

Staff members present included Fred Baatz, Principal Research Analyst; James Fry, Director; and Kris Schneider, Legislative Secretary.

All material distributed at the meeting is attached to the original minutes on file in the Legislative Research Council (LRC). For the purpose of continuity, these minutes are not necessarily in chronological order.

(Clarification: Voice votes that prevail with all members present voting “aye” will carry the disposition language “prevailed unanimously.” Voice votes that prevail with a majority of all members present voting “aye” will carry the disposition language “prevailed.” Voice votes that prevail without all members present voting “aye” will list those members casting “nay” votes if so requested by the dissenting voter.)

Approval of Minutes

Representative Sebert moved, seconded by Representative Rhoden, that the minutes of the August 16-17, 2004, meeting be approved. Motion prevailed unanimously on a voice vote.

Chair Remarks

Chair Knudson stated that the committee would be considering the proposed legislation alphabetically and asked those wishing to testify to keep their testimony short and to the point. He also reminded the members that when voting on the draft legislation, anyone voting aye would be listed as a co-sponsor on the bill.

Staff Remarks

Mr. Fred Baatz stated that the draft legislation which the committee approves will be presented to the Executive Board in November and will be posted in mid to late December on the LRC Web site.

Additional Information from the Department Of Revenue

Mr. Michael Kenyon, Department of Revenue and Regulation, and **Ms. Colleen Skinner**, Department of Revenue and Regulation, distributed and reviewed a handout entitled "2004 Summer Study - Information from Department of Revenue" (**Document 1**). The information was an example of what would happen to the school general levy rate in three counties, Potter, Bon Homme, and Fall River, if the 150% rule was repealed.

In response to a question on what the dollar per thousand levy rate would be for each category if the 150% rule was repealed, Mr. Kenyon stated that Ag property would change from \$3.32 to \$3.14, Owner-Occupied dwellings would move from \$5.34 to \$5.06, and All Other property would change from \$11.45 to \$10.84.

Proposed Legislation

The proposed legislation (Drafts A - N) was previously mailed to the committee members and interested parties (**Document 2**).

Draft A - *An Act to revise the requirements for determining whether dwellings are eligible to be classified as owner-occupied single-family dwellings.*

Mr. Baatz reviewed the proposed draft and distributed amendment A/fa (**Document 3**).

Public Testimony

Ms. Rhea Crane, Sturgis, Meade County Assistant Director of Equalization, representing the South Dakota Association of Assessing Officers (SDAAO), spoke in favor of the proposed bill and the amendment.

Senator Symens moved, seconded by Representative Sebert, to adopt amendment A/fa. Motion prevailed on a voice vote.

Senator Symens moved, seconded by Representative Sebert, to adopt Draft A as amended. Motion passed on a roll call vote with 13 ayes, 1 nay, 3 excused. Members voting aye: Senators Dempster, Kloucek, Knudson, Symens, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hundstad, Murschel, Peterson (Jim), Sebert, and Weems. Member voting

nay: Representative Rhoden. Excused were: Senator Greenfield; Representatives Hargens and Lintz.

Chair Knudson designated Draft A a House bill with Representative Weems as prime sponsor and Senator Dempster prime sponsor in the Senate.

Draft B - *An Act to establish certain presumptions concerning real property sales used to value property.*

Representative Jim Peterson and Representative Rhoden reviewed the proposed draft.

Public Testimony

Mr. Joel Wendell, Custer, Director of Equalization for Fall River and Shannon Counties, representing the SDAAO, testified that the bill was not necessary as the assessors were already doing what the draft proposed.

Ms. Darlene Piekkola, Deadwood, Lawrence County Director of Equalization, representing the SDAAO, stated that all sales are being verified and used when possible.

Representative Deadrick moved, seconded by Representative Rhoden, to amend Draft B - page 1, line 7, by overstriking "offered on the open market for a reasonable period of time". Motion prevailed unanimously on a voice vote.

Representative Jim Peterson moved, seconded by Representative Rhoden, to approve Draft B as amended.

Representative Murschel made a substitute motion, seconded by Representative Sebert, to further amend Draft B - page 1, lines 9 and 10, by deleting the underscored sentence. Substitute motion failed on a voice vote.

