

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

555M0051

HOUSE TAXATION COMMITTEE ENGROSSED NO.

HB 1009 - 01/19/2006

Introduced by: Representatives Rhoden, Glover, Hargens, Howie, Jensen, McCoy, Murschel, and Turbiville and Senators McNenny, Hundstad, Lintz, and Peterson (Jim) at the request of the Interim Committee on Classifications of Real Property Study Committee

1 FOR AN ACT ENTITLED, An Act to create additional classifications of agricultural property
2 and to revise certain provisions concerning the taxation of certain agricultural property.

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

4 Section 1. That § 10-6-31.3 be amended to read as follows:

5 10-6-31.3. For tax purposes, land is class one agricultural land if it meets ~~two~~ of the
6 following ~~three~~ criteria:

7 (1) ~~At least thirty-three and one-third percent of the total family gross income of the~~
8 ~~owner is derived~~ In three of the previous five years, the operator derived a gross
9 income from the pursuit of agriculture as defined in subdivision (2) of this section
10 ~~or it is a state-owned public shooting area or a state-owned game production area as~~
11 ~~identified in § 41-4-8 and it is owned and managed by the Department of Game, Fish~~
12 ~~and Parks; that is at least five percent of the assessed value of the bare land,~~
13 excluding any improvements;

14 (2) Its principal use is devoted to the raising and harvesting of crops or timber or fruit



1 trees, the rearing, feeding, and management of farm livestock, poultry, fish, or
 2 nursery stock, the production of bees and apiary products, or horticulture, all for
 3 intended profit pursuant to subdivision (1) of this section. Agricultural real estate also
 4 includes woodland, wasteland, and pasture land, but only if the land is held and
 5 operated in conjunction with agricultural real estate as defined and it is under the
 6 same ownership; and

7 (3) It consists of not less than twenty acres of ~~unplatted~~ land or is a part of a contiguous
 8 ownership of not less than eighty acres of ~~unplatted~~ land. ~~The same acreage~~
 9 ~~specifications apply to platted land~~, excluding land platted as a subdivision, ~~which~~
 10 ~~is in an unincorporated area~~. However, the board of county commissioners may
 11 increase the minimum acre requirement up to one hundred sixty acres.

12 However, for tax purposes, land is not class one agricultural land if the land is classified
 13 pursuant to § 10-6-33.14 as a nonagricultural acreage.

14 Section 2. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
 15 follows:

16 For tax purposes, land is class two agricultural land if it meets two of the following three
 17 criteria:

18 (1) In three of the previous five years, the operator derived a gross income from the
 19 pursuit of agriculture as defined in subdivision (2) of this section that is at least five
 20 percent of the assessed value of the land;

21 (2) Its principal use is devoted to the raising and harvesting of crops or timber or fruit
 22 trees, the rearing, feeding, and management of farm livestock, poultry, fish, or
 23 nursery stock, the production of bees and apiary products, or horticulture, all for
 24 intended profit pursuant to subdivision (1) of this section. Agricultural real estate also

1 includes woodland, wasteland, and pasture land, but only if the land is held and
2 operated in conjunction with agricultural real estate as defined and it is under the
3 same ownership; or

4 (3) It consists of not less than twenty acres of land or is a part of a contiguous ownership
5 of not less than eighty acres of land, excluding land platted as a subdivision.

6 However, the board of county commissioners may increase the minimum acre
7 requirement up to one hundred sixty acres.

8 However, for tax purposes, land is not class two agricultural land if the land is classified
9 pursuant to § 10-6-31.1 as class one agricultural land or § 10-6-33.14 as a nonagricultural
10 acreage.

11 Section 3. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
12 follows:

13 The director of equalization may request documentation from the owner or operator to
14 determine whether the owner or operator meets the minimum eligibility criteria for gross income
15 established by subdivision 10-6-31.1(1) or subdivision (1) of section 2 of this Act. If the owner
16 or operator does not provide such documentation, the director of equalization may find that the
17 owner or operator does meet the minimum eligibility criteria for gross income established by
18 subdivision 10-6-31.1(1) or subdivision (1) of section 2 of this Act.

