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1-800-829-9188

Owner-Occupied Classification

The purpose of this tax fact is to provide a general overview of the owner-occupied classification. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

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Overview

Any South Dakotan who owns and occupies a home as their primary residence can receive the owner-occupied classification. The primary benefit of the owner-occupied classification is a reduced school general fund levy ([SDCL 10-13-39](#)).

Owner-occupied classification reduces only the school general levy. All other levies, such as county, city, and school special education are the exact same for all types of property.

A **levy** is the tax rate needed to distribute the tax burden evenly among all property within a jurisdiction.

It is represented by dollars per one thousand of taxable valuation.

Definition of Owner

To receive the owner-occupied classification, the homeowner must be the owner as recorded by the director of equalization in the county where the home is located and the dwelling must be used as the principal residence of the property owner(s).

An owner can be:

- A joint tenant
- An owner of a life estate
- A partner
- A person owning an interest in a limited liability company
- A person owning an interest in a corporation
- A vendee of a contract for deed
- A beneficiary of a trust

There are a few additional allowances where a property could receive an owner-occupied classification:

- ⇒ If the dwelling is being occupied by the parent of the owner, then the parent is considered the owner and occupant of the property.
- ⇒ If the dwelling is occupied by an adult with a disability, and the parent of the adult with disability is the owner, then the adult with a disability is considered the owner and occupant.

Contractor's Owner-Occupied

Any contractor that has constructed or is constructing a dwelling for the purpose of selling it to be occupied as a single-family dwelling can receive owner-occupied classification on the home.

A contractor can only hold up to four owner-occupied properties statewide. The four properties may not be classified as owner-occupied for more than two years. The owner-occupied status of the four properties does not affect the classification of the contractor's personal residence unless it is under construction.

If any portion of the dwelling under construction is (or was) occupied, the contractor can only get the unoccupied portion classified as owner-occupied ([SDCL 10-13-45](#)).

Qualifying Property

The owner-occupied classification can be applied to a primary residence, all garages and other buildings used with the home, and the parcels of land where the property sits.

A primary residence can be a:

- House
- Condominium Apartment
- Residential Housing Consisting of Four or Less Family Units
- Town House/Town Home
- Manufactured or Mobile Home

If the owner of a dwelling occupies fifty or more percent of the living space, then the entire dwelling meets the owner-occupied classification. However, if the owner occupies less than fifty percent of the living space of a dwelling, then only the portion occupied meets the owner-occupied classification.

Multiple parcels of land could be classified as owner-occupied if they are contiguous and are used as one property. Parcels may be considered contiguous if separated by a street or alley from the parcel containing the owner-occupied house.

Checking for Owner-Occupied Status

Homeowners should check their county notices to verify whether their property is currently classified as owner-occupied.

By looking at their most recent tax bill or assessment notice, a homeowner should see a denotation of an 'OO' or some variation of an abbreviation of the words 'owner-occupied'. The local county director of equalization's office can also look up the homeowner's property and let them know if they have the classification or not.

Applying for Owner-Occupied Classification

Homeowners and contractors may apply for the owner-occupied classification through their local county director of equalization or submit an electronic form on the Department of Revenue's website at <https://sddor.seamlessdocs.com/sc/master-forms>.

Once approved for the owner-occupied classification, no further applications are needed.

The property will continue with the classification until the home is sold or there is a change in use of the property.

A director of equalization may periodically review the owner-occupied classification to ensure the program is being appropriately applied ([SDCL 10-13-39.2](#)). There is a penalty for receiving an owner-occupied classification by misrepresenting someone's ownership or occupancy of the dwelling ([SDCL 10-13-40.3](#)).

For more information on property taxes, see the [Property Tax 101 Tax Fact](#).

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue**.

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