

# State of South Dakota

EIGHTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2013

400U0207

## SENATE BILL NO. 54

Introduced by: The Committee on Taxation at the request of the Department of Revenue

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding references to the  
2 Internal Revenue Code.

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

4 Section 1. That § 10-4-9.1 be amended to read as follows:

5 10-4-9.1. Property owned by a public charity and used for charitable purposes is exempt  
6 from taxation. A public charity is any organization or society which devotes its resources to the  
7 relief of the poor, distressed, or underprivileged. A public charity shall receive a majority of its  
8 revenue from donations, public funds, membership fees, or program fees generated solely to  
9 cover operating expenses; it shall lessen a governmental burden by providing its services to  
10 people who would otherwise use governmental services; it shall offer its services to people  
11 regardless of their ability to pay for such services; it shall be nonprofit and recognized as an  
12 exempt organization under section 501(c)(3) of the United States Internal Revenue Code, as  
13 amended and in effect on January 1, ~~2012~~ 2013; and it may not have any of its assets available  
14 to any private interest.

15 Section 2. That § 10-4-9.2 be amended to read as follows:



1        10-4-9.2. Property owned by a benevolent organization and used exclusively for benevolent  
2 purposes is exempt from taxation. A benevolent organization is any lodge, patriotic  
3 organization, memorial association, educational association, cemetery association, or similar  
4 association. A benevolent organization shall be nonprofit and recognized as an exempt  
5 organization under section 501(c)(3), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the  
6 United States Internal Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013.  
7 However, if any such property consists of improved or unimproved property located within a  
8 municipality not occupied or directly used in carrying out the primary objective of the  
9 benevolent organization owning the same, such property shall be taxed the same as other  
10 property of the same class is taxed. However, if any such property consists of agricultural land,  
11 such property shall be taxed the same as other property of the same class is taxed. For the  
12 purposes of this section, an educational association is a group of accredited elementary,  
13 secondary or postsecondary schools. For the purposes of this section, a benevolent organization  
14 also includes a congressionally chartered veterans organization which is nonprofit and  
15 recognized as an exempt organization under section 501(c)(4) of the United States Internal  
16 Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013.

17        For purposes of this section, benevolent purpose means an activity that serves the poor,  
18 distressed or underprivileged, promotes the physical or mental welfare of youths or  
19 disadvantaged individuals, or relieves a government burden.

20        Section 3. That § 10-4-9.3 be amended to read as follows:

21        10-4-9.3. Property owned by any corporation, organization, or society and used primarily  
22 for human health care and health care related purposes is exempt from taxation. Such  
23 corporation, organization or society shall be nonprofit and recognized as an exempt organization  
24 under section 501(c)(3) of the United States Internal Revenue Code, as amended and in effect

1 on January 1, ~~2012~~ 2013, and none of its assets may be available to any private interest. The  
2 property shall be a health care facility licensed pursuant to chapter 34-12, orphanage, mental  
3 health center or community support provider regulated under chapter 27A-5, or camp. The  
4 facility shall admit all persons for treatment consistent with the facility's ability to provide health  
5 care services required by the patient until the facility is filled to its ordinary capacity and  
6 conform to all applicable regulations of and permit inspections by the state as otherwise  
7 provided by law.

8 Section 4. That § 10-4-9.4 be amended to read as follows:

9 10-4-9.4. Any congregate housing facility owned by a corporation, organization, or society  
10 is exempt from certain property taxes, if the facility provides certain health care services and is  
11 recognized as an exempt nonprofit corporation, organization, or society under section 501(c)(3)  
12 of the United States Internal Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013,  
13 and if none of its assets are available to any private interest. A congregate housing facility does  
14 provide health care services if the facility is an independent group-living environment operated  
15 and owned by a health care facility licensed pursuant to chapter 34-12 which offers a continuum  
16 of care, residential accommodations, and supporting services primarily for persons at least sixty-  
17 two years of age or disabled as defined pursuant to chapter 10-6A. Supporting services include  
18 the ability to provide health care and a food service that satisfies a balanced nutrition program.  
19 As part of the statement required by § 10-4-19, the owner of the congregate housing facility  
20 shall submit a statement to the county director of equalization listing the health cares services  
21 provided and method used to satisfy the balanced nutrition program.

22 In addition, no owner may apply for a property tax exemption for a congregate housing  
23 facility constructed after July 1, 2004, unless the congregate housing facility:

- 24 (1) Consists of two or more individual housing units located within one structure; and

1 (2) Not more than twenty-five percent of the individual housing units exceed fifteen  
2 hundred square feet.

3 Section 5. That § 10-4-39 be amended to read as follows:

4 10-4-39. Any facility operated as a multi-tenant business incubator and owned by an entity  
5 recognized as an exempt nonprofit corporation pursuant to section 501(c)(3), 501(c)(4), or  
6 501(c)(6) of the Internal Revenue Code as amended and in effect on January 1, ~~2012~~ 2013, is  
7 exempt from property taxation. A business incubator is any facility that supports the  
8 development and operation of a number of small start-up businesses. Tenants of the facility may  
9 share a number of support services and the tenants may receive technical assistance, business  
10 planning, legal, financial, and marketing advice. If any portion of the facility is occupied by an  
11 incubated business for more than five years, that portion of the facility shall be taxed as other  
12 property of the same class is taxed.

