

Six weeks of the 2025 S.D. Legislative session have been completed with three weeks remaining. Crossover day is only two legislative days away, so all bills must be out of the house of origin by next Wednesday. As is typical with the South Dakota Legislature, things are picking up pace!

Raising Taxes to Lower Taxes, Shifting Taxes, and The Governor's Property Tax Bill

Property taxes continue to be a major topic of conversation during the sixth week of the Legislative Session. In total, nine property tax bills were heard this week. That's only a fraction of the 29 property tax-related bills that were introduced this session. Below is a quick summary of some of the bills and Farm Bureau's position on them.

SDFB testified against HB 1019 and HB 1119. As a reminder, in order to reduce property taxes, there are only three options:

1. Reduce the need.
2. Shift the burden to other classes of property.
3. Replace the burden with other revenue

HB 1019 would have delivered property tax relief to homeowners by lowering their general school fund levy and special education levy to \$0. To pay for the reduced levies, the State of South Dakota would backfill the lost revenue with state sales tax dollars; however, in order for the State to supply the extra dollars, the sales tax would increase from the current 4.2% to 5%. SDFB opposed the bill as we do not have policy supporting increasing the state sales tax rate beyond the 4.5% mark. Two years ago, SDFB supported taking the 0.3% of sales tax revenue to reduce property taxes; however, the Legislature decided to reduce the state sales tax rate to 4.2% instead of property tax relief.

HB 1119 would have shifted the tax burden onto agricultural and commercial properties. While it was amended in Committee and deferred to Friday morning, the original bill would have established a 3% cap on growth in values for all owner-occupied and nonagricultural property. In other words, all homes, businesses, pipelines, and other real nonagricultural property could not increase in value more than 3% each year unless change of ownership. While the amendment did strike the change of ownership portion, the bill still has fundamental issues as it will shift the tax burden onto the backs of farmers and ranchers.

On Thursday, the Senate State Affairs Committee heard the Governor's property tax bill: SB 216B. The bill accomplishes the following:

- Limits annual increases in assessed property values for the owner-occupied class in a county to 3%, with exceptions for improvements or reclassification.
- Caps local government and school district budget growth from property taxes at 2%. Home improvements that increase value by less than 40% won't count toward the growth limit.
- Raises income limits for the property tax freeze program—\$55,000 for single households and \$65,000 for multi-member households. Residency requirement increases from one year to five.
- Increases the maximum home value eligible for tax relief programs from \$300,000 to \$500,000.

Of the 29 property tax bills introduced, SDFB did support the bill and feels that the Governor's bill is a reasonable solution to a complex problem.

For a complete list of our positions on the multitude of property tax bills, check out our bill tracker on the SDFB website.

Brand Fee Cap Bill Passes House Agriculture Committee

SDFB supported HB 1213 which would increase the brand inspection fee cap associated with livestock brand inspection from \$1 to \$1.70 per head inspected. After much debate, the House Agriculture and Natural Resources Committee moved to amend the bill to insert a \$1.35/head fee cap. It is important to note that the increase is only associated with the fee cap. The actual fee must be increased in the Rules Review Committee and may be set at a different rate below the \$1.35.

Ag Land Adjustment Bill Dies in Committee

SDFB, along with the Department of Revenue, SD Retailer's Association, SD Association of Conservation Districts, and SD Association of Cooperatives opposed HB 1246. House Bill 1246 mandates the county director of equalization to adjust (regardless of validity) a parcel of agricultural land based upon eight statutory criteria. Below are 8 adjustments that can occur to alleviate disagreements in the agricultural land productivity system.

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| (1) Location; | (5) Topographical condition; |
| (2) Size; | (6) Climate; |
| (3) Soil survey statistics; | (7) Accessibility; or |
| (4) Terrain; | (8) Surface obstructions or shelter belts |

State law allows a county director of equalization to adjust the taxable value of ag land based upon productivity. For example, an agricultural landowner can request the director of equalization to adjust his or her land from cropland to noncropland if the land cannot be farmed for one of the reasons above. Proponents of the bill argue HB 1246 forces assessors to do their job; however, state law already requires an assessor to make a determination of the request. Below are the three main reasons why SDFB is opposed to HB 1246.

