



Property Tax

Some legislators and gubernatorial candidates are promoting the idea of reducing or completely eliminating property taxes in South Dakota. Property taxes have been part of U.S. history since colonial times, and part of South Dakota's history since before statehood. Despite its long-standing history, there is unhappiness among some about property taxes in general, and about property tax bills that are increasing in some areas.



All 50 states assess property taxes. In South Dakota, property taxes pay for local K-12 public education, and city and county government services such as maintaining roads and bridges, providing public safety, holding elections, etc. The State of South Dakota receives no property tax revenue.

Last year, South Dakota property owners paid nearly \$1.8 billion in property taxes. According to information from the U.S. Census Bureau, South Dakota's property tax burden per capita and relative to personal income are below the national average.

South Dakota's tax system ranks second overall on the

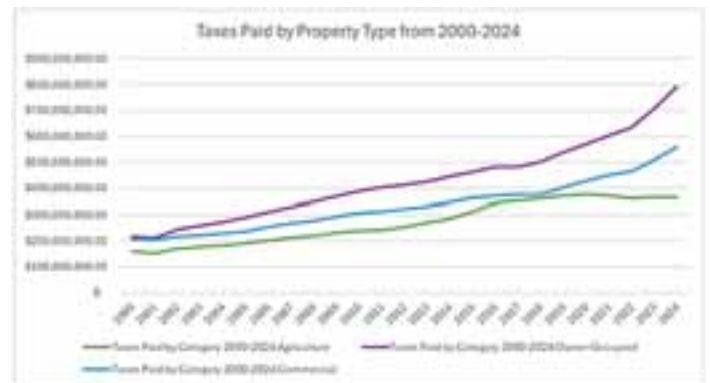
2025 State Tax Competitiveness Index, according to the Tax Foundation, We do not have an individual income tax, corporate income tax, estate tax, or inheritance tax. Our 4.2% state sales and use tax provides about two-thirds of the revenue for the state's general fund.

Some have expressed concern that over the past few years the ag land tax burden has been shifted to homeowners, and that agricultural land is not bearing a big enough share of the tax burden.

According to the U.S. Census Bureau, there has been a significant increase in number of housing units over the past few years. At the same time, agricultural acres have been converted to housing and commercial developments. This, it seems logical that the owner-occupied portion of the tax bill would grow as agricultural acres have been converted to residential and commercial development.

Others have expressed the opinion that basing taxable values for agricultural land on its productivity formula gives

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	South Dakota	U.S. Average	Rank (of 51) 1 is highest
Per capita property tax	\$1,661	\$1,898	28
Property tax percentage of personal income	2.7%	3.1%	30
Total property tax as a percentage of state-local revenue	18.1%	15.5%	11
Median owner-occupied home value (average 2017-2021)	\$187,800	\$244,900	35
Median real estate taxes paid for owner-occupied home	\$2,331	\$2,690	26
Effective tax rate, median owner-occupied home	1.2%	1.1%	17



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Pioneering Sustainability: How South Dakota Farmers Are Shaping Sustainable Wheat

In central South Dakota, where wheat fields once lay fallow and vulnerable to erosion, farmers saw an opportunity to improve how wheat was grown. Faced with limitations of conventional practices like full tillage and wheat-summer fallow, a group of local growers came together in 1990 to create the Dakota Lakes Research Farm. Their goal: to explore practical, science-based methods for farming that would protect the land, conserve resources, increase productivity, and support future generations.

But what sets Dakota Lakes apart isn't just its research, it's who leads it. The research farm is owned by farmers and is guided by the long-term priorities and needs of those working the land. For more than 30 years, Dakota Lakes has led the way in no-till and regenerative farming. And at its core, this is its legacy: practical science, guided by farmers, that reinforces the deep commitment South Dakota wheat growers have to their land, and those who will farm it next.

Today, the farm's research and field-tested practices continue to shape how wheat is grown in South Dakota, offering a blueprint for how sustainability and stewardship can support both farmers and international buyers looking for high-quality, sustainably-raised wheat.

Practical Research That Works

That practical focus is what makes the Dakota Lakes Research Farm so unique. Every research question starts with, "How will this help farmers make better decisions in their operations?"

