



SOUTH DAKOTA DEPARTMENT OF REVENUE

445 East Capitol Avenue • Pierre, SD 57501
(605) 773-3311 • dor.sd.gov

TO: County Auditors

RE: Consumer Price Index for 2020 – Taxes Payable 2021

DATE: January 24, 2020

SDCL 10-13-38 states that the Department of Revenue shall notify the County Auditor by February 1 of each year of the CPI. This statute also states that the County Auditor shall notify each taxing district, except school districts, within the county by March 1 of this index factor.

The CPI to be used for taxes payable in 2021 is 1.7%

The index factor is the percent a taxing district may increase the taxes payable in the following year (SDCL 10-13-35). Total amount of increase is the CPI and growth. You may want to caution the taxing districts that accurate growth numbers will not be available until you receive the growth of utilities by the fourth Monday in August.

DISTRICTS THAT OPTED OUT OF TAX LIMITATION (except school districts)

To calculate the amount an entity can collect in a year after an opt out, use the following example:

- Taxes received in 2019 were \$5,000.
- Plus CPI & growth, the entity calculated they could receive \$5,160 for pay 2020. They actually needed \$10,000. Therefore, the entity opted out of the tax limitation for \$4,840 (\$10,000 need - \$5,160 allowable).
- To calculate what the entity may receive in pay 2021 → \$5,160 (taxes received in 2020) increased by CPI + growth = new limitation + opt out
$$\$5,160 \times (1.7\% \text{ CPI} + 1.0\% \text{ Growth}) = \$5,299 + 4,840 \text{ (opt out)} = \$10,139.$$
- The district does not have to opt out again, unless they need more than the \$10,139

REMINDERS

- Opt Outs cannot receive the growth + CPI increase.
- Township Road and Bridge cannot receive the growth + CPI increase
- Even with the increase from growth and CPI, all taxing entities must remain within the levy statute limits.
- Please advise your taxing entities to double check that their Opt Outs are still valid for the Pay 2021 tax year before they submit their request.
- Opt Out deadline is July 15

Any questions on calculating the limitation or about opt outs, contact Wendy at 773-4923