2020 South Dakota Legislature

Senate Bill Draft 183

Requested by: ***Senator*** *Youngberg*

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

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

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

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

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

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