

2026 South Dakota Legislature | **February 20, 2026**

WEEK 6: South Dakota's 101st Legislative Session

The 101st Legislative Session will begin week seven on Monday, February 23, which will be the twenty-sixth legislative day, with twelve legislative days remaining and the final legislative day taking place on March 30th, reserved for consideration of gubernatorial vetoes.

I would like to extend a great big "THANK YOU" to the engaged membership of the SDBA! This week the SDBA faced two critical bills that would have adversely affected the banking system in South Dakota.

The SDBA engaged all of you with a variety of CALLS TO ACTION that made a significant impact on the outcomes of the bills we contested. They were:

HB 1248: An Act to Amend Provisions of the Uniform Commercial Code; and HB 1224: An Act to Protect Persons from Discrimination by Financial Institutions. In both instances, the SDBA was successful in killing these measures.

Your action and engagement helped us to preserve the "status quo" for the banking industry in South Dakota. It is a privilege to work on behalf of all of you and our industry. Thank you for your advocacy and engagement.

Please see the updates from week six of the South Dakota legislature.

Remaining Important Dates

- March 30, 2026 "Veto Day"

Important Legislative Results: Week 6, February 17-20

HB 1224: An Act to protect persons from discrimination by financial institutions. This bill was introduced by Representative Lems (R-D16). **THIS BILL IS A PROBLEM!** For quick background, Representative Lems is the Lt. Governor running mate for gubernatorial candidate Jon Hansen this 2026 election cycle. Also, this bill will be heard before the House Commerce & Energy Committee which Representative Lems Chairs. The committee is made up of 13 House lawmakers, many of whom are supportive of the Hansen/Lems ticket.

This bill adds additional layers of state law already enforced under state and federal laws including ECOA, Fair Housing Act and South Dakota Human Relations Act, in addition to examinations regularly held by multiple regulators. This measure would expand the definition of discrimination to include "lawful economic activity" and "speech" protected by the First Amendment. Simply put, this would shift the burden of proof to the bank to defend its decision to deny credit or deposit account opening and would create significant litigation risk and create private rights of action with statutory damages.

Our OPPOSITION line-up included Bret Afdahl, Director of the South Dakota Division of Banking, David Rozenboom, President, First Premier Bank, Kristina Schaefer, SVP, Associate General Counsel & Director of Government Relations, Dacotah Bank, Karl Adam, SDBA and assists from Justin Smith, Greater Sioux Falls Chamber, Terra Larson, South Dakota Trust Association, Dean Krogman, ICB-SD and Michael Bockorny representing Aberdeen Development Corporation and the Economic Development Professionals of South Dakota.

We were successful in OPPOSING and defeating this measure by a 9-4 margin!

HB 1248: An Act to Amend Provisions of the Uniform Commercial Code (UCC). This bill is sponsored by Representative Auch (R-D18). This is the third consecutive year Representative Auch has brought such a bill that deals with Article 8, regarding investment securities.

The SDBA and other business lobby's again opposed this measure. This bill was heard Friday, February 20th before the House Judiciary committee.

The SDBA OPPOSITION line-up was led by SDBA legal counsel Brett Koenecke, Ben Orzeske, Chief Counsel of the Uniform Law Commission, Doug Abraham, SD Retailers Association, Kenley Lamberty, Dakota Credit Union Association and Kyle Innes with the Securities Industry and Financial Markets Association (SIFMA).

We were successful in OPPOSING and defeating this measure by a 12-1 margin!

Legislative committee action & updates

SB 233: An Act to prohibit the assessment of certain administrative fees or penalties related to the provision of care by an out-of-network provider. This bill attempts to legislate payment to out-of-network health care providers by insurance companies. Recent trends prove growth in disputes will continue to drive increased costs to insurance plans and subsequently increase premiums to insureds. The SDBA will oppose this measure in an effort to preserve the integrity of the SD Bankers Benefit Trust health insurance program. This bill is sponsored by Senator Davis (R-D17). This bill was assigned to the Senate Committee on Health and Human Services and had its hearing for Wednesday, February 18. The SDBA was successful in defeating this bill by a 5-2 margin.

SB 227: An Act to establish a minimum damage threshold for a motor vehicle total loss declaration. This measure was introduced at the request of the auto dealers association and intends to clarify when an insuring company may declare a total loss of a vehicle due to perils covered by the insurer. The SDBA is tracking this legislation to ensure that this measure does not negatively impact banks who may have a security interest in motor vehicles. The SDBA inquired if member banks had any concern, we heard back from several member banks that this bill was not of concern. The SDBA is no longer actively tracking this legislation.

HB 1178: An Act to establish provisions for homeownership through shared equity agreements. This bill is intended to codify a framework for homeowners (occupant-owners) to work with investor-owners, individuals who may be interested in investing in an occupant owners' home. This bill was introduced by Representative Novstrup (R-D3). I discussed the bill with Representative Novstrup and shared that his bill is only a guide and does not require legislation. Representative Novstrup agreed to withdraw the bill on February 4th.

HB 1111: An Act to modify the requirements for obtaining an agricultural processor's lien. This measure was introduced by Representative Greenfield (R-D22). This is additional clean-up bill to HB 1083 from the 2025 legislative session. SDBA general counsel Brett Koenecke has been helpful to improve and further clarify the process. This bill requires the ag processor to file the lien electronically with the Secretary of State, rather than the county register of deeds in which the land producing the crop is located. The SDBA is supportive of this measure and provided proponent testimony, Tuesday, February 3rd before the House Committee on Ag & Natural Resources. This measure passed out of the committee on a 13-0 vote and was placed on the consent calendar and passed on the House floor by a 59-5 vote. Week six, the Senate Ag & Natural Resources Committee passed this measure by a vote of 6-0 and the Senate body 34-0.