Representative Jim Peterson's motion to approve as amended passed on a roll call vote with 13 ayes, 1 nay, 3 excused. Members voting aye: Senators Dempster, Kloucek, Symens, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hundstad, Murschel, Peterson (Jim), Rhoden, Sebert, and Weems. Member voting nay: Senator Knudson. Excused were: Senator Greenfield; Representatives Hargens and Lintz.

Chair Knudson designated Draft B a House bill with Representative Deadrick as prime sponsor and Representative Jim Peterson (a Senate candidate) as prime sponsor in the Senate.

Draft C - *An Act to provide for the assessment and taxation of certain interests in real property held separately from the fee interest of the surface property.*

Mr. Jim Fry, Representative Rhoden, and Senator Symens reviewed the proposed draft.

Public Testimony

Ms. Piekkola spoke in opposition to the proposed draft and distributed an example of the amount of work that the assessors would have to complete to locate owners of undivided interests (**Document 4**).

Ms. Shirley Mackey, Buffalo, Harding County Director of Equalization, representing the SDAAO, distributed a list of questions that arise if severed mineral interests are taxed and also provided additional documents used by assessors in trying to locate owners (**Document 5**). She stated that assessors are not certified to do title research and that work would have to be contracted out.

Mr. Dwight Neuharth, Pierre, Executive Director for the South Dakota Association of County Officials, spoke in opposition to the proposed draft because of the additional cost that would be incurred by the counties.

Senator Symens moved, seconded by Representative Hundstad, to approve Draft C. Motion failed on a roll call vote with 3 ayes, 11 nays, 3 excused. Members voting aye: Senators Knudson and Symens; and Representative Hundstad. Members voting nay: Senators Dempster, Kloucek, and Vitter; Representatives Christensen, Deadrick, Fryslie, Murschel, Peterson (Jim), Rhoden, Sebert, and Weems. Excused were: Senator Greenfield; Representatives Hargens and Lintz. (Since Draft C failed to receive a majority it was not approved.)

Draft D - *An Act to revise the procedure for assessing agricultural property and to repeal certain factors used to determine which sales may be used in assessing property.*

Draft E - *An Act to require written statements to be filed concerning the leasing of agricultural land.*

Mr. Baatz reviewed Drafts D and E and distributed a handout entitled "Addendum to the Pilot Study of Productivity Valuation of Agricultural Land" (**Document 6**) which was information gathered in 2000 for a pilot study on using the income approach for valuing agricultural land. If Draft D passes, the NA-Z and the 150% rules would be repealed.

Representative Sebert moved, seconded by Senator Dempster, to make three technical amendments to Draft D - page 2, lines 12, 13, and 20. Motion prevailed unanimously on a voice vote.

Public Testimony

Ms. Mary Worlie, Aberdeen, Brown County Director of Equalization, representing the SDAAO, had several concerns with Drafts D and E -- cap rate, using average cash rents for counties, different cash rents for grassland and cropland, the ability for assessors to neighborhood, valuing farm buildings, lack of penalty for not providing information, etc. She stated that if Draft D passed, Draft E would also be needed; however, Draft E would be another valuable tool to assessors even if Draft D failed.

Mr. Kirk Chaffee, Whitewood, Meade County Director of Equalization, representing the SDAAO, stated he had the same concerns as Ms. Worlie and that he did like Draft D. He stated that Draft E is workable. He would like the one year changed to either three or five years and stated that a perjury clause should be added to the form in Draft E.

Mr. Rick Vallery, Pierre, Executive Director for South Dakota Wheat Incorporated, encouraged the committee to pass this legislation. He stated that the cash rent information needs to be longer than one year; perhaps three or four years.

Ms. Piekkola stated that she does a cash rent survey in Lawrence County and uses the weighted average. She would like a longer timeline to be used in Draft D.

Mr. Bill Albrecht, DeSmet, Kingsbury County Assessment Task Force, testified in favor of the drafts. He stated that the income approach would be better than the current system and that neighborhooding is an important tool that assists in obtaining more accurate values and should be included.

Mr. Jeff Madison, Iroquois, Kingsbury County Assessment Task Force, testified in favor of the drafts. He also felt that the cash rent formula should use a three-year period and that neighborhooding was an important tool for the assessors.

Members of the committee were concerned with the following issues concerning Drafts D and E: no penalty clause for failure to maintain confidentiality; lack of fiscal information regarding the collection, use, and compliance of the cash rent data; neighborhooding; cap rate; effective dates; and the three- to five-year smoothing of rental rates.

