

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

456M0563

SENATE BILL NO. 121

Introduced by: Senators Bogue, Koskan, Lintz, and Olson (Ed) and Representatives Dykstra, Deadrick, and Rhoden

1 FOR AN ACT ENTITLED, An Act to provide for the assessment of severed mineral interests
2 and to provide additional funding for the general fund of counties and school districts.

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

4 Section 1. For the purposes of this Act, the term, severed mineral interest, means any
5 property interest in the minerals deposited in any land in this state which interest is owned
6 separately from any other fee interest to the surface of the property upon or beneath which the
7 severed mineral interest exists.

8 Section 2. Any severed mineral interest constitutes real property and shall be assessed in the
9 same manner as any other real nonagricultural property. If no value may be readily determined
10 for such severed mineral interests, a minimum valuation of five dollars per acre or fraction of
11 an acre shall be assessed. The owner of the severed mineral interest shall pay property taxes
12 levied for the general fund of the county and the general fund of the school district. The assessed
13 value of the severed mineral interest and the tax imposed on the property by the county shall be
14 considered an increase of value for the purpose of determining the amount of revenue payable
15 from taxes on real property pursuant to § 10-13-35. The assessed value of the severed mineral



1 interest and the tax imposed on the property by the school district shall be considered additional
2 revenue for the general fund of the school district and that revenue is not to be included in the
3 determination of local effort. No other property taxes may be levied on the assessed value of the
4 severed mineral interest by the county, school district, or other taxing district.

5 Section 3. The owner of any severed mineral interest shall, not later than November 1, 2007,
6 file for record with the register of deeds in the county in which such severed mineral interest is
7 located a verified statement setting forth his or her address, his or her interest, and the legal
8 description of the property upon or beneath which the interest exists along with any other
9 information that the register of deeds may require.

10 Section 4. If the owner of any severed mineral interest fails to comply with the provisions
11 of section 3 of this Act, the provisions of § 10-6-20 apply.

12 Section 5. If the owner of any severed mineral interest fails to comply with the provisions
13 of section 3 of this Act, any person with actual knowledge of the existence of a severed mineral
14 interest may report the existence to the register of deeds in the county of record. Upon
15 verification by the register of deeds of the existence of the severed mineral interest, property
16 taxes shall be assessed against the last known owner of record of the severed mineral interest.

17 Section 6. The county treasurer, before offering for sale for unpaid taxes as provided in § 10-
18 23-7 any severed mineral interest, shall notify the surface fee owner of the property from which
19 the mineral interest was severed of the time and place of the sale and of the opportunity to
20 purchase such severed mineral interest for the amount of unpaid taxes, penalties, and interest
21 charged against such severed mineral interest.