HB 1238: An Act to protect financial institutions taking action to prevent the financial exploitation of consenting, senior, or vulnerable adults. The SDBA crafted this legislation along with House sponsor Representative Heermann (R-D7) and Senator Kolbeck (R-D2). This measure is to assist banks by lawfully delaying or refusing a transaction, delaying or refuse the withdrawal of funds, or change in ownership of an account from a consenting, senior or vulnerable adult. This measure was assigned to the House Committee on Commerce & Energy and had its hearing on Wednesday, February 11th and passed out of committee on a 11-1 vote. This measure was heard before the House of Representatives and passed the chamber on a 56-6 margin. Next stop, Senate Committee on Commerce & Energy. The SDBA supports this measure.

SB 150: An Act to exempt one motor vehicle of a debtor from being taken by the legal process. This bill was introduced by Senator Larson (D-D10). In bankruptcy, this measure is to allow one motor vehicle not exceeding \$5,000 to be exempt over any security interest on the motor vehicle. This bill has been assigned to the Senate Judiciary committee and advanced out of committee on a 4-2 vote. This measure was debated on the Senate floor on February 12th, and the measure failed by a 16-17 vote. However, the sponsor has indicated her intent to have the measure reconsidered. After reconsideration, the measure failed in the Senate by a 15-19 vote.

HB 1026: An Act to provide for the licensing of property data collectors and the registration of property data collection companies and to provide a penalty therefor. This bill would require licensing and oversight by the SD Department of Labor and Regulation for Property Data Collectors, when assisting with gathering data for the benefit of a timely and accurate appraisal. Property Data Collection is not a profession, and makes no statement of value, rather an assignment or task to gather information to assist the appraisal process. The SDBA wants to support property data collection as it assists with timely and accurate appraisals for our member banks. This measure would create an unnecessary additional “barriers of entry”.

This bill is sponsored by Representative Roe, (R- D4) and Senator Vilhauer, (R-D5). This bill had a hearing before the House Commerce & Energy Committee on Monday, January 26, 2026. The SDBA provided opposition testimony and defeated the bill with an 11-2, sending this measure to the 41st day, aka “killed the bill”.

SB 18: An Act to repeal income modifications for the bank franchise tax pertaining to bad debts. This bill was brought by the SD Department of Revenue and was discussed with the SDBA prior to its filing. The SDBA discussed this matter in detail and worked with a number of SDBA member banks to determine the impact on our members. We heard from banks inside tax advisors as well as outside tax preparers, and was found to be beneficial to our members, as it would reduce administrative and compliance burdens, promotes efficiency and reduces complexity for both the taxpaying bank and the Department of Revenue. The SDBA supported this measure Friday, January 16, 2026, before the Senate Taxation Committee. The bill passed with a 5-0 vote and was certified and placed on the consent calendar. The Senate subsequently passed this bill with a vote of 33-0 and had its first reading in the House Taxation committee on January 22. The House Committee on Taxation voted in favor of this measure by a vote of 12-0 on February 3rd and was passed by the House by a vote of 69-0 on February 4th. The bill was signed by the Speaker of the House and the President of the Senate, and was subsequently signed by the Governor on Friday, February 17th. The SDBA has been supportive of this measure.

SB 100: An Act to revise provisions related to trusts. This bill is sponsored by Senator Crabtree (R-D8) and Representative Stevens (R-D18). This measure intends to update and revise provisions related to trusts. This measure was heard before the Senate Commerce and Energy Committee on February 3rd and passed out of committee on an 8-0 vote and the full senate by a vote of 34-0. This measure will be heard before the House committee on Judiciary, however the hearing has not been scheduled. The SDBA is supportive of this measure.

SB 98: An Act to prevent virtual currency fraud. This bill was brought at the request of the American Association of Retired Persons (AARP) and is sponsored by Senator Kolbeck (R-D2) and Representative Weisgram (R-D24). The SDBA worked in the off-season with AARP to address this growing fraud concern and is supportive of this measure.

A few highlights: This bill would require licensing of the kiosk as a licensed money transmitter with the SD Division of Banking, require the licensee to issue a full refund to a victim of a fraudulent virtual currency transaction and establish daily limits for users not to exceed \$1,000. This bill had its hearing on February 3rd before the Senate Commerce & Energy committee and was held over in an effort to accommodate a crypto kiosk vendor for the committee to consider a friendly amendment. The committee resumed action on this bill on February 10th, and passed by a 7-0 margin and passed by the Senate by a 31-2 margin on February 17th. The House Commerce & Energy Committee will hear this measure, however at the time of this writing it has not been scheduled. The SDBA is supportive of this measure.

SB 112: An Act to establish a currency based on gold and silver. This bill is sponsored by Senator Carley (R-D29) and Representative Auch (R-D18). This bill would require the State Treasurer to establish rules for a bullion depository to enable users to make or receive payments, transfer value within SD or between parties who consent to its use. Further, it would require the establishment of an electronic payment platform and would authorize the SD State Treasury to manage and operate. This measure was assigned to Senate State Affairs committee, and the hearing was held on Friday, February 6th. The committee held over the bill until Monday, February 9th and sent the measure to the 41st legislative day by a 7-1 vote. The SDBA opposed this measure.

We will share updates on these bills in the weeks ahead.

This summary concludes week six of the 101st legislative session in Pierre.

To learn more and remain “engaged” about the 2026 legislative session, visit the LRC webpage at sdlegislature.gov. The legislature provides live and archived audio of committee hearings plus Senate and House floor debates. To access both the live audio feed and archived audio files, visit sd.net

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