

January 16, 2026

The 2026 South Dakota Legislative Session kicked off this week, and we are off and running. As of Thursday night, there are 178 bills filed with the Legislative Research Council. South Dakota Farm Bureau also has 50 bills on our legislative tracker.

Consistent with prior years, this newsletter will be published weekly on Fridays. If a legislative issue arises that calls for member action, weekends provide the best opportunity to connect with legislators. South Dakota Farm Bureau's advocacy and effectiveness in Pierre is strongest when members engage directly with their elected officials through the grassroots process.

## **State of the State**

Gov. Larry Rhoden gave his State of the State address to a joint session of the Legislative bodies on Tuesday this week. Rhoden outlined his plan to keep South Dakota strong, safe and free. In addition to many other topics, Rhoden highlighted his property tax relief plan and the state's continued support for the "Keep Farmers Farming" initiative through the South Dakota Ag Foundation. Additionally, he elaborated on South Dakota receiving \$189 million in federal funds for the Rural Health Transformation Plan.

## **Property Taxes**

Reducing property taxes is expected to be a prominent topic once again during the South Dakota Legislative Session. When lawmakers discuss property tax relief, there are essentially three approaches available to them:

1. Cut spending or services to reduce the overall need for property tax revenue.
2. Shift the tax burden to other classes of property.
3. Use other revenue sources to offset property taxes.

Six proposals addressing property tax reduction are currently being considered, each employing different strategies. More legislation is expected, as the Legislature's property tax summer study last year alone produced 19 proposals.

Rhoden's homeowner tax relief proposal, which he discussed during his State of the State address, would be implemented in the following ways:

- Each county commission would have the option to directly reduce owner-occupied (homeowner) property taxes by replacing the revenue with a county sales tax of up to 0.5%;
- The funds raised from the optional sales tax would be placed into a Property Tax Reduction Fund at the county level;
- The use of the optional sales tax would be 100% dedicated towards directly lowering the county property taxes for all homeowners within the county;
- The property tax reduction would be achieved through a Homeowner Tax Credit, which would be paid out from the Property Tax Reduction Fund; and

- If owner-occupied property taxes in the county are fully offset by the Homeowner Tax Credit, any remaining funds in the Property Tax Reduction Fund must be used to lower property taxes among the other two classes of property: agriculture and other/commercial.
- The homeowner tax relief proposal would also be referable to a public vote in each county.

### **Candidate Property Tax Proposals**

Congressman Dusty Johnson recently announced his plan to reduce property taxes in 2027 by taking the sales tax revenue generated next year when the state sales tax rate is set to increase from 4.2% to 4.5%. His property tax relief plan includes the following:

- **Annual \$400 property tax credit for every homeowner:** Beginning in tax year 2027, every South Dakota homeowner would receive a \$400 per-property tax credit.
- **No property taxes for two years for first-time homebuyers:** Nearly all first-time homebuyers would receive a larger credit which would zero out property taxes for the first two years of homeownership.

### **SB 38: CAFO Fee Increase**

The Department of Agriculture and Natural Resources (DANR) is proposing the second year of fee increases to the existing Concentrated Animal Feeding Operations (CAFO) program. Before 2025, the current fees had not been changed since they were adopted 28 years prior and only covered approximately 5% of the total \$1.85 million cost of running the program. The agency's goal is to have fees cover approximately a third of the cost of running the program, with state general funds and federal funds each contributing approximately a third of the cost of the program.

Last year, the agency agreed to take a multi-year effort to increase the fees for the program. SDFB, as well as multiple other agricultural organizations, supported the fee increase as accommodations were made and the risk of having the federal government manage the program if the state does not have the resources to implement one.

[SB 38](#) passed the Senate Agriculture and Natural Resources committee unanimously and will now head to Senate Appropriations.

### **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.

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

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### **Helpful Links:**

[The SDFB Bill Tracker](#)  
[The SD Legislature full list of bills](#)  
[2026 SD Legislators Contact Information](#)