A key strength of the Dakota Lakes Research Farm is its partnership between local farmers and South Dakota State University (SDSU). While university researchers provide expertise in areas like wheat breeding, soil health, and plant pathology, local farmers drive research priorities that are shaped by their needs. "SDSU is incredibly important," says Dr. Dwayne Beck, the research farm's longtime manager and retired SDSU professor. "They're our scientific home."

This collaboration, coupled with its farmer-led model, allows Dakota Lakes' efforts to stretch beyond short-term analysis.

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Pioneering Sustainability *(Continued from page 2)*

“Grant-funded programs can’t possibly have that long timeframe,” explains Beck. But because Dakota Lakes is farmer-led, the farm is able to pursue long-term research that aligns with generational stewardship.

The ability to track outcomes over decades-long research has given wheat growers across the region tangible results they can use to guide management decisions on their farms.

Tregg Cronin, a fourth-generation farmer in Gettysburg and the SD Wheat Commission vice chair, says: “Every crop that follows our wheat is the best crop we raise on the farm.” For Cronin, wheat is the foundation of their rotations and key to maintaining soil health. “If we remove wheat from our operation, it’s like a house of cards. It all falls apart.”

No-Till and Rotational Crop System Innovation

One of the farm’s most impactful contributions has been its early adoption of no-till farming and rotational crop diversity. At a time when full tillage and summer fallow were still standard, Dakota Lakes pioneered practices that eliminated tillage and replaced fallow with other crops that could rebuild soil structure, conserve moisture, and improve productivity.

“Most of the wheat produced in this area now is produced in association with crops like corn, sunflowers, field peas, and to a lesser extent, canola,” says Beck. This systems-based approach also helps reduce pressure from weeds and pests while maintaining low soil disturbance.

“It’s probably the single most important thing that’s happened in our area,” Cronin says of Dakota Lakes’ no-till research. “It’s allowed us to greatly increase yields, reduce inputs, and expand the number of crops we raise.”

From 1986 to 2014, these innovations helped contribute to an estimated \$1.6 billion increase in crop production across central South Dakota. The farm’s influence also extends to equipment. Their early work on no-till planting contributed to the development of commercial tools like the John Deere 750 drill, which gave way to wider adoption of conservation practices.

Quality and Sustainability

These conservation practices, like diverse rotations, no-till farming, and targeted nutrient management have all been shown to improve protein levels, boost test weights, and strengthen root systems, supporting what global buyers care about: wheat quality.

Cronin sees quality as part of his broader stewardship ethic. “Even though we’d like to see more premiums for high-quality wheat, farmers still take pride in raising it,” he says. “You can raise quality wheat if you want to.”

For global buyers, this means consistent, sustainable wheat grown with fewer inputs and greater care for the land.

Stewardship for Generations

For South Dakota farmers, sustainability is a mindset that’s been passed down through generations. “If we don’t take care of the land, it won’t take care of us,” says Cronin, who farms with his cousins and their fathers.

South Dakota wheat growers routinely incorporate diverse rotations and livestock into their cropping systems. These practices support healthier soil and help make better use of marginal land, often through grazing or perennial cover. “It just makes everything work in harmony,” says Cronin.

Looking Ahead

As the agricultural landscape continues to change, the work of sustainability is never finished. Current research at Dakota Lakes includes integrating perennial grasses into crop rotations, expanding cover crop use, and refining livestock systems to recycle nutrients more efficiently.

The farm is also working to reduce reliance on fossil fuels, exploring alternatives like hydrogen-based fertilizer and bio-oil from oilseed crops. “Our goal isn’t zero fossil fuel use, it’s balance,” says Beck.

All of these efforts build on the farm’s longstanding goal to mimic natural ecosystems that support both productivity and resilience. “When we think about the next generation, we’re thinking about the next century,” says Cronin. “Our goal is to hand down something better than what we were given.”

A Role Model for Global Wheat

The Dakota Lakes Research Farm is a model of what wheat production can be when guided by practical science, stewardship, and long-term thinking. For global buyers, wheat from this region not only delivers on quality, but on the integrity of how it’s grown. From the soil to the grain, South Dakota wheat growers are deeply committed to their land and to those who will farm it next.

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Property Taxes

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ag land owners an unfair advantage.

