

State of South Dakota

NINETY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2019

960B0277

HOUSE BILL NO. 1125

Introduced by: Representatives Howard, Brunner, Chaffee, Dennert, Frye-Mueller, Goodwin, Gosch, Gross, Haugaard, Jensen (Kevin), Johnson (Chris), Koth, Latterell, Lesmeister, Livermont, Marty, Mills, Mulally, Peterson (Sue), Pischke, Randolph, Rasmussen, Rounds, Saba, Steele, Weis, Wiese, York, and Zikmund and Senators Greenfield (Brock), Blare, DiSanto, Jensen (Phil), Kolbeck, Langer, Maher, Monroe, Nelson, Otten (Ernie), Rusch, Russell, Stalzer, Sutton, and Youngberg

1 FOR AN ACT ENTITLED, An Act to create a property tax relief fund and to provide for the
2 transfer of certain unobligated cash balances.

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

4 Section 1. That § 4-7-31 be amended to read:

5 4-7-31. There is hereby established within the state treasury the budget reserve fund.
6 Expenditures from the budget reserve fund may occur only by special appropriation of the
7 Legislature and only to redress unforeseen expenditure obligations or unforeseen revenue
8 shortfalls, as may constitute an emergency pursuant to S.D. Const., Art. III, § 1.

9 Section 2. That chapter 4-7 be amended by adding a NEW SECTION to read:

10 There is hereby established within the state treasury the property tax relief fund. On July first
11 of each fiscal year, or as soon thereafter as the commissioner of the Bureau of Finance and
12 Management makes the transfer of unobligated cash, as provided for by subdivision (2) of



1 § 4-7-32, the state treasurer shall forward fifty percent of all moneys in the property tax relief
 2 fund to the counties for the purpose of reducing, by a like amount, the revenue payable from
 3 taxes on real property pursuant to the levy imposed under § 10-12-8 for the ensuing year. The
 4 amount to which each county is entitled must be proportionate to the county's percentage share
 5 of the total revenue generated throughout the state from taxes levied on real property in the
 6 preceding year.

7 Section 3. That § 4-7-32 be amended to read:

8 4-7-32. The transfer of all prior year unobligated cash shall take place in accordance with
 9 this section.

10 (1) On July first of each fiscal year, or at such time ~~that~~ as the prior fiscal year general
 11 fund ~~ending~~ unobligated cash balance is determined, the commissioner of the Bureau
 12 of Finance and Management shall transfer all prior year unobligated cash, up to an
 13 amount ~~equal to~~ equalling ten percent of the general fund appropriations from the
 14 general appropriation act for the prior fiscal year, into the budget reserve fund. ~~In no~~
 15 ~~event shall the~~ The cash balance in the budget reserve fund ~~be greater than~~ may not
 16 exceed ten percent of the general fund appropriations from the general appropriation
 17 act for the prior fiscal year.

18 ~~Expenditures out of the budget reserve fund shall only be by special appropriation of the~~
 19 ~~Legislature and shall only redress such unforeseen expenditure obligations or such unforeseen~~
 20 ~~revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1.~~

21 (2) If any unobligated cash balance remains after the requirements of subdivision (1) are
 22 met, the commissioner of the Bureau of Finance and Management shall transfer that
 23 balance, or so much of that balance as equals fifteen percent of the general fund
 24 appropriations from the general appropriation act for the prior fiscal year, into the

1 property tax relief fund.

2 (3) If any unobligated cash balance remains after the requirements of subdivision (2) are
3 met, the commissioner of the Bureau of Finance and Management shall transfer the
4 remaining amount into the general revenue replacement fund.

5 Section 4. That § 4-7-45 be amended to read:

6 4-7-45. There is hereby established within the state treasury the general revenue replacement
7 fund. ~~The state treasurer shall transfer any funds remaining in the property tax reduction fund~~
8 ~~as of June 30, 2015, to the general revenue replacement fund. In fiscal year 2016 and each year~~
9 ~~thereafter, the commissioner of finance and management~~ the Bureau of Finance and
10 Management may transfer moneys available from the general revenue replacement fund to the
11 general fund necessary to balance the annual budget due to an unforeseen revenue shortfall.

12 Section 5. That § 10-13-35 be amended to read:

13 10-13-35. This section does not apply to school districts.

14 For taxes payable in 1997, and each year thereafter, the total amount of revenue payable
15 from taxes on real property within a taxing district, excluding the levy pursuant to § 10-13-36,
16 may increase no more than the lesser of three percent or the index factor, as defined in § 10-13-
17 38, over the ~~amount~~ total of the revenue payable from taxes on real property in the preceding
18 year plus the amount received by the county pursuant to section 2 of this Act, excluding the
19 amount of taxes levied pursuant to § 10-13-36. After applying the index factor, a taxing district
20 may increase the revenue payable from taxes on real property above the limitations provided by
21 this section by the percentage increase of value resulting from any improvements or change in
22 use of real property, annexation, minor boundary changes, and any adjustments in taxation of
23 property separately classified and subject to statutory adjustments and reductions under chapters
24 10-4, 10-6, 10-6A, and 10-6B, except § 10-6-31.4, only if assessed the same as property of equal

1 value. A taxing district may increase the revenue it receives from taxes on real property above
2 the limit provided by this section for taxes levied to pay the principal, interest, and redemption
3 charges on any bonds issued after January 1, 1997, which are subject to referendum, scheduled
4 payment increases on bonds and for a levy directed by the order of a court for the purpose of
5 paying a judgment against such taxing district.

6 Any taxing district created after the effective date of this section is exempt from the
7 limitation provided by this section for a period of two years immediately following its creation.

8 Section 6. That § 4-7-39 be repealed.

9 ~~—4-7-39. The commissioner of the Bureau of Finance and Management shall transfer any~~
10 ~~unobligated cash remaining after the transfer into the budget reserve fund as required by § 4-7-~~
11 ~~32 into the general revenue replacement fund if the amount in the general revenue replacement~~
12 ~~fund does not exceed fifteen percent of the general fund appropriations in the General~~
13 ~~Appropriations Act for the previous fiscal year.~~