Chair Knudson distributed a handout that included information by classification about the general fund school levies, taxes levied by local governments, property taxes paid, and assessed valuations (**Document 7**).

Representative Rhoden moved, seconded by Senator Dempster, to defer discussion on Drafts D and E and move to Draft F. Motion prevailed on a voice vote.

Draft F - *An Act to revise the procedure for assessing real property, to repeal certain factors used to determine which sales may be used in assessing property, and to repeal the alternative method for valuing certain agricultural property.*

Chair Knudson reviewed the draft, stating that the concept is "revenue neutral" for all classifications.

Public Testimony

Ms. Joyce Dragseth, Brookings, Brookings County Director of Equalization, representing the SDAAO, testified that the assessors have concerns with section 1. She stated that the assessments are sent out in early March and the assessment notice states that the amount is the estimate of market value; however, it is a major problem because it is not the estimate of market value for ag land. She asked the committee to let the assessors return to full market value and let them make adjustments for factors at tax time.

Ms. Debbie Kahl, Akaska, Walworth County Director of Equalization, testified that the assessor needs to get back to assessing property at fair and true value. She stated that the assessment notice says this is market value when it is in fact not. She suggested having special treatment for special classes and dealing with how you divide the taxes after you have the assessed value. People complain about their taxes being high; however, they do not attend budget hearings.

Ms. Piekkola testified that ag land should have to meet three, not two, of the criteria in order to have the ag classification. She suggested leaving the NA-Z in place.

Following a brief discussion, *Representative Hundstad moved, seconded by Representative Rhoden, to table Draft F. Motion passed on a roll call vote with 10 ayes, 4 nays, 3 excused. Members voting aye: Senators Kloucek, Symens, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hundstad, Peterson (Jim), Rhoden, and Sebert. Members voting nay: Senator Dempster, Knudson; Representatives Murschel and Weems. Excused were: Senator Greenfield; Representatives Hargens and Lintz.*

Draft D (continued)

Representative Rhoden moved, seconded by Senator Vitter, to amend Draft D on page 2, line 2, by overstriking year and inserting three years. Motion prevailed on a voice vote.

Senator Symens moved, seconded by Senator Vitter, to amend Draft D on page 2, line 1, by removing the overstrikes. Motion prevailed on a voice vote.

Senator Symens moved, seconded by Representative Fryslie, to amend Draft D on page 2, lines 11 - 16 (Section 3) to make a clear identifiable region for the tool of neighborhooding. Motion prevailed on a voice vote.

Senator Vitter moved, seconded by Representative Rhoden, to amend Draft D on page 2, to combine Sections 2 and 3 into one section. Motion prevailed on a voice vote.

Representative Sebert moved, seconded by Senator Vitter, to amend Draft D on page 9, lines 14 - 15, to make the effective date January 1, 2007, and move the other dates back one year. Motion prevailed on a voice vote.

Representative Hundstad moved, seconded by Representative Christiansen, to amend Draft D by adding a third criteria in order to be eligible for the ag classification.

Representative Deadrick distributed **Draft O** - *An Act to revise the criteria for determining whether land qualifies as agricultural land (Document 8)*. He stated that Draft O would eliminate the gross income criteria and add forty animal units to the criteria for classification as ag land.

Representative Hundstad and Representative Christiansen withdrew their motion and second, respectfully.

Draft E continued

Representative Murschel moved, seconded by Representative Weems, to amend Draft E to include perjury and confidentiality clauses. Motion prevailed on a voice vote.

The committee recessed at 6:35 p.m.

The committee reconvened at 8:17 a.m. on Tuesday, September 14, 2004, with the full committee and staff present except the following: Senator Symens was excused and Representative Lintz appeared telephonically.

Mr. Baatz distributed copies of Drafts DD and EE which were revised versions of Drafts D and E (**Document 9**).

Draft DD - *An Act to revise the procedure for assessing agricultural property and to repeal certain factors used to determine which sales may be used in assessing property.* (Draft D amended)

Mr. Baatz reviewed Draft DD.

Public Testimony

In response to a question on the use of the word "obsolescence" on page 3, line 16, **Mr. Rob Miller**, Sturgis, Pennington County Director of Equalization, stated that the word "obsolescence" is a form of depreciation through the market place and that it may be either economic or internal obsolescence.