19 Section 4. That § 2-14-2 be amended by adding thereto a NEW SUBDIVISION to read as
20 follows:

21 "Agricultural land," any class one agricultural land as defined by § 10-6-31.1 or class two
22 agricultural land as defined by section 2 of this Act, unless otherwise specified.

23 Section 5. That § 10-12-42 be amended to read as follows:

24 10-12-42. For taxes payable in ~~2006~~ 2007 and each year thereafter, the levy for the general

1 fund of a school district shall be as follows:

2 (1) The maximum tax levy shall be eleven dollars per thousand dollars of taxable
3 valuation subject to the limitations on class one agricultural property land as provided
4 in subdivision (2) of this section, owner-occupied property as provided for in
5 subdivision (3) of this section, ~~and~~ nonagricultural acreage property as provided for
6 in subdivision (4) of this section, and class two agricultural land as provided in
7 subdivision (5) of this section;

8 (2) The maximum tax levy on class one agricultural property land for such school district
9 shall be three dollars and nineteen cents per thousand dollars of taxable valuation. If
10 the district's levies are less than the maximum levies as stated in this section, the
11 levies shall maintain the same proportion to each other as represented in the
12 mathematical relationship at the maximum levies;

13 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in
14 § 10-13-40, for such school district may not exceed five dollars and thirteen cents per
15 thousand dollars of taxable valuation. If the district's levies are less than the
16 maximum levies as stated in this section, the levies shall maintain the same
17 proportion to each other as represented in the mathematical relationship at the
18 maximum levies; ~~and~~

19 (4) The maximum tax levy on nonagricultural acreage property as defined in § 10-6-
20 33.14, for such school district shall be four dollars and nineteen cents per thousand
21 dollars of taxable valuation. If the district's levies are less than the maximum levies
22 as stated in this section, the levies shall maintain the same proportion to each other
23 as represented in the mathematical relationship at the maximum levies; and

24 (5) The maximum tax levy on class two agricultural land as defined in section 2 of this

1 Act, for such school district shall be four dollars and nineteen cents per thousand
2 dollars of taxable valuation. If the district's levies are less than the maximum levies
3 as stated in this section, the levies shall maintain the same proportion to each other
4 as represented in the mathematical relationship at the maximum levies.

5 All levies in this section shall be imposed on valuations where the median level of
6 assessment represents eighty-five percent of market value as determined by the Department of
7 Revenue and Regulation. These valuations shall be used for all school funding purposes. If the
8 district has imposed an excess levy pursuant to § 10-12-43, the levies shall maintain the same
9 proportion to each other as represented in the mathematical relationship at the maximum levies
10 in this section. The school district may elect to tax at less than the maximum amounts set forth
11 in this section.

12 Section 6. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
13 follows:

14 Notwithstanding the provisions of § 10-6-31.3, any state-owned public shooting area or a
15 state-owned game production area, as identified in § 41-4-8, and owned and managed by the
16 Department of Game, Fish and Parks shall be classified as class one agricultural land for tax
17 purposes.

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

400M0334

HOUSE COMMERCE COMMITTEE ENGROSSED NO.

HB 1027 - 01/19/2006

Introduced by: The Committee on Commerce at the request of the Unemployment Insurance
Advisory Council

1 FOR AN ACT ENTITLED, An Act to change the unemployment insurance wage base and
2 contribution rates and to assess interest on negative employer accounts under certain
3 circumstances.

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

5 Section 1. That § 61-1-35 be amended to read as follows:

6 61-1-35. As used in this title, ~~unless the context otherwise plainly requires, prior to January~~
7 ~~1, 1978, the term "wages" does not include that part of remuneration which, after remuneration~~
8 ~~equal to four thousand two hundred dollars has been paid in a calendar year to an individual by~~
9 ~~an employer or his predecessor with respect to employment during any calendar year, is paid to~~
10 ~~such individual by such employer during such calendar year unless that part of the remuneration~~
11 ~~is subject to a tax under a federal law imposing a tax against which credit may be taken for~~
12 ~~contributions required to be paid into a state unemployment fund. From January 1, 1978, to~~
13 ~~December 31, 1982, the term "wages" does not include that part of remuneration which, after~~
14 ~~remuneration equal to six thousand dollars has been paid in a calendar year to an individual by~~
15 ~~an employer or his predecessor with respect to employment during any calendar year, is paid to~~



