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Second Reading: 04October2022  
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Effective Date: 03November2022

**ORDINANCE 2022-01**

**“AN ORDINANCE ADOPTING A DISCRETIONARY FORMULA  
FOR BUTTE COUNTY”**

**WHEREAS**, SDCL 10-6-137 authorizes a Board of County Commissioners to adopt a formula for assessed value to be used for tax purposes that includes a reduction in assessed value for certain specifically classified new structures and additions; and

**WHEREAS**, the Butte County Board of Commissioners has found that it is in the best interests of the County to adopt an ordinance allowing a discretionary formula for assessments of specifically classified new structures and additions in Butte County; so therefore,

**BE IT ORDAINED** that the Butte County adopts the following discretionary taxation formula for certain new structures and additions.

1. The following specifically classified structures are subject to the discretionary formula:
  - a. Pursuant to SDCL 10-6-137(1), any new industrial or commercial structure, or any addition, renovation, or reconstruction to an existing structure located within a designated urban renewal area as defined in SDCL 11-8-4, if the new structure, addition, renovation, or reconstruction has a full and true value of thirty thousand dollars (\$30,000) or more;
  - b. Pursuant to SDCL 10-6-137(2), any new industrial structure, including a power generation facility, or an addition to an existing structure, if the new structure or addition has a full and true value of thirty thousand dollars (\$30,000) or more;
  - c. Pursuant to SDCL 10-6-137(3), and new non-residential 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 (\$10,000) or more;
  - d. Pursuant to SDCL 10-6-137(4), any new commercial structure, or any addition to an existing structure, except a commercial residential structure as described below, if the new structure or addition has a full and true value of thirty thousand dollars (\$30,000) or more;

- e. Pursuant to SDCL 10-6-137(5), 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 (\$30,000) or more;
  - f. Pursuant to SDCL 10-6-137(6), any new affordable housing structure containing four or more units with a monthly rental rate of the units at or below the annually calculated rent for the State's sixty percent area median income being used by the South Dakota Housing Development Authority, for a minimum of ten years following the date of first occupancy, if the structure has a full and true value of thirty thousand dollars (\$30,000) or more;
  - g. Pursuant to SDCL 10-6-137(7), any new residential structure, or addition to or renovation of an existing structure, located within a redevelopment neighborhood established pursuant to SDCL 10-6-56, if the new structure, addition, or renovation has a full and true value of five thousand dollars (\$5,000) or more and the structure is located in an area defined and designated as a redevelopment neighborhood based on conditions provided in SDCL 11-7-2 or SDCL 11-7-3; or
  - h. Pursuant to SDCL 10-6-137(8), any commercial, industrial, or non-residential agricultural property which increased more than ten thousand dollars (\$10,000) in full and true value as a result of reconstruction or renovation of the structure.
2. Such new structures or additions, renovations, or reconstruction to existing structures as defined above, shall, following construction, be valued for taxation purposes in the usual manner. (See Department of Revenue Land Manual-Section D).
  3. Following the evaluation, the following formula for assessed value of the new structure, or addition, renovation or reconstruction to existing property shall be as follows:
    - a. The level of assessment for the non-residential structures defined in paragraph 2, subsection a through d and subsection h shall be:
      - i. Zero Percent (0%) for the first year;
      - ii. Zero Percent (0%) for the second year;
      - iii. Zero Percent (0%) for the third year;
      - iv. Zero Percent (0%) for the fourth year; and
      - v. Zero Percent (0%) for the fifth year.
    - b. Following the five (5) year period described above the property defined in paragraph 2, subsections a through d, and subsection h shall be assessed at the same percentage as all other properties for tax purposes.

- c. The level of assessment for residential structures defined in paragraph 2, subsections e through g shall be:
    - i. Zero Percent (0%) for the first year;
    - ii. Zero Percent (0%) for the second year;
    - iii. Zero Percent (0%) for the third year;
    - iv. Zero Percent (0%) for the fourth year;
    - v. Zero Percent (0%) for the fifth year,
    - vi. Fifty Percent (50%) for the sixth year, and
    - vii. One Hundred Percent (100%) in the seventh year.
  - d. Following the seven (7) year period described above, the property defined in paragraph 2, subsections e through g shall be assessed at the same percentage as all other properties for tax purposes.
  - e. The same discretionary formula shall be equally applied to specifically classified structures within a tax increment finance district.
4. Any structure that is under construction or partially constructed on the date of assessment may be valued for tax purposes under this formula. The assessed value may not exceed the assessed value of the property in the year preceeding the beginning of construction.
  5. The percentages stated in this discretionary formula are limited to that portion of the assessed value that exceeds the property's assessed value in the year before the start of construction.
  6. Any real property receiving the benefit of a discretionary formula before July 1, 2022 must continue to be assessed and taxed in the manner provided for in Butte County Third Amended Ordinance #95-3, and must continue to be subject to the provisions of SDCL 10-12-44, SDCL 11-9-20, and SDCL 13-13-20.4.

**THIS ORDINANCE WILL BECOME EFFECTIVE ON THE 20<sup>TH</sup> DAY AFTER COMPLETED PUBLICATION.**

**THE IMPLEMENTATION OF THIS ORDINANCE ADOPTING DISCRETIONARY  
FORMULA FOR BUTTE COUNTY WILL APPLY TO THE 2022 TAXES PAYABLE  
IN 2023, UNLESS SUBJECT TO THE PROVISIONS OF PARAGRAPH 6 ABOVE.**

DATED the 3rd day of November, 2022



Kim Richards  
Chair, Butte County Commission

Attest:

  
Annie Capp  
Butte County Auditor