Ms. Mackey testified about her concerns about using depreciation for ag buildings and structures. She stated that counties would have different depreciation schedules. She also stated that she would like to have local control of collecting the cash rent information.

Ms. Worlie stated that the conversion to cash rents for ag land would require additional assistance. She stated that many counties do not have the inventory of cropland/grassland and that information would have to be gathered. She also asked who was going to be responsible for getting the information out to the public and the associated costs.

Mr. Vallery stated in response to a question yesterday about government payments, South Dakota's total receipts between crop and livestock is over \$4 billion of which \$281 million is government payments. As far as a source for obtaining information on cash rents and landlord information, he suggested using the South Dakota Agriculture 2004 statistics book, authored by Carter Anderson of Sioux Falls. In response to a question about the federal subsidized programs for agriculture that may affect the cash rent value, Mr. Vallery responded commodity support prices, crop insurance programs, conservation practices, wildlife incentive programs, wetlands, etc.

Representative Hundstad referred the committee to a Web site, www.usda.gov/nass, for answers to many of the questions about agriculture in the state, i.e., there are 31,000 farms in South Dakota, six thousand farms produce less than \$1,000 in income, etc.

Representative Rhoden moved, seconded by Representative Sebert, to amend Draft DD by deleting lines 10 - 16 (Section 6) and 20 - 23 on page 3. Motion prevailed on a voice vote.

Representative Rhoden moved, seconded by Representative Hargens, that Draft DD be approved as amended. Motion prevailed on a roll call vote with 10 ayes, 6 nays, 1 excused. Members voting aye: Senators Greenfield and Vitter; Representatives Christensen, Dadrick, Fryslie, Hargens, Hundstad, Lintz, Peterson (Jim), and Rhoden. Member voting nay: Senators Dempster, Kloucek, and Knudson; Representatives Murschel, Sebert, and Weems. Excused was Senator Symens.

Chair Knudson designated Draft DD a Senate bill with Representative Lintz (a Senate candidate) as prime sponsor and Representative Hargens prime sponsor in the House.

Draft EE - *An Act to require written statements to be filed concerning the leasing of agricultural land.* (Draft E amended)

Mr. Baatz reviewed the draft.

Public Testimony

Mr. Vallery questioned the difference between subsections (4) and (5) on page 1, lines 12 - 14. He stated that in most cash leases, the lessee retains the government payments and the lessor retains the property tax payments.

Following committee discussion, *Representative Rhoden moved, seconded by Representative Christiansen, to amend Draft EE on page 1, line 12, by adding cropland and non-cropland after "payments."* Motion prevailed on a voice vote.

Representative Hundstad moved, seconded by Senator Dempster, to amend Draft EE on page 1, line 13, by deleting payments and inserting other rights and to delete "from the conservation" on line 13 and to delete line 14. Motion prevailed on a voice vote.

Representative Hargens moved, seconded by Representative Rhoden, that Draft EE be approved as amended. Motion passed on a roll call vote with 11 ayes, 5 nays, 1 excused. Members voting aye: Senators Greenfield, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Peterson (Jim), and Rhoden. Members voting nay: Senators Dempster and Kloucek; Representatives Murschel, Sebert, and Weems. Excused was Senator Symens.

Chair Knudson designated Draft EE a Senate bill with Representative Lintz (a Senate candidate) as prime sponsor and Representative Hargens prime sponsor in the House.

Draft G - *An Act to permit adjustment for certain factors that may affect the agricultural income value of land.*

Mr. Baatz reviewed the draft, stating it would be another tool for the existing cash rent valuation alternative if Draft DD does not go forward.

Representative Jim Peterson stated the draft was a possible solution for the Kingsbury County problem.

Public Testimony

Ms. Kahl stated that the SDAAO has no concerns with this draft as that is what the assessors are already doing.

Representative Hundstad moved, seconded by Senator Kloucek, that Draft G be approved. Motion prevailed unanimously on a roll call vote with 15 ayes, 0 nays, 2 excused. Members voting aye: Senators Dempster, Kloucek, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, Sebert, and Weems. Excused were Senators Greenfield and Symens.

Chair Knudson designated Draft G a Senate bill with Senator Kloucek as prime sponsor and Representative Fryslie prime sponsor in the House.

