



# SDBA Legislative Update

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## The Regular Run is Over

Given the shortness of the last week of the regular run of the 2007 session, this update will be brief as well.

## Update on Key Legislation

### Division of Banking Bills

**SB 44- Criminal Background checks on Division Employees and SB45 - Repeal the statutory authority for state-chartered savings and loan associations.** Both bills were signed into law by Governor Rounds on Wednesday.

**SB77 & SB78** – These two bills dealing with the rights of **judgment** creditors of individual partners within a limited partnership or of individual members of limited liability companies were signed by the Governor since last week's report.

### Trust Task Force Bills

**SB97, 98 & 99** – Both SB97, the omnibus trust statute cleanup bill, and SB99, the Uniform Principal and Income Act, were signed into law by Governor Rounds during the past week. SB98, the bill to clarify our law with regard to the rights of a creditor to attach a beneficiary's interest, has not been signed as of today.

**SB165** – This bill proposes a new regulatory framework for the mortgage brokerage/mortgage lending industry. As of today, it still awaits the Governor's signature. Last Saturday, the enforcement component of this legislation was amended into the Division of Banking's budget via the General Appropriations Act for 2008, **(HB1281)**. 2.0 FTE and a little more than \$300,000 in other fund expenditure authority were added. Increased fees paid by mortgage lenders and brokers and new fees paid by mortgage loan originators will be used to cover those costs.

**SB202** – The intent of this bill is to sync state law with federal bankruptcy law in terms of the amount of an individual's retirement assets which should be exempt from legal process/claim. State law currently sets that threshold at \$250,000, while federal bankruptcy code allows for \$1,000,000. The general concept of syncing this allowance at the \$1,000,000 level was discussed last summer by members of the Governor's Trust Task Force and subsequently agreed to by the SDBA Board of Directors.

Yesterday, the Senate voted to concur in the amendment which I offered in the House Judiciary Committee to include references to internal revenue code 414 (church) plans, 457 (state and local government employee supplemental retirement) plans and 501a (tax exempt trust portions of plans). As of today, the bill still awaits the Governor's signature.

**HB1231** – This bill to clarify the treatment of accrued wages under bankruptcy was signed into law by Governor Rounds on March 7.

**HB1275** – This bill to establish a three-year statute of limitations for real estate appraisers was signed into law by Governor Rounds on March 7.

### Funding for K-12 Education

It came as no surprise to anyone that the last item of business to be considered by the State Legislature would be funding for K-12 schools. In the end, the House and Senate agreed to meet in the middle with regard to increases in base funding.

As a member of the SD Chamber of Commerce and Industry, each week I receive via email a publication entitled *Capitol-ism* written by State Chamber President David Owen. Any of you who are members of the State Chamber probably receive it as well. If you don't, you should get your email address included in their distribution list. David does a great job of providing the business community's perspective on legislative matters through this electronic publication. To that end, those of you who aren't members of the State Chamber might want to consider joining

Among other things, this week's edition of *Capitol-ism* contains a thorough description of the key components of the compromise on state aid to K-12 education funding and the 150% property tax assessment rule. Given bankers' continuing interest in the debate surrounding these two important issues, I asked Mr. Owen's permission to make this edition available to SDBA members. He gladly consented. Since the March 8 edition of *Capitol-ism* is six pages in length, I decided to post a link to it on the SDBA Web site at [www.sdba.com](http://www.sdba.com). If you would prefer a faxed copy, please call our office at 605-224-1653.

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