1 ~~such individual by such employer during such calendar year unless that part of the remuneration~~
2 ~~is subject to a tax under a federal law imposing a tax against which credit may be taken for~~
3 ~~contributions required to be paid into a state unemployment fund. From January 1, 1983, and~~
4 ~~thereafter, the term "wages" does not include remuneration of more than seven thousand dollars~~
5 ~~paid in a calendar year to an individual employee by his employer, or the employer's~~
6 ~~predecessor, for employment during that calendar year, unless additional remuneration is subject~~
7 ~~to a federal law which imposes a tax against which credit may be taken for contributions~~
8 ~~required to be paid into a state unemployment fund. the term, wages, means remuneration paid~~
9 ~~in a calendar year to an employee by an employer or the employer's predecessor for employment~~
10 ~~during any calendar year. The term includes remuneration in addition to the wages defined in~~
11 ~~this section which are subject to a federal law imposing a tax against which credit may be taken~~
12 ~~for contributions required to be paid into a state unemployment fund.~~

13 The term, wages, does not include remuneration of more than:

- 14 (1) Seven thousand dollars, from January 1, 1983, to December 31, 2006, inclusive;
15 (2) Eight thousand five hundred dollars, from January 1, 2007 to December 31, 2007,
16 inclusive;
17 (3) Nine thousand dollars, from January 1, 2008, to December 31, 2008, inclusive;
18 (4) Nine thousand five hundred dollars, from January 1, 2009, to December 31, 2009,
19 inclusive; and
20 (5) Ten thousand dollars, on and after January 1, 2010.

21 In this section, the term, "employment", includes service constituting employment under any
22 unemployment compensation law of another state.

23 Section 2. That § 61-5-18.14 be amended to read as follows:

24 61-5-18.14. The employer's reserve ratio for calendar year 1993 ~~and thereafter~~ to calendar

1 year 2006, inclusive, shall be the result obtained by dividing the balance of credits existing in
2 the employer's experience-rating account by the total taxable payroll of the employer for the
3 preceding three calendar years.

4	Column "A"	Column "B"
5	Contribution Rate	Reserve Ratio
6	7.00%	Less than -7.00%
7	6.50%	-7.00% and Less than -6.50%
8	6.00%	-6.50% and Less than -6.00%
9	5.50%	-6.00% and Less than -5.50%
10	5.00%	-5.50% and Less than -5.00%
11	4.50%	-5.00% and Less than -4.50%
12	4.00%	-4.50% and Less than -4.00%
13	3.50%	-4.00% and Less than -3.50%
14	3.00%	-3.50% and Less than -3.00%
15	2.50%	-3.00% and Less than -2.50%
16	2.00%	-2.50% and Less than -2.00%
17	1.80%	-2.00% and Less than -1.50%
18	1.60%	-1.50% and Less than -1.00%
19	1.40%	-1.00% and Less than -0.50%
20	1.20%	-0.50% and Less than 0.00%
21	1.00%	0.00% and Less than 0.20%
22	0.90%	0.20% and Less than 0.40%
23	0.80%	0.40% and Less than 0.60%
24	0.70%	0.60% and Less than 0.80%
25	0.60%	0.80% and Less than 1.00%
26	0.50%	1.00% and Less than 1.20%
27	0.40%	1.20% and Less than 1.30%
28	0.30%	1.30% and Less than 1.40%

1	0.20%	1.40% and Less than 1.50%
2	0.10%	1.50% and Less than 1.60%
3	0.00%	1.60% and Over

4 The contribution rates provided in this section apply to and are retroactive to taxable wages
5 paid on and after January 1, 1993.

6 Section 3. That chapter 61-5 be amended by adding thereto a NEW SECTION to read as
7 follows:

8 The employer's reserve ratio for calendar year 2007 and thereafter shall be the result
9 obtained by dividing the balance of credits existing in the employer's experience-rating account
10 by the total taxable payroll of the employer for the preceding three calendar years.

