

Six weeks of the 2026 SD 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, Feb. 25. As is typical with the South Dakota Legislature at this point, the pace is picking up!

## **Property Tax Joint Resolutions**

This week, SDFB opposed two joint resolutions that would try to replicate failed California-style property tax policy. The legislature can submit constitutional amendments to the voters if the joint resolution passes both chambers. Below is an explanation of two joint resolutions that try to change South Dakota tax policy by amending the South Dakota constitution.

**SJR 505** is Senator Taffy Howard's idea to try to amend South Dakota's Constitution. SDFB opposed the bill because it would have replicated Proposition 13 from California. This failed policy has not served California well as it undermines fairness in property taxes. For example, the bill would have disrupted South Dakota's principle of uniform property tax assessments by allowing nearly identical homes to be taxed differently. Additionally, if the bill passed both chambers and voters approved it during the 2026 election, it would shift the property tax burden to new homebuyers, farmers, ranchers, and business owners. Simply put, South Dakotans DO NOT need to turn South Dakota into California!

**SJR 506**, introduced by Senator John Carley, is another proposal that mirrors a failed California-style model. The approach discourages property from changing hands by triggering significant tax increases upon sale and creates new inequities within the property tax system. Although the resolution was amended to remove agricultural land from the bill, it would still fundamentally change how owner-occupied properties are taxed and ultimately shift the property tax burden onto new homebuyers, farmers, ranchers, and business owners.

Under the proposal, South Dakota residents would pay property taxes equal to 1% of their home's value, while nonresidents would pay 2%. A key concern is that a homeowner's tax bill would only increase when the property is sold. This structure incentivizes people to hold onto their homes and encourages the creation of loopholes which brings inequities to the system.

Both joint resolutions are scheduled for action Friday morning.

## **Governor's Property Tax Bill Advances**

**SB 96**, known as the Governor's property tax bill, was heard by the Senate Taxation Committee this week. SB 96 creates the option for counties to implement a sales tax dedicated solely to property tax relief for owner-occupied properties. It is important to note that under SB 96, counties may adopt a sales tax of up to 0.5% and revenue generated from this tax must be used exclusively to provide property tax relief for owner-occupied properties within the county. If sufficient revenue is generated to reduce the county's consolidated levy, and surplus funds remain, those additional dollars would then be used to provide relief to other property classes, including agricultural and other property within the county.

The Senate Taxation committee voted unanimously to send SB 96 to the Senate Floor for further debate.

Of the 64 property tax bills introduced, SDFB did support the bill based on policy passed by our members at our 2025 delegate session.

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 Heads to Governor's Desk**

The brand inspection fee cap bill, HB 1020, passed the Senate on a 26-7 vote this week. The bill is a product of an ad-hoc work group made up of SDFB, Cattlemen's, Stockgrowers, Department of Agriculture and Natural Resources, and Livestock Marketing Association. The bill will increase the brand inspection fee cap from \$1 to \$1.65 per head inspected. Currently, the brand inspection program is operating at a deficit, and the program cannot be successful if it is broke. It is also important to note that the increase is only associated with the fee cap. The actual fee must be approved through the Rules Review Committee and may be set at a different rate below \$1.65. The Rule Review Committee will have a hearing, and it will provide an opportunity for individuals to provide comment on where the fee should be set. SDFB supported HB 1020 in accordance with SDFB policy passed by our grassroots members.

### **Effort to Remove Sales Tax Sunset Fails**

The Senate debated SB 195, which is Senator Chris Karr's bill to make the state sales tax rate permanent at 4.2%. During the 2023 Legislative Session, House Bill 1137 was signed into law and reduced the state sales tax from 4.5% to 4.2%. A condition of that bill was the state sales tax cut is set to revert to 4.5% with a 2027 sunset clause, which SDFB supports in policy.

SDFB urges caution surrounding the future of South Dakota's economy as well as utilizing any extra funds for property tax relief. Within the past 10 years, SD's budget has also almost doubled for multiple reasons. Since the start of the COVID pandemic, South Dakota has experienced an extraordinary increase in state revenues. Some of this comes from economic growth and some from inflation, but much of it stems from an unprecedented amount of one-time federal funding.

SB 195 died on the Senate floor.

### **Sales Tax Exemption Bill Passes the House of Representatives**

Agriculture claimed a win with the passage of HB 1254 off the House floor this week. The bill codifies existing practice by explicitly exempting soil amendments from sales tax when used for agricultural purposes, aligning statute with how these products are already treated in the marketplace. It is important to note that retailers are **NOT** currently collecting sales tax on soil amendments based on long-standing treatment like fertilizer, which has always been sales-tax exempt. Only recently was it discovered that soil amendments are not explicitly exempt in statute, creating uncertainty for farmers, ranchers, and retailers.

### **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:**

View the SDFB bill-tracker list here.

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

[2026 South Dakota Bills](#)

Find contact information for the Legislators here:

[2026 South Dakota Legislators](#)