



# SDBA Legislative Update

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## Legislative News

Committee agendas were quite full this week as chairmen worked to schedule the flood of new bills which were introduced last week. SDBA lobbyists spent considerable time doing the advance legwork required to assure that legislators understood why we were going to testify either in support of or in opposition to a number of bills. Here then is the news for week number four of the 2012 Session.

## Update on SDBA Bills

**SB64 - Perfection of Security Interest on all Titled Vehicles** passed its first third step in the process on Thursday, passing unanimously out of the House Transportation Committee. As was the case in the Senate, the bill was placed on the House consent calendar and, unless some member objects, it will pass the full House next Monday without debate. It is not easy to have bills placed on consent as the objection of a single member will prevent that occurrence. Passage of SB64 should work to assure that proper notation and filing of a creditor's interest on the title of any motor vehicle will secure said interest.

**SB101 would authorize Counties and Townships to borrow money using promissory notes.** The goal of this legislation was to provide the same level of short and intermediate-term financing flexibility to counties and townships as that enjoyed by municipalities. Apparently, township officials weren't comfortable with how SB101 would work for their interests and asked to be amended out of the provisions of SB101. One of the proponents who testified in support of SB101 is a recovering banker who is also a member of the Beadle County Commission, Dick Werner. He testified that Beadle County wanted to refinance the terms of a lease for some road maintenance equipment with a local bank, but was unable to do so because state law didn't allow a county to borrow money. I briefly offered banking industry support for SB101, indicating that banks have long served the depository needs of local government entities such as counties and correspondingly it would be logical that banks would be willing to consider credit requests on a case-by-case basis. The bill passed out of Senate Local Government committee on Monday and the full Senate on Wednesday by unanimous votes.

**HB1003 would allow the acceleration of changes in the taxable values of ag land, both crop and non-cropland in accordance with the land's productivity value.** This bill is designed to reduce the inequities in the valuation of both classes of cropland both within and between counties. HB1003 is a product of the bipartisan task force charged with overseeing the implementation of the move to valuing ag land based on its productivity instead of market value. While the SDBA took no position on this legislation, it will create the prospect for sizable changes in the taxes owed on certain parcels of land in some counties. The effects of HB1003's passage is something that ag loan officers should be aware of as producers come in to renew operating loans in the years to come.

**HB1059 - Modification of UCC Article 9 Regarding Name of Debtor:** This work product of the National Conference of Commissioners on Uniform State Laws (NCCUSL) proposes uniform changes to UCC Article 9 relating to the proper method of recording the name of the debtor. HB1059 passed both the House Commerce Committee and the full House this week without a dissenting vote.

**HB1146 proposes several increases in the dollar amount of various assets which a debtor could shelter from levy or creditor claim in a bankruptcy proceeding.** As reported last week, this legislation proposes to:

- (1) Exempt a debtor's interests in vehicles up to \$10,000. Current law includes vehicles in with other personal property which is subject to the limits you see below.
- (2) Over and above the value of property specifically exempted in 43-45-2, debtor's personal property exemptions would be increased to \$10,000 from current levels of \$6,000 for head of family and \$4,000 for others. Those levels were last increased in 1998 over the objection of the SDBA and debt collection agencies.
- (3) Increase exemption from annuity proceeds from \$250 per month to \$2,500 per month (\$3,000 per year to \$30,000 per year). This section was last changed in 1966. Applying a CPI adjustment to the \$250 figure translates to about \$1,735 in 2011 dollars.

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The SDBA joined with bankruptcy trustees, the SD Chamber of Commerce, the National Federation of Independent Business and the SD Collectors Association in opposition to HB1146. The bill was deferred to the non-existent 41st legislative day on a 10-4 vote of the members of the House Taxation Committee.

## **SDBA State Legislative Conference**

As I visited with legislators this week about various bills, I also checked on the status of any members who hadn't yet confirmed their attendance at next Wednesday's SDBA State Legislative Reception and Dinner. I am happy to report that nearly 100 percent of legislators plan to attend!

The day's events are as follows:

- SDBA Board meeting at 8:30 a.m.
- SDBA Legislative Committee meeting at 10 a.m.
- Luncheon and Banking Legislation Review at Noon
- Address by Gov. Dennis Daugaard at 1:30 p.m.
- Economic Outlook for South Dakota, the Region and Beyond by Samuel D. Kahan at 2:30 p.m.
- Capitol Hill visits at 3:30 p.m.
- Legislative Reception at 6 p.m.
- Legislative Dinner and Business Plan Competition Awards at 7 p.m.

Legislator attendance looks to be very high. I hope banker turnout will mirror that. If you haven't yet registered, please register at [www.sdba.com](http://www.sdba.com). Call the SDBA Office if you have any questions at (800) 726-7322.

As always, please call me if you have any questions or concerns.

Have a great weekend!

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