South Dakota BANKERS ASSOCIATION

SDBA LEGISLATIVE UPDATE

2018 South Dakota Legislature | **March 9, 2018**

The main run of the 2018 Legislative Session came to a close on Friday as both houses dealt with reports of conference committees, members of which had ironed out differences between the House and Senate versions of three bills. But, the order of business that occupied most of the 37th legislative day was final action on two budget-related bills; one revising the budget for the current fiscal year and another for next fiscal year.

Here is a recap of action on bills of interest to the SDBA.

SB62 Data Breach: Attorney General Jackley's mandatory data breach notification legislation gained final passage in both the Senate and House on Thursday when members voted to adopt the report of a conference committee. Amazon Corporation took an interest in this legislation late in the legislative process, asking legislators to make a minor change in the definition of an "information holder." In previous versions, SB62 defined an "information holder" as "any person or business that conducts business in this state, and that owns or retains computerized personal or protected information of residents of this state." The final version of SB62 that is heading to the Governor's desk substitutes the term "licenses" for "retains." Hence, an information holder subject to the data breach reporting requirements of SB62 will be any person or business that owns or licenses computerized or protected information of South Dakota residents.

HB1248 UCC Central Filings: This bill proposes to give the Secretary of State the authority to either refuse to accept or to reject UCC filings that are materially false, fraudulent or obviously deficient in some respect as set forth in this new language that would be added to SDCL 57A-9-516. As anticipated, on Monday the House of Representatives unanimously agreed to a minor amendment made in Senate committee. HB1248 now goes to the Governor's desk for his signature.

HB1307 General Appropriations Act for FY2019:
I don't generally have much to convey with regard to the state budget, but the general bill for FY2019 does include funding for five new FTE for the South Dakota Division of Banking. As requested by the Division and recommended by the Governor, HB1307 contains an expansion of five FTE and $528,861 of other fund expenditure authority above current budget levels to support the following new positions:

- One trust examiner to address continuing growth of licensed trust companies.
- One license examiner bringing the budget to two examiners for 4,000-plus licensed mortgage and money lenders.
- One bank examiner to account for increased workload associated with South Dakota's largest state chartered bank crossing the $10 billion threshold.
- One chief examiner to run the bank exam schedule, supervise examiners in charge and review reports, and provide oversight for large, complex banks
- One training director responsible to train, supervise, mentor and conduct report reviews of bank examiners and provide oversight for large, complex banks.

Absent some strange twist of fate involving a governor's veto or the introduction of a new bill on the 38th legislative day, the work of the SDBA for the 2018 Session is finished. It has been my great honor to work on behalf of South Dakota's strong and diverse banking industry again this year. As always, please feel free to contact me any time you have questions or concerns.

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