

South Dakota Codified Law:

10-6-33.2. Determination of capacity to produce agricultural products--Sources of information.

The capacity of agricultural land to produce agricultural products shall be based on average yields under natural conditions for land producing crops or plants and on the average acres per animal unit for grazing land. The average shall affect each operating unit and shall be based on the ten-year period immediately preceding the tax year in issue. In determining the capacity to produce, the **county director of equalization** and the **county board of equalization** shall consider yields, the extent to which the land is able to be tilled or is nontillable based upon soil type, terrain, topographical, and surface conditions, and animal unit carrying capacity, as determined by the **natural resources conservation service, farm credit services of America, farm service agency, the extension service, and private lending agencies** dealing with land production capacities.

Source: SL 1970, ch 79, § 2; SL 2005, ch 57, § 1.

10-6-33.7. Classification of agricultural land in each county--Basis for soil valuation.

Agricultural land in each county shall be divided into the eight classes defined by the United States **Department of Agriculture's** soil conservation service as published in its **soil survey** for each county. The **county director of equalization** shall, based on the agricultural lands soil survey classification, determine a value for each soil type.

Source: SL 1989, ch 86, § 5; SL 1991, ch 82, § 2; SL 2008, ch 44, § 17, eff. July 1, 2009.

10-6-33.32. Division of land into categories.

Agricultural land shall be divided by the **director of equalization** into categories, including **cropland and noncropland**. Each category shall be divided into classes based on soil classification standards developed by the **United States Department of Agriculture** Natural Resources Conservation Service.

Source: SL 2008, ch 44, § 9.

Department of Revenue Guidebook:

Do not change the original soil classification, soil rating, or the capability class of the soil.

If capability of the soil is crop, you must leave as crop. A crop rated soil must be subject to the crop top dollar value. A non-crop rated soil will receive the non-crop top dollar value.

The DOR will review a representative sampling of a county's ag land adjustments when determining the county's ag land equalization factor to ensure that each adjustment:

- Was based upon a productivity related issue.
- Was warranted.
- Was made in a fair and equitable manner.
- Was documented properly.

It is ultimately up to the judgment of the DOE to determine if ag land adjustments should be made. If the documentation supporting the ag land adjustments is valid, then the level of assessment of ag land will be considered at market value. If an ag land **adjustment is deemed improper or lacks sufficient documentation**, then the level of assessment will be adjusted, and **the DOR will apply a higher ag land equalization factor**.

10-6-33.31. Agricultural income value for county--Adjustment of assessed value by director of equalization.

Before July first each year, the secretary of revenue shall annually provide each director of equalization the agricultural income value for each county as computed pursuant to § [10-6-33.28](#). The director of equalization shall annually determine the assessed value of agricultural land. The assessed value of agricultural land may be adjusted by the director of equalization to the extent the following factors affect the productivity of the land:

- (1) The capacity of the land to produce agricultural products as defined in § [10-6-33.2](#); and
- (2) One or more of the following factors:
 - (a) Location;
 - (b) Size;
 - (c) Soil survey statistics;
 - (d) Terrain;
 - (e) Topographical condition;
 - (f) Climate;
 - (g) Accessibility; or
 - (h) Surface obstructions.

Each adjustment shall be documented. The director of equalization shall document an adjustment by using data from sources reasonably related to the adjustment being made. In addition, the director of equalization may use data from comparable sales of agricultural land to document the adjustment concerning productivity for any of the factors listed in this section.

If the actual use of agricultural land varies from the land use category specified by soil classification standards, or if any factors listed in subdivision (2) exist that affect the productivity of the land, the property owner may request an examination of the land by the director of equalization on a form prescribed by the department. The director of equalization shall determine whether to adjust the assessed value of the agricultural land pursuant to the factors listed in subdivision (2).

The director of equalization shall document all supporting evidence for the adjustment determination. The director of equalization shall provide any adjustment documentation to the department upon request. The adjustment documentation must be kept in the director of equalization's office for the life of the adjustment.

Source: SL 2008, ch 44, § 8; SL 2011, ch 1 (Ex. Ord. 11-1), § 161, eff. Apr. 12, 2011; SL 2011, ch 50, § 1; SL 2013, ch 44, § 1; SL 2020, ch 38, § 1.

Example Math

Example of how adjustment math works using one acre of soil PEB. The first row shows the value and taxes if the soils is assessed as non-crop, the second shows the value and taxes as an adjusted crop soil, the third shows the value and taxes as a crop assessed soil.

Soil: PEB	Rating:	Top Dollar	Value	Taxes
Non-Crop	0.39	\$ 398.64	\$ 155.47	\$1.36
Adjusted	0.39	\$1,402.96	\$ 547.15	\$4.79
Crop	0.53	\$1,402.96	\$ 743.57	\$6.51

The adjusted value is more than triple the non-crop value. This is due to the use of the crop top dollar which the DOR requires of adjustments in their Guidebook as seen in the box on the previous page. As long as a top dollar based on crop income is used these adjustments will never be fair and equal when compared to non-crop values.

Projected County Value for 2022 using the soil table provided by the DOR in July 2020 (pending review). The graph below shows what the county value would be with both adjusted and unadjusted Class 4 soils. (Class 4 soils were changed from non-crop to crop in the new soil table).