Draft H - *An Act to revise the method used to determine the capacity of land to produce agricultural products.*

Mr. Baatz and Representative Jim Peterson reviewed the draft.

There was no public testimony on this draft.

Senator Kloucek moved, seconded by Senator Vitter, to approve Draft H. Motion prevailed on a roll call vote with 15 ayes, 1 nay, 1 excused. Members voting aye: Senators Dempster, Greenfield, Kloucek, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, and Weems. Member voting nay: Representative Sebert. Excused was Senator Symens.

Chair Knudson designated Draft H a Senate bill with Representative Jim Peterson (a Senate candidate) as prime sponsor and Representative Hargens prime sponsor in the House.

Draft I - *An Act to establish additional classifications for agricultural property.*

Mr. Baatz reviewed the draft and provided information on the number and types of entities that may be included in certain classifications.

Public Testimony

Mr. Wendell spoke in favor of the proposed draft. He liked the concept; however, he questioned if the proposed classifications for ag property met the needs.

Ms. Piekola inquired as to what the timeline would be for transitional real property, i.e. like the current NA-Z classification. Mr. Baatz responded that the property would remain classified as such until there was reason to reclassify the property.

Mr. Vallery stated that the general philosophy of the ag industry is that they like the idea; however, they have not studied it.

Following committee discussion, *Representative Sebert moved, seconded by Representative Murschel, to amend Draft I on page 2, line 10, delete everything after "value" and delete lines 11 and 12. Motion prevailed on a voice vote.*

Representative Hundstad moved, seconded by Senator Dempster, to amend Draft I so that the subsections (3), (4), and (5) listed on page 1 match the terms used in the subsections on page 2. Motion prevailed on a voice vote.

Senator Vitter moved, seconded by Representative Murschel, to approve Draft I as amended.

Representative Hundstad moved a substitute motion, seconded by Senator Dempster, to amend Draft I on page 2, line 7, to include that if the land meets all the criteria for ag land, it cannot be classified as recreational land. Substitute motion failed on a voice vote.

Representative Sebert moved a substitute motion, seconded by Senator Dempster, to amend Draft I on page 2, line 7, to include an excise tax or sales tax license regarding sales for those properties related to hunting for classification as recreational land. Substitute motion failed on a voice vote.

Senator Dempster moved a substitute motion, seconded by Representative Weems, to amend Draft I on page 2, line 7, to include language for agricultural land primarily purchased for recreational, aesthetic, or other purposes. Staff was directed to provide wording that would express this concept. Motion prevailed on a voice vote.

Senator Vitter moved, seconded by Representative Sebert, to approve Draft I as amended. Motion prevailed on a roll call vote with 13 ayes, 3 nays, 1 excused. Members voting aye: Senators Dempster, Greenfield, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Murschel, Rhoden, Sebert, and Weems. Members voting nay: Senator Kloucek, Representatives Lintz and Peterson (Jim). Excused was Senator Symens.

Chair Knudson designated Draft I a Senate bill with Senator Dempster as prime sponsor and Representative Sebert prime sponsor in the House.

Draft J - *An Act to establish a procedure for setting the capitalization rate related to the classification and valuation of agricultural land.*

Mr. Baatz reviewed the draft.

Representative Rhoden moved, seconded by Representative Hargens, to amend Draft J on page 1, lines 6 and 8, by overstriking "actual." Motion prevailed on a voice vote.

Senator Dempster moved to table Draft J as amended. Motion died for lack of a second.

Representative Rhoden moved, seconded by Senator Greenfield, to amend Draft J by deleting sections 2 and 3 and that section 1 be restored to its original form and the word "actual" be overstricken wherever it appears in section 1. Motion prevailed on a voice vote.

Public Testimony

Ms. Dragseth thanked the committee for overstriking the word "actual" from the section as it has caused confusion on how it should be applied.

Representative Christensen moved, seconded by Representative Hundstad, to approve Draft J as amended. Motion prevailed on a roll call vote with 15 ayes, 1 nay, 1 excused. Members voting aye: Senators Dempster, Greenfield, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, Sebert, and Weems. Member voting nay: Senator Kloucek. Excused was Senator Symens.

Chair Knudson designated Draft J a House bill with Representative Christiansen as prime sponsor and Senator Greenfield prime sponsor in the Senate.

