SUPREME COURT OF SOUTH DAKOTA

Rushmore Shadows, LLC v. Pennington County Board of Equalization

2013 S.D. 73 (2013) · No. #26584 · Decided October 9, 2013

SUMMARY

The South Dakota Supreme Court considered whether recreational park trailers used as campground cabins constituted taxable improvements to land under SDCL 10-4-2(2). The court held that the cabins were constructively affixed to the real estate for their economic life and promoted the campground's use, making them taxable real property. The court reversed the circuit court's summary judgment ruling in favor of Rushmore Shadows.

CASE DETAILS

COURT	Supreme Court of South Dakota
WRITING FOR THE COURT	Zinter, Justice; Gilbertson, Chief Justice; Konenkamp, Justice; Severson, Justice; Wilbur, Justice
JURISDICTION	South Dakota
DECIDED	October 9, 2013
DOCKET	#26584
DISPOSITION	reversed
PROCEDURAL POSTURE	The Pennington County Board of Equalization appealed from a circuit court order granting Rushmore Shadows' motion for summary judgment and denying the County's cross-motion for summary judgment in a real-property-tax assessment dispute.
STANDARD OF REVIEW	Because the parties stipulated to the facts, the court reviewed whether the circuit court properly interpreted and applied the law. Interpretation and application of a tax statute are questions of law reviewed de novo. Tax-imposing statutes are construed liberally in favor of the taxpayer and strictly against the taxing body.
PRECEDENTIAL VALUE	Published South Dakota Supreme Court opinion; precedential.
PARTIES	Pennington County Board of Equalization v. Rushmore Shadows, LLC

TOPICS

property tax | tax | real estate | statutory interpretation | appellate procedure

PRACTICE AREAS

property taxation | real property classification | appellate law

QUESTIONS PRESENTED

1. Whether recreational park trailers used as campground cabins were 'improvements to land' consisting of items permanently affixed to and becoming part of real estate under SDCL 10-4-2(2).
2. Whether the trailers' lack of physical attachment to the ground, seasonal utility disconnection, and status as recreational park trailers precluded classification as taxable real property under SDCL 10-4-2(2).

HOLDINGS

1. The fourteen recreational park trailers were taxable improvements to land because the circumstances showed that they were constructively affixed to the real estate for their economic life.
2. A recreational park trailer is not categorically excluded from real-property taxation. Although such a trailer may be excluded from taxation under the mobile-home provision of SDCL 10-4-2(5), it may nevertheless be taxable as an improvement to land under SDCL 10-4-2(2).

KEY QUOTATIONS

> *"Thus, the question is whether the cabins became improvements to land consisting of items affixed to the land for their economic life, language that includes "fixtures.""* (¶ 8)

> *"When considered together, the facts of this case establish that Rushmore Shadows' cabins are "improvements to land" within the meaning of SDCL 10-4-2(2)."* (¶ 20)

FACTUAL BACKGROUND

Rushmore Shadows operated a campground containing fourteen recreational park trailers used as named cabins for lodging. The trailers were placed on blocks, skirted, connected to utilities, attached to decks by lag bolts, and had their wheels, brakes, and safety lights removed; none had been moved since installation, and some had remained in place for thirteen years. Water and sewer connections were disconnected seasonally, but the cabins were continuously used as lodging during the operating season. The County included the cabins' value in Rushmore Shadows' 2012 real-property tax assessment.

PROCEDURAL HISTORY

Pennington County assessed the value of fourteen recreational park trailers used as campground cabins as real property for ad valorem taxation. The Board of Equalization affirmed the assessment. On stipulated facts and cross-motions for summary judgment, the circuit court concluded that the cabins were not taxable under SDCL 10-4-2 and ruled for Rushmore Shadows. The County appealed to the South Dakota Supreme Court, which reversed.

DISPOSITION

reversed

CASES CITED

- Econ. Aero Club, Inc. v. Avemco Ins. Co., 540 N.W.2d 644, 645 (S.D. 1995)
- Butler Mach. Co. v. S.D. Dep't of Revenue, 2002 S.D. 134, ¶ 6, 653 N.W.2d 757, 759
- Robinson & Muenster Assocs., Inc. v. S.D. Dep't of Revenue, 1999 S.D. 132, ¶ 7, 601 N.W.2d 610, 612
- In re Tax Appeal of Logan & Assocs., 331 N.W.2d 281, 282-83 (S.D. 1983)
- Dakota Harvestore Sys., Inc. v. S.D. Dep't of Revenue, 331 N.W.2d 828, 829-30 (S.D. 1983)
- First Nat'l Bank of Aberdeen v. Jacobs, 273 N.W.2d 743, 746 (S.D. 1978)
- Brink Electric Constr. Co. v. Dep't of Revenue, 472 N.W.2d 493, 498-500 (S.D. 1991)
- Nat'l Food Corp. v. Aurora Cnty. Bd. of Comm'rs, 537 N.W.2d 564, 566 (S.D. 1995)

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