

Davison County Resolution No. 082322-01
Discretionary Formula SDCL 10-6-137

WHEREAS, Davison County, South Dakota, has previously deemed it in the best interest of the County to implement a discretionary formula for the reduced taxation of new structures and additions and partially constructed structures and additions pursuant to SDCL 10-6-137 *et. seq.*; and

WHEREAS, the South Dakota Legislature adopted certain changes to SDCL 10-6-137 *et. seq.* in the 2022 legislative session, such changes effective July 1, 2022; and

WHEREAS, Davison County deems the continuation of a discretionary formula for reduced taxation of certain classifications of new structures and additions under the terms and provisions of the 2022 modifications to SDCL 10-6-137 *et. seq.* is appropriate, warranted, and worthy;

NOW, THEREFORE, BE IT RESOLVED, that the following properties shall be, and hereby are, classified for the purpose of taxation pursuant to SDCL 10-6-137 (3), (4), (5), and (8), only:-

- (a) Any new nonresidential agricultural structure, or any addition to an existing structure, if the new structure or addition has a full and true value of ten thousand dollars or more [SDCL 10-6-137 (3)];
- (b) Any new commercial structure, or any addition to an existing structure, except a commercial residential structure as described in SDCL 10-6-137 (5), if the new structure or addition has a full and true value of thirty thousand dollars or more [SDCL 10-6-137 (4)];
- (c) Any new commercial residential structure, or addition to an existing structure, containing four or more units, if the new structure or addition has a full and true value of thirty thousand dollars or more [SDCL 10-6-137 (5)];
- (d) Any commercial, industrial, or nonresidential agricultural property that increases more than ten thousand dollars in full and true value, as a result of reconstruction or renovation of the structure [SDCL 10-6-137 (8)];

and it is further

RESOLVED that the classifications set forth in SDCL 10-6-137 (1), (2), (6), and (7) are neither adopted by, nor applied to any property within, Davison County;

and it is further

Commented [JB1]: Davison County approved discretionary formula for 4 of the 8 possible situations.

Commented [JB2]: A multi-unit structure must be at least 4 units to qualify for discretionary formula.

RESOLVED the following five (5) year discretionary scale formula as generally authorized by SDCL 10-6-137 will be applied to properties meeting the requirements of SDCL 10-6-137 (3), (4), and (8) so that the assessed value to be used for tax purposes shall be adjusted as follows:

- Year 1 – 20% Taxable, 80% Exempt;
- Year 2 – 40% Taxable, 60% Exempt;
- Year 3 – 60% Taxable, 40% Exempt;
- Year 4 – 80% Taxable, 20% Exempt;
- Year 5 – 100% Taxable, 0% Exempt;

partially constructed properties classified under SDCL 10-6-137 (3), (4), and (8) may be valued for tax purposes, and the foregoing five (5) year discretionary scale may be applied, as of November 1, the legal assessment date, in the year construction is commenced;

RESOLVED, properties classified under SDCL 10-6-137 (3), (4), and (8) may not be valued for tax purposes at a valuation less than the assessed valuation of the property in the year preceding the beginning of construction;

and it is further

RESOLVED, the following seven (7) year discretionary scale formula as authorized by SDCL 10-6-137.1 will be applied to properties meeting the requirements of SDCL 10-6-137 (5) so that the assessed to be used for tax purposes shall be adjusted as follows:

- Year 1 – 25% Taxable, 75% Exempt;
- Year 2 – 25% Taxable, 75% Exempt;
- Year 3 – 50% Taxable, 50% Exempt;
- Year 4 – 50% Taxable, 50% Exempt;
- Year 5 – 75% Taxable, 25% Exempt;
- Year 6 – 75% Taxable, 25% Exempt;
- Year 7 – 100% Taxable, 0% Exempt;

subject to the specific limitation set forth in SDCL 10-6-137.1 that partially constructed properties classified under SDCL 10-6-137 (5) will not be valued for tax purposes, and the foregoing seven (7) year discretionary scale will not be applied, until November 1, the legal assessment date, in the year construction is completed;

and it is further

RESOLVED, that during construction, properties classified under SDCL 10-6-137 (5) may not exceed the assessed value of the property in the year preceding the beginning of construction;

and it is further

Commented [JB3]: The 5 year Discretionary Formula will apply to sections A, B, and D of the possible situations listed on page 1.

Commented [JB4]: The 7 year Discretionary Formula will apply to section C of the possible situations listed on page 1.

Commented [JB5]: The project must be completed prior to DOE increasing the value (no partial increase).

RESOLVED, to be classified under this Resolution and receive the discretionary assessment valuation, classified properties must meet all county or city requirements for building permits and all applicable zoning requirements;

and it is further

RESOLVED, that owners of classified properties may choose to waive the discretionary assessment valuation provided under this Resolution and such waiver must be submitted to the Davison County Department of Equalization in writing;

and it is further

RESOLVED, that properties lying within a Tax Increment District may not be classified pursuant to this Resolution and receive the discretionary assessment valuation provided hereunder unless a request is submitted to the Davison County Department of Equalization in writing;

and it is further

RESOLVED, that pursuant to SDCL 10-4-45 renewable energy property as defined by SDCL 10-4-42 through SDCL 10-4-44 may not be classified pursuant to this Resolution and will not receive the discretionary assessment valuation provided hereunder;

and it is further

RESOLVED, that following the conclusion of either the five (5) year or seven (7) year period, as applicable under this Resolution, property classified hereunder shall be assessed at the same percentage as is all other property for tax purposes.

Approved this _____ day of _____, 20__

Davison County Commission

Chairperson

Attest:

Davison County Auditor
(Seal)

Commented [JB6]: If located in a TIF District, the developer must request the discretionary formula from the DOE, which will probably need to be approved by the commission.