13 Section 6. That subdivision (7) or § 10-6A-1 be amended to read as follows:

14 (7) "Income," the sum of adjusted gross income as defined in the United States Internal  
15 Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013, and IRA  
16 disbursements, the amount of capital gains excluded from adjusted gross income,  
17 alimony, support money, nontaxable strike benefits, cash public assistance and relief,  
18 the gross amount of any pension or annuity, including Railroad Retirement Act  
19 benefits and veterans disability pensions, all payments received under the federal  
20 social security and state unemployment insurance laws, nontaxable interest, life  
21 insurance proceeds that exceed twenty thousand dollars, any gift or inheritance that  
22 exceeds five hundred dollars, proceeds from a court action, any sale of a personal  
23 item that exceeds five hundred dollars, foster care income, and workers'  
24 compensation;

1 Section 7. That subdivision (5) of § 10-6B-1 be amended to read as follows:

2 (5) "Income," the sum of adjusted gross income as defined in the United States Internal  
3 Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013, and all nontaxable  
4 income, including the amount of capital gains excluded from adjusted gross income,  
5 alimony, support money, nontaxable strike benefits, cash, public assistance and relief,  
6 not including relief granted under this chapter, the gross amount of any pension or  
7 annuity, including Railroad Retirement Act benefits and veterans' disability pensions,  
8 all payments received under the federal social security and state unemployment  
9 insurance laws, nontaxable interest received from the federal government or any of  
10 its instrumentalities, workers' compensation, and the gross amount of "loss of time"  
11 insurance, but not including gifts from nongovernmental sources, food stamps, or  
12 surplus foods or other relief in kind provided by a public agency less real estate taxes  
13 payable on the applicant's principal residence for the year in which application is  
14 made;

15 Section 8. That subdivision (6) of § 10-18A-1 be amended to read as follows:

16 (6) "Income," the sum of adjusted gross income as defined in the United States Internal  
17 Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013 and all nontaxable  
18 income, including the amount of capital gains excluded from adjusted gross income,  
19 alimony, support money, nontaxable strike benefits, cash public assistance and relief,  
20 not including relief granted under this chapter, the gross amount of any pension or  
21 annuity, including Railroad Retirement Act benefits and veterans' disability pensions,  
22 all payments received under the federal social security and state unemployment  
23 insurance laws, nontaxable interest received from the federal government or any of  
24 its instrumentalities, workers' compensation, and the gross amount of loss of time

1 insurance, but not including gifts from nongovernmental sources, food stamps, or  
2 surplus foods, or other relief in kind provided by a public agency less real estate taxes  
3 payable on the applicant's principal residence for the year in which application is  
4 made. However, the reduction in the applicant's income for real estate taxes payable  
5 may not exceed four hundred dollars;

6 Section 9. That § 10-43-10.1 be amended to read as follows:

7 10-43-10.1. Net income, in the case of a financial institution, is taxable income as defined  
8 in the Internal Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013, and reportable  
9 for federal income tax purposes for the taxable year, but subject to the adjustments as provided  
10 in §§ 10-43-10.2 and 10-43-10.3. If a financial institution has elected to file its federal tax return  
11 pursuant to 26 USC § 1362(a), as amended, and in effect on January 1, 1997, net income shall  
12 be computed in the same manner and in the same amount as if that institution had continued to  
13 file its federal tax return without making the election and the financial institution shall continue  
14 to be treated as a separate corporation for the purposes of this chapter. If a financial institution  
15 is organized as a limited liability company, the limited liability company shall be treated as a  
16 separate corporation for the purpose of this chapter.

17 Section 10. That subdivision (5) of § 10-45A-1 be amended to read as follows:

18 (5) "Income," the sum of adjusted gross income as defined in the United States Internal  
19 Revenue Code, as amended and in effect on January 1, ~~2012~~ 2013, and all nontaxable  
20 income, including the amount of capital gains excluded from adjusted gross income,  
21 alimony, support money, nontaxable strike benefits, cash public assistance and relief,  
22 not including relief granted under this chapter, the gross amount of any pension or  
23 annuity, including Railroad Retirement Act benefits and veterans' disability pensions,  
24 all payments received under the federal social security and state unemployment

1 insurance laws, nontaxable interest received from the federal government or any of  
2 its instrumentalities, workers' compensation, and the gross amount of loss of time  
3 insurance, but not including gifts from nongovernmental sources, food stamps, or  
4 surplus foods, or other relief in kind provided by a public agency, less real estate  
5 taxes payable or ten percent of rent paid on the applicant's principal residence for the  
6 year in which application is made. However, the reduction in the individual's income  
7 may not exceed four hundred dollars;

8 Section 11. That § 35-4-11.9 be amended to read as follows:

9 35-4-11.9. The renewal fee for any on-sale license issued outside a municipality to a  
10 nonprofit organization, recognized as an exempt organization under section 501(c)(7) or  
11 501(c)(19) of the United States Internal Revenue Code of 1986, as amended and in effect on  
12 January 1, ~~2012~~ 2013, which will be in operation less than one hundred fifty days each year shall  
13 be established by the county commission at a rate not to exceed the rate in the nearest  
14 municipality.