

South Dakotans for Fair Taxes - SB 245 Explanation

Passed in the final days of the 2026 session, SB 245 claims to offer "property tax relief." In reality, it creates a **permanent wealth transfer** from working families to the state's wealthiest homeowners by redirecting a planned state sales tax increase, worth \$110 million a year, into a new relief fund.

How it Works

- **The Tax Increase:** Everyone will pay a permanent sales tax hike (rising from 4.2% to 4.5% in 2027 - happening whether or not this bill is referred), generating **\$110 million/year**.
- **The Redirect:** Rather than going into our state general fund or a program open to all, that money would go into a new relief fund that gives tax relief *only* to single-family, owner-occupied homes.
- **The Catch:** There is **NO CAP** on relief. The more expensive a home, the bigger the tax relief.

Picking Winners & Losers for Tax Relief

- The bill only provides tax relief to single-family, owner-occupied homes.
- SB 245 ignores the over 30% of South Dakota residents who rent because **rental homes and multi-family dwellings are not eligible for relief**. South Dakota renters already spend 35% or more of their income on rent.
- Renters are also facing skyrocketing rent prices; SB 245 asks them to pick up the tab for homeowner relief as well.
- Working families will pay more sales tax on necessities. Farmers and ranchers will pay more sales taxes on inputs and equipment. But not everyone will see any benefits.

SB 245 Gets Tax Relief Wrong

- SB 245 would create a permanent wealth transfer from the **bottom to the top**.
- This bill doesn't solve the underlying issues causing our cost of living crisis - it merely shifts money around from some groups in the state to others.
- Unless a home is high-value, many homeowners likely won't net much relief after paying higher sales taxes all year.
- The bill ignores skyrocketing property taxes on agricultural land and commercial property, which often results in higher rental prices.

SB 245 isn't tax relief - it is a tax shift. South Dakota needs real relief, not a wealth transfer.