- HB 1246 is unnecessary. If a landowner has a dispute over an adjustment, he or she may appeal the decision. The director of equalization is also currently required to document all the reasons for granting or denying an adjustment.
- The bill makes it unclear who is determining the validity of the adjustment and what criteria it is based on.
- The existing law is meant to be discretionary. Mandating adjustments creates inequities in a system and already provides the tools for the assessor to make fair and equitable adjustments under the productivity system.

HB 1246 died in House Taxation on an 8-3 vote.

Cell Cultured Meat Ban Dies on Senate Floor

SDFB, SD Cattlemen's, and Department of Agriculture and Natural Resources opposed HB 1109 on the Senate Floor. HB 1109 prohibited the sale, manufacture, or distribution of cell cultured meat in South Dakota. First, SDFB does not endorse cell cultured protein products or represent their interest in any way. Instead, a key

concern with the bill was the inconsistency in arguing against regulations, like California's Proposition 12, while supporting a ban on another agricultural products. Proposition 12 restricts the sale of pork that does not meet California's arbitrary confinement standards, regardless of where it was raised. This policy directly undermines our Federalist system by imposing California's regulations on farmers across the country, even in states that have chosen not to impose such burdens. As legal challenges have shown, Proposition 12 has led to a regulatory patchwork that disrupts interstate commerce and threatens the economic viability of producers in other states.

Similarly, HB 1109 risked setting a dangerous precedent. If South Dakota bans the sale of a legal, federally approved product today, what prevents other states from targeting beef or pork based on ideological preferences tomorrow? Such laws invite regulatory conflicts between states, turning our national agricultural market into a fragmented system dictated by state-by-state mandates. Furthermore, legislation similar to HB 1109 in Florida is already facing court challenges, raising significant legal concerns.

Overall, SDFB advocated for a fair and open marketplace rather than endorsing restrictive policies that could ultimately be used against the agriculture industry.

SDFB Bill Tracker

The SDFB bill tracking list is up and running. Check it out on the SDFB website. As in past years, it gives you a quick look at the bills we are supporting, opposing, or just watching.

Below is a list of some of the bills that SDFB is supporting, watching, or opposing.

Supporting:

HJR 5001: Proposing and submitting to the voters at the next general election an amendment to the Constitution of the State of South Dakota, conditioning the requirement of expanded Medicaid on the level of federal medical assistance.

Purpose: This joint resolution would allow the State of South Dakota to bind Medicaid expansion to the level of federal medical assistance. If passed by the voters, the new constitutional amendment would clarify that, if the federal government ever reduces their match below the current 90%, the South Dakota Constitution would no longer require South Dakota to continue Medicaid expansion.

HB 1169: Modify the signature requirement for a petition to initiate a constitutional amendment.

Purpose: This bill would require that before an amendment to the South Dakota Constitution is proposed to the voters, the signatures required to put the amendment on the ballot must have at least 5 percent of the total votes cast for Governor in each South Dakota Senatorial district at the last Gubernatorial election.

Watching:

SB 56: Authorize the payment of lease rental obligations to the South Dakota Building Authority by the Bureau of Finance and Management, to make an appropriation therefore, and to declare an emergency.

Purpose: This bill would authorize paying of bonds for the Animal Disease Research and Diagnostic Laboratory and Precision Agriculture buildings at SDSU.

Opposed:

HB 1120: Transfer certain moneys and to make an appropriation for the operations of the state library.

Purpose: This bill would transfer money out of the livestock disease emergency fund into the general fund to help fund the state library.

HB 1246: Require the director of equalization to adjust certain agricultural land values.

Purpose: This bill would require the county director of equalization to make adjustments for land values; however, landowners already have opportunities to appeal decisions made by the director of equalization. Additionally, there are eight criteria that can qualify a parcel for an adjustment and all except one is clear and objective. The remaining seven criteria are subjective, and mandating adjustments will harm the integrity of the productivity system.

SB 214: Repeal the expiration of a reduction in certain gross receipts and use tax rates.

Purpose: This bill repeals the sunset on the reversion of the state sales tax rate from 4.2% to 5.0%.

If you have any questions or comments, please contact the South Dakota Farm Bureau policy team.

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Helpful Links:

View the SDFB bill-tracker list [here](#).

View the details on any bill by clicking this link and typing in the bill number:

[2025 South Dakota Bills](#)

Find contact information for the Legislators [here](#):

[2025 South Dakota Legislators](#)