Draft K - *An Act to revise the method on how certain real property sales are used to assess real property.*

Chair Knudson reviewed the draft, which was also discussed at the previous committee meeting.

Public Testimony

Mr. Miller stated that if Draft DD passes the Legislature, the assessors will still need to keep the information separately.

Representative Sebert moved, seconded by Representative Christiansen, to approve Draft K. Motion failed on a roll call vote with 7 ayes, 8 nays, 2 excused. Members voting aye: Senators Greenfield and Knudson; Representatives Christensen, Fryslie, Murschel, Sebert, and Weems. Member voting nay: Senators Kloucek and Vitter; Representatives Deadrick, Hargens, Hundstad, Lintz, Peterson (Jim), and Rhoden. Excused were Senators Dempster and Symens.

Representative Rhoden moved, seconded by Representative Hundstad, to table Draft K. Motion prevailed on a roll call vote with 13 ayes, 2 nays, 2 excused. Members voting aye: Senators Greenfield, Kloucek, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, and Sebert. Members voting nay: Senator Knudson and Representative Weems. Excused were Senators Dempster and Symens.

Draft L - *An Act to classify certain property as special provisional nonagricultural property.*

Mr. Baatz explained that this draft was discussed at the previous committee meeting.

Representative Deadrick moved, seconded by Representative Hargens, to table Draft L. Motion prevailed on a roll call vote with 15 ayes, 2 excused. Members voting aye: Senators Greenfield, Kloucek, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, Sebert and Weems. Excused were Senators Dempster and Symens.

Draft M - *An Act to revise the procedure for the valuation of property.*

Representative Weems reviewed the draft and stated that we currently throw out all the sales above a certain assessment threshold but do not do that for sales below a certain threshold.

Representative Hargens moved, seconded by Representative Deadrick, to table Draft M. Motion prevailed on a roll call vote with 15 ayes, 2 excused. Members voting aye: Senators Greenfield, Kloucek, Knudson, and Vitter; Representatives Christensen, Deadrick, Fryslie, Hargens, Hundstad, Lintz, Murschel, Peterson (Jim), Rhoden, Sebert and Weems. Excused were Senators Dempster and Symens.

Draft N - *An Act to revise certain provisions relating to the assessment and valuation of real property.*

Mr. Baatz reviewed the draft, noting that a similar version was discussed during the previous legislative session.

Public Testimony

Ms. Worlie stated that by increasing the 150% rule to 175% would allow a few more sales to be used and that SDAAO is in favor of this draft.

Mr. Kenyon stated that phasing out the 150% rule was a position that the Department of Revenue and Regulation supports.

Representative Murschel moved, seconded by Representative Weems, to approve Draft N.

Representative Rhoden moved a substitute motion, seconded by Representative Hargens, to table Draft N. Substitute motion prevailed on a roll call vote with 9 ayes, 7 nays, 1 excused. Members voting aye: Senators Kloucek and Vitter; Representatives Deadrick, Fryslie, Hargens, Hundstad, Lintz, Peterson (Jim), and Rhoden. Members voting nay: Senators Dempster, Greenfield, and Knudson; Representatives Christensen, Murschel, Sebert, and Weems. Excused was Senator Symens.

Draft O - *An Act to revise the criteria for determining whether land qualifies as agricultural land.*

Mr. Baatz and Representative Deadrick reviewed the draft, which established a threshold for agricultural non-cropland to be able to support a certain number of animal units and eliminated the family income criteria.

Public Testimony

Mr. Miller testified that the proposed draft does not solve the problem of those people cutting one pickup load of timber, harvesting honey from bees, or other atypical agricultural pursuits.

Representative Sebert moved, seconded by Representative Hargens, to table Draft O. Motion prevailed on a roll call vote with 11 ayes, 5 nays, 1 excused. Members voting aye: Senators Dempster, Greenfield, Knudson, and Vitter; Representatives Fryslie, Hargens, Hundstad,

Lintz, Peterson (Jim), Rhoden, and Sebert. Members voting nay: Senator Kloucek; Representatives Christensen, Deadrick, Murschel, and Weems. Excused was Senator Symens.

Adjournment

Senator Dempster moved, seconded by Representative Rhoden, that the meeting adjourn. Motion carried unanimously on a voice vote.

The meeting adjourned at 11:58 a.m.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's Homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **MyLRC** (<http://legis.state.sd.us/mylrc/index.cfm>).