

2023 South Dakota Legislature | January 13, 2023

State of the State Address

Governor Kristi Noem kicked off the 98th South Dakota Legislative Session with her fifth State of the State Address on Tuesday, January 10, 2023. The Governor's remarks were largely centered around the state of the economy in South Dakota post pandemic, underscoring sales tax growth, the creation of thousands of new jobs, investment by out-of-state companies in South Dakota's business friendly environment and prudent fiscal spending.

Governor Noem also emphasized her resolve to repeal taxation on food, which will likely be a session-long debate. During her remarks, Governor Noem also proposed the following: enhancing paid family leave for state employees; access to childcare, recommending \$40 million in grants for childcare workers to gain access for health benefits by partnering with Farm Bureau; block agricultural land purchases from unfriendly foreign adversaries; and two new prisons to come on-line in the foreseeable future.

Prior to the Governor's State of the State address, there were 52 pre-filed bills, largely agency and appropriation bills. As of this writing, there are 132 filed bills with many more being discussed. Needless to say, the 2023 legislative session is shaping up to be a very busy time for the SDBA and our member banks.

During the 2022 Legislative Session, the SDBA and the banking industry at large challenged with a high-profile gun bill, otherwise known as the "unfair banking regulation bill," that pitted our industry against the gun and ammunition industry. While we defeated this misguided legislation last session, we were confident this wouldn't be the last time we saw this type and style of legislation, and since then, it's remained top of mind for some groups in the form of Environment Social and Governance (ESG) legislation that we will be on the lookout for in 2023, as well.

Legislative News

As is typically the case, the first group of bills introduced in 2023 consists primarily of legislation introduced on behalf of the executive branch, state agencies, constitutional offices and interim legislative committees. We will continue to stay abreast of other relevant banking bills as they are introduced. Below is a snapshot of bills we are currently tracking:

HB 1069: This bill is an act to prohibit acquisition of agricultural land by foreign governments. This bill is designed to forbid purchases of ag land exceeding 160 acres. While this bill appears to have been dropped today, we have heard other similar bills on this same matter may be forthcoming. We will stay tuned.

SB 41: establish a program for housing infrastructure loans and grants, and make an appropriation. This bill is a refinement of the Housing Opportunity Fund, a bill that required tweaking after the 2022 legislative session. In 2021, a housing task force was established to develop an infrastructure program for career housing in South Dakota. A \$200 million SD Housing Infrastructure Fund was created and is to be administered by the SD Housing Development Authority. The SDBA testified in favor of this bill, Thursday, January 12, with a due pass recommendation and it passed out of committee with an 8-1 affirmative vote. This bill passed out of the Senate 29-2, Friday, January 13, and will be calendared for House State Affairs Committee the week of January 16. Updates on its progress will follow.

SB 49: This bill is an act to prohibit the improper storage and disposal of records containing personal or protected information and provide a penalty. In its current form, SB 49 aims to penalize individuals, government agencies and small businesses (banks, etc.) for what may be perceived as "improper storage and disposal of records," and if charged with a violation would have significant money penalties and possible misdemeanor and felony charges. The SDBA will "oppose" this legislation in its present form in Senate Judiciary Committee, Thursday, January 19.

While we anticipate more banking-related bills to share in the weeks ahead, this summary concludes week one of the 98th Legislative Session in Pierre.

We hope you can join us on Feb. 15 in Pierre for the 2023 SDBA State Legislative Day. Go to sdba.com and register today!

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