

ORDINANCE NO. 2023-1

AN ORDINANCE AMENDING ORDINANCE 2022-6 ESTABLISHING A SPECIAL TAX CLASSIFICATION. BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF COLOME, SOUTH DAKOTA, THAT ORDINANCE 2022-6 IS HEREBY AMENDED IN ITS ENTIRETY TO READ AS FOLLOWS:

AN ORDINANCE ENTITLED “AN ORDINANCE ESTABLISHING A SPECIAL TAX CLASSIFICATION. BE IT ORDAINED BY THE CITY OF COLOME

BE IT ENACTED by the City Council of the City of Colome, South Dakota:

WHEREAS, SDCL 10-6-138 provides the municipalities may adopt a formula pursuant to SDCL 10-6-137 or 10-6-137.1 for reduction taxation if the Board of County Commissioners has not adopted such a formula; and

WHEREAS, the City of Colome is desirous of adopting a discretionary formula for reduced taxation for certain new structures and additions to existing structures, located within the corporate limits of the City of Colome, now therefore,

BE IT ORDAINED by the Common Council of the City of Colome (the “City Council”) that pursuant to SDCL 10-6-138 that the following classifications of real property shall be, and hereby are, specifically classified for the purpose of taxation pursuant to SDCL 10-6-137:

- (1) Any new commercial residential structure, or addition to an existing structure, containing four or more units, if the new structure or addition has a full and true value of thirty thousand dollars or more;
- (2) Any new affordable housing structure containing four or more units 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 or more; or
- (3) Any new residential structure, or addition to or renovation of an existing structure, located within a redevelopment neighborhood established pursuant to SDCL 10–6–141, if the new structure, addition, or renovation has a full and true value of five thousand dollars or more. The structure shall be placed on a permanent foundation, axels removed on trailer homes and located in an area defined and designated as a redevelopment neighborhood based on conditions provided in SDCL 11–7–2 or 11–7–3.

BE IT FURTHER ORDAINED all new structures or additions classified above shall be assessed as follows for tax purposes:

- a. 20% of the increased assessed value for the first year following the completion of construction;
- b. 20% of the increased assessed value for the second year following the completion of construction;

- c. 40% of the increased assessed value for the third year following the completion of construction;
- d. 40% of the increased assessed value for the fourth year following the completion of construction;
- e. 60% of the increased assessed value for the fifth year following the completion of construction;
- f. 75% of the increased assessed value for the sixth year following the completion of construction;
- g. 100% of the increased assessed value for the seventh year following the completion of construction and all years thereafter.

The percentages stated in this section are limited to the portion of the assessed value that exceeds the property's assessed value in the year preceding the start of construction.

BE IT FURTHER ORDAINED, that the City Council may, if requested by the owner of any of the above-described property, not apply the above formula, in which case the full assessment shall be made without application of the formula. In waiving this formula for the structure of one owner, the City Council is not prohibited from applying the formula for subsequent new structures by that owner;

BE IT FURTHER ORDAINED, that for purpose of this Ordinance, the assessed valuation during any of the seven years may not be less than the assessed valuation of the property year preceding the first year of the tax years following construction;

BE IT FURTHER ORDAINED, that 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; and

BE IT FURTHER ORDAINED, that following the seventh-year period under this section, the property shall be assessed at the same percentage as is all other property for tax purposes.

CITY OF COLOME

Brad Hill, Mayor

ATTEST:

Bobbi Harter, Finance Officer

First Reading: February 7th, 2023

Second Reading: March 7th, 2023

Passed and Approved: March 7th, 2023

Publication:

Effective Date: