

State of South Dakota

NINETY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2018

400Z0548

HOUSE BILL NO. 1240

Introduced by: Representatives Duvall, Chase, Glanzer, Lake, and Rounds and Senators
Monroe, Cronin, Maher, and White

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding capital outlay funding
2 for schools.

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

4 Section 1. That § 13-16-7 be amended to read:

5 13-16-7. The school board of any school district of this state may at its discretion authorize
6 an annual levy of a tax not to exceed three dollars per thousand dollars of taxable valuation on
7 the taxable valuation of the district for the capital outlay fund for assets as defined by § 13-16-6
8 or for its obligations under a resolution, lease-purchase agreement, capital outlay certificate, or
9 other arrangement with the Health and Educational Facilities Authority. Taxes collected
10 pursuant to such levy may be irrevocably pledged by the school board to the payment of
11 principal of and interest on installment purchase contracts or capital outlay certificates entered
12 into or issued pursuant to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other
13 arrangement with the Health and Educational Facilities Authority and, so long as any capital
14 outlay certificates are outstanding, installment agreement payments, lease-purchase agreements,
15 or other arrangements are unpaid, the school board of any district may be compelled by



1 mandamus or other appropriate remedy to levy an annual tax sufficient to pay principal and
2 interest thereon, but not to exceed the three dollars per thousand dollars of taxable valuation in
3 any year authorized to be levied hereby.

4 The total amount of revenue payable from the levy provided in this section may not increase
5 annually by more than the lesser of three percent or the index factor, as defined in § 10-13-38,
6 over the maximum amount of revenue that could have been generated from the taxes payable
7 in 2016. After applying the index factor, a school district may increase the revenue payable from
8 taxes on real property above the limitations provided by this section by the percentage increase
9 of value resulting from any improvements or change in use of real property, annexation, minor
10 boundary changes, and any adjustments in taxation of real property separately classified and
11 subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B,
12 except § 10-6-31.4, only if assessed the same as property of equal value. A school district may
13 increase the revenue it receives from taxes on real property above the limit provided by this
14 section for taxes levied to pay the principal, interest, and redemption charges on any bonds
15 issued after January 1, 2009, which are subject to referendum, scheduled payment increases on
16 bonds and for a levy directed by the order of a court for the purpose of paying a judgment
17 against such school district. Any school district created or reorganized after January 1, 2016, is
18 exempt from the limitation provided by this section for a period of two years immediately
19 following its creation.

20 In no year may the annual tax levy provided in this section exceed three dollars per thousand
21 dollars of taxable valuation of the school district for the current year.

22 Starting with taxes payable in 2021, a school district is limited to the maximum taxes
23 allowed pursuant to this section or ~~two~~ three thousand ~~eight hundred~~ dollars for each enrolled
24 student as determined in the fall enrollment count set forth in § 13-13-10.1 for the prior school

1 year, whichever is less. For 2022 and subsequent years, the maximum amount for each enrolled
2 student shall increase by the lesser of three percent or the index factor, as defined in § 10-13-38.
3 The maximum amount for each enrolled student ~~does not apply to~~ shall be increased for any
4 school district that has irrevocably pledged taxes collected to the payment of principal and
5 interest on installment purchase contracts or capital outlay certificates entered into or issued
6 pursuant to § 13-16-6 or 13-16-6.2 or lease-purchase agreements or other arrangement with the
7 Health and Educational Facilities Authority, if the original obligation was entered into before
8 July 1, 2016, and the ~~limitation would cause the school district to default on its obligation if~~
9 ~~limited pursuant to this section~~ obligation exceeds two thousand five hundred dollars per
10 student. The maximum tax for a school district with this obligation shall be the amount required
11 per student to meet the school district's irrevocably pledged taxes collected to the payment of
12 principal and interest on installment purchase contract or capital outlay certificate, plus five
13 hundred dollars per student. Any school district that exceeds the three thousand dollar per
14 student limit shall provide any needed documentation to the Department of Revenue and
15 Department of Education.