

AG CLASSIFICATION  
REQUIREMENTS FOR  
PENNINGTON COUNTY, SD



# South Dakota Codified Law

## **10-6-112. Classification of agricultural land--Criteria.**

For tax purposes, land is agricultural land if the land's **principal use** is devoted to the raising and harvesting of crops or timber or fruit trees, the rearing, feeding, and management of farm livestock, poultry, fish, or nursery stock, the production of bees and apiary products, or horticulture, **all for intended profit**. Agricultural land also includes woodland, wasteland, and pasture land, but only if the land is held and operated in conjunction with agricultural land and is under the same ownership. For purposes of this section, the term, principal use, means the primary use to which the land is devoted. This definition is intended to reference the primary and predominant use of the land as opposed to a mere secondary and incidental use.

In addition, to be classified as agricultural land for tax purposes, the land must meet one of the following criteria:

- (1) In three of the previous five years, an annual gross income of at least two thousand five hundred dollars is derived from the pursuit of agriculture from the land, excluding transactions between:
  - (a) An individual and anyone with whom the individual shares a residence;
  - (b) An individual and an entity in which the individual and anyone who shares a residence with the individual have an aggregate ownership interest of more than fifty percent; or
  - (c) Entities that are members of the same controlled group, as defined in § 10-45-20.3.  
*The owner shall produce to the director of equalization any writing that is requested by the director for the purpose of verifying that the requirement of this subdivision has been satisfied; or*
- (2) Subject to the board of county commissioners increasing the minimum acre requirements, the land consists of at least twenty acres or is a part of a management unit of not less than eighty acres. The board of county commissioners may not increase the minimum acre requirements of this subdivision to an amount greater than one hundred sixty acres.

For the purposes of this section, **the term, management unit**, means any two or more parcels of land, whether adjoining or not, under common ownership located within this state and managed and operated as a unit for one or more of the principal uses listed in this section. No parcel of land within a management unit may be more than twenty air miles from the nearest other parcel within the management unit. If requested by the director, the owner shall provide supporting documentation of the land contained in the management unit.

**Source:** SL 1979, ch 65; SL 1991, ch 81; SL 1992, ch 77; SL 1992, ch 78; SL 1993, ch 83; SL 1998, ch 51, § 7; SL 2008, ch 44, § 18, eff. July 1, 2009; SL 2016, ch 57, § 1; SL 2017, ch 62, § 1; SL 2021, ch 44, §§ 13, 44; SL 2021, ch 45, § 1.

- ❖ Pennington County Commissioners increased minimum requirement of acreage from twenty(20) to forty(40) acres at the February 18, 1986 Board of Commissioners meeting

# How to Qualify

(Meet Principle Use & either Criteria 1 or 2)

## Principle Use

*(Property is required to meet this Criteria)*

- Primary use to which the land is devoted. This is intended to reference the primary and predominant use of the land as opposed to a mere secondary and incidental use
- Property is actively managed such that there is a reasonable expectation of profit from the agricultural use(s)
- Property Owner is able to identify reasonable estimates for current inventories of agricultural expenses that are required in the production of those products, and the expected sale date of the products
- Uses are defined as:
  - › Crops or Timber or Fruit Trees
  - › Farm Livestock
  - › Poultry
  - › Fish
  - › Nursery Stock
  - › Bees and Apiary products
  - › Horticulture
- Documentation Required:
  - › Copy of any lease agreements to show the use of the property to meet the definition of principle use
  - › Copy of Forest Management Plan or Forest Stewardship Plan prepared by a professional Forester (*Timber Use Only*)
    - Copy of any recertification of plans
  - › Copy of proof of income
  - › On-site inspection by the Equalization Office at time of application and periodically within the five(5) years

# How to Qualify (cont.)

(Meet Principle Use & either Income OR Acreage)

## Criteria 1

### Income

- In three (3) of the previous five (5) years, an annual gross income is equal or greater than two thousand five hundred dollars (\$2,500) derived from the pursuit of principle use of the land
- Documentation Required:
  - › Copy of sales receipts that qualify under the South Dakota Codified Law 10-6-112
  - › Copy of income tax document Schedule F
    - Farming/Ranching
  - › Copy of income tax document Schedule E
    - Lease/Contract Income for farming/ranching

Or

- › Copy of tax document Schedule T
  - Timber Income

OR

## Criteria 2

### Acreage

- A single land parcel that consists of at least forty (40) acres
- OR
- Multiple land parcels that are part of a Management Unit equaling at least eighty (80) acres
  - Documentation Required:
    - › Copy of any lease agreements
    - › Copy of Schedule F, E or T
    - › Copy of sales receipts or lease agreements

# TIMBER QUALIFICATIONS

Forest Management, for Ag classification purposes, is the application of appropriate technical forestry principles, practices and business techniques for the management of a forest for the raising and harvesting of timber as required by law. This is a practice of active management of the forest for timber production and harvest with an intent of profit.

- A Forest Management Plan (FMP)
  - Prepared by a professional forester
  - Primary objective of FMP must be stated as income driven;
    - Timber growth for continual harvests/income
    - Timber for profit
  - Verification the landowner is actively working the FMP
    - Recertification - Physical inspection of the property every five years (or duration indicated in the FMP) by a professional forester
- Activity Log
  - Documentation in the form of an active management schedule
    - Records should include:
      - Dates and details of activities
        - Seedlings planted
        - Herbicides
        - Contractors
        - Insect inspections/spraying
        - Results of any follow-ups or monitoring
        - Pre-commercial thinning
- Receipts
  - Sales receipts of products
    - Logs
    - Chips
    - Etc
- Contracts
  - Expected sales/harvest dates
  - Sales receipts from harvest

- ❖ To determine the proper classification of property for assessment purposes, the Director of Equalization for Pennington County may conduct a full onsite inspection of the subject property and request any additional records/documentation from the owner/operator of the property, as deemed necessary