



SDBA Legislative Update

Volume 11, Issue 8

March 5, 2010

Legislation of Interest to Banking

SB103 the work product of the Governor's Trust Task force passed the full House of Representatives on Tuesday.

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 House Commerce Committee on Monday and the full House the following day by unanimous votes.

SB81, the bill to exempt certain open-loop, prepaid debit cards from the provisions of South Dakota's unclaimed property laws also passed the House Commerce committee by a unanimous vote and was placed on the House consent calendar. As a result, the bill passed the full House of Representatives on Thursday without debate.

HB1201, the bill designed to remedy legal/practical problems associated with Congress' failure to deal with the status of the federal estate tax and other generation-skipping statutes passed unanimously out of the Senate Judiciary Committee on Tuesday and passed the full Senate without debate on Wednesday.

All four of these bills now go the Governor's desk for his signature or veto. At this writing, I have no knowledge of objections about any of these bills from the executive branch.

Other Legislative News

The eyes of many interested parties will focus next week on the General Appropriations Act for 2011, **SB196**. Word on the street is that Joint Appropriations Committee will start its official action on the bill next Wednesday, March 10, with final floor action in both bodies likely to occur on Friday, the 37th legislative day.

SB196 reflects a state budget for FY2011 as recommended to the Legislature by Gov. Rounds which consists of the following levels of spending:

State General Funds	\$1,179,151,156
Federal Funds	\$1,190,222,838
Other Funds	\$ 966,607,589
TOTAL FUNDS	\$4,055,981,583

Final deliberation over the state budget will begin on Monday when staff from both the Governor's Bureau of Finance and Management and the Legislative Research Council will present general fund revenue estimates for both FY2011, as well as revised estimates for the current fiscal year. The members of the Joint Appropriations Committee will take those recommendations into consideration and will ultimately adopt an official general fund revenue estimate for both years. Those estimates will, when compared against general fund expenditures recommended by Gov. Rounds, determine the estimated budget shortfalls which must be eliminated via cuts in appropriated spending, drawdown of state reserves or a combination of both.

One of the other key elements of the budget discussion involves the issue of refunds of contractor's excise and sales taxes paid into the state treasury by the builders of large construction projects. Last week's *Legislative Update* contained a synopsis of this issue written by SDBA General Counsel Brett Koenecke. At this writing, the future structure of this refund program will be determined by the final version of **SB195** which is slated for its final committee action in the House State Affairs Committee on Monday, March 8. Lobbyists representing a coalition of private industry interests have been meeting with representatives from the Governor's Office and with legislative leaders, trying to hammer out terms which could be agreed to by those respective parties.

Yesterday, Republican legislative leaders published a list of general fund spending cuts totaling \$31.6 million for FY2011. Largest budget cuts in millions of dollars include:

2% across the bd. excluding K-12 and Medicaid	\$7.0
Federal Medicaid Clawback	\$6.5
Excess Personal Services	\$4.0
Capital Expenditures, Travel and Supplies	\$4.0
Tobacco Prevention Programs	\$2.3
Intensive Meth Treatment Program	\$1.7

The republican leadership plan also projects that another \$11.5 million would be added to the state's bottom line by eliminating estimated payments for large construction project tax refunds. Any budget savings in this area will be tied to the fate of **HB1060** and **SB195** next week as the Legislature concludes the regular run of the 2010 Session.

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.)