

---

## **DIVISION OF BANKING**

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

## **MEMORANDUM**

---

NUMBER: 20-025

DATE: June 3, 2020

TO: SOUTH DAKOTA MONEY TRANSMITTERS

FROM: BRET AFDAHL, Director

RE: HOUSE BILL 1015

House Bill 1015 (HB 1015) revises South Dakota law related to banking in South Dakota. HB 1015 was introduced and signed into law by Governor Kristi Noem. The amendments to existing law established in HB 1015 will become effective on July 1, 2020. I would encourage you to review this bill in detail at your convenience at the following link:  
<https://mylrc.sdlegislature.gov/api/Documents/66666.pdf>.

The application process for South Dakota banks to open new or move existing branches was in need of updating to make the process more efficient. Previously, all applications were required to be accompanied by a “deposit” which was held by the South Dakota Division of Banking (Division), and any unused portion of this deposit was refunded to the bank. The Division was required to create a subaccount in the state accounting system for each application deposit and issue a payment voucher at the conclusion of each application to refund the unused balance of the deposit. The Division was also required to issue a payment voucher to newspapers after publication of the required notice. This deposit, refund, and multiple payment voucher process was inefficient and costly for the Division and less than optimal for the applicant banks. In addition, the affected newspapers were required to wait until after publication to receive payment.

### Changes included in HB 1015:

- Removes the requirement for banks to provide copies of the articles of incorporation
- Changes application deposits to application fees
- Will require applicant banks to pay newspapers directly for publication costs
- Changes transaction review timeline for banks from monthly to quarterly

### Benefits of HB 1015:

- Banks will no longer have to provide their articles to the Division
- Division will no longer have to set up application specific accounts in state system
- Newspapers will be paid in advance of publication directly by the applicant bank
- Division will not have to issue a payment voucher to the newspaper or applicant bank
- Related rule will be amended to reduce the application fee for most application types
- Process will be the same used for trust companies and will reduce chance of error

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.