

2023 South Dakota Legislature | January 20, 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.

Week Two: 98th Legislative Session

Prior to the Governor's State of the State address, there were 52 pre-filed bills, largely agency and appropriation bills. After week one of the 98th legislative session there were 132 filed bills, and at the conclusion of week 2, there are 187 total bills filed 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. This week, the Legislative Research Council (LRC) had some internal

system issues which slowed the development and production of bills to be filed. It is our understanding there will be considerably more bills filed in the coming weeks.

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 along with updates:

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 last week, we have heard other similar bills on this same matter may be forthcoming. On Thursday, January 19, this bill was withdrawn at the request of the prime sponsor, Representative Perry. It is our understanding a similar, yet broader bill on this subject will be introduced soon.

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. House State Affairs held a hearing on SB 41 on Wednesday, January 18 and passed out of the committee with a 12-1 affirmative vote and was sent to the House floor for debate. Friday, January 20th this bill was debated on the House floor and was deferred to Monday, January 23rd, as a little-known legislative rule was used to "pause" discussion, after another amendment was proposed to remove the emergency clause from the bill. The House will continue debate on this proposed legislation Monday, January 23. The SDBA remains supportive of SB 41 in its original form.

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 "opposes" this legislation in its present form. With a strong coalition of opposition led by the SDBA, a day before the scheduled hearing, the Attorney General's office requested this bill to be removed from the committee's agenda. The SDBA was contacted by the AG's office and were told they are reevaluating this proposed bill and may wish to meet with stakeholders to discuss further before proceeding.

While we anticipate more banking-related bills to share in the weeks ahead, this summary concludes week two 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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