

ORDINANCE 2022-03
AN ORDINANCE AMENDING CHAPTER 10.03-DISCRETIONARY TAXATION OF REAL PROPERTY-2018 ORDINANCES OF THE CITY OF ALCESTER, SOUTH DAKOTA

WHEREAS, the City of Alcester has previously adopted a discretionary tax formula ordinance pursuant to state statute for the purposes of encouraging and fostering economic development; and

WHEREAS, the South Dakota Legislature consolidated and revised the statutes governing the aforementioned discretionary formula during the 2022 legislative session, with those revisions becoming effective July 1, 2022; and

WHEREAS, SDCL 10-6-137 through 138, inclusive, permit a municipality to adopt a discretionary tax formula for certain types of property, and

WHEREAS, the City has previously adoption of this ordinance references in the city ordinances is necessary to ensure the continued validity,

BE IT ORDAINED by the Alcester City Council that Chapter 10.03 of the Revised Municipal Ordinances, City of Alcester (2018) be amended to read as follows:

CHAPTER 10.03 – DISCRETIONARY TAXATION OF REAL PROPERTY

The purpose of this Ordinance is to provide reduced taxation of the following identified properties pursuant to SDCL 10-6-137 through 138, inclusive, and the statutes referenced therein.

- 10.0301 Industrial Structures. Any new industrial structure or addition to an existing structure, which new structure or addition has a true and full value of Thirty Thousand Dollars (\$30,000.00) or more, added to real property located within the Corporate limits of the City of Alcester, shall qualify to be assessed pursuant to the discretionary formula described in SDCL 10-6-137, SDCL 10-6-138 and SDCL 13-13-20.4.
- 10.0302 Commercial Structures. Any new commercial structure, except a commercial residential structure, or addition to an existing structure, which new structure or addition has a true and full value of Thirty Thousand Dollars (\$30,000.00) or more added to real property located within the Corporate limits of the City of Alcester, South Dakota, shall be qualified to be assessed pursuant to the discretionary formula described in SDCL 10-6-137, SDCL 10-6-138 and SDCL 13-13-20.4.
- 10.0303 Commercial Residential Structures. Any new commercial residential structure or addition to an existing structure, which new structure or addition has a true and full value of Thirty Thousand Dollars (\$30,000.00) or more, added to real property located within the Corporate limits of the City of Alcester, South Dakota shall qualify to be assessed pursuant to the discretionary formula described in Section 10.0307. For purposes of this section, commercial residential structure shall contain four or more units. (Pursuant to SDCL 10-6-137(5)).
- 10.0304 Residential Structures. Any new residential structure or any addition to or renovation of an existing structure located within a redevelopment neighborhood, which new structure, addition or renovation has a true and full value of Five Thousand (\$5,000.00) or more, added to real property located within the corporate limits of the City of Alcester, South Dakota shall qualify to be assessed pursuant to the discretionary formula described in Section 10.0307. (Pursuant to SDCL 10-6-137(7)).

In order to improve the quality of housing, all real property located within the Corporate limits of the City of Alcester, south Dakota shall qualify as property located in a redevelopment neighborhood. The redevelopment neighborhood is being established because the area includes buildings or improvements which, by reason or age, deterioration, obsolescence, and dilapidation injuriously affect the area to the detriment of public health, safety, morals or welfare; and because the redevelopment of housing is being prevented by the predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness; the deterioration of site improvements, and obsolete platting. (Pursuant to SDCL 10-6-141 and SDCL 10-6-142).

Any property valued pursuant to this Chapter shall meet any standards as set by the City Council of the City of Alcester, South Dakota.

10.0305 Affordable Housing Structures. Any new affordable housing structure 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, added to real property located within the Corporate limits of the City of Alcester, South Dakota, shall qualify to be assessed pursuant to the discretionary formula described in Section 10.0307. For purposes of this section, an affordable housing structure shall contain four or more units. ((Pursuant to SDCL 10-6-137(6)).

10.0306 Valuation. Any residential property located within the Corporate limits of the City of Alcester, South Dakota, classified pursuant to the following, shall, following construction, initially be valued for taxation purposed in the usual manner, and that value shall be referred to as the "Pre- Adjustment Value." The assessed value to be used for tax purposes shall follow the discretionary formula described in section 1-102. Following the seven-year period under this section, the property shall be assessed at the same percentage as is all other property for tax purposes.

Reconstruction and renovation as used in this chapter means only improvements that increase the true and full value of the structure and shall not include normal maintenance and repair.

The assessed value during any of the seven years may not be less than the assessed value of the property in the year proceeding the first year of the tax years following construction.

Any structure that is partially constructed on the assessment date may be valued for tax purposes pursuant to this Ordinance and the valuation may not be less than the assessed valuation of the property in the year preceding the beginning of construction.

Property owners of any of the above-described property, may request the City Council not apply the discretionary formula, in which case the full assessment shall be made without application of the formula. In waiving the formula for the structure of one owner, the City Council is not prohibited from applying the formula for subsequent new structures by that owner.

10.0307 Discretionary Formula. Any real property improvements qualifying for the discretionary formula pursuant to this chapter shall be assessed as follows:

First Year	25% of Pre-Adjustment Value
Second Year	25% of Pre-Adjustment Value
Third Year	50% of Pre-Adjustment Value
Fourth Year	50% of Pre-Adjustment Value
Fifth Year	75% of Pre-Adjustment Value
Sixth Year	75% of Pre-Adjustment Value
Seventh Year	100% of Pre-Adjustment Value

10.0308 Effective Date. This Ordinance is effective upon passage in accordance with statute and with the taxing period from July 01, 2022 through October 31, 2023 and shall be reflected with the taxes payable effective January 01, 2023 and each successive taxation year thereafter unless repealed.

Pursuit to SDCL 10-6-140, any real property receiving benefit from the previously adopted Discretionary Taxation Ordinance, will continue to be assessed and taxed through the course of the said discretionary formula.

Dated this 19th day of July, 2022

MAYOR:
/s/ Daniel Haeder, Mayor

ATTEST:
/s/ Patricia R Jurrens, Finance Officer

First Reading: July 5, 2022
Second Reading: July 19, 2022
Publication Date: July 28, 2022
Effective Date: August 18, 2022