
DIVISION OF BANKING

1601 N. Harrison Avenue, Suite 1, Pierre, SD 57501
605-773-3421

MEMORANDUM

NUMBER: 20-020
DATE: June 30, 2017
TO: SOUTH DAKOTA MONEY LENDERS
FROM: BRET AFDAHL, Director
RE: SENATE BILL 166

The passage of Initiated Measure 21 (IM 21) impacted all lenders licensed pursuant to SDCL Chapter 54-4, not just those offering payday, title, and signature loans. Senate Bill 166 (SB 166) seeks to create a business-to-business lending exemption from the rate limitations of IM 21 as codified in SDCL 54-4-44. SB 166 defines “business-to-business lending” to mean any lending to or in furtherance of a business or commercial venture that is not for personal, family, or household use. SB 166 further limits the business-to-business lending exemption to only apply to loans that are in an amount not less than five thousand dollars, and only to borrowers with federal employer identification numbers.

Please note that, for purposes of the \$5000.00 minimum loan amount provided in SB 166, unfunded commitments do not qualify for the SB 166 business-to-business lending exemption. Only funds actually extended to borrowers will be treated as part of the total amount of lending, when the South Dakota Division of Banking (Division) makes a determination as to whether a line of credit qualifies for the SB 166 exemption.

If you would like additional information regarding this bill, or if you have any questions, please do not hesitate to contact the Division at 605-773-3421.