11	Column "A"	Column "B"
12	Contribution Rate	Reserve Ratio
13	8.50%	Less than -7.00%
14	8.00%	-7.00% and Less than -6.50%
15	7.50%	-6.50% and Less than -6.00%
16	7.00%	-6.00% and Less than -5.50%
17	6.50%	-5.50% and Less than -5.00%
18	6.00%	-5.00% and Less than -4.50%
19	5.50%	-4.50% and Less than -4.00%
20	5.00%	-4.00% and Less than -3.50%
21	4.50%	-3.50% and Less than -3.00%
22	4.00%	-3.00% and Less than -2.50%
23	3.50%	-2.50% and Less than -2.00%
24	3.00%	-2.00% and Less than -1.50%
25	2.50%	-1.50% and Less than -1.00%
26	2.00%	-1.00% and Less than -0.50%
27	1.50%	-0.50% and Less than 0.00%

1	1.00%	0.00% and Less than 0.20%
2	0.90%	0.20% and Less than 0.40%
3	0.80%	0.40% and Less than 0.60%
4	0.70%	0.60% and Less than 0.80%
5	0.60%	0.80% and Less than 1.00%
6	0.50%	1.00% and Less than 1.20%
7	0.40%	1.20% and Less than 1.30%
8	0.30%	1.30% and Less than 1.40%
9	0.20%	1.40% and Less than 1.50%
10	0.10%	1.50% and Less than 1.60%
11	0.00%	1.60% and Over

12 Section 4. That chapter 61-5 be amended by adding thereto a NEW SECTION to read as
 13 follows:

14 Any employer whose experience rating account, as determined pursuant to § 61-5-18, has
 15 a negative reserve shall, in addition to the contribution rate, pay interest on the negative balance
 16 in the employer's experience rating account, excluding any negative balance existing on
 17 December 31, 2006. Following December 31, 2008, and each year thereafter, the department
 18 shall determine the interest due and owing on each negative balance account. Interest shall be
 19 owed only if the employer had a negative account balance on the computation date used for the
 20 annual interest calculation and a negative account balance on the ending date of each of the
 21 seven preceding calendar quarters. The interest rate shall be the average of the quarterly interest
 22 rates paid by the United States Treasury on unemployment insurance trust fund reserves in the
 23 calendar year ending on the interest calculation date. The interest rate so determined will be
 24 applied to the amount by which the negative account increased from December 31, 2006, or
 25 from the date the employer became subject to this title if later, to the computation date used for
 26 the interest calculation date for the year. Interest due and owing shall be paid in equal quarterly

1 payments during the year following the computation date, with each payment due on the last day
 2 of each quarter. The computation date and experience rating account balance used to determine
 3 contribution rates shall be used in the application of this section. No payments may be credited
 4 to the experience rating account of the employer. The terms and conditions of this title which
 5 apply to the payment and collection of contributions also apply to the payment and collection
 6 of the negative account interest assessments.

7 Section 5. That § 61-5-23 be amended to read as follows:

8 61-5-23. If on the last day of any calendar quarter, the amount in the unemployment
 9 compensation fund, as established by § 61-4-1, including amounts receivable as federal
 10 reimbursements due the state for shareable benefit payments, is less than any amount appearing
 11 in Column A below, then all employers' rates shall be increased by the amount appearing in
 12 Column B opposite the lowest amount in Column A under which the fund has been reduced:

13	Column A	Column B
14	Balance in Fund	Rates
15	\$11,000,000	.1 %
16	10,500,000	.2 %
17	10,000,000	.3 %
18	9,500,000	.4 %
19	9,000,000	.5 %
20	8,500,000	.6 %
21	8,000,000	.7 %
22	7,500,000	.8 %
23	7,000,000	.9 %
24	6,500,000	1.0 %
25	6,000,000	1.25%
26	5,500,000	1.5 %

1 The increased contribution rates apply to taxable wages paid on and after the first day of the
2 immediately following calendar quarter. The rates shall remain in effect until the balance in the
3 unemployment fund on the last day of any quarter is equal to or greater than one hundred fifty
4 percent of the highest amount appearing in Column A. The increased rate shall be one-tenth of
5 one percent if the balance in the fund is one hundred percent or more but less than one hundred
6 fifty percent of the highest amount appearing in Column A. However under no circumstances
7 may any employer be required to pay contributions at a rate including the adjustment percentage,
8 of more than ten and one-half percent. However, the increased contribution rates do not apply
9 to wages paid from July 1, 2006, to June 30, 2009, inclusive, unless the amount in the fund at
10 the end of any quarter in that period is two million dollars or less.

