



SDBA Legislative Update

Volume 11, Issue 6

February 19, 2010

Legislative News

The level of activity in nearly all legislative committees ramped up this week as the deadline for bills to pass their first house (or die) is next Tuesday, Feb. 23. Whatever criticisms some folks may have of South Dakota's legislative process, you have to like a legislative body that sets real deadlines and sticks to them. Bills have to successfully clear the first house by the 26th day of a 38-day session or they are caput. Maybe Congress needs to take a lesson.

Legislation of Interest to Banking

SB81 to exempt certain open-loop, prepaid debit cards from the state's unclaimed property laws successfully passed the full Senate on Tuesday, Feb. 16. The bill now moves to the House Commerce Committee.

Also on Tuesday, this year's trust task force bill, **SB103**, also passed in the Senate. Its next stop is the House Judiciary Committee.

SB173 proposed a 72 percent cap on the allowable APR on a payday or title loans. The bill had its first hearing on Tuesday in the Senate Commerce Committee and was deferred to the non-existent 41st legislative day by a vote of 6-1, effectively killing SB173 for this year. SB173 received opposition from various segments of the money lending industry. I also communicated the SDBA's long-standing opposition to any attempt to get the Legislature back in the business of setting interest rate caps, using the opportunity to explain why the legislature repealed the state's interest rate caps in the early '80s.

SB190, a bill to sync South Dakota's credit card statutes with Regulation Z provisions regarding the ability of a cardholder to opt out of certain changes in contractual conditions, passed the Senate Commerce Committee by a unanimous vote on Thursday morning. Sen. Tom Dempster (R-Sioux Falls) introduced the legislation while Citibank lobbyist, Jeremiah D. Murphy, informed the committee regarding the specifics of this consumer-friendly legislation. I expressed the SDBA memberships' support as well. The bill now goes to the Senate for consideration early next week.

HB1081 the bill brought by the Chief Justice of the South Dakota Supreme Court to increase various court

automation fees which provide the financial support for the Court's automated systems got its first exposure on the Senate side of the building on Thursday in the Senate Judiciary Committee. The committee voted to send the measure to the full Senate on a 7-0 vote.

HB1221 proposed 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 bill had its initial hearing on Tuesday in the House Local Government Committee, where committee members voted to defer the bill to the 41st legislative day on a 9-3 vote. Proponents for the bill included its prime sponsor, Rep. Bernie Hunhoff (D-Yankton) and Sen. Julie Bartling (D-Burke) who has announced her candidacy for State Auditor. Current State Auditor Rich Sattgast and BankWest's Bob Miller testified as opponents.

On Friday, two bills of some level of interest to the banking industry received their first hearings in the House Judiciary committee. **HB1201** is designed to remedy legal problems in certain wills and trust documents which refer to federal estate and generation-skipping transfer tax laws. After the federal estate tax law expired on Dec. 31, 2009, references to that law in certain legal documents became ambiguous. This bill passed out of the committee on a unanimous vote.

HB1229 proposes the enactment of the Uniform Real Property Transfer on Death Act. SDBA Legal Counsel Brett Koenecke addressed this legislation with the members of the SDBA Legislative Committee during last week's State Legislative Conference. Brett explained that creditor interests in real property which might be transferred to a named beneficiary upon the death of the property owner might actually be enhanced by passage of HB1229. The bill's prime sponsor, Rep. Tom Deadrick (R-Platte) asked the committee to table the bill due to the fact that the legislation needs further review and work by the members of the State Bar of South Dakota. Assuming that work gets done during the 2010 interim, it is likely that a different version of this model act will be re-introduced during the 2011 Legislative Session.

Have a great weekend!

Published Weekly During Session by the
South Dakota Bankers Association ~ P.O. Box 1081 ~ Pierre, SD 57501 ~ Ph: 605-224-1653

(This document is also available online at www.sdba.com.)