



SDBA Legislative Update

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Legislative News

The SDBA's State Legislative Conference, Reception and Dinner was held on Wednesday, bringing bankers from across the state to participate in some or all of the day's events. Luncheon attendees visited with representatives from several Habitat for Humanity chapters and viewed a moving testimonial video from Zeldia Gallegos, the first homeowner from the Black Hills Habitat chapter who moved into her home in 1991 and recently had the great pleasure of burning the mortgage on that home. Gov. Rounds made his last official visit with conference attendees after lunch. He spent considerable time giving his views on the causes of the financial market crisis and why he believes more regulation (Washington's usual response) isn't the answer.

The only downer of the day was that our keynote speaker, *Cook Political Report's* Jennifer Duffy, was unable to fly out of Washington, D.C., due to the freakish snowstorms which blanketed much of the east coast. So instead, I asked one-time SDBA legal counsel and current Chief of Staff for Gov. Rounds, Neil Fulton, to delve more deeply into state's current budget problem; both in terms of its causes and possible solutions. I set the table by providing some background on deficits, budget reserves and federal stimulus funds, and Neil provided candid insights into how the Legislature is dealing with these significant fiscal challenges. Either the assembled bankers thought the last-minute program switch was OK or they simply didn't think to bring any rotten fruit or vegetables with them to the session. Boyd Waara fairly pointed out that I should have seen this budget problem coming eight years ago, managing to invoke the name of his close friend and kindred spirit, Nancy Pelosi, in the process. You just never know what might happen when bankers gather in Pierre to discuss public policy and politics. Our day ended with a great reception and dinner, providing bankers and our elected leaders a chance to talk a little shop and to make and renew valued friendships. The highlight of the evening came when Gov. Rounds and SDBA Foundation Board Chair Joyce Hazeltine presented awards to the six winners of our annual business plan competition.

Legislation of Interest to Banking

SB81 which seeks to exempt certain open-loop, prepaid debit cards from the state's unclaimed property laws successfully cleared its first hurdle on Thursday, passing

out of the Senate Commerce Committee on a unanimous vote. The seven-member committee further voted to place the bill on the Senate's consent calendar, meaning that if no member objects, the bill will be voted on by the entire Senate without debate. The new law would apply only to open loop cards debit cards where the underlying fund balance would never expire and where the owner of the card is not known. Unclaimed property laws would also not apply to awards, rewards, rebate, loyalty, incentive or promotional cards for which no money was paid by the cardholder. The new law further asserts that these types of cards are only subject to the rights of the purchaser or owner of such card and is not subject to any claim made by any state acting on behalf of a purchaser or owner.

Also on Thursday, this year's trust task force bill, **SB103**, also passed by an unanimous vote of the members of the Senate Judiciary Committee. Committee members were very complimentary of the diligent work of the members of the Governor's Trust Task Force and the staff at the Division of Banking.

Two bills which were discussed by the SDBA Board of Directors and by the members of our Legislative Committee will have their first hearing next Tuesday, Feb. 16. **SB173** proposes to cap the allowable APR on a payday or title loan at 72 percent. Sen. Sandy Jerstad (D-Sioux Falls) is the prime sponsor of this legislation. The SDBA's leadership reaffirmed the association's long-standing opposition to any attempt to get the legislature back in the business of setting interest rate caps. So even though SB173 doesn't apply to loans made by banks which are governed by SDCL Title 51A, I have communicated the SDBA's opposition of SB173 to all seven members of the Senate Commerce Committee and will testify as an opponent on Tuesday. If you have an interest in visiting with any member of the Commerce Committee, their contact information can be found at: <http://legis.state.sd.us/sessions/2010/CommitteeMembers.aspx?Committee=3>.

HB1221 proposes the repeal of current law which specifically states that the State Treasurer and State Auditor shall not have signatory authority over state funds held in a local bank account. The SDBA Board of Directors voted not to take a position for or against this legislation. The bill will have its first hearing next Tuesday in the House Local Government Committee.

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