In 2004, agricultural land in South Dakota was under-assessed, thanks to policies adopted by the Legislature to address concerns about non-ag influences in the purchase price of land. Agricultural groups in the state recognized the need to better align taxable valuation of land with its agricultural value, so they worked with legislators to develop a productivity-based approach to valuations, based on the capacity of the land to produce crops or forage. All states, with two exceptions (Michigan and Nebraska) use a productivity approach to taxing agricultural land.

Beginning with 2010 assessments (for taxes paid in 2011), the productivity model began to be implemented in South Dakota. To prevent sudden large shifts in values and to ensure there was time to address any unanticipated problems, the Legislature instituted limitations on how quickly annual valuations could increase or decrease. Between 2004 and 2014, ag valuations doubled.

- In 2004, agricultural land was valued at slightly more than \$13 billion
- In 2014, agricultural land was valued at over \$26 billion



U.S. Wheat and Barley Scab Initiative

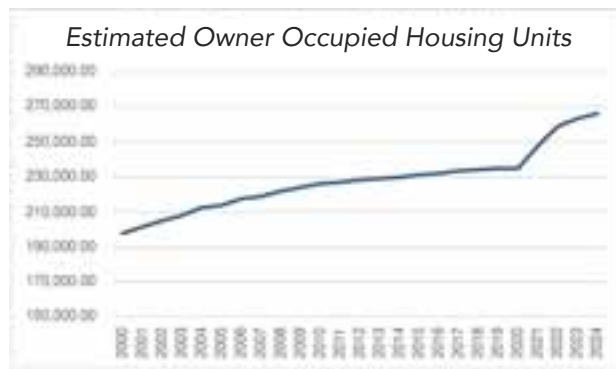
FHB Tool Talk

Spring wheat and durum are heading and flowering around the U.S. and now is the time to start thinking about managing Fusarium head blight (FHB) and its associated mycotoxin deoxynivalenol (DON). While making management decisions, here are some important tips to keep in mind.

1. If the risk is high, two fungicide applications may be helpful. Research suggests that two applications using different fungicides will generally result in greater disease reduction in spring wheat and durum. However, in several studies one well timed application of a good fungicide was just as effective as two fungicide applications. Given the additional input costs associated with a second fungicide application, it may be best to apply a fungicide once during the seven-day application window (i.e. start of early flowering and up to seven days later). See the Fungicide Timing Postcards to correctly identify growth stages in spring wheat and durum.

2. The best durum varieties should be viewed as moderately susceptible. When using the FHB Risk Tool change the susceptibility of your variety by clicking the bulleted list icon button located in the top left corner of the map.

3. If your field contains two to three different growth stages, the best fungicide application timing is 5 to 7 days after the earliest growth stages begin flowering. Our research efforts through the USWBSI have indicated that this is the best timing for FHB sup-



- In 2024, agricultural land was valued at nearly \$46 billion.

Why the productivity model makes sense for agricultural land

- It removes non-ag influences in the purchase price and mitigates the need to convert farm and ranch land to non-agricultural uses.
- It is based on the capacity of the land to produce crops or forage.
- It promotes fairness among like properties.
- It aligns South Dakota with 47 other states that use a productivity model for determining ag land taxes.

pression. For example, if 40% of your field is at early flowering today, 40% is at full-head, and 20% is at half-head, applying a fungicide in 3 to 5 days may be your best option. This will allow

most of the heads to be within a fungicide application window to suppress FHB and DON, while protecting yield.

4. A pattern of rainy weather with mild temperatures during spring wheat flowering may not necessitate a fungicide application. Farmers are encouraged to use both crop growth stage, field cropping history, and the FHB Risk Tool to determine the risk of FHB in spring wheat as many areas are often at low risk going into flowering. Remember to take into account the susceptibility or resistance rating of your wheat variety. The more innate (genetic) resistance to FHB a variety has, the lower its over-all risk for damage from FHB.

5. If you planted your spring wheat or durum following corn, consider fungicide application a standard practice. Hard white spring wheat and durum are the most susceptible to infection by *F. graminearum*. Even with the least susceptible varieties of hard white spring wheat, growers should consider standard applications of effective fungicides at anthesis. That risk increases when corn production occurs locally. In some years, corn residue can serve as a source of inoculum from 10-30 miles away.