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

400M0278

HOUSE TRANSPORTATION COMMITTEE
ENGROSSED NO. **HB 1049** - 01/18/2006

Introduced by: The Committee on Transportation at the request of the Department of
Revenue and Regulation

1 FOR AN ACT ENTITLED, An Act to revise the effective dates of certain laws regarding the
2 regulation of motor vehicle license plates.

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

4 Section 1. That section 5 of chapter 158 of the 2005 Session Laws be amended to read as
5 follows:

6 Section 5. Sections 1 to 4, inclusive, are effective on January 1, ~~2007~~ 2008.

7 Section 2. That section 4 of chapter 153 of the 2005 Session Laws be amended to read as
8 follows:

9 Section 4. The provisions of section 1 of this Act ~~become~~ are effective on ~~July 1, 2009~~
10 January 1, 2008.



State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

179M0006

HOUSE EDUCATION COMMITTEE ENGROSSED NO.

HB 1061 - 01/19/2006

Introduced by: Representatives Buckingham, Gillespie, Klaudt, Lange, and Peters and
Senators Earley, Apa, Gant, Koskan, and Moore

1 FOR AN ACT ENTITLED, An Act to provide for certain audits of associations of school
2 boards.

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

4 Section 1. Any association exercising the grant of authority contained in § 13-8-10.1, and
5 any pool arrangement organized for the purposes authorized pursuant to §§ 1-24-11 to 1-24-17,
6 inclusive, that provides coverage to school districts, shall have a financial and compliance audit
7 performed not less than once every two years. A copy of such audits shall be filed with the
8 Department of Legislative Audit. Such audits shall be performed in accordance with generally
9 accepted government auditing standards. For the purpose of such audits, any pool arrangement
10 shall be treated as a private entity subject to §§ 1-27-28 to 1-27-32, inclusive. Such audits shall
11 comply with the provisions of § 4-11-7, except for the restrictions on payment for the audit. The
12 auditor general may examine all financial records of such association or pool arrangement if
13 deemed necessary and in the public interest by the auditor general.



State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

562M0376

HOUSE JUDICIARY COMMITTEE ENGROSSED NO.

HB 1065 - 01/18/2006

Introduced by: Representatives Van Etten, Cutler, Gillespie, Hackl, Haley, Hennies, Hunt, Jensen, Michels, Murschel, O'Brien, Roberts, Sebert, Tornow, and Van Norman and Senators Duenwald, Abdallah, Broderick, Duniphan, Gray, Hanson (Gary), Koskan, Lintz, Moore, and Peterson (Jim)

1 FOR AN ACT ENTITLED, An Act to extend immunity to certain directors, trustees, committee
2 members and officers of certain nonprofit corporations and to members of certain advisory
3 boards.

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

5 Section 1. That § 47-23-2.1 be amended to read as follows:

6 47-23-2.1. No director, trustee, committee member, or officer serving without compensation,
7 other than reimbursement for actual expenses, of any corporation organized under this chapter
8 or under similar laws of another state, and which is exempt from taxation pursuant to Section
9 501(a) of the Internal Revenue Code, 26 U.S.C. Section 501(a) and is listed as an exempt
10 organization in Section 501(c) of the Internal Revenue Code, 26 U.S.C. Section 501(c), ~~as~~
11 ~~amended~~, or any hospital organized pursuant to chapter 34-8, 34-9, or 34-10 is liable, and no
12 cause of action may be brought, for damages resulting from the exercise of judgment or
13 discretion in connection with the duties or responsibilities of such director, trustee, committee
14 member, or officer while acting in ~~his~~ an official capacity as such director, trustee, committee



1 member, or officer, unless the act or omission involved willful or wanton misconduct. The
2 immunity provided by this section applies to any member of an advisory board of any
3 corporation described by this section.