D18 REPRESENTATIVE JULIE AUCH'S NEWSLETTER

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Property Tax Reform in South Dakota: Creating Fairness and Stability

This summer I had the distinct honor of serving on the Property Tax Taskforce, which traveled to 3 communities across the State: Aberdeen, Rapid City and Sioux Falls, where we heard from homeowners. Many folks are simply fed up with high property taxes. Property taxes are the backbone of county government in South Dakota. Counties rely on these revenues to provide essential services we all depend on every day: law enforcement, emergency response, road and bridge maintenance, public health, and access to justice through our courts. Unlike state or federal dollars, property taxes stay local, ensuring that decisions about how they're spent are made by people who understand local needs. In short, property taxes are an investment in our safety, our quality of life, and the future of South Dakota's counties.

Two reforms stand out as ways to provide meaningful relief: hold assessments steady until a property is sold and tighten rules around Tax Increment Financing (TIF).

The problem of Unrealized Gain in Current Assessments.
Under South Dakota law, property is assessed at its full and true value, meaning, what the market says it could sell for today. While this seems fair on the surface, it creates a problem for property owners, as they are being taxed on unrealized gains.

An unrealized gain is the increase in value of an asset—such as a home or farmland—that has not been sold. For example, if the market price of a home rises from $200,000 to $250,000, the homeowner hasn't pocketed that $50,000. It exists only on paper until the home is sold. Yet, under the current assessment formula, property taxes rise immediately based on that gain.

This means families, retirees, and farmers are often forced to pay higher taxes on value they have not actually realized, and may never realize unless they sell their property. For those who want to stay in their homes or on their land, this creates financial stress without any increase in actual income.

Holding Assessment Values Steady Until Sale
One reform model would be to "lock in" assessed values at the time a property is purchased and hold them steady until it is sold. Under this approach, annual tax bills would no longer rise dramatically due to fluctuations in the real estate market. Instead, increases would only occur when a property changes hands.

This system would end taxation on unrealized gains, providing stability for families and preventing people from being taxed out of their homes or land. Other states have adopted versions of this policy with success, balancing taxpayer protection with government revenue needs.

Rep Julie Auch & Rep Jana Hunt both serve on the Property Tax Taskforce.

While it may require adjustments in school and county funding formulas, the end result would be more predictable and fairer taxation for everyday South Dakotans.

Reforming Tax Increment Financing (TIF)
Tax Increment Financing was designed as a tool for economic development, allowing communities to fund infrastructure or redevelopment projects by capturing the future increase in property taxes within a designated district. In practice, however, TIF has sometimes shifted costs away from new developments and onto taxpayers outside the district.

South Dakota could reform TIF by:

- Placing stricter limits on the length of time a TIF district can remain active.
- Requiring clear evidence that a project would not move forward without TIF support.
- Increasing transparency so taxpayers know what projects are being subsidized and for how long.
- Protecting school funding, which often bears the brunt of lost revenues when TIF districts are created.

With tighter guardrails, TIF could remain a valuable development tool while ensuring it does not undermine the property tax base for schools, counties, and everyday taxpayers.

These things I will that thou affirm constantly, that they which have believed in God might be careful to maintain good works. Titus 3. 8

"Whate'er is noble, pure, refined,
Just, generous, amiable, and kind
That may my constant thoughts pursue,
That may I love and practise too"

R Calf USA National Convention 2025

R Calf USA National Convention 2025 Deadwood, SD
From left to right: Rep. Travis Ismay, me, Speaker of the House Jon Hansen, Rep. Liz May, Rep. Jana Hunt, Speaker Pro Tempe Karla Lems, Rep. Scott Odenbach

Warning for South Dakota Farmers & Ranchers

South Dakota farmers and ranchers are standing on the front lines of a quiet but radical transformation of American agriculture. What's being sold as "climate policy" and "innovation" looks more and more like a takeover—one that risks stripping producers of their independence, their land, and their way of life.

Take electronic identification (EID). Promoted under the banner of animal health and traceability, EID tags could quickly become surveillance tools, tracking not just cattle but **methane emissions**. It's a direct threat to the independent ranching tradition of South Dakota. The American Angus Association's decision to allow a methane study might seem harmless, but it's a slippery slope. Once data exists, you can bet it won't just be used for "research", but become a measuring stick for compliance, market access, and government oversight. Breeding decisions that once reflected the hard realities of South Dakota's grasslands could be hijacked by sustainability metrics written in corporate boardrooms or federal agencies.

The most dangerous development of all is happening far from the prairie—on Wall Street. **Natural Asset Companies (NACs)** are being promoted as the next great financial innovation. In reality, they are a **Wall Street land grab**, designed to turn farmland, rangeland, and even water rights into investment products. Under this scheme, outside investors—not the families who work the land—could decide whether acres are used for food production or locked up to meet "ecosystem service" quotas. Imagine Wall Street profiting from **carbon credits** tied to your grass, while you're barred from running the cattle that have stewarded it for generations.
This is not stewardship. It's not conservation. It's control. And it's being pushed in a way that pits farmers and ranchers against systems too big to fight individually.

The question everyone should ask: who benefits? It's not the family on the land. It's not the rural community. It's the corporations, the financial firms, and the politicians who stand to profit from a system that treats the land as a financial asset, not a living heritage. South Dakota agriculture is the backbone of the state, and should remain in the hands of those who work it, not those who exploit it from afar.

Special Session Yields Passage of SB2

On September 23, 2025, during the Special Legislative Session, Senate Bill 2 passed both houses.

South Dakota is facing real challenges. Our families are tightening their belts, inflation is eating away at every paycheck, and our farmers and ranchers are squeezed harder than ever. This is not the time to saddle taxpayers with a $650 million prison with one formal bid from one General Contractor, when we could wait 6 months for 2 additional bids and get a fair assessment of price.

I recently visited with the Director of Stevens House, an alcohol and drug halfway house, along with the Yankton County States attorney and Sheriff, the message was clear: **what South Dakota needs is investment in parole officers, treatment, and rehabilitation. With a 42% recidivism rate, building more cells does not solve our problem—it only warehouses people until they return.**

And I have a deeper concern. If we build a prison campus the size of Southeast Technical Institute, it paves the way for the eventual closing of Mike Durfee State Penitentiary, the best prison in our state for rehabilitation and workforce training. Why not add onto Springfield?

Mike Durfee has proven it can turn lives around. Why would we risk trading that success for a massive new complex that shifts our focus away from what works?
On top of the $650 million price tag, the cost to maintain this new prison would add $15 to $20 million every single year to the taxpayers' burden. Where will that money come from? From schools? From roads? From farmers and ranchers already fighting to survive in this economy?

South Dakotans deserve that answer before one more dime is committed. At a time when every dollar matters in this struggling economy, this bill is the wrong investment. **South Dakotans deserve smarter solutions—programs that break the cycle of crime, strengthen families, and prepare people to rejoin the workforce**. I have utmost respect for our Sheriff Preston Crissey, States Attorney Tyler Larson and Chief Jason Foote and the tax payers of District 18.

I was a firm "NO" vote on this prison bill.
Because South Dakota cannot afford this prison—not financially, and not morally.

Upcoming Events

The annual Yankton County Lincoln Day Dinner will be held on Saturday, November 1st, in Gayville at the Community Center. The social starts at 5:30 p.m., with the dinner and program following at 6:30 p.m. For tickets, Contact Laura Kotalik at (605) 760-3717.

Consider donating to Julie Auch for House by using the enclosed self - addressed envelope. Rep Julie Auch's legislative focus is on property rights & government accountability. The following 3 bills were sponsored by Rep Auch.

- SB 145 require legislative approval of real property leases that are necessary for the operation of state government and exceed specified durations or rental payments.
- HB 1052 No eminent domain for CO2 pipeline
- HB 1192 Article 8 of UCC returns ownership of 401k, IRAs & investments to "you" the investor