6. Consider shutting off irrigation. Where soil moisture reserves can be built up in finer textured soils, shut off the irrigation for 5-7 days during anthesis and apply an effective fungicide particularly to the circle surrounding the first tower of the center pivot where the highest duration of irrigation and disease occurs.

NAWG

WINS FOR WHEAT

IN THE ONE BIG BEAUTIFUL BILL ACT



The One Big Beautiful Bill (OB BB) Act delivers on many NAWG's priorities that are typically accomplished as part of the farm bill process. USDA will begin implementing many of the new regulations over the coming weeks and months and NAWG will remain involved through that process.

COMMODITIES

- Beginning with the 2025 crop year, raises wheat statutory reference price from \$5.50 to \$6.35 a bushel.
- Authorizes the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs through the 2031 crop year.
- Maintains a farmer's ability to annually elect either PLC or ARC for each covered commodity.
- Increases marketing assistance loan rate for wheat to \$3.72 per bushel beginning with the 2026 crop year.
- Beginning in crop year 2031, the statutory reference prices for all Title 1 covered commodities will increase by 0.5% each year, not to exceed 113% of the new statutory reference prices.
- Increases Title 1 program payment limitations from \$125,000 to \$155,000 beginning in crop year 2025 and to be adjusted for inflation annually based on the Consumer Price Index (CPI).
- Directs the Secretary of Agriculture to treat LLCs, partnerships, and S-Corps the same as general partnerships and joint ventures when applying Title 1 program payment limitations.
- Authorizes USDA to provide for the addition of 30 million new base acres nationwide beginning in crop year 2026.

CONSERVATION

- Transfers unobligated Inflation Reduction Act (IRA) conservation funds into EQIP, CSP, RCPP, ACEP, and PL-566, removes the climate sideboards, and increases baseline funding for these five conservation programs.

- Transfers unobligated Inflation Reduction Act funds into core conservation programs and are added to the farm bill baseline.
- Removes climate-specific sideboards, allowing all farmers to benefit from programs without those restrictions. Secures long-term funding increases for the Agriculture Conservation Easement Program (ACEP), Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Regional Conservation Partnership Program (RCPP).

TRADE

- Enhances investment in agriculture trade programming by creating the Supplemental Agriculture Trade Promotion Program, which is authorized at \$285 million beginning in 2027. The new program will complement existing programs, such as MAP and FMD, and effectively double agricultural trade programming in perpetuity.

CROP INSURANCE

- The OB BB Act invests in the Federal Crop Insurance Program by increasing premium support for underlying products as well as for area-based coverage plans.
- Extends Beginning Farmer and Rancher provisions with stair stepped premium assistance from 5 to 10 years.

TAXES

- Permanently increases the estate, gift, and GST exemption to \$15 million per individual / \$30 million per couple, which is also indexed for inflation.
- Extends the Section 199A 20 percent pass-through deduction for farms and agricultural cooperatives.
- Includes components of the Agriculture Credit Relief Exclusion Act to allow qualified lenders to exclude 25 percent of interest income on agricultural real estate loans from taxation, supporting rural credit access.

Economics of Different Crop Rotation Systems in South Dakota

Economic returns are an important factor to consider when selecting crop rotation systems. Relatively low profitability of third and fourth crops can pose a barrier to farmers' adoption decisions (Wang et al., 2021). However, little information regarding the economic performance of different crop rotations is available in a transitional climate zone of eastern South Dakota.

In a recent study, Feng et al. (2021) compared three four-year crop rotations with the two-year corn-soybean (CS) rotation. The four-year crop rotations were: 1) corn-pea-winter wheat-soybean (CPWwS), 2) corn-soybean-spring wheat-pea (CSSwP) and 3) corn-oat-winter wheat-soybean (COWwS). This is part of a long-term, no-till crop rotation experiment established in 2000 at the Eastern South Dakota Soil and Water Research Farm near Brookings, South Dakota. In the beginning of the four-year study cycle (2013-2016), Nitrogen (N) fertilizer was applied to all plots at following rates: 90 lbs./acre for corn, 103 lbs./acre for oat and 116 lbs./acre for winter/spring wheat. Thereafter, the N fertilizer application rate was determined based on fall soil testing results aiming

for an 85% of crop yield goal. No fertilizer was applied in the pea and soybean phases of each rotation.

Economic Performance

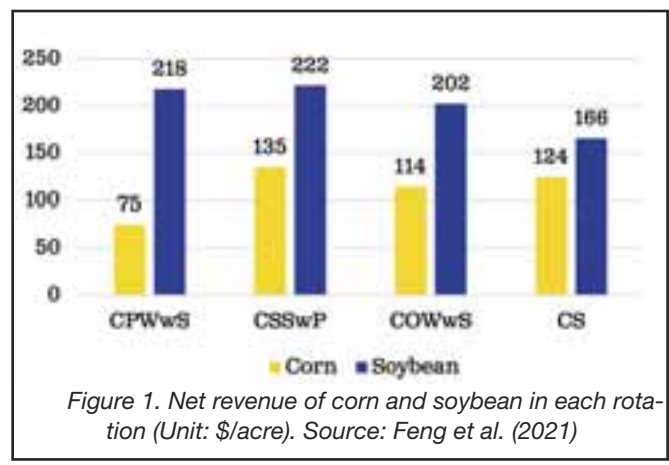
Overall economic performance of different crop rotations.

Figure 2 displays the total cost and net revenue for the three four-year rotations in comparison with the one two-year rotation, as averaged across the study period. The total production costs, including machinery operation, fertilizer, herbicide and seed, for the two-year CS rotation ranked the highest among all crop rotations. Specifically, the total cost for the CS rotation was 7%, 15%, and 18% greater than the COWwS, CPWwS and CSSwP respectively. Among the four-year rotations, the CSSwP rotation has the highest net revenue among all rotations, which surpasses the CS rotation in terms of reduced cost and increased net revenue. Other than CSSwP, the other crop rotation systems in our study are not as competitive as CS when it comes to net revenue comparison.

Summary

A comparison of the three four-year crop rotations with the two-year CS rotation indicates that the right selection of crop rotation system plays an important role in optimize economic returns. The two-year CS rotation may achieve the highest economic returns with sufficient fertilizer input, yet this simplified rotation lacks resilience when N fertilizer is applied below the level for yield maximization goal, as demonstrated by declining economic returns over the study period.

In comparison, the CSSwP rotation is resilient to a reduced-N fertilizer application rate, with the lowest total cost and highest net revenue among all rotations. Our study suggests that extending the CS rotation to a crop rotation with more variety, such as CSSwP, offers the potential to improve economic returns and reduce the overreliance on N fertilizer.



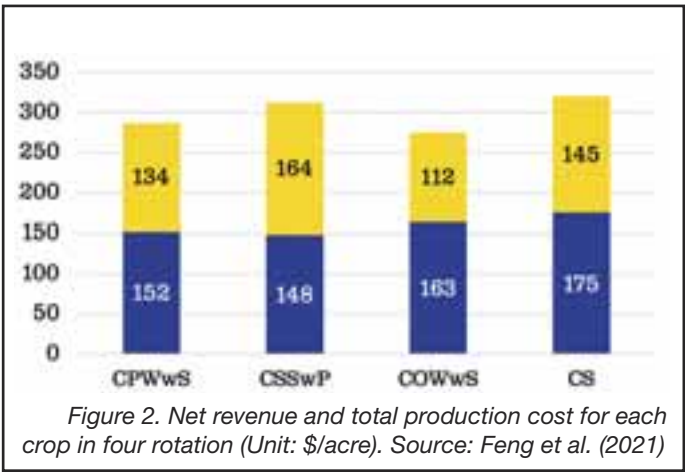
for an 85% of crop yield goal. No fertilizer was applied in the pea and soybean phases of each rotation.

Net Revenues

Net revenues of corn and soybeans in different crop rotations.

The synergy among the crops made a difference in corn yields for four different rotations. For instance, corn following pea had a greater yield than corn following soybean. Among all rotations, the CSSwP rotation had the highest corn yield.

As shown in Figure 1, net revenues for both corn and soybean in the CSSwP rotation ranked the highest among all rotations. While the two-year rotation has the second highest revenue for corn, it has the lowest revenue for soybeans. This is due to the lower